



Readymade garment industry: Brand consciousness among people increasing every day

by Prof. Dr. Noor Ahmed Memon, Dean FBMS; Metropolitan University, Karachi

Textile is the most important manufacturing sector of Pakistan and has the longest production chain, with inherent potential for value addition at each stage of processing, from cotton to ginning, spinning, fabric, dyeing and finishing, made-ups and garments. The sector contributes nearly one-fourth of industrial

Value-added and provides employment to about 40 % of industrial labour force. Barring seasonal and cyclical fluctuations, textiles products have maintained an average share of about 60% in national exports.

Readymade garments industry has emerged as one of the important small-scale industries in Pakistan. These readymade garments and products have large demand both at home and abroad. The local requirements of garments are almost met by this industry. The garment industry is also a good source of providing employment opportunities to a large number of people at a very low capital investment. Most of the machines used by this industry are imported or locally made and assembled.

Manufacturing of readymade garments also represents a progression towards higher value addition in the textiles chain. For example, 50,000 kilograms of cotton fibre creates 400 jobs in spinning, weaving and finishing stages. The same amount of cotton fibre creates 1600 jobs if utilised in garments manufacturing. Similarly, US \$1 million invested in spinning and weaving leads to US \$0.27 million in exports, compared to a much larger US \$3.2 million in exports

Table 1: Import of Sewing Machines
Value: Rs Million

Machines / Parts	2016-17	2015-16	2014-15
Sewing Machines (Household)	153	99	52
Automatic Sewing Machines	430	189	254
Other Sewing Machines (Industrial)	3,010	2,666	2,352
Sewing Machines Needles	149	132	116
Total	3,742	3,086	2,669

Source: Pakistan Bureau of Statistics.

when the same amount is invested in garments manufacturing. In sum, garments have tremendous potential for creating jobs and generating exports for Pakistan.

Production of garments by units depends entirely on export orders directly or indirectly. These orders have somewhat risen in terms of value, but they have fluctuated widely in terms of quantity. Exports of readymade garments increased 43% in value from US \$1.62 billion in 2011-12 to US \$2.32 billion in 2016-17 and are expected to continue doing well, given that Pakistan has the GSP-plus status by the EU, giving the country's exports access to a large consumer market. Within the textile industry in Pakistan, the readymade garment is a significant and growing industry.

Globally, the ready-made garments industry is regarded as a buyer driven value chain whereby retailers and brands decentralize the production processes. The production of goods takes place in the developing countries and decisions as regards what to produce, where to produce and the price are determined by

retailers located in the developed countries.

In 2005, World Trade Organization (WTO) introduced a trade agreement which lifted import quotas on textile and clothing and importers were no longer required to discriminate between exporters. As a result, China, India and Bangladesh emerged as the global leaders in this industry. Lower labour cost and Preferential Trade Agreements (PTAs) in the garments sector gave an edge to developing countries. Bangladesh and Sri Lanka greatly benefitted from the PTAs and FTAs with western countries. Turkey and Sri Lanka upgraded within the garment value chain through labour reforms and skill development.

South Asia emerged as a regional hub for the production and export of ready-made garments.

Bangladesh captured a major share of the ready-made garments industry and became the second largest producer of textile garments. The textile garments of Bangladesh contribute 18% to the GDP and 85% to the exports of the country. European Union, USA and Japan are the

main importing markets. EU's imports account for 40.2% of the total imports followed by USA (20.8%) and Japan (8%). The aforementioned countries import 69% of the total imports in the garment industry.

The readymade garments industry uses both locally produced and imported raw materials, but it mainly uses locally produced raw materials. Both locally produced and imported are readily available in the market. The production of cotton and cotton blended cloth, which are largely used by the garment industry, is not only sufficient but also surplus for exports for the domestic market.

PRGMEA (north zone) Senior Vice Chairman Sheikh Luqman Amin said the export target would not be achieved due to high energy cost and discriminating import duties on industry raw material, Pakistani newspapers reported quoting a press statement issued by the association.

He requested the government to abolish additional regulatory duty on cotton yarn, reduce all input costs and release funds to the central bank for

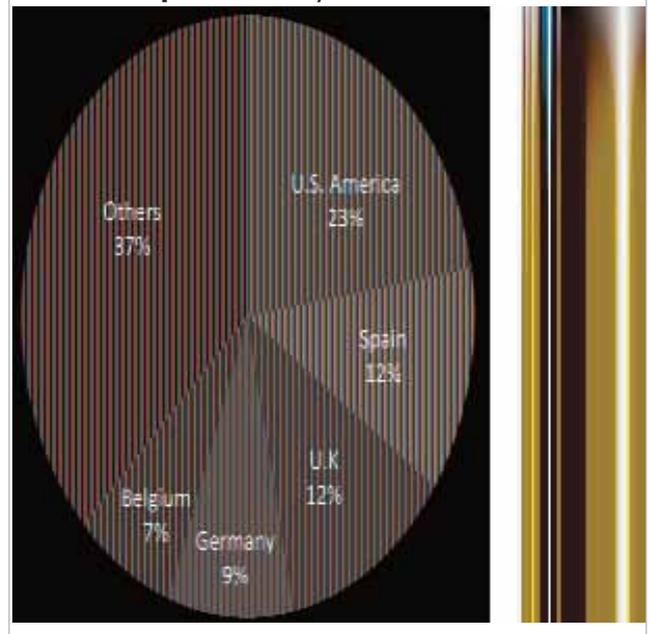
immediate payment of duty drawback of taxes to the exporters under the Prime Minister's Package.

Import of machinery: The production of garments involves many processes and the first important process is cutting the fabric into appropriate patterns. For mass production, it is difficult to cut the fabric manually as speed and accuracy are the main concerns. However; this job can be done easily with fabric cutting machines. These machines have increased speed and accuracy of fabric cutting, increasing production substantially. The cutting devices have been established to suit different garment types, nature of fabric used, bulk quantities etc.

Nowadays, there are mainly two types of fabric cutting devices seen on the market such as semi-automatic machines and fully automatic fabric cutting machines.

Import of sewing machines and parts increased from Rs.2.67 billion in 2014-15 to Rs.374 billion in 2016-17, thus showing an increase of 28%. The automatic and industrial sewing machines are mainly imported from China, Japan and Germany, and are capable of working at high speed up to 4,500 stitches per minute. These are especially suitable for assembly line operations and are

Export of Readymade Garments



mostly used by the organised sector. Other important machines used by the garment industry are the over-locking machines, which is used to trim and over lock the edges of cut cloth. The specialised machines are used for cutting, making button holes and stitching of buttons. Import of sewing machines and parts are given in Table 1.

Exports: The readymade garment segment is the highest value added a link in the entire textile value chain. The global trade in the sector accounts for 53% of the total value of global textiles trade and is consistently growing since the last two decades. The USA and the European Union remain as the largest markets for garments and other apparel products.

Export of readymade garments from Pakistan increased 43% in terms of value from US \$1.62 billion in 2011-12 to US \$2.32 billion in 2016-17 and is expected

Table 2: Export of Readymade Garments

Year	Quantity (Million Dozs)	Value (US \$ Million)	Average (Per Doz)
2011-12	25	1,616	64.64
2012-13	27	1,800	66.66
2013-14	30	1,909	63.63
2014-15	31	2,095	67.58
2015-16	33	2,195	66.51
2016-17	35	2,319	66.26

Source: Trade Development Authority of Pakistan.



to continue doing well, given that Pakistan has the GSP-plus status by the EU, giving the country's exports access to a large consumer market. Within the textile industry in Pakistan, the readymade garment is a significant and growing industry. Export of readymade garments is given in **Table 2**.

Major buyers of readymade garments during the year 2016-17 were USA, UK, Spain, Germany, The Netherlands, France, Italy and UAE countries which are huge markets for denim, because the medium-staple cotton grown in Pakistan is particularly suitable for denim production; the country is also a major exporter of denim cloth. Country wise exports of readymade garments are given in **Table 3**.

Pakistan's garment exports have a relatively narrow base, with a few products accounting for the bulk of exports; the top six export products account for over 78% of Pakistan's entire garment exports. These products at the global scale account for only 41% of the world export share. These exports are also concentrated around the lower end of the price range. For four out of the five most traded products, Pakistan's average export price is only about half that of the world average export price. The industry turns out various kinds of garments for men, women, boys such as plain / embroidered / printed dresses, blouses, maxis, shirts, skirts, night dresses, track suits, middies, trousers, sub-dresses etc.

The European Union (EU) has provided GSP-plus status to Pakistan, allowing duty free access of Pakistani goods to the European market. The EU is the largest market for Pakistan's textiles and garments exports. With rising labour and other production costs in China, the garment industry in Pakistan now has a great opportunity to meet demand for these goods and become competitive on an international level.

Future Prospects

The fashion and apparel industry in Pakistan is experiencing accelerated growth and youth which comprise approximately 32% of Pakistan's population appear to be the guiding force behind it.

In recent years, the apparel sector has witnessed entry of some of the biggest

textile groups of the country and these textile groups' availed opportunities by introducing separate brands, lawns and other fashion related products in the market. On the other hand talented designers with innovative ideas and internationally competitive designs are projecting the cultural heritage of Pakistan. There are around 40 plus high-end fashion brands in the country and their annual sales volume runs in billions of rupees. In an extremely competitive market, these brands endeavour to come up with the most creative designs. These brands are targeting the youth and catering to their demands. Fashion products and apparel industry is showing dynamism and diversity in Pakistan. Most of the sales of branded clothing taking place through franchises that have bought the right to sell these products to consumers.

The online sale of the clothes is also gaining grounds; mostly youth prefers to buy online. The textile industry may be languishing because of energy crisis, yet cloth manufacturers are aggressively targeting the emerging middle class and the youth. The vast segment of the middle class that can afford to buy fuels the demand for these branded clothes. The economic slowdown has done nothing to decrease sales in this segment of the market.

Brand consciousness among people, is increasing with every passing day. Especially in youth, television and social media has played an important role in changing the mind-sets of the youth. Television viewership has gone up as have the number of television channels. The top ten channels of Pakistan have cumulative viewership of 127 million. On the other hand fashion industry was leading fans following on Facebook followed by beauty, electronics and E-

Table 3: Country wise Export of Readymade Garments

Value in \$ 000

Country	2014-15	2015-16	2016-17
Germany	238,524	271,367	207,802
Spain	306,399	294,474	282,514
France	73,778	70,256	79,975
Netherlands	136,330	124,171	109,623
U.A.E	56,235	63,391	66,339
Sweden	39,403	41,803	56,286
Poland	28,411	44,556	58,126
U.S. America	486,816	496,426	520,230
United Kingdom	274,758	286,788	280,348
Italy	80,684	82,510	88,344
Belgium	139,233	142,839	166,488
Canada	26,513	28,595	32,259
Other Countries	208,005	248,040	370,465
Total	2,095,089	2,195,216	2,318,799

Source: Trade Development Authority of Pakistan.

commerce sectors. Fashion shows are also major contributors in changing the mind-set of the youth.

Youth is conscious about brands because they think that they look attractive, funky and more stylish in trademark. Working class wear branded clothes so that they seem to be more decent, adorable and their impression on other people must be good. People are not just following but also they want to compete with each other that they wear the best and the most popular brand from others.

The underlying cause of the trend seems to be a willingness by middle class to be willing to pay higher prices for what they perceive to be higher quality and given their longer durability, many branded clothes are seen as good value for money.

References

1. Pakistan Bureau of Statistics.
2. Pakistan Economic Survey- 2016-17.
3. Readymade Garments Manufacturers and Exporters Association (PRGMEA)
4. Trade Development Authority of Pakistan.