Chinese team apprised about opportunities in textile sector

The All Pakistan Textile Mills Association (APTMA) Punjab Chairman Adil Bashir has suggested a way forward to the Chinese textile industry associations, showing an interest in carrying out joint ventures (JVs) with the textile industry in Pakistan.

He said a special line of credit from China can be set up for new investment and forming JVs with Chinese firms under the "pay as you earn" scheme on buying back basis to encourage investment and bilateral trade. He has also offered the identification of prospective investors from Pakistan for matchmaking by industry associations, exchange of information and latest developments by respective associations besides opening up of a one window facility for prospective investors and a video linked forum for overcoming language/travel barriers.

He was sharing his views with a Chinese delegation representing China Sub-Council of Textile Industry CCPIT and Office of International Trade of China National Textile and Apparel Council (CNTAC) during its visit to APTMA Punjab.

Adil Bashir, Chairman, APTMA, Punjab.

Chairman APTMA Punjab briefed the delegation about the growth opportunities in the textile industry of Pakistan and the government efforts to make the industry viable besides setting up special economic zones and a garment city.

While highlighting the opportunities for Chinese investors in Pakistan, APTMA Punjab chief said the initiatives like CPEC investment corridor, regional textile production-consumption hub, PTA/FTA with China and Turkey, availability of EU GSP Plus facility up to 2023 and the growing domestic market are golden opportunities for investment and JVs in Pakistan's textile industry.

He also briefed the delegation about the textile industry structure in Pakistan, market strength, investment policy of Pakistan, setting up of Special Economic Zones, and prospective areas for JVs.

Head of the Chinese delegation Xu Yingxin and other members showed their interest in the APTMA proposals, saying that a Memorandum of Understanding can be signed between APTMA and CNTC to ensure a large scale investment in Pakistan's textile industry. He has also invited APTMA delegation to an investment conference taking place in the March 2019 in China.

Arrival of cotton at factories falls by 7.34pc: PCGA

The Pakistan Cotton Ginners Association (PCGA) has claimed that the arrival of cotton at ginning factories has plunged by 7.34 per cent compared to cotton arrival at the ginneries during the same period last year.

The PCGA fortnightly cotton arrival report revealed that seed cotton (Phutti) equivalent to over 86,71,596 bales of cotton reached ginneries across Pakistan till Nov 15, 2018 while the ginneries received 93,58,553 bales during the corresponding period last year.

The report further disclosed that the ginneries in Punjab recorded arrival of 4,985,116 bales against last year arrival of 5,544,817 bales showing a decrease of 10.09 per cent. Sindh ginneries recorded arrival of 3,686,480 bales while last year Sindh received 3,813,736 bales. The Ginneries in Sindh recorded a decrease of 3.34% as compared to corresponding period last year.

Textile mills have bought 6,632,674 bales while exporters bought 91,378 bales. The total bales sold out until Nov 20, 2018 were calculated at 6,724,052 bales whilst 19,47,544 bales are lying unsold. Total 716 ginning factories are operational in the country.Of them 489 in Punjab and 227 in Sindh. A total 19,47,544 bales are lying in unsold stock.

The country's overall cotton production has deteriorated over the years in turn affecting the gross domestic product. The country's last bumper cotton crop of 14.9 million bales was harvested in 2013-14.

Readymade garments worth US$809.704mn exported during Jul-Oct 2018-19

Readymade garments worth US$ 809.704 million were exported during the first four months of the current financial year as compared to exports of US$ 804.543 million in the corresponding period of last year.

During the period from July-October, 2018-19, garments exports from the country witnessed a 0.63 percent growth as about 14,303 thousand dozens of the readymade garments were exported as against exports of 12,011 thousand dozens of same period of last year.

Meanwhile, exports of knitwear grew by 10.41 percent during the period under review as the country earned US$ 962.819 million by exporting about 39,880 thousand dozen of knitwear as compared to the exports of 34,061 thousand dozen, valuing US$ 872.015 million of same period of last year, according the data of Pakistan Bureau of Statistics.

Government striving hard to make garment industry competitive

Adviser to Prime Minister on Commerce Abdul Razak Dawood has said the government is taking all necessary measures to make the value-added textile industry competitive and vibrant in the international market.

He was talking to a delegation of the Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) which met him at his office under the leadership of its Central Chairman Mubashar Naseer Butt.

Abdul Razak Dawood, Adviser to Prime Minister on Commerce.

The PM's adviser assured the delegation that a level playing field would be provided to the zero-rated export industry, adding that due to the right policies of the government, the economy of the country would improve in the months to come as "exports are now improving".

Dawood said that the government is faced with multiple challenges, but it would make organized efforts to face them successfully in order to lift the living standards of the people.

On the occasion, the PRGMEA leadership made a detailed presentation to the PM's advisor and suggested him the way forward to take the industry out of the crisis as well as to increase the country's exports.

PRGMEA Chairman Mubashar Naseer Butt observed that value-added garments sector has shown 11.22 percent growth in 2017-18 despite the internal and external challenges. The sector is a major taxpayer and the largest employment generator in the entire textile chain, exporting up to $5.5 billion textile products, he concluded.

Textile exports was not increased during the first five months of FY 2018/19

The textile exports remained flat at $5.506 billion during the first five months of the current fiscal year of 2018/19, as the value-added sector couldn't perform up to the mark despite constant rupee devaluation against the US dollar. Rupee has lost a quarter of its value against the US dollar since December 2018.

The textile industry also demanded Rs 100 billion stuck in tax refunds. According to value-added textile exporters, the previous government released Rs 32.18 billion on account of payment of DDT under the Prime Minister's Trade Enhancement Package and DLTL claims under the textile policies of 2009-14 and 2014-19.

"The sitting government has not released a single rupee in this account," Jawed Bilwani, central chairman of Pakistan Hosiery Manufacturers and Exporters Association (PHMA) said in a press statement.


Jawed Bilwani, Central Chairman of PHMA.

Bilwani said, "Huge amount of exporters' liquidity of billions of rupees in DDT and DLTL has been stuck with the government, causing great suffering to exporters. The government has not given any firm commitment to release DDT and issue DLTL claims,"

PHMA's chairman further said billions of rupees in sales tax refund, customs rebates and the withhold tax claims of exporters are also pending with the government. The value-added textile export sector is the backbone of Pakistan's economy (and) earns major amount of foreign exchange and revenue for the government. Besides, the sector is also labour-intensive and the largest employment provider and generator. Value-added textile exporters are battling for their survival in the global market due to costly inputs and high cost of manufacturing."

Pakistan PM assures textile sector of government support

Prime Minister Imran Khan has assured the textile industry of providing full support and an enabling environment to increase exports, besides creating sustainable jobs to alleviate poverty. He said that the sales tax refund issues will be resolved at the earliest.


Imran Khan, Prime Minister of Pakistan.

He was addressing a reception hosted in his honour jointly by the All Pakistan Textile Mills Association (APTMA), Pakistan Readymade Garments Manufactures & Exporters Association (PRGMEA) and Pakistan Textile Exporters Association (PTEA).

Governor Punjab Ch Sarwar, Punjab Chief Minister Usman Buzdar, PRGMEA Chairman Mubashar Naseer Butt, chairman PTEA Khurram Mukhtar and APTMA Patron in Chief Gohar Ejaz were also present on the occasion.

The PM said all stakeholders of the industry would be invited to take proposals for providing long-term sustainable textile policy initiatives.

Imran Khan said that friendly countries have played an important role to help Pakistan in its worst economic crisis. He said that due to the wrong policies of the previous governments Pakistan indulged in the war of others. He said that now Pakistan will never be a part of the battles of others.

The PM also pointed out that government will also soon solve the problem of current account deficit. He assured the industry that despite all the problems faced by country on economic front government will facilitate the industry.

The industry will be given incentives to create wealth so that jobs could be created and poverty could be reduced. He said Malaysian Prime Minister provided the people an opportunity of creation of wealth. He said China took out 700 million out of poverty in thirty years.

Government allows cotton imports from Central Asia and Afghanistan

The Economic Coordination Committee (ECC) of the cabinet approved import of cotton from Afghanistan and Central Asian states via the land route to meet its shortfall in the key textile industry.

The ECC took the decision in line with a proposal submitted by the ministry of commerce and textile during a meeting presided over by the Finance Minister Asad Umar. The meeting, however, allowed the import via Torkham border with the condition that imported cotton should meet the sanitary and phytosanitary regulations.

"ECC also directed the relevant ministries to engage with the industry for the establishment of a permanent quarantine facility for cotton imported through land route," the finance ministry said in a statement.

Pakistan is a net cotton importer with

the textile industry consuming 12 to 15 million bales per annum. The country imports cotton from various sources. Afghanistan and central Asian states are producers and exporters of cotton and they have reasonable share in Pakistan's import mix as imports from these countries are cheap due to land route compared to the United States and other destinations.


Asad Umer, Finance Minister.

Pakistani cotton is of short to medium staple length and therefore extra-long staple cotton has to be imported for production of finer yarn counts. The commerce ministry said the cotton is a sensitive crop and attracts variety of pests. "For majority of cotton, Afghanistan is only a transit route and for that purpose pest scouting of central Asian states would also be required otherwise it would be great threat of new pests harming domestic cotton," the ministry said in the proposal, citing the ministry of national food security and research.

Government urged to seek zero-rate export facility from China

Pakistan Hosiery Manufacturers & Exporters Association (PHMA) central chairman of Muhammad Jawed Bilwani has asked the PTI government to seek a zero-rate export facility from China for value-added textiles in line with the existing duty-free regime of the ASEAN.

He also demanded the Government of Pakistan must demand China to allow import of finished fabric (ready for garment manufacturing) under DTRE and Stitching machinery and after conversion of this finished fabric into garments, Pakistan should export the Value Added Garment to China on zero percent duty at par with ASEAN countries.

He said a huge potential of export to China exists, adding that Pakistan can achieve a milestone in value-added textile exports keeping in view Beijing's import of the finished textiles from the world amounting to the tune of $7000 million. However, Pakistan's export to China stands only $100 million, he said that "despite both countries have signed the Free Trade Agreement in November, 2006, operational in July 2007; there is a huge trade balance which requires to be bridged in favour of Pakistan".

Before the FTA between China and Pakistan in 2006, volume of bilateral trade between both countries was $5.24 billion, he said. "China's exports to Pakistan was $4.24 billion, whereas Pakistan's exports to China was $1 billion and during 2017 bilateral trade reached $20 billion, China's exports to Pakistan is $18.25 billion whereas Pakistan's exports to China is $1.83 billion (include $100 million value added textile items while in remaining $1730 million majority is of Raw Materials i.e. cotton, yarn."

In 2006, trade gap was $3.24 billion, which grew to $16.42 billion in 2017. From 2007 to 2017, bilateral trade was $140.77 billion, China's exports to Pakistan is $118.24 billion whereas exports to China is $22.53 billion, showing a trade gap of $95.71 billion. "Trade balance is still in favour of China," Bilwani said, adding that Imran Khan in his meeting with Chinese counterpart on the CPEC should shield his country's economic interest.

"China has accorded to Bangladesh under Least Developed countries duties, Cambodia, Vietnam, Sri Lanka, Myanmar and Indonesia under Free Trade Agreement duties for ASEAN countries," he said, adding that "in 2011, the EU granted trade concessions on 75 items to Pakistan followed by the GSP plus in 2014 and was of the view that China should accord Pakistan Duty Free Market access with equal opportunity to export the Value Added Goods which are being export to Pakistan by China enabling Pakistan to bridge the balance of trade".

Reduced gas prices to have positive impact on textiles

The current government expects the reduction in energy prices and currency depreciation will have a positive impact on textile and clothing exports. M.I. Khurram, one of the top knitwear exporters from Lahore says, these measures will improve exporters' competitiveness - particularly the ones from Punjab, who have regional rivals like Bangladesh, Vietnam and India in recent years.

'Current measures will improve exporters' competitiveness. "But the industry needs more support to push value addition and investment in new technology and capacity, if it wants to boost textile exports. Unless we increase our exports we cannot control our current account deficit or stabilize currency," added Mr Khurram.

World Bank data shows Pakistan's overseas textile shipments grew by 27 per cent during 2005 to 2016. On the other hand Bangladesh increased its sales by 276 percent and Vietnam by 445 percent in the same period. Both these countries do not produce cotton.

"Textile exports are likely to post only single-digit growth in the medium-term," a stock market analyst from Karachi said. "Global slowdown in demand and pricing pressures will also keep textile exports subdued because we typically sell yarn, fabric and low-end garments to the world."

The country's textile and clothing exports remained flat at $5.5 billion during the first five months of the present financial year to November, according to the Pakistan Bureau of Statistics (PBS).

Apart from knitwear exports that rose by around 11 percent, no other segment performed with low value-added products registering a decline and value-added posting marginal growth. Only knitwear exports picked up by a respectable 11 percent.

Pakistan Textile Exporters Association (PTEA) leader Ahmed Kamal says the change in gas price for the textile industry and currency devaluation have improved competitiveness of textile and clothing exports from 3 to 8 percent depending on the quantity of value addition, but the impact on the country's overseas shipments will start appearing in six months.

The government which has sought financial assistance from countries like Saudi Arabia, China and UAE, and is negotiating a new bailout loan package with the International Monetary Fund (IMF) - has repeatedly pledged to boost the country's exports as a way of permanently addressing the periodic recurrence of the balance of payments crisis. The government has also proposed to cut electricity tariff for the export industry to 0.075 a unit.