Industry decries the absence of policy to boost cotton output

The textile industry has termed it unfortunate that no concrete policy to enhance cotton production has been announced by the government while the price of cotton has soared to an 11-year high of Rs12,000 per maund.

Pakistan Hosiery Manufacturers and Exporters Association (PHMA) Zonal Chairman Faisal Mehboob Sheikh and Chief Coordinator Adil Butt noted that Pakistan was expected to produce 5.6 million bales of cotton in the current season, which would be the lowest in the last 30 years.

On the other hand, demand from the textile industry stood at 18 million bales, hence, over 8 million bales worth $4 billion had to be imported, they pointed out. According to Sheikh, the reason behind the unprecedented increase in cotton prices was the steep decline in its production and bullish trend in the international market.

He appealed to Prime Minister Imran Khan to immediately formulate a strategy to overcome the cotton yarn crisis so that thousands of workers could continue to work in the largest export-oriented industry of Pakistan.

Exporters, spinners spar over yarn imports from India

While the value-added sector terms the situation as a crisis, spinners insist a false picture is being presented. "As per Customs data, yarn is already being imported from 59 countries," Chairman of the All Pakistan Textile Mills Association (Aptma) Sindh-Balochistan Asif Inam said. "India's hostile attitude towards Pakistani products is worrying," the Aptma representative said.

"The data is strangely fabricated to portray a doom and gloom scenario. There was a slight decline in exports when comparing exports of 28 days of Feb 2021 with 29 days in the same month last year (2020 was a leap year)," he added.

The seven-month data (7MFY21) shows that Pakistan has already imported cotton worth $1.336 billion. The massive imports highlight the cotton shortage in the country, with production at its record lowest level. Mr. Inam said the government should not allow imports of cotton yarn or cotton from India until the "country goes for trade normalization with Pakistan".

"The value-added garment and home-textile industries are facing jeopardy in the wake of unavailability of cotton yarn and abrupt decrease in the value of rupee against the dollar," said Pakistan Apparel Forum Chairman Jawed Bilwani. "During the past three months, cotton yarn 30/1 prices have been increased by 15pc while it is not available in the market," he said.

In the last six months, the dollar has also depreciated against the Pak rupee by 5.58pc — down from Rs166.5 to Rs157.2. Exporters previously had negotiated and finalized their export orders at a dollar rate of Rs166.5, Mr. Bilwani said. The fortnightly report of the Pakistan Cotton Ginners Association shows that 72,000 bales of cotton were sold to exporters.

"Cotton prices are high in the market while arrival for this year is almost over. There is a need to import more cotton but more important there is a need for a policy to improve cotton growth with high-quality seeds and increased cultivation area," said Karachi Cotton Brokers Forum Chairman Nasim Usman.

Chinese envoy visits Challenge textile factory

Chinese Ambassador to Pakistan Nong Rong has said that the startling success of Challenge Textile Factory with the Chinese investment of $60 million has paved the way for numerous investments under CPEC.

He expressed these views during his visit to $60 million Challenge Textile Factory on Lahore-Multan Road where he was briefed by Karen Chen, managing director of the company. The ambassador said Pakistan and China are not only neighbours but also brothers and after CPEC, Pakistan has gained historical significance, as China now see many investment opportunities that will create thousands of jobs in Pakistan.

More Chinese companies are ready to invest billions of dollars in various sectors in Pakistan, which will see an improvement in Pakistan's economy. Rong said with the resumption of export of textile products from the factory, Pakistan's foreign exchange reserves will also increase.

Later, the ambassador visited various sectors of the textile factory and appreciated the arrangements made.

Chen briefed him on the investment in the textile sector. Employees have been provided with good pay, as well as transport, food and accommodation, he said, adding that after the $60 million Chinese investment, the group will now invest another $150 million in textiles.

In Phase one in only eight months, they have been able to establish a 370,000 square feet stitching facility that houses 4000 employees. Through this new facility, their exports are already going up to $70 million from $45 million last year, and are estimated to go up to $100 million next year if work continues at this rate.

The group deals mostly in outdoor and sports apparel, and has been in the technical circular knit business for two decades, starting out in 2001. In China, they have been declared one of top three most innovative companies in the textile industry because of their creative product lines. China's ministry of industry and information technology has also declared them one of the four most sustainable companies in the textile industry.

Duty-free yarn imports demanded to save textile exports

Value-added textile exporters have urged the government to allow duty-free import of cotton yarn to reverse downtrend in exports.

Addressing a news conference, representatives of Council of All Pakistan Textile Association and Pakistan Apparel Forum said they have been drawing the attention of the government, through appeals and press statements, towards unavailability and shortage of cotton yarn – which is the basic raw material – for the last five months.

If cotton yarn's duty-free import is not allowed, exporters will go for countrywide protests, they said without elaborating whether or not protest implies shutdown of factories.

Value-added textile contributes to around 62 percent in total exports, provides 42 percent urban employment particularly to female workforce, earns highest foreign exchange and supports approximately 40 allied industries.

Zubair Motiwala and Jawed Bilwani said 4.5 percent decrease in exports endorses the viewpoint of exporters that unavailability of cotton yarn would hurt the export orders, which will further be diverted to other competing countries if the cotton yarn is not made available in the required quantity.

Exports fell 4.5 percent year-on-year to $2 billion in February after maintaining the growth pace for five months.

Mohammad Zubair Motiwala

They cautioned the government about the dire consequences of not allowing duty-free import of cotton yarn and not banning export of cotton yarn to save the exports, industries and employment.

Sapphire forms JV with Britain-based Carrington Textiles

Sapphire Textile Mills and Britain-based Carrington Textiles have formed a joint venture in Pakistan – Carrington Textiles International, with new textile dyeing and finishing operations in Lahore that would provide up to 20 million meters a year of dyed and white fabric.

"Sapphire Textile Mills has agreed to form a Joint Venture (JV) with Carrington Textiles, a British company. Both the companies will combine their strength in manufacturing, marketing and research and development to bring value to the customers. The JV will be formed in United Kingdom," a bourse filing said.

Carrington Textiles noted in a statement that a new production facility, now in operation, had some of the most modern European dyeing and finishing plant and machinery, which would further enhance the capabilities of the JV.

Nabeel Abdullah, Sapphire's COO.

"With the closeness to Sapphire's existing spinning and weaving operations, as well as to other existing local suppliers, this adds to the ability of Carrington Textiles International to provide a vertically integrated manufacturing solution, reducing lead times and further enhancing service to customers. Finished stock will be warehoused in Lahore, Asia and the South African port of Durban, ensuring the best possible service to all major markets."

This new venture with Sapphire Textile Mills would increase Carrington's capacity to 130 million square meters a year. It is the start of a series of investments that Carrington Textiles' parent company, the RTS Group, is implementing across the rest of its production facilities.

Nabeel Abdullah, Sapphire's COO says, "Carrington Textiles International is an excellent project we are excited to be part of, and we are pleased our longstanding relationship with Carrington Textiles has developed into this joint venture."

Carrington Textiles' CEO John Vareldzis said, "Following years of working closely with Sapphire as one of our strategic loomstate suppliers, we have made the next logical step together and invested in a new state of the art dyeing and finishing factory in Lahore."

He said this not only gave Carrington its own European engineered manufacturing plant in Asia, but also would provide access to a vertical operation, from spinning through to weaving, dyeing and finishing.

"All of the dyeing and finishing machinery has been specified by our technical experts to meet the exacting standards of the work-wear market and we are confident this integration of our supply chains will help to give our customers the best chance to succeed in a challenging and exciting market," he added.

Carrington is the largest producer of work-wear fabrics in the UK, exporting to more than 80 countries worldwide. Carrington produces over 55 million meters of fabric annually.

Decision to suspend gas supply to textile mills rejected

The Khyber Pakhtunkhwa Textile Mills Association (KPTMA) has rejected the decision of the federal cabinet committee on energy (CCoE) to place moratorium on the supply of gas to textile units for self-generation of electricity.


Salim Saifullah.

The decision was made at a meeting recently with Salim Saifullah Khan in the chair.

The meeting rejected the CCoE decision to curtail the supply of gas to the export-oriented textile industry and divert the gas supply to the IPPs for power generation.

The KPTMA urged Chief Minister Mahmood Khan, the federal energy minister, the PM's special assistant, the chief minister's adviser on energy & power and the provincial chief secretary to intervene to resolve the issue.

The association also stressed the need for taking up the issue with the Council of Common Interest.

Briefing media persons after the meeting, Salim Saifullah showed his serious concerns over the adverse effects of the decision on textile industry, and asked government to review it. He urged the Khyber Pakhtunkhwa government to intervene in the matter, otherwise the mills would close down their operations, and large scale workers would lose jobs.

He warned the government that such unsolicited decision would result in high cost of production, unemployment, loss of investment and decline in export of textile products.

He further said it would also be a challenge for the government to provide uninterrupted electricity to the industry as available grid stations were already overloaded.

Mr Saifullah said shifting of manufacturing units to Wapda electricity was also not possible on such short notice. He suggested the government in consultation with stakeholders devise some workable plan if implementation of the decision was necessary.

Germany advises Pakistan to learn from neighbours for exports

German Consul General Holger Ziegeler has advised Pakistan to pivot from traditional exports and promote high value-addition by utilising human capital and developing industries.

In a recent meeting he said Pakistan has been sending mostly textile, leather and some other products to Germany. It must make good use of human capital, develop industries and produce high-value products for more exports to Germany and other countries, he said.

"You must look at the region and see how your competitors like Bangladesh and others have improved their exports to Germany and other countries," Ziegeler said during a meeting with the officials of the Karachi Chamber of Commerce and Industry (KCCI).

"Pakistani exporters should not confine to producing raw material or semi-finished goods for exports but they must also be able to produce all classes of the entire value-chain of not just textile sector but other sectors as well," he said.

"We are also suffering right now from the absence of trade fairs and limited possibilities of travelling.

"Joint ventures between the business communities of Germany and Pakistan are possible as soon as we start visiting again. We have to deal with the first step which is the fear of entering into Pakistan due to security concerns. I will try my best to bring German businessmen and once they are here, it's your game to make them partners."

Prior to assuming charge as Consul General in Karachi, he served as Consul General in Jeddah for four years and before that he was head of Export Promotion at the ministry of foreign affairs in Berlin and then preferred to get posted in Karachi because of the economic importance of the port city and because of the potential this city has for development of bilateral trade with Germany.

KCCI President Shariq Vohra stressed the need for joint ventures in agricultural and automotive sectors. Most of the agricultural products being harvested in Germany are also farmed in Pakistan. German business community must come forward, improve ties and explore investment opportunities in Pakistan.

"Unfortunately, we have not been able to take advantage of what is being offered which is something that needs special attention," Vohra said.

He also appreciated Germany's constant support to Pakistan in the form of aids and grants for various socioeconomic development projects and also the vocational training initiatives which helped a lot in further improving the skills of Pakistani workforce and proved favorable for the economy.◆