Textile sector to be developed with a trained workforce

Adviser to the Prime Minister on Commerce Abdul Razzaq Dawood has vowed to develop the textile industry on modern lines. Chairing a meeting on the textile industry in Islamabad, the adviser said the textile industry could not develop in the country due to the shortage of trained workforce.

Adviser to the Prime Minister on Commerce, Abdul Razzaq Dawood.

He said the development of human resource is amongst the priorities of the incumbent government and the country requires 300,000 trained people annually. On occasion, the adviser was apprised about the problems faced by the textile industry.

Pakistan's textile industry receiving higher import queries from the US

According to an official of the textile industry, due to ongoing trade tensions between the US and China, Pakistan's textile industry is getting a huge amount of import queries from the US. Since the current administration was working upon rationalizing subsidies for agricultural crops in hopes of enhancing cotton cultivation. Pakistan is likely to be the beneficiary of the prolonged trade war between the US and China, as the country's textile industry is likely to receive higher orders from US importers.

Earlier this week, the Economic Coordination Committee (ECC) had exempted duties on the import of cotton - a major input for the textile industry - to help decrease the cost of industrial outputs. In September last year, the government had reduced the regulatory duty on the import of cotton yarn from 10% to 5%.

Also, it had reduced the gas and electricity tariffs for the export concentrated industry in an effort to decrease the production cost and improve competitiveness. The textile sector is being supplied electricity at a tariff of 7.5 cents per Kilowatt-hour (Wh), natural gas at Rs. 600 per unit and imported regasified liquefied natural gas (RLNG) at $6.5 per unit. These government incentives have helped bring down the production cost for the textile value chain.

The country has remained a net importer of cotton for around two decades and the local production of the commodity hit its peak in the last decade at 13.96 million bales in 2014-15. During this year 1 million bales were imported. In the current financial year 2018-19, the country is anticipated to experience a deficit of 3-4 million bales, with production projected at 10.738 million bales against the initial target of 14.37 million bales.

Textile sector exports post dismal growth of 0.68 percent

Pakistan's textile and clothing exports recorded a meager 0.68 percent year-on-year surge to $1.139 billion in December 2018, taking the six-month (July-December FY19) exports to $6.645 billion up 0.06 percent, as rupee devaluation failed to push exports in the absence of utilities for the industry.

Pakistan Apparel Forum (PAF) Chairman Zubair Motiwala said had there been no rupee devaluation, exports would have plunged significantly. "This is the only benefit currency devaluation brought for the export sector." On a month-on-month basis, textile sector exports recorded a growth of 28.19 percent in December, compared with $1.1 billion recorded in November 2018, the Pakistan Bureau of Statistics (PBS) reported.

Zubair Motiwala, Chairman, PAF.

Motiwala said the cost of production was higher in Pakistan as compared to regional competitors, which had limited the market for Pakistani products in the world. "Industry in Karachi was deprived of gas for 16 days in December alone. Karachi contributes 52 percent of the total exports and if this industry doesn't get the gas, how can we expect to increase exports?" he asked.

In December, cotton yarn exports decreased 29.74 percent year-on-year to $75.76 million; knitwear exports rose 10.2 percent to $260.39 million; bed wear exports increased 9.08 percent to $193.11 million; readymade garments exports surged 3.59 percent to $238.119 million, while cotton cloth fetched $172.24 million in December, down 3.78 percent over the same month a year earlier.

An office bearer of the Karachi Chamber of Commerce and Industry said the government did not have a long-term

policy to encourage the country's exports and support the local manufacturers. "We hope the government would undertake some concrete and sustainable reforms for the export sector, as without increasing the exports, the country would not be able to achieve sustainable economic growth."

Furthermore, the perennial issues plaguing the sector remain largely unaddressed, where lack of availability of system gas and costlier RLNG have forced several smaller mills to close operations, another negative for textile exports for the year. "We expect textile exports to recover going forward after its ongoing subdued performance. Export-orented policies, government's strong commitment to increase competitiveness, and the weakened rupee are all expected to contribute in making textile competitive in the international market," analyst Taimor Asif of Pearl Securities said.

Pakistan open to Turkish investors

Upon arriving in Turkey for his first official two-day visit to the country on the invitation of Turkish President Recep Tayyip Erdogan, Prime Minister Imran Khan said that the enhancement of the scope of bilateral trade between Pakistan and Turkey to a higher level is the need of the hour.

Addressing a business forum of the Union of Chambers and Commodity Exchanges of Turkey (TOBB) in Ankara on Thursday night, he said his government will provide all possible assistance to the Turkish investors in Pakistan.

PM Khan spoke about the numerous opportunities for investment in Pakistan and the steps being taken to provide a business-friendly environment to foreign investors. He claimed the China-Pakistan Economic Corridor (CPEC) would contribute to tremendous trade and economic activities, through which mega project special economic zones are being established.

The prime minister also said the government is focusing on good administration in the country and "ensuring easy trade in Pakistan for foreign investors". He highlighted a huge opportunity in the field of tourism, adding that "half of the 20 highest peaks in the world are in Pakistan, which reflects its potential for international mountaineers."

He elaborated, that Pakistan has 120 million youngsters in its population, who can play a vital role in the economy. The prime minister said 50 million affordable houses will be constructed within the next five years.

Like the FPCCI of Pakistan, TOBB is the most superior entity in Turkey representing the private sector, with 365 member associations from local chambers of commerce and industry.

Pakistan Weaving Mills Association Urges Govt. To Facilitate Weaving Industry

Former chairman and founder of Pakistan Weaving Mills Association (PWMA), Asif Siddiq has urged the government to facilitate industrialists in setting up weaving units to help boost the country's exports.

Asif Siddiq, Former Chairman and Founder of PWMA.

In a statement, Mr. Siddiq said that a rise in gas and electricity costs along with a ban on power connections for new weaving units has increased difficulties for industrialists who are establishing small weaving units. He expressed concern over the heavy losses that industrialists who have already acquired land for setting up weaving units and placed orders for machinery will face as a consequence.

He appealed to the textile and finance ministries to take action to aid industrialists out of this uncertain situation.

Pakistan's exports will hit record-high this year

Adviser to PM on Commerce, Textile, Industry and Investment Abdul Razak Dawood vowed that Pakistan's exports will reach an all-time high this year. Addressing a conference in Karachi, the adviser to the premier said, "despite difficulties, the country's economy is headed towards improvement." "The current account deficit is a challenge and the government is taking emergency measures to fix it," he added. "The business community and the government can work together to overcome challenges."

Vowing to "increase exports rapidly", Razak Dawood said, "we are working on a strategy to increase exports." "We will take exports up to $27 billion for the current year," he continued. "December 2018 recorded better performance than December 2017," the adviser to the premier added. "We have acquired a $1 billion market from China for the export of tea and rice," Mr. Dawood shared.

Stating that the food and agriculture group Cargill Inc has expressed interest in investing some $200 million in Pakistan, he said "Cargill will invest in the seed oil business." "I confess, I could not focus on edible oil as I was concentrating on other sectors. If farmers are helped in producing edible oil, then the foreign exchange will be saved," he added. "We will take the edible oil industry very far," Razak Dawood promised.

Cotton production declines 7.7pc

The country is likely to import 3.5-4 million bales costing up to $1.2 billion. The crop size for season 2018-19 is being estimated at 10.8m bales, against the annual demand of around 15m bales. According to figures issued by Pakistan Cotton Ginners Association, Pakistan's cotton production up to mid January fell by 7.74 percent or 877,800 bales to 10.456m bales.

Punjab - the largest cotton producer - suffered heavily, recording a 10.79pc decrease in output to 6.324m bales, from 7.089m bales in the same period last year. In absolute terms, 764,804 fewer bales were produced in the province.

Against this, Sindh, faced with a shortage of irrigation water at the sowing period, performed slightly better but also witnessed a drop of 2.66pc in output as it fell to 4.132m bales from 4.245m bales in the corresponding period of last season.

While addressing the media, former chairman of the All Pakistan Textile Mills Association Yasin Siddiq said the country would require around 3.5-4m bales of imported cotton. Out of these 4m bales, the industry would need around 2.5m bales of long staple cotton used to produce fine count yarn required for high-valued textile products.

The government recently withdrew 3pc customs duty, 2pc additional customs duty, and 5pc sales tax, allowing the textile industry to import duty-free cotton to meet domestic demands of long and extra-long staple cotton.

APTMA demands low cost of inputs for Pak cotton farmers

The All Pakistan Textile Mills Association (APTMA) has urged the government to ensure low cost of inputs to cotton farmers, implement a law relating to zoning system to regain cotton acreage and quickly provide quality cotton seed and extension services to farmers. It also demanded a regulatory regime for quality seed production and elimination of pest adulteration.

Gohar Ejaz, Patron-in-Chief, APTMA.

Association Chairman Syed Ali Ahsan and patron-in-chief Gohar Ejaz have also appreciated Prime Minister Imran Khan for his initiative to achieve 15 million cotton bales by next year.

Ahsan said cotton production, which has declined by 27%, has witnessed a 17% drop in area under cultivation and 12% decrease in per acre yield since 2014-15. Therefore, the industry had no other option but to import cotton, which pushed the cotton import to 3.59 million bales, worth US$ 1.22 billion last year.

Gohar said the achieving of US$ 26 billion textile exports, 15 million bales of cotton production, revival of US$ 4 billion closed potential, job creation and further investment in textile sector are all subject to a successful and fast track implementation of the prime minister's initiatives.

Textile exports remain flat at US$ 5.5 billion in five months

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.

Pakistan Bureau of Statistics (PBS) data showed that knitwear was the only product in the textile sector that saw a double-digit growth in exports in the July-November period. Knitwear exports increased 10.58% to US$ 1.214 billion in the first five months over the corresponding period a year earlier.

Ehsan Malik, CEO, Pakistan Business Council.

Exports of readymade garments inched up 0.3% to US$ 1.02 billion in the first five months of the current fiscal year. Bed wear exports were up around 2% to US$ 966.01 million during the period under review.

Ehsan Malik, Chief Executive officer of Pakistan Business Council said the flat growth might be attributed to the lagged impact of rupee devaluation. Rupee has lost a quarter of its value against the US dollar since December last year. The latest major spell of devaluation occurred in October when the local currency plunged as much as 7% against dollar.

High input cost, water shortage hit cotton production in Pakistan

Cotton production has fallen 6.77 percent to 9.962 million bales during the current season up to mid December due to water shortages and rise in input costs. This year's shortfall would mark the fourth consecutive year of production declines. The cotton production data for the last fortnight (Dec 1-15) paints a gloomy picture for both of the leading cotton producing provinces. Production in the country's largest cotton producing province, Punjab, suffered a 9.64pc decline after production fell to 5.918m bales against the 6.55m produced during the same period last year.

On the other hand, cotton production in Sindh also fell short of the targets but performed relatively better than Punjab. As of December 15, Sindh's production has reached 4.04m, down 2.22pc from 4.136m produced during the same period last year.

However, it is interesting to note that despite higher flow of phutti (seed cotton) during the last fortnight, overall cotton production remained short. Total flow of phutti during the season has reached 595,719 bales compared to 553,907 bales last year.

On the demand front, so far, textile spinners have purchased 8.055m bales against 8.849m bales in the corresponding period last season. Similarly, exporters also booked less cotton at 99,589 bales compared to 0.214 million bales last season. However, due to quality constraints, ginners are holding unsold cotton stocks of 1.807m bales higher than the 1.623m bales held by them in the corresponding period of last season.

Consequently, the cotton season is likely to culminate earlier than the last as crop shortage is likely to affect production. Around 365 ginning units are currently operating in Punjab compared to 597 units operating last year, whereas, around 148 units are operating in Sindh against 229 operating in the previous year. ◆