

### Cotton yarn exports adversely impacted

Textile exports during 2MFY20 increased 2.3% year on year against a growth of 3% in total exports during the period. The textile group accounted for 61% of total exports during the first two months of FY20 as opposed to 62% during the same period last year—not too major a difference. In fact, despite a loss in percentage shares, the balance of trade within the textile group actually improved by 10%.

Growth in textile exports was largely driven by downstream retail items, which are typically higher on the value chain namely knitwear, bed wear and ready-made garments. They together constitute more than 50% weight within the textile group and a 38% share in total exports.

An industry source pointed out those international buyers, and is well aware of the currency adjustments; it negotiates the contracts accordingly, resulting in the lower unit prices for exports. The Rupee devalued more than 20% against the greenback during FY19. However, the on-going fiscal year saw the rupee appreciate 2% against the dollar in the first two months. The source further added that domestic players are now skewed towards local markets as they are fetching higher prices domestically relative to international prices.

Knitwear, prices remained relatively stable, as the increase in unit prices amounted to a meager 2% during 2MFY20. In terms of quantity, the increase stood at 11% during the same period.

On the other end of the spectrum in the textile value chain, cotton yarn saw a marginal increase of 2% in quantity for 2MFY20 while prices dropped 10% during the same period. A trade war between the economic giants China and United States has disrupted export prices for cotton yarn. As China accounts for more than 50% of Pakistan's cotton yarn exports it has adversely impacted yarn exports, as highlighted in SBP's third quarterly report.

### Textile sector strengthening can enhance exports: Minister



*Mian Aslam Iqbal,  
Provincial Trade and  
Industry Minister.*

Provincial Trade and Industry Minister, Mian Aslam Iqbal said that the textile sector was the backbone of the national economy and strengthening this sector could enhance the country's export volume.

Talking to All Pakistan Textile Exporters Association (APTEA) delegation headed by its President Khurram Mukhtar here, he added that the government was resolving the textile sector's problems on priority basis.

A state-of-the-art expo center, over 70 acres of land, was being constructed in M-3 Industrial Estate Faisalabad and this export-oriented project was being completed speedily. He hoped, the Expo-center in Faisalabad would help increase exports and create new job opportunities.

While assuring a redressal for the genuine problems of textile exporters', the Provincial Minister vowed that the PTI government would leave no stone unturned to strengthen this sector. Steps taken for ease of doing business were now yielding results, as local and foreign investors are coming to Punjab for investment.

According to him, the facilities were being provided to industrialists and investors, and the tax collection system was also being made easier. Moreover, he asserted that unnecessary hindrances in setting up of new industrial units were being removed; further adding, that inspectors' interference in factories in the name of inspection would come to an end with the implementation of the inspector-less regime.

### Textile millers ready to invest \$1bln USD if the business environment improves

According to the industry's representative, textile millers are ready to annually invest \$1 billion USD if the government would ensure ease of doing business to double exports in the next five years.



Dr. Amanulla Kassim Machiyara, Chairman APTMA.

All Pakistan Textile Mills Association (APTMA) Central Chairman, Amanullah Kassim Machiyara believes industrialists are all set to invest \$1 billion annually, in case the government ensures a congenial environment to double the exports in the next five years.

The government is expected to restore the confidence level of the textile millers by announcing the textile package sooner, said Machiyara - while delivering a speech through a video link to all zonal members.

He said the textile industry, which is the mainstay of the economy, is currently passing through an unprecedented period of crisis. Consequently, the capacity to produce over \$4 billion worth of exports was already closed.

The government realized the negative fallout of losing competitiveness on the country's exports last fiscal year. Exports fell 1% to \$22.979 billion as strong negative price effect dominated the positive quantity effect. However, they recovered 2.79% to \$3.753 billion in the July-August period of FY2020. Textile exports, which constitute more than 60%, the share of total exports, increased 2.3% year on year in value over during the first two months of the current fiscal year.

### Textile sector's revival, appropriate answer to the critics: Dr. Firdous

Dr. Firdous Ashiq Awan, Special Assistant to the Prime Minister on Information and Broadcasting said that the revival of the country's major export-oriented textile sector was due to the

efficient policies of the current government.

She stated this in a news conference along with All Pakistan Textile Mills Association (APTMA) Group Leader, Gohar Ejaz and Taskforce on Textile Chairman, Ahsan Bashir here at APTMA House.



Dr. Firdous Ashiq Awan Special Assistant to the Prime Minister on Information and Broadcasting.

Gohar Ejaz acknowledged that the present government resolved the textile sector's revival issues, pending for the last 10 years,

citing that the government ensured energy tariff to the textile industry at par with regional and other competitor countries. Taking advantage of viable energy tariff, the country's textile industry registered 32% quantitative growth in exports and its total turnover remained at \$16 billion with \$13 billion USD export revenue; the industry earned \$1 billion net profit, besides paying Rs 40 billion taxes until June 2019.



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The APTMA leader mentioned that earlier, the textile industry was closing down but now it was planning to set up new textile units due to the government's support and viable policies.

On this occasion, Dr. Firdous added that the present government had introduced an inspector-less regime for ease of doing business, as industrialists had been facing officials of 37 departments for matters regarding setting up new units, exports, operations, and taxes. The government had decided to automate the process of getting departmental No Objection Certificates (NOCs), verification of documents, etc. and now the industrialists and businessmen were availing all such facilities online. Hence, better results are imminent.

### Egypt and Pakistan agree to promote trade, sign MoUs

Pakistan and Egypt recently agreed to work out measures to focus on their untapped economic potential and

promote bilateral trade at the first meeting of the Pakistan-Egypt Joint Working Group (JWG) on Trade held in Islamabad. Pakistan's Commerce Ministry and the Egyptian Commercial Service signed a memorandum of understanding (MoU) to set up the JWG on trade.

Both sides agreed to enhance trade in key sectors, including textiles and leather products, agricultural products, engineering industries (electrical apparatuses and power appliances), construction and building materials, fertilizers and chemicals, medical and surgical instruments and pharmaceuticals.

A separate MoU between the Trade Development Authority of Pakistan (TDAP) and Egyptian Commercial Service was signed to enhance trade promotion efforts. The ministry of commerce and textile organized a parallel Pakistan-Egypt Trade Conference in the capital city. It was the first of a series of such conferences planned with African countries under the 'Look Africa Policy Initiative' of the ministry.



### Textile industry achieves 26% growth in quantitative terms: APTMA

As a result of the progressive policies and personal interest of the Prime Minister, especially by providing regionally competitive energy tariffs the textile industry has become viable after remaining in the red for 10 long years, said All Pakistan Textile Mills Association (APTMA).

They said the textile industry has achieved a record increase of 26% growth in quantitative terms although this did not directly reflect in the dollar amounts due to a substantial worldwide decrease in textile prices. However, if this 26% increase in quantity had not been achieved the exports would have been less than \$8.5 billion; the international prices have now recovered.

As per records, the profits of the companies were over 5%. The companies have posted a turnover of \$16 billion out of which \$13.3 billion was exported and \$2.8 billion USD were sold in the domestic market. The industry has contributed to the exchequer through income tax of Rs 40 billion as well as various other indirect taxes and levies of over Rs 35 billion. The importance of the industry can be assessed from the fact that it also employs over 10 million workers with many more dependents.

As a result of the confidence reposed by the Prime Minister in the industry and the appointment of a dedicated Task Force to not only formulate but ensure implementation of a progressive textile policy, the industry is all poised to take off and double exports in the next four years. Industry as a result of the profits posted has strong balance sheets and an equity fund of \$1 billion earned directly from the international market. These funds can be leveraged to invest at least \$4 billion USD in the next year alone. ♦

## Trade & investment officers could play a key role in the promotion of exports

Mian Naeem Ahmed, Chairman of Pakistan Hosiery Manufacturers and Exporters Association (PHMA), North Zone Newly selected Trade & investment Officers (TIOs) have been entrusted the achievable task to bridge widening import and export gap and in this connection they must take business community into confidence by exploiting their professional skills and expertise in line with the prevailing domestic, regional and global ground realities, said Mian Naeem Ahmed - Chairman of Pakistan Hosiery Manufacturers and Exporters Association (PHMA), North Zone.

He was addressing a delegation of TIOs who have been recruited and posted abroad by the Ministry of Commerce. They are currently on a study tour of Faisalabad. During this meeting, they had in-depth discussions with the business community to understand the practical business-related intricacies. They also discussed core issues in the prevailing domestic and international export environ.

Introducing PHMA, Mian Naeem Ahmad said that the members of PHMA are around 1600 while this association has a unique privilege to provide maximum jobs to the unemployed youth. He told that PHMA members are earning precious foreign exchange of 3.2 billion dollars while its offices are also situated in Karachi, Lahore, and Sialkot in addition to Faisalabad.

Mian Naeem Ahmed congratulated the newly selected TIOs, pinning hopes that they would play their proactive role in enhancing exports in addition to discouraging unnecessary imports.

Mr. Fawwad Hassan, Deputy Director of Pakistan Institute of Trade and Development said that trade has gained key importance across the world. Economically strong and internally prosperous countries are held in high esteem and hence, TIOs must work hard to make Pakistan an economically stable entity. According to him, the objective of the recent study tour of TIOs is to give them a candid picture of ground realities from the perspective of the business community.

Dr. Khurram Tariq, former Central Chairman of PHMA said that the world is heading towards value chain integration and hence, newly selected TIOs must make space for Pakistani products in this value chain.

Mr. Qamar Aftab, former Chairman to PHMA urged that exporters must be kept informed through newsletters & social media about emerging trends in different countries so that Pakistani exporters could continue to feed these countries. He also underlined the importance of fashion designing to get extra value for their innovative products. ♦



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