Pakistan, China partner for boosting the textile sector

Pakistan and China have launched a critical partnership for the promotion of business alliances and sectoral match-making between private enterprises of textile sectors in the two countries.

The Board of Investment (BoI) has recently organized a "CPEC Industrial Cooperation Textile Business to Business (B2B) Webinar" in collaboration with China Council for International Investment Promotion (CCIIP) and China National Textile and Apparel Council (CNTAC).

The webinar offered a platform for analysis of industry trends, bilateral investment opportunities, and potential collaboration between companies of the two countries.

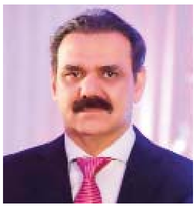
Speaking on the occasion, BoI Secretary Fareena Mazhar said the webinar aimed to rejuvenate the process of enhanced B2B matchmaking between Pakistani and Chinese enterprises. She appreciated the overwhelming support of CNTAC and the Chinese ministry of commerce. Owing to the sector's financial gains many international companies, including Chinese enterprises, are already operational in the country.

She disclosed that Challenge Apparel, a Chinese company, has been successfully operating in Pakistan for years, and now it plans to expand with an additional investment of over $150 million. The BoI official invited export-oriented hi-tech Chinese enterprises to make investments in Pakistan.

Mrs. Fareena Mazhar, Federal Secretary, Board of Investment (BOI),

She informed the private sector enterprises about Pakistan's advantageous investment policies about SEZs, electric vehicles, cellular device manufacturing policy and emphasized Pakistan's commitment to facilitate B2B matchmaking. Ms. Mazhar underscored that 'CPEC Industrial Cooperation' follows an all-inclusive policy and is open for third-party participation.

BoI Project Director Asim Ayub informed the meeting that the Textile Diagnostic Study on Pakistan's Textile Sector in 2019 was very well received by the Pakistani side. However, there exists a need for a follow-up action plan.



Asim Saleem Bajwa; Authority Chairman Lt. Gen. (Retd)

The Minister asks textile houses to consolidate fragmented businesses

Minister for Finance and Revenue Shaukat Tarin asked the textile houses to consolidate their fragmented business and promote value-added exports on a competitive basis internationally. Tarin met foreign investors and textile industrialists in separate meetings and expressed a commitment to targeted incentives to drive export-led inclusive growth.

Mr. Shaukat Tarin chaired; Federal Minister for Finance and Revenu

"Government is firmly committed to providing incentives to the business community which is targeted and sustainable in the long-run," he said during a meeting with the representatives of Overseas Investment Chamber of Commerce and Industry and Pakistan Business Council.

"The end goal is to achieve an all-inclusive sustainable economic growth which leads to industrialization, employment generation, export-led growth, and import substitution."

A pan-industry advisory group PBC recently advised the government to bring energy tariffs down for industries, provide low-cost financing, tax rationalization, and infrastructure uplift to curb deindustrialization.

Later, a delegation of the Pakistan Textile Exporters Association called on the finance minister who reiterated the commitment of the government to facilitate the textile sector for enhancing value-added exports. He stressed the need for consolidating fragmented businesses and promoting value-added exports on a competitive basis internationally.

"Government believes in building a strong partnership with businessmen, traders, and exporters for evolving a roadmap through the consultative process for a sustained and robust export-led growth, he said.

The finance minister affirmed full support and cooperation on the occasion. The minister during a virtual meeting with a delegation of the Federation of Pakistan Chambers of Commerce and Industry said the government is adhering to strict financial discipline for achieving macro-economic stability and enhancing revenue generation.

"Pakistan's economy is showing signs of recovery amid coronavirus pandemic, with construction and manufacturing sectors in lead. However, the third wave of COVID-19 is particularly challenging," he added.

Tarin also stressed the role of chambers of commerce and industry as a bridge between the government and the traders for active coordination.

APTMA requests govt. to continue the tariff policy as the textile sector grows

The Patron-in-Chief All Pakistan Textile Mills Association (APTMA) Mr. Gohar Ejaz has requested the government for continuation of Regionally Competitive Tariffs of $ 6.5 / Metric Million British Thermal Unit (MMBtu) of Gas/RLNG and 7.5 cents / kWh of Electricity. On this request Imran Khan's government reposed its confidence in the Textile Industry, providing the government's complete support.

As a result, Pakistan's Textile Exports foresees to increase considerably i.e., $16.5 Billion during FY21 in comparison to the exports in FY18 which were $13.5 billion and will continue to grow up to $20Bn in June 2022. Making a total of $27 billion in exports in June 2021 and $30 billion in June 2022.

Regionally Competitive Energy Tariffs policy proposed by the Pakistan Institute of Development Economics (PIDE) has played a vital role in the current year's exports and is critical to sustaining enhanced exports, employment, and bring in new investment.

The textile industry has capitalized on the given incentives to help the government achieve the ultimate aim of export maximization, job creation, and the realization of economic prosperity.

Pakistan's export industries (including textiles) witnessed an exceptional growth of 9% in 9 months of

Fiscal Year 2021. The increase in export demonstrates the competitiveness of Pakistan's exports, when inputs are provided at regionally competitive prices, exports were achieved despite an unfavorable international environment.

The industrial electricity tariff of other textile exporting countries is much lower than Pakistan making us uncompetitive in the increasing market competition. The objective of the Pakistani textile industry to become an export "powerhouse" cannot be achieved until power tariffs are revised to a competitive and stable level.

Industry fears that the Power Sector will not be able to deliver on a sustained stable and competitive basis which will negatively impact market sentiments. Competition is the key principle for the development and expansion of the industrial market.

PRGMEA urges govt to control the increase in freight charges

As the shipping companies have increased their freight charges by 700 percent after the reopening of global trade amidst Covid-19, the Pakistan Readymade Garments Manufacturers & Exporters Association (PRGMEA) has appealed to the government to intervene so that exports growth could be sustained.

Mr. Sohail Afzal Sheikh; PRGMEA Central Chairman

PRGMEA Central Chairman Sohail A Sheikh, in a letter sent to Federal Minister for Maritime Affairs Ali Zaidi, appealed to him to control the situation, asking the international shipping lines to rationalize the cost of containerized cargo, as it has offset the positive impact of incentives provided by the government.

Sohail Sheikh pointed out that both regional, as well as international shipping lines, seemed to have formed a cartel to impose exorbitantly high freight charges in a bid to cash in on the post-Covid situation. He said that Pakistan's importers and exporters pay to ship companies at least 5 billion dollars annually in international freight charges. He said that the jump in international freight charges had increased the cost of doing business in Pakistan and apparel exporters could not remain competitive in the international market if the government did not interfere.

He said that freight charges for cargo in a 20-feet container arriving from China to Pakistan have presently increased to around $3,000 from almost $600 of pre-Covid time on the plea of high growth even though lockdowns have been ended for a long time and now there is routine traffic of vessels. It seems that Covid-19 has provided an opportunity for international shipping companies to increase freight charges. "We know that government is not responsible for the situation in international trade. And it is also a fact there was no short-term solution for the government. However, in the long run, it should enhance the number of shipping companies in Pakistan.

PRGMEA Central chairman said that Pakistan mostly imports cargoes through the Far Eastern countries like Thailand, China, Hong Kong, and Singapore, and send export to the EU, the USA, and the Middle East.

DG Agriculture predicts the better cotton crop during the current year

Punjab Agriculture Director General Dr. Anjum Ali has said that due to dry weather this year, a better cotton crop would be expected and the agriculture department will ensure seed monitoring. The Agriculture DG expressed these views while talking to the PCGA chairman and other members during a visit to the Pakistan Cotton Ginners Association PCGA house.

He said that the cotton crop was damaged due to the weather shift, but this year the weather would be favorable for the cotton. He said that the Pakistani growers would also get support in terms of rates at the international market.

He informed that the government had allocated Rs 3 billion for whitefly control and Rs 3 billion for cottonseed subsidy which was being released. Anjum Ali said that farmers were being registered for the Kisan Card and subsidy would be paid to cotton growers through e-vouchers, he maintained.

CPEC can help in finding new markets for textile exports

Chief Coordinator of the Pakistan Readymade Garments Manufacturers and Exporters Association, Ijaz Khokhar said in a briefing that Pakistan's textile industry is booming and there is an acute shortage of raw material because cotton production in the country has decreased and the Central Asian countries are rich in cotton which can be used in Pakistan once the trade relations with them enhance.

Ijaz Khokhar, Chief Coordinator, PRGMEA.

"We are desperately wanting a peaceful route to Central Asia and after there is peace in Afghanistan, we are pinning hope on the connectivity enhanced by CPEC to help us find new markets. Because currently our major export markets are the European Union (EU) where Pakistan is sending its products under the Generalized Scheme of Preferences Plus (GSP+) status, but we need to find more markets for our products," Khokhar said.

He said Pakistan's current exports to EU countries are over 6 billion U.S. dollars annually and the textile sector contributes to a large part of it. Last month, the European Parliament adopted a resolution to review the GSP+ status of Pakistan, raising concerns among the Pakistani exporters.

"If they remove the GSP+ status, we will sustain great losses in our revenue. In this situation, we are looking forward to enhanced trade relations with Central Asia," Khokhar said.

"The best thing about CPEC with the Central Asian countries is the land routes, which currently suits us the best because the charges of sea freight in Pakistan has increased and if the GSP+ status is not secured, we will be transporting it to the Central Asian countries on a much cheaper cost via CPEC infrastructure, and in the future, we will seek new markets from the Gwadar port onwards," he concluded. ◆