

## Encouraging trend for the textile exports

The month of September saw encouraging trend for the textile export, which was up by 6.31% over the same month of previous year as well as 10.83% in August of current fiscal.

Although the textile export remained flat during the first quarter of current financial year, despite the cash incentives and subsidies by the Government. According to a Federal Bureau of Statistics (FBS) report, the total textile exports amounted to \$2.705 billion in July-September 2008-09 as against over \$2.726 billion in the corresponding quarter of the last fiscal year.

The high cost of production caused by increasing rates of utilities as well as expensive raw materials are making the local products uncompetitive in the foreign markets, said the report. Referring to the economic situation, the report said the textile exports failed to plug the widening gap in trade deficit, caused by burgeoning import bill mainly on account of petroleum products, but the devaluation of the rupee provided the much need support to textiles exporters.

## SMEDA report: Textile productivity can be increased by 20%

Pakistan may increase production capability of its textile industries by up to 20% with little effort, which will help increase exports of the apparel industry, said Fayyaz Ahmed Riaz, DGM Small and Medium Enterprise Development Authority (SMEDA).

He said that SMEDA has surveyed over 150 textile-related units with Japanese experts and found that there is immense room to enhance their efficiency by 15 to 20% with some effort.

He was speaking at a one-day workshop on 'Evolving Paradigms in Pakistan's Garment Industry', jointly organized by SMEDA, United Nations Development Programme (UNDP), GEN-PROM, gender promotion in garment industry through skills development in Sindh and Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) at the Federation House. He said these are critical times for Pakistan's economy and demands from us to review our growth strategies with the fast changing world.

Amit Gugnani, Associate Vice President KSA-Technopak, India said that China, has a lion's share in US imports, is now facing problems with the cost of quota, penal duties and rising cost of production in manufacturing. This is prime time for other regional countries like Pakistan, India and Bangladesh to make use of this opportunity and increase their exports to the US.

While giving his presentation on 'Global Trade Scenario' he said changing world has brought various problems along with opportunities like rising cost of production and consumer inflation in regional countries. For example, there is 11.6% consumer inflation in Bangladesh, 14.1% in Vietnam, 5.5% in India, 7.4% in Indonesia, 11.9% in Pakistan and 8.2% in Turkey.

Pakistan should go for value added products as the largest category that is being traded in the world is of sweaters, jerseys and jackets for men and women. It is high time to redefine and improve overall business structures including training of employees.

## Garment export to United States, European Union and Canada

Pakistan's garment export to European Union and Canada registered a decline while to the US market, the garment export posted a slight increase, an IMF report revealed. The garment export to EU market declined from 1.7% in 2003 to 1.5% in 2007.

The share of Bangladesh in garment export to the EU has increased to 7.1% in 2007 as compared to 6.6% of 2003. This is 5.4% higher than that of Pakistan. The report further revealed that export of garments from India have also increased by 1.2% in 2007 as compared to 2003 while these were about 4.7% more than that of Pakistan.

Similarly, during 2003, the garment exports to Canadian market were around 1.5% that decreased to 1.0% in 2007 which shows a decline of 0.5%. The garment export of Bangladesh to the Canadian market has increased from 5.3% in 2003 to 6.4% in 2007 showing an increase of 1.1% while it was 5.4% more than that of Pakistan.

India exports show the same trend vis-à-vis Pakistan as its garments export to the Canadian market decreased from 7.3% in 2003 to 4.7% in 2007.

According to the IMF report, the garment export of Pakistan to US market increased to 2% in 2007 from 1.6% in 2003 showing a decrease of 0.4%. On the other hand, the garment exports of Bangladesh and India to the US markets are showing an upward trend in 2007 being 4% and 4.3% respectively.

## Country may face 2 million bales shortfall in 2008-09

Ministry of Food, Agriculture and Livestock (MINFAL) has predicted a shortfall of around 2 million cotton bales during crop season 2008-09 and country would be able to achieve 13 million bales this season, said Minister for MINFAL, Nazar Muhammad Gondal.

However, growers and traders said the revised target of the Minfal is not achievable as the government's estimates for 2006-07 and 2007-08 crop seasons are not realistic estimates. Mohd. Akram Chaudhry Chairman of PCGA said low yield was expected during crop season 2008-09 due to the paucity of water, supply of poor quality seeds, inadequate supply of quality inputs and uncertified sowing of Bacillus Thuringiensis (BT) variety of cotton in the country.

He said country achieved 11.6 million bales in the last season against a revised target of 14.11 million cotton bales, while government has set a target of 14.11 million bales during 2008-09. Most of the BT cotton varieties were marketed with wrong notation of resistance to all pests. In some instances Bt cottonseed was mixed with non-BT cottonseed, having negative effects on the yield. Survey by National Agricultural Research Centre (NARC) revealed that almost 80% of cotton growing area in Sindh has come under unapproved BT cotton (Australian BT) with high incidence (60% to 100%) of Cotton Leaf Curl Virus (CLCV) infection.

Due to reduced output of raw cotton in Pakistan during 2008-09, imports of cotton are expected to increase by 20%. Pakistan would have to import around 3.6 million bales in this crop season to meet the textile sector's requirements.

Textile spinning sector would face problems, as the dollar-rupee parity would increase the cost of cotton imports. A senior member of Pakistan Cotton Ginners Association (PCGA) and Ex-Chairman PCGA cotton belt region, Shaikh Saeed Ahmed said inadequate policies and irrigation water scarcity forced the government to revise the cotton crop target (2008-09).

## Load-shedding causing productivity loss

Current spell of load-shedding is causing productivity loss of Rs1 billion a day to the textile industry besides threatening the livelihood of 2.28 million textile workers and around 500,000 of them have already lost their jobs.

A study reveals that the textile industry's total production value is Rs. 1.080 trillion, of which 85% of the output amounting to Rs. 861 billion (\$10.5 billion) is exported in the form of yarn, fabric, apparel and made-ups and remaining 15% of textiles are consumed in the country.

According to industry circles, the decline in production due to power and gas shortages comes to around 33%. When divided with 360 working days, the industry's productivity comes to Rs3 billion a day, which means it is suffering a production loss of Rs1 billion daily due to current gas and power outage.

Textile accounts for 38% of the workforce of 6 million employed in the manu-

facturing sector of the country as it provides jobs for 2.8 million workers. It has been found that composition of the textile industry is such that a problem in one sub-sector impacts the entire chain. Yarn sales drop if there is any problem in sizing or weaving sectors. Apparel production stops if productivity in weaving or finishing sector comes under stress.

Currently, the textile industry is facing problems due to inconsistent power supply to its different sectors. The government has assured regular power supply to textile units for 18 hours, while load-shedding has been reduced to six hours daily. This facility is available to units getting power supply from industrial feeders while units that are getting supply from domestic feeders.

## Ginners face liquidity crisis while selling cotton

Over 1200 ginning factories across the country have stopped buying phutti and selling cotton due to continued operational losses in the wake of declining price

of cotton and liquidity shortage in the domestic market, industry sources said.

According to the last report while filing this news in PTJ, the ginners have also threatened to close the factories if the situation did not improve by October 30, 2008.

Liquidity shortage is also hurting other sectors of economy like cotton as its price has declined by 42% during the last one month due to slow buying by mills in the wake of high interest rates and liquidity shortage.

Ginners said that at present thousands of tons of phutti has been picked and was lying in the fields of Sindh and Punjab. However, the ginners decided not to procure more phutti from growers due to insufficient funds. In addition, the ginners have also decided not to sell the ready cotton lying in the ginning factories to the millers or other buyers till stability in cotton prices in the market. They said that some 325 factories in Sindh and 900 in Punjab have 100% stopped buying/selling operation and will not resume till the government solves these problems.

**MATERIALIZING IDEAS**

**VERSATILE LABORATORY EQUIPMENT FOR THE DEVELOPMENT AND SCALE-UP OF TEXTILE DYES.**

You have the ideas, the projects and the products; Mathis has the technology and know-how to take you from development to production. Together, we can aim high and achieve the ultimate.

Get in touch with us. Take advantage of the know-how that comes from our work with technology institutes and R&D departments at well-known textile, dyestuff and chemicals companies. Also for functional coatings on plastic and metal substrates off the roll.

**Mathis**

Werner Mathis AG, CH-8156 Oberhasli, +41 44 852 50 50  
www.mathisag.com

8th INDIA INTERNATIONAL TEXTILE MACHINERY EXHIBITION  
Technology  
Punch for Textiles  
**INDIA-ITME**  
2008  
Nov. 15-22, 2008  
BANGALORE (BIEC), INDIA

**Booth F-107**  
**Hall 7**  
Nov. 15-22, 2008

### Cotton market under global economic crisis

Cotton harvesting is getting momentum with the passage of time in dry and clear weather conditions. As per cotton figures of Pakistan Cotton Ginners' Association, some 20% crop has reached the ginneries by the close of the last month of October.

Lint quality in Lower Sindh stations has deteriorated possibly due to attack of Mealy bug on cotton plants and drastic reduction in cotton prices. Some of the ginning factories in late areas have further delayed operation due to wide fluctuation in cotton prices and some due to liquidity crunch. The banks offering cash credit facilities to ginners are doing so freely, taking into account the drastic fall in cotton prices and so the stock valuation. However, these banks are to some extent restricting credit facilities to spinning mills.

In view of severe global financial crisis in US and EU countries and lesser in other countries of Asian and African continents, there is an increasing tendency of a drastic cut in textile exports.

National cotton consumption is likely to be reduced considerably perhaps coming to the level of 14.0 million bales against last year's reported mill-use of 14.8 million bales, reducing the gap between cotton production and consumption equivalent to 2.0 million 170-Kg bales this season against equivalent to some 4.6 million 170-Kg bales imported last season.

### MINFAL asks SBP to enhance the credit limit of ginners

The Ministry of Food, Agriculture and Livestock (MINFAL) has written a letter to the State Bank of Pakistan for enhancing the credit limit of the ginning units to save them from current financial crunch, said Federal Minister for Food, Nazar Muhammad Gondal.

He said more than 800 ginning factories across the country have closed due to load-shedding and low demand. Financial crisis in USA and European Union, have forced suspension of almost 75% foreign export orders of garments. Due to low demand and high supply of cotton especially phutti, the price of cotton has declined from Rs 4,200 to Rs 2,900 per 40-kg while the price of phutti has decreased from Rs 2,200 to Rs 1,300 per 40-kg.

The Minister said that the government is providing Rs 32 billion subsidies on fertil-

izers. To facilitate farmers, DAP price has been capped at Rs 3,050 per bag and the government will take strict action against the culprits involved in its hoarding and smuggling. Total consumption of DAP across the country is 820,000 tonnes while the stocks available with the government are 990,000 tonnes. So there is no fear of shortage of fertilizer in the local market at all.

### Cotton prices decline in local market

The cotton market of Asia seems extremely volatile especially the key markets such as China, India and Pakistan. The falling price of raw cotton promotes additional buying from spinners.

US cotton futures declined to 6.33% and when futures fall below 50 cents, there was significant buying from Chinese companies. The fall in prices below 50 cents has prompted many spinners to delay orders in the past weeks and the current arrival of cotton crop from India and Pakistan contributed to more decline in cotton prices.

While Indian and Chinese Governments will support the prices, the fate of raw cotton in Pakistan remains unclear. Cotton farmers of Multan, Dera Ghazi Khan and Bahawalpur divisions are facing crisis like situation at the harvesting stage, as on one hand the cotton prices have slumped internationally due to the global financial crisis, while on the other textile industry is not in a position to buy and stock the commodity due to dried-up credit.

Cotton prices, which were hovering around Rs 4,000 to Rs 4,200 per 37.5 kg in the local market a month ago, have

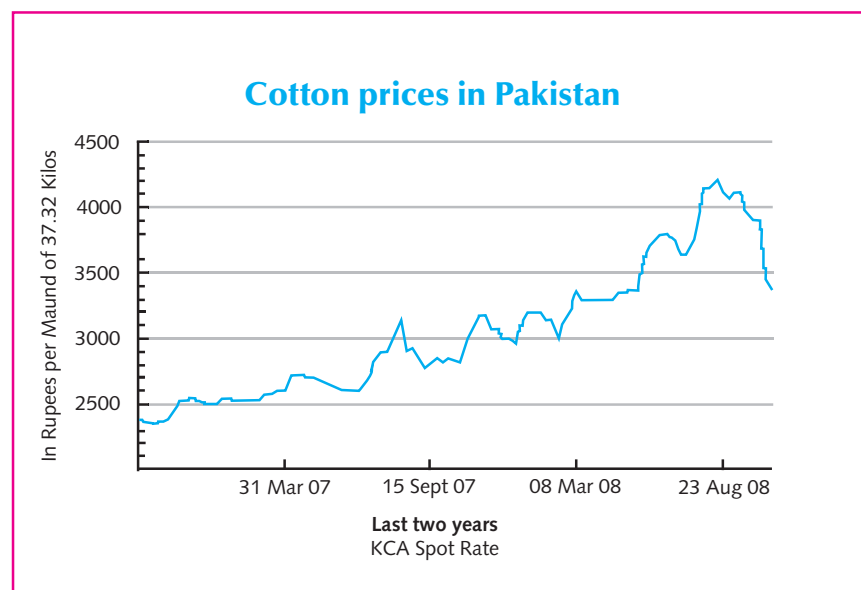
dropped to Rs 3,475, as global cotton rates continue to go down due to turmoil in global financial markets. The cotton farmers' miseries have compounded due to the inability of cash-strapped textile mills to lift around 80% of the entire crop immediately after harvesting. A large number of spinning mills have stopped servicing their past loans that means they do not qualify for fresh funds.

Textile industry is under severe stress. as every year banks provide credit to the textile industry to buy cotton from farmers. The mills arrange 20% funds while the balance of 80% comes from banks. An average spinning mill of 25,000 spindles stocks 4,000 cotton bales to 5,000 cotton bales annually on bank financing. This requires some Rs 48 million to Rs. 60 million, which is now seemed difficult to obtain under prevailing circumstances.

### Pakistan blessed with rich natural resources and favorable climate

Renowned Australian scientist Neil Forrester has said that Pakistan has been blessed with rich natural resources and favorable climate to achieve maximum yield potential of cotton crop but unfortunately this dream has not yet been fulfilled.

He was talking to young entomologists and Agri-Scientists during his visit to IPM laboratory of the department of Agri Entomology and CABB University of Agriculture, Faisalabad. He said that cotton crop in Pakistan has been affected badly with cotton mealy bug and other insects which, is a question mark for cotton breeders and entomologists.



Dr Muhammad Jalal Arif, Associate Professor and Incharge IPM Lab briefed the Australian scientist about the out break of cotton mealy bug, its biology, mode of dispersal and natural enemies. He further said that this insect appeared in 2005 with damaging character in 14 districts of Sindh and Punjab provinces. Both the scientists exchanged views and discussed the matters of scientific interest.

### Pakistan Kissan Board's plea to stabilize cotton prices

Pakistan Kissan Board has demanded of the government to direct the Trading Corporation of Pakistan (TCP) to immediately intervene in the cotton market and start buying phutti to stabilize cotton prices. He said that farmers can not store seed-cotton, without ginning, in the humid month of October, as it gets contaminated. It is a conspiracy against the nation in general and the farming community in particular that growers are being deprived of their hard earned money through market manipulation and cash crunch.

He said that phutti prices have come down from Rs 2000 to Rs 1300 per 40 kg and lint prices from Rs 4200 to Rs 2600 per maund between 25 September and October 28, 2008. By manipulating cotton prices, market players are robbing Punjab farmers, Rs 82 billion by reducing phutti prices. He said if the Federal and Punjab governments had any concern for the farming community or the agriculture sector, then it should instruct the TCP to buy at least 3 million cotton bales at September 2008 cotton rates.

### APTMA proposes Sustainable Energy Conservation Project

Owing to considerable share of energy in total operating cost and anticipated higher cost of energy, Pakistan's textile sector faces significant challenges in local as well as international markets. This was stated by speakers at a ceremony held by the All Pakistan Textile Mills Association (APTMA) in collaboration with GTZ (German Technical Cooperation) and SMEDA.

On the occasion the speakers said that in the wake of growing supply demand gap and also due to the strident rise in energy prices, APTMA representing the textile sector in Pakistan has embarked upon "Sustainable Energy Conservation Project".

They said that textile sector consumes around 1500MW of electricity, while in-house gas based power generation systems supply 70% of this power. Energy Conservation Cell has been established in APTMA at Lahore. The objective of the cell is to train energy managers of the industry on Energy Management System (ENMs). The industry will in turn conserve energy as well as benefit from being energy efficient.

The speakers said that rising energy costs demand textile sector to take initiatives to improve energy efficiency performance, which will help the sector to stay competitive and achieve higher profits.

Energy efficiency improvement measures are based on regularly assessing energy performance as well as planning and implementing action plans, thus a sound energy management system is a prerequisite for identifying and implementing energy conservation measures, sustaining momentum and achieving improvements on a continuous basis.

It is to be noted that an energy management system, like all other management systems, is cyclical in nature and a formal system which requires the support at all levels within the company. Once implemented it offers a structured approach to dealing with energy issues and is the basis for continuous improvement.

### Turkey ready to transfer textile related technology

Turkish government has shown interest to transfer its textile-related technology to Pakistan, as Turkey has realized the importance of the sector, mainly because of cheap labor.

Director General, Trade Development Authority (TDA) of Pakistan, Sarfraz Ahmed, said this while addressing the 103 participants of Pakistan Business Forum (PBF), who will participate in six-day the International Trade Fair and International Business Forum being held in Turkey on October 21. He said that the collaboration between Pakistan and Turkey huge potential, which will help expand avenues in the sectors of textile and leather.

Moreover, he apprised that the size of Turkish economy is \$667 billion; hence it would be a good market for Pakistani products. Giving suggestions he asked the participants to publish brochures of their products in Turkish language apart from English, as it would leave a good impression on Turkish people. ♦

# XORELLA

A leader in textile conditioning and heat setting

## First Choice in textile conditioning



## XOSMART

### New Xorella indirect steaming system

- 35% less connected load
- up to 25% less energy consumption
- lower maintenance costs



## XOSELECT

### 1 Ultra compact design

- Extended life of heaters
- Optimized space layout
- "Plug 'n steam" designed
- Automatic loading device

#### Xorella AG

Hardstrasse 41  
CH-5430 Wettingen  
Switzerland

#### Xorella (HK) Ltd.

8/F., 22-28 Cheung Tat Road  
Tsing Yi, Hong Kong

info@xorella.com  
www.xorella.com



SWISS  
ENGINEERING  
CHINESE  
MANUFACTURING



www.fongs.com