

## 2009 poised to be a difficult year for Pakistan's textile industry

The global recession has already started affecting Pakistan's textile industry and the situation is likely to aggravate unless corrective measures not taken by Pakistan. Pakistan needs these remedial measures immediately as the economy is slowing down from a growth of 6% to less than 3% as projected in 2009.

The global recession has hampered the growth of Pakistan's textile exports. As evident from the latest statistics from TDAP, the actual level of textile exports declined by 1.74% during July-Dec 2008 as compared with the same period in 2007. During this period the worst affected products were cotton yarn (-14.75%), bed wear (-9.32%) and ready made garments (-12%). On the other hand, towels have shown impressive increase of 18.7% and cotton cloth has also shown an increase of 13%. Knitwear have shown a modest increase of 1.74% against all adverse predictions. At the moment these statistics reflect mixed performance of the textile industry.

Pakistan's problems are not entirely external and serious domestic issues are posing a serious threat for the textile industry primarily the shortage and high cost of energy, (electricity and gas) required to run the industry. There has been no serious effort to increase the power generation capacity in the last 15 years causing the current energy crisis. The industry which had opted for gas generators is again in a predicament since natural gas tariff has increased manifold in the last two years and its supply is also short causing load shedding of natural gas.

Despite all these odds, the future of Pakistan's textile industry remains bright as the natural advantages of Pakistan will ensure strong global position as one of the leading suppliers of quality textile products. The industry is relatively well equipped with abundant raw material i.e. cotton as well as man made fibres.

The base of hometextiles is very strong in Pakistan which forced the EU to impose the anti-dumping duty on bed linen in 2004 under tremendous pressure from the dyeing textile industry in Europe. Bed wear is expected to gain the required relief as the European Union is expected to lift the anti-dumping duty on Pakistan's cotton bed linen from March 5 this year, which was imposed in 2004. As European Union remains the largest market for Pakistani bed linen this would be definitely good news for this important sector.

The preliminary reports from Heimtextil are encouraging for Pakistan. According to Pakistani exhibitors this year, Heimtextil was the barometer to indicate future direction of the textile industry. Pakistani exhibitors who participated with great apprehension at Heimtextil were pleasantly surprised at the level of interest shown by buyers in Pakistani home textiles products. Apparently the orders are expected to come back to Pakistan as the competitive position gets stronger after the lifting of the anti-dumping duty.

Other value added sectors primarily the readymade garments and knitwear sectors are waiting for concrete measures by the government to provide them the required relief. One of the key demands of these high value added sectors is the restoration of 6% R&D support, a vital support last year provided last year to the sectors facing high and at times unfair competition other countries.

A concerted and sincere approach is required to meet the daunting challenges faced by the textile industry of Pakistan. The policy makers should pay heed to the genuine grievances and rightful demands of the industry in the larger interest of the country. as textiles is the industry providing the largest source of employment and contributes to the bulk share in the GDP of the country.

We are starting the new year with anticipation of difficult times ahead but not without hope for a better future ahead. ♦

