APTMA signs an MoU with Tajikistan association

The All Pakistan Textile Mill Association (APTMA) has signed a Memorandum of Understanding (MoU) with the Union of Private Sector Development of Tajikistan for an intensive week-long business tour of the Tajikistan textile delegation to Pakistan, aimed at establishing business contacts, learning best practices and experiences, and developing long-term collaborations.

Chairman APTMA Punjab, Adil Bashir.

Central Chairman APTMA Syed Ali Ahsan, Chairman APTMA Punjab Adil Bashir and other office-bearers of the Association were present on this occasion.

APTMA gave a presentation on the textile industry structure, strength, and opportunities and the way forward for achieving various goals for doubling investment, production, exports, and employment. The presentation also highlighted prospects of cooperation at Association level with Tajikistan textile industry.

It may be noted that a delegation consisting of managers and representatives from 13 textile and clothing (T&C) companies, two consulting companies, two universities, as well as the Union of Private Sector Development and the Ministry of Industry and New Technologies of Tajikistan is visiting Lahore and Faisalabad during a business study tour starting from last Saturday.

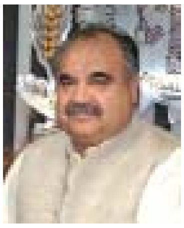
This is the first time ever that Tajik companies made a tour to Pakistan. The study tour was organized with the support of the Government of Switzerland through the International Trade Centre (ITC)'s Global Textiles and Clothing Program (GTEX) in close cooperation with the USAID funded project "Pakistan Regional Economic Integration Activity" (PREIA).

The USAID Pakistan Regional Economic Integration Activity (PREIA) is a five-year project instituted to further the development of Pakistan's trade sector by improving Pakistan's competitiveness in regional and international markets. Achieving this objective necessitates the establishment of linkages between private business organizations from Pakistan and the Central Asian Republics (CARs).

The main objectives of the study tour are to gain exposure to the textile value chain in Pakistan, including the use of technology, manufacturing practices, to establish business contacts and to explore the possibility of sourcing materials and understand the retail environment.

Spain to transfer modern textile technology to Pakistan

The Spanish ambassador will visit Faisalabad to evaluate the opportunities in the wake of CPEC.



Zia Alumdar Hussain, President, FPCCI.

Zia Alumdar Hussain, President Faisalabad Chamber of Commerce and Industry (FCCI), had a meeting with Spanish Ambassador Manuel Duran and discussed various issues regarding the bilateral trade.

Spanish Ambassador Manuel Duran acknowledged the importance of Faisalabad in the economy of Pakistan, saying it could not be ignored because of its excellence in the textiles. “I shall personally visit Faisalabad to interact with the business community. Spain is ready to support Pakistan by transferring the latest technology for the up-gradation of its existing industrial units,” he added.

The FCCI president said that predominantly Pakistan was an agro-industrial country. He said that despite its production edge, Pakistan was still exporting raw or semi-finished goods to other countries and it needs the latest technology to produce the fully-finished products to cater to the needs of developed countries. He also invited the Spanish ambassador to visit the FCCI to personally evaluate its export potential in addition to interacting with the local businessmen.

He also floated a proposal of sending a trade delegation to Spain so that direct relations could be cultivated between the business communities of the two countries. Later, Jawad Asghar presented the FCCI shield to the Spanish envoy.

Five million acres target set for cotton cultivation

Punjab Minister for Agriculture Malik Nauman Ahmad Langrial has said that the provincial government has planned to attract farmers towards cotton growing and a target of 5 million acres has been set for cotton cultivation. Speaking at the Lahore Chamber of Commerce and Industry, the minister said that quality seed for one lakh acres will also be provided by the government to encourage cotton cultivation because farmers prefer to grow wheat, rice, and oilseed due to high-profit margins as compared to cotton. Punjab Seed Corporation's Managing Director Waheed Akhter Ansari also spoke on the occasion.

Punjab Minister for Agriculture Malik Nauman Ahmad Langrial.

He said the Punjab government attaches priority to the development of the agriculture sector to give a boost to the national economy. All possible measures including agriculture marketing, good price of crops for the farmers and facilitation are being taken in this regard, he added.

The minister further said that Punjab Agriculture Marketing Regulatory Authority is in the formation process that would ensure the good price of crops for the farmers. During the current year, per acre, cotton production will be increased from 18 maund to 25 maund. Farmers are also being encouraged to grow edible seeds that would help save huge foreign exchange, he added. He said the Punjab Seed Corporation is organizing motivational seminars for the farmers.

LCCI President Almas Hyder said the agriculture and economy are vital for each other. The development of the agriculture sector will bring economic issues under control besides getting rid of the IMF. Though Pakistan is an agrarian country cotton production is not enough to meet the local demands and the country is spending billions of dollars on the import of this commodity, he said.

Almas Hyder said that Pakistan has produced around 10 million bales of cotton on average for the last several years against the consumption of over 14 million bales. The modern techniques and hybrid seed can help Pakistan produce 30 to 40 million bales of cotton, he said. He also highlighted the issues of the sugar industry, flour mills, and tractor manufacturers and said that the government must support tractor manufacturers as this sector is vital for agriculture.

Govt set to extend Rs 600 billion subsidized loan to textile sector

With a view to increase the investment in the textile sector and broaden the industrial base of the said sector, the government is set to extend subsidized loan credit to textile sector up to Rs 600 billion under the Export Financing Scheme (EFS) and Long Term Financing Facility (LTFF).

Under Export Financing Scheme (EFS), the government is to increase credit limit to Rs 400 billion from Rs 226 billion for textile exports and enhance the limit of Long Term Financing Facility (LTFF) to Rs 200 billion from existing Rs103 billion for investment in the textile sector. The loan credit under the EFS will be available at a subsidized mark-up of 3 percent and under LTFF at 5 percent.

The textile exporters, the official said, have started feeling the heat as the share of subsidized credit limit has dwindled to 27 percent from 41 percent in a year and the textile sector has been relying heavily on commercial loans at the discount rate of 10.25 percent that has been jacked up from 5.75 percent. The investment in the textile sector by borrowing the loans from commercial banks at an interest rate of 10.25 percent is simply quite impossible which is why the authorities in the textile ministry have decided to suggest to ECC seeking the increase in the credit limits to textile exporters at subsidized interest rates of 3-5 percent under EFS and LTFF.

In addition, the textile ministry, the official said, is also set to recommend the increase in project financing limit top Rs 3 billion from existing Rs1.5 billion. ''This will not only help cover the financing cost but also to encourage the large scale plants having the edge in the economies of scales."

The government has already done a lot to decrease the input cost for the export-oriented industry by providing the electricity at 7.5 US cents per unit and system gas at Rs 600 per MMBTU and Re-gasified LNG at $6.5 per MMBTU.

Cotton growers demand reasonable support price

Cotton growers say the government's dream of getting 15 million bales of cotton may not materialise until it reduces the cash crop's production cost, announces a support price and bans the import of cotton.

President of Pakistan Kisan Ittehad, Khalid Mahmood Khokhar says in a press release that cotton yield target would only be achieved if the sowing of the cotton crop was profitable. The higher input cost of cotton production compared to other countries, lenient import policy without duty and from the land routes are putting lots of pressure on local cotton prices.

He explained:"Even the International Cotton Advisory Committee (ICAC) has declared the cost of production in Pakistan is higher than in India, Turkey, Tanzania, Argentina, Australia and Brazil. Therefore, imports from such countries without duty hurts the local prices and reduces profitability, which ultimately influence the growers' choice for planting other crops instead of cotton."

He alleges that as the textile industry which is the only buyer of cotton in the country monopolizes the market and suppresses the prices far below the international rates. In these circumstances, it is imperative to pay the support prices of cotton in order to secure growers profitability, which is widely practiced in the neighbouring country for over 27 crops including cotton.

He says that pro-industry policies of the past government about cotton import, "illegal" import from land routes and non-provision of support price resulted in over 30% decline in cotton sowing area. He calls for immediate appropriate decisions and protection for local agriculture in general and cotton in particular and suggests offering Rs 4000 per 40 kg support price to restore the confidence of the growers.

Cotton production declines

The overall cotton production fell 6.84 per cent to 10.762 million bales as of March 15, 2019, from 11.5m in the corresponding period last year, according to latest figures released by the Pakistan Cotton Ginners Association (PCGA).

Slow phutti arrivals is a strong indicator that the crop is not likely to exceed the 10.8 million bale-mark when the season ends in April. The fortnightly figures for March 1-15 showed that only 21,263 bales were produced as against 27,671 in the same period last season recording a shortfall of 6,408 bales.

Prime Minister Imran Khan has directed concerned government departments to ensure higher production at 15m bales but so far, no incentives have been announced to encourage cultivation. Moreover, the government has failed to notify the indicative price for phutti and fix quota for procurement by Trading Corporation of Pakistan.

Punjab's production, the country's largest producer, has declined to 6.613 million bales down 9.39 percent during the same period last year when total production stood at 7.298 million. Sindh, on the other hand, produced 4.149 million bales down 2.45 percent from the same period last year. Balochistan has produced 117,852 bales.

The textile spinning industry purchased 9.641m bales as against 10.954m in the corresponding period last season. Similarly, exporters booked 102,330 bales compared to 216,615 bales last season. The ginners are still holding a substantial quantity of unsold cotton at 1.019 million bales compared to 597,847 held in the corresponding period last season. Currently, 24 ginning units are operating in Punjab and only one is operating in Sindh.

Knitwear exports from Pakistan show growth

Muhammad Jawed Bilwani, Central Chairman of Pakistan Hosiery Manufacturers and Exporters Association (PHMA), has expressed optimism that the knitwear garment sector will be able to increase its exports by 20% in the next six months provided the government meets its promises. Knitwear Garments exports have shown a growth of 10.5%.

Muhammad Jawed Bilwani, Central Chairman, PHMA.

Globally the knitwear garment sector's share in the World Market is 30%. During the last six months of the present fiscal year, Pakistan's Knitwear Garments exports have shown growth of 10.5% and stand on top in the textile group and other sectors.

Jawed Bilwani pledged that upon receipt of payments against refunds and with assurances of uninterrupted supply of gas and electricity, this sector will increase its exports to 20% in the next six months.

He looked forward to the government revealed its plan of releasing refunds under the drawback of duties and taxes (DDT) scheme as it was critical to encourage an increase in exports. He also welcomed the withdrawal of import duty on hundreds of raw materials used for manufacturing export products.

Govt pays Rs. 42 billion to the textile sector

The government has provided Rs 42 billion to the local textile industry under the Prime Minister Exports Enhancement Package in order to facilitate textile exports.

"The initiative was aimed to bridge the gap between local exports and imports by encouraging the export-oriented industry and incentivizing the industrial sector so that they could introduce innovative, modern and cost-cutting technologies, particularly in the textile industry," said a senior official in the Ministry of the textile industry.

Talking to media, he said so far, the State Bank of Pakistan has received the 275,000 refund claims under the package and it was being processed accordingly. He said the package was introduced in 2016-17 and in first five months, the government had paid an amount of Rs 5 billion, adding that in the fiscal year 2017-18, the government had cleared the refunds amounting Rs 26 billion.

He said during the last seven months, the government had paid Rs11 billion in terms of outstanding claims, while the pending liabilities of Rs 23 billion would be paid by the government in the coming few months.

"We are committed to executing the PM's export enhancement package for the development and growth of the textile sector," he stated. "The priority of the government is to increase the country's exports and create job opportunities for the people." He said the textile sector was also working to modernize and improve the skills of textiles workers through the use of modern technology.

PCJCCI focuses on the promotion of textile business with China

Pakistan China Joint Chamber of Commerce & Industry (PCJCCI) is focusing on the promotion of textile business with China. The chamber participated as a strategic partner of a three-day 21st Textile Asia 2019 trade fair, jointly organized by Pakistan Readymade Garments Manufacturers & Exporters Association (PRGMEA) and Ecommerce Gateway Pakistan.

PCJCCI Secretary General Salahuddin Hanif told the media that at the three-day Textile Asia exhibition, more than 1,000 international brands displayed their products in over 788 booths from 27 countries mainly from Austria, China, Czech Republic, France, Germany, Italy, Korea, Japan, Turkey, UK, USA, etc.

He thanked Sualeh Farooqui, secretary Trade Development Authority of Pakistan, along with Sheikh Mohammad Shafiq, chairman Pakistan Readymade Garments & Manufacturers Association (South Zone), Dr. Khursheed Nizam, president Ecommerce Gateway Pakistan (Pvt) Limited and Uzair Nizam, project director Textile Asia for attending the inaugural ceremony of the event. Meanwhile, President Ecommerce Gateway Pakistan, Dr. Khursheed Nizam, expressing comments on the international exhibition, emphasized that 21st Textile Asia is UFI (Paris) approved textile trade fair.

This trade fair has showcased immense buying and selling potential of the textile, garment and allied industries and introduces some of the leading overseas suppliers of textile and garment materials, accessories and parts and machinery to the textile and garment industry of Pakistan.◆