

High hopes from the Textile Policy of the new PTI Government

The newly elected government of PTI has promised the textile sector a number of measures to increase its viability through the Textile Policy 2018-23, which was announced in January 2018. With the arrival of a new government, it is time to evaluate the salient features of the policy. According to the policy, the cost of production would be reduced by decreasing energy costs and making the input costs affordable. It is commendable that the current textile relief package announced by the previous PML government are to be unconditionally extended for five years. This will ensure the stability and continuity necessary for the solvency of the industry. PTI's textile policy ensures the immediate release of all refunds due to the textile industry. This is a much needed and welcome measure. However, previous governments had also promised to release these funds but were unable to follow through due to financial constraints. It is hoped that the PTI government will be able to find the means to achieve the release of these refunds stuck in the process for a long time.

The new textile policy also commits to the steps for making the export-oriented sector 100 % zero-rated. There will be a significant focus on increasing the product mix, from basic products to high-value addition. A mention is also made of ensuring the continuity of the hard-earned GSP Plus status. Strict adherence to social compliance laws is mandated to retain this much coveted status vital for the growth of the value-added sector by providing a much needed competitive advantage.

Our cotton sector is in need of assistance and development to increase yield and viability. Research and development for introducing genetically modified seeds, organic cotton has also been prioritised in the new textile policy. This is a previously neglected sector and the cost to our textile industry has been high due to the non-availability and shortage of the basic raw material for the industry.

An important part of the policy is the encouragement of internationally accredited laboratories to bring their testing facilities to Pakistan. The existing organisations who are working in this field such as SGS Pakistan and TTI are good examples of the work already being done in Pakistan. Furthermore, close co-operation with such organisations plays a significant role in bringing up the quality of textile products to the highest levels of value addition.

According to the new policy framework, the new government will also facilitate the manufacturing of textile machinery and the required inputs, such as plastic, polyethylene, paper, etc., to the extent possible in Pakistan. It is to be noted that the manufacture of machinery has not been encouraged even after over seven decades. The imported textile machinery and technology has been responsible for the strong base of the textile industry of Pakistan. However, many local manufacturers of textile machinery are present in Pakistan, such as Standard Engineering and Nazer Industries, who are producing machines and parts according to the international specifications and standards.

There are many more manufacturers in the unorganized sector, based mainly in the province of Punjab. These manufacturers of shuttle-looms, hydro extractors and other basic textile equipment need the attention of the Government to bring their manufacturing at par with international standards. They need guidance and support through organisations such as the Engineering Development Board and other government organisations that can help establish a strong base of textile machinery manufacture in Pakistan. One of the main hurdles faced by the manufacturers of machines in Pakistan is the anomaly in the cost of imported components and the completely built imported machinery. Cost of production of local machinery is much higher due to the higher cost of imported components and raw materials, as well as the higher costs of energy and labour. Pakistani manufacturers are also comparatively less competitive than foreign machinery manufacturers, as they do not have the advantages of the economies of scale that the latter does.

Other important elements of the new PTI policy include the improvement of international marketing efforts of the export sector, the development of the existing industrial zones to achieve higher productivity, and an investment in human resources through training courses aimed at meeting the needs of the industry. It is crucial that the new PTI government ensures successful implementation of the textile policy in order to establish a positive framework of growth and prosperity for the textile industry, which is the backbone of the economy of Pakistan. ♦

