



“Pakistan has to focus on improving quality and finishing of textile products for an increased presence in the Italian market”

Dr. Marco Pintus, The Italian Trade Commissioner

Dr. Marco Pintus the Italian Trade Commissioner, in a recent interview to PTJ, commented on the possible collaboration in different textile sectors between Italy and Pakistan. His views are particularly interesting because Italy remains one of the few European countries where textile industry has remained strong despite the practical closure of traditional textile industry in the other European countries.

Interview by Nadeem Mazhar, Editor, Pakistan Textile Journal.

Tell us something about the role of Italian Trade Commissions in promoting Italian businesses abroad.

ITC has about 100 offices all over the world. We have three main tasks: information on the local market and commercial scouting, assistance to Italian or local companies in matters related to trade, promotion i.e. we organize Italian participation in international exhibitions, we organize technical seminars/workshops (like the one on Nov. 26th on Textile Technology), we select delegations to visit Italian trade fairs, companies, etc, we select technicians or managers for training courses to be held in Italy to apprise Pakistani businessmen of our technology and know-how.

Whereas promotion has a large share of ITC activity in most countries, in Pakistan such events are quite rare and our activity is much more concentrated on collecting information on the local market and commercial scouting. I believe this is a kind of work that is crucial here in that it can pave the way for a substantial increase in our presence in this country. Information on the Pakistani market is rather scarce in Italy and the reverse is also true: I am often surprised to find out that, except for the textile sector, many businessmen do not have a clear picture of Italian technology and know-how in their own sectors.

Comment on Italy-Pakistan trade relations, in particular regarding the textile industry of Pakistan. What steps can be taken to increase trade in this sector?

Data from Italian sources show that Italy-Pakistan trade has been increasing strongly in the last three years, precisely from 2003 to 2006. In particular, Italian exports grew from less than 300 million Euros in 2003 to 550 million Euros in 2006, at the end of which our bilateral trade showed a record performance and went very close to the one billion Euros mark.

In 2007 things look less promising: our exports to Pakistan are stagnant and

Pakistan's exports to Italy are increasing by a meagre 5%.

Textile is the main sector of our bilateral trade. Italy exports textile machinery to Pakistan and buys textile products from your country. Textile machinery exports make up 10-15% of total Italian exports to Pakistan and textile products have a share of 70% on overall exports from Pakistan to Italy.

To increase trade in this sector I think we have to address two main issues. Italian textile technology is world-class but we have to improve, in some cases, after-sales service and prompt availability of spare parts. Pakistani textiles are improving in quality, but still it is very difficult for them to fetch share of the Italian market in the higher segments, mainly for two reasons: it is one of the most demanding, quality-conscious markets in the world, and it still has a strong textile industry (that has mostly disappeared from other European countries). Trade barriers apart, which are certainly a crucial issue, Pakistan has to focus on improving quality and finishing of textile products to pave the way for an increased presence in our market.

How can Pakistan benefit from the vast experience and the leading position in fashion and the high end textile industry in Italy?

Textile excellence is the outcome of a long process that can take decades at best. If you look at Italy, you will see that nowadays the textile industry is still mostly concentrated in the same areas where it used to be centuries ago. Textile engineering companies tend to be based in the same places where their end-users are or used to be. This permanent, almost physical interaction allowed them to develop an astonishing degree of flexibility so as to adapt their offer to the requirements of their end-users. This is how Italy could rise to world-class standing in textile technology. Such know-how, proficiency, expertise and heritage is handed down from one gener-

ation to the other and stems from a kind of historical experience that it is unthinkable to graft successfully onto other areas of the world.

Certainly, Pakistan can draw on this source of knowledge to progress in the textile field. Pakistani technicians are said to be very good and inclined to learning quickly and Pakistan will sooner or later assimilate this kind of engineering knowledge. As far as design is concerned, it is an immaterial factor, a sort of ability not easy to acquire. I think Pakistan can invite Italian designers to have teaching courses here and develop collaboration with Italian fashion and design institutes; something of this kind is being done by Pakistan School of Fashion Design.

Do you foresee any joint-ventures between Italy and Pakistan in the textile sector?

The potential for industrial collaboration is vast, not only in the textile sector. Italian entrepreneurs could bring their know-how and capital to Pakistan to take advantage of low production costs and in view of a very favourable legislation, that makes Pakistan, in this field, one of the most liberal countries in the developing world.

Anyway, although we have a growing number of buyers visiting Pakistan from Italy, I do not foresee any joint-ventures in the near future: Italy's industrial base is mostly small and medium sized, which does not give our companies adequate weight for facing investment on a big scale in distant and largely unknown countries. We have to consider the "pioneer" factor: it is extremely difficult for a company, especially if small or medium-sized, to make up its mind on an investment that has no precedent and where there is no experience to share with companies from the same country. I think this is a major psychological obstacle that should not be overlooked. In the last two years only a couple of Italian companies referred to our

office with plans to localise part of their production in Pakistan, but then gave up due to such reasons.

Are Italian brands interested in opening their own boutiques and stores directly or through franchises?

Not to my knowledge. Italian branded products tend still to be too expensive for this market. Anyway, this result is inevitable and will come alongside Pakistan's economic growth: I am sure it will take just a few years before we can see Italian branded products sold in boutiques here, as a growing middle-class is raising its living standards and will create a lively market for them.

Would you comment on the ITC activities in Pakistan in the past and the events planned for the future?

We have been active in this market since 1990. In the textile sector we have organized seminars (this will be the second after one in 2000), we have taken part in exhibitions (IGATEX 2005 and 2006), we have selected technicians for training courses in Italy. For our exporters, the textile sector acquired great prominence thanks to Textile Vision 2005 and the huge wave of investment that took place accordingly. Pakistan became the fourth

market for our textile machinery in the world. Such prominence made us step up our efforts and we brought a lot of companies from Italy through our presence in IGATEX. Italian machinery, I am happy to say, can now be seen in almost all the major units here. As far as the future is concerned, we are very sorry we had to give up participation in IGATEX next year because of well-known circumstances. This would have been the focus of our activity for the next few months; now we have to sit with our sector association (ACIMIT) and discuss what needs to be done next.

I'd like to say that my office is actively involved in liaising with all the main textile association in Karachi, which we are visiting these days in an effort to strengthen our ties and cooperation with them.

How can Italian textile technology help Pakistan's textile industry?

I think Italian textile engineering know-how is an extremely valuable asset for those Pakistani companies that look to quality improvement as the solution to overcome competition based on cost factors. We are proud to say that such know-how stems from a centuries' old textile tradition that has made our country a world-class benchmark for textile quality

and design. Our companies mostly come from ancient industrial districts, where textile excellence is the outcome of long decades of hard work, entrepreneurship and a sort of industrial genius that has been handed down from one generation to the other. This is how Italy's textile machinery industry can nowadays rank second in the world in terms of production volume and is reputed to be on the highest level of quality and performance by its competitors themselves.

This is clearly demonstrated by the seminar organised by ITC and ACIMIT recently. This seminar was a follow-up to the visit of the Italian expert Mr. Sommariva to Pakistan last March, which was aimed at evaluating the technological status of the local textile industry. This had the ultimate purpose of selecting Italian machinery manufacturers best suited to fulfil the present requirements of this market.

The seminar specifically featured Italian companies manufacturing textile machinery that can help enhance value addition and quality in textile products, which we believe is at present the main issue that textile companies are facing in Pakistan in their effort to overcome competition from other Asian countries. ♦

ACIMIT to schedule technology seminars in Indonesia & Bangladesh

For 2007, Asia remained the major destination for Italian exports of textile machinery, with sales in all Asian markets attaining 793 million euro, representing fully 43% of Italy's total exports in the sector. Yet Asia's textile and garments industry is a very diversified market.

Next to China and India, the industry's global powers, other manufacturing areas are seeking recognition on the increasingly competitive international scene. For these relative newcomers, acquiring greater knowledge of existing technologies is of vital importance.

This is why ACIMIT and the Italian Institute for Foreign Trade have scheduled two technology seminars in Indonesia (Bandung, 15 May 2008) and Bangladesh (Dakka, 21 May 2008), two of the main markets in the area for Italian manufacturers of textile machinery.

In 2007, Italian exports to Bangladesh reached a value of Euro 31 million. Machinery most in demand included finishing (41% of the total) and spinning machines (35%). In Indonesia, Italian sales for 2007 topped Euro 17.5 million, divided into spinning (37% of the total), finishing (20%), knitting (17%), weaving (14%) and accessories (12%).

Both Bangladesh and Indonesia are two countries with ancient textile traditions, whose modern textile and garment industries require significant upgrading in technology to raise the quality of products destined for foreign markets.

In this sense, the technology seminars programmed for next month provide local textile operators with a great opportunity to get to know the primary technology innovations offered by Italian textile machinery manufacturers in a variety of sectors, from spinning to weaving, knitting and ennobling machinery.

US: Clothing prices fell 1.3% in March

US Government data published showed clothing prices in March fell by 1.3%, suggesting sales of spring/summer merchandise continue to be slow.

This compares to February, when apparel prices fell by 0.3%. Data from the US Department of Labor showed overall consumer prices rose by 0.3% in March, after being virtually unchanged in February.

Asia: Largest consumer for German Textile machines

Germany is the world's largest machinery manufacturer trusted for its innovative and high quality products. It exports more than 50% of its machinery to the Asian region. China is the biggest market for German machinery followed by Turkey and India.

The VDMA data states that China imported textile machinery worth 1 billion Euro, while Turkey ranked second with an import amount of 408 million Euro. Though a little lesser; compared to previous year, machines worth 301 million Euro were exported to India.