



2008 was difficult year for Swiss Textile Machinery

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2008 was difficult year for Swiss textile machinery. The over all Swiss textile machinery export were declined by 26% compared to previous year, due to low investment activities in the major markets.

The Swiss textile machinery industry is a strongly export- oriented sector, and has a presence with many companies, sales and service organizations in all of the world's key markets. What makes these companies global leaders in their sector is their systematic customer focus, innovative all-round solutions and technologically sophisticated products. Switzerland is the largest producer of textile machinery in the world and the competitors themselves acknowledge its outstanding quality and innovative potential. With an estimated global market share of 33%, the Swiss play a leading role in the textile machinery world.

Swiss industry is composed of relatively small-sized companies: only 64 large companies have more than 7,000 employees. These companies have proved their ability to face fierce winds of depression better than many company conglomerates put together with State aid in several European countries. In recent years, Swiss entrepreneurs have been able to extend their financial and technological share of the textile machinery industry.

According to the Swiss Textile Industry Association, export earnings of textile machinery decreased to CHF 1,637 million in 2008 from CHF 2,212 million in 2007, thus showing decline of 26%. Although business during the year then gradually recovered, exports in the second half year could not compensate this backlog any more. The overall decline of exports in 2008 was mainly due to low investment activities in the prime markets. However, to certain extent it might be also the result of the ongoing consolidation in the textile

Table-1: Country-wise Export of Swiss Textile Machinery
Value: CHF Million

Country	2003	2004	2005	2006	2007	2008
India	95	235	258	385	396	195
China	250	405	247	296	272	180
Turkey	175	310	223	180	305	121
Italy	220	220	140	141	146	123
Germany	180	152	124	142	180	122
Pakistan	80	116	101	63	41	35
Others	1,315	650	836	894	872	861
Total	2,315	2,178	1,929	2,101	2,212	1,637

Source: Swiss Textile Machinery Manufactures Association.

machinery sector, together with the relocation of production sites closer to the markets. The most significant negative impact came from the dominating markets Turkey, India, Pakistan and Europe, whereas Egypt, Brazil, Bangladesh and Uzbekistan noted a remarkable increase of exports. Country-wise export of Swiss textile machinery is given in Table-1.

Region-wise export of Swiss textile machinery shows that the most significant negative impact came from the Asian and European markets. Nevertheless, some 87% of all textile machinery exported from Switzerland went to customers in that regions, by far the greatest lost. Region-wise export of Swiss textile machinery is given in Table-2.

Switzerland's economy is based on a highly qualified labour force performing highly skilled work. The main areas include micro technology, biotechnology and pharmaceutical, as well as banking and insurance know-how. Most of the people working in Switzerland are employed by

small and medium-sized enterprises, which play an extremely important role in the Swiss economy.

Many Swiss Textile machine manufacturers are masters of their speciality and supply the machines themselves as well as the measuring, regulating and process software. Swiss companies are at their best in making the equipment that could solve particular problems. A great number of machines, instruments and work pieces are tailored to specific needs.

The Swiss economy is likely to grow by at least 1% in 2009 as compared with a growth forecast of 1.9% for the year 2008. The downturn has so far mainly had a negative impact on perception, with little reflection in the economic data.

The Swiss Textile machinery manufactures reacted in time to the present situation by taking adequate measures and they are generally on a solid base. By applying a forward looking strategy, the Swiss textile machinery industry has always successfully met the challenges facing it and was always to consolidate or even expand in global market share.

Pak-Swiss Trade

Switzerland has one of the most liberal and competitive economies in the world. From the standpoint of economic importance, Switzerland ranks among the top 20 states in the world family of 190 nations. In some sectors Switzerland can match some of the European and global leaders. With a per capita gross national product ranking the second highest worldwide, Switzerland is a prominent player in the world economy.

Table-2: Region-wise Export of Swiss Textile Machinery
Value: CHF Million

Region	2003	2004	2005	2006	2007	2008
World	2,315	2,178	1,929	2,101	2,212	1,637
Europe*	965	925	717	708	891	605
Asia	1,021	994	956	1,097	1,040	762
America	64	223	205	221	207	204
Africa/Others	65	65	51	75	74	66

*including Turkey
Source: Swiss Textile Machinery Manufacturers Association.



Pakistan's trade relations with Switzerland have been quite happy. Trade between Pakistan and Switzerland increased, but exports remained less than the imports.

Switzerland's free-enterprise economy generates one of the highest per capita gross national product in the world. Among the many reasons are the country's more than a century of peace, its political, social and monetary stability and its well-trained, educated population with a strong work ethic.

There are no quotas, no restrictions. The buying capacity of an average Swiss is considerable because of the high per capita income. Nevertheless, Switzerland, with its small population, offers a limited market. To add to its limitations, a Swiss customer is quality-conscious and unless goods meet the high standard he demands they remain unacceptable in the market. That is why large manufacturing firms, while introducing new items, tend to treat Switzerland as a premium market.

The largest part of Swiss foreign trade is with the capitalist, industrial world because of the structural similarities, the most important trade partners being Switzerland's immediate neighbours. Swiss imports consist mainly of important raw materials, required for the industry. Exports, on the contrary, largely comprise capital goods.

Trade between Pakistan and Switzerland increased, but exports remained less than the imports. Now the balance of trade remained in favour of Switzerland. No doubt the economies of the two countries differ widely because Switzerland is a developed county of the west and Pakistan a developing one of the Third World. Nevertheless, efforts should be made by the latter to increase the volume of exports. Pak-Swiss trade is given in Table-3.

Table-3: Pak - Swiss Trade			
Value: CHF Million			
Year	Exports	Imports	Trade Balance
2003	36.85	250.97	- 214.12
2004	42.32	341.33	- 299.0
2005	46.02	354.91	- 308.89
2006	65.92	327.46	- 261.54
2007	71.70	330.04	- 258.34
2008	70.06	405.09	- 335.03

Source: Consulate General of Switzerland, Karachi.

Table- 4 Exports from Pakistan to Switzerland						
Value : CHF Million						
Description	2003	2004	2005	2006	2007	2008
Textiles	25.93	27.21	31.87	39.43	42.58	36.84
Agricultural Products	4.17	6.81	4.96	19.32	16.69	21.33
Others	6.75	8.30	9.19	7.17	12.43	11.89
Total	36.85	42.32	46.02	65.92	71.70	70.06

Source: Consulate General of Switzerland, Karachi.

In recent years, export items have recovered their growth momentum. Export of textile, agricultural and other products increased from CHF46 million in 2005 to CHF 70 million in 2008, thus showing an average increase of 19% per annum. Textiles items remained the largest exports to Switzerland with more than 50% share. They increased from CHF31.87 million in 2005 to CHF42.58 million in 2007, however during the year 2008 it decreased to CHF 36.84 million. Swiss companies imported home textiles and clothing (other than knitwear) from

Pakistan, selling them in Switzerland and Europe under their own brand names and designs. Exports of textile major items from Pakistan to Switzerland during the year 2008 were cotton yarn, cotton fabrics, readymade garments, hosiery, towels, made-up textiles and synthetic textiles. Exports from Pakistan to Switzerland are given in Table-4.

The government of Pakistan has continued to improve and rationalize the import policy, with a view to allowing liberal imports of industrial raw materials, capital goods and essential consumer goods.

Table- 5 : Imports from Switzerland to Pakistan						
Value : CHF Million						
Description	2003	2004	2005	2006	2007	2008
Machines	11.031	158.40	141.42	151.69	92.32	121.33
Chemicals	61.05	79.98	75.51	44.79	47.28	41.77
Pharma	31.82	37.28	74.33	60.63	77.12	100.60
Watches	16.39	24.43	23.76	29.75	16.87	15.23
Precision instruments	8.59	13.62	11.31	13.25	33.66	11.28
Others	22.81	27.62	28.58	27.35	62.79	114.88
Total	250.97	341.33	354.91	327.46	330.04	405.09

Source: Consulate General of Switzerland, Karachi.



Swiss exports to Pakistan increased from CHF 354.91 million in 2005 to CHF 405.09 million in 2008, thus showing an average increase of 3.5% per annum. The main Swiss exports to Pakistan were textile and other machinery and parts, pharmaceutical, chemicals and watches. These 4 sectors represented over 70% of exports to Pakistan.

Pakistan, an attractive market for textile machinery manufacturers all over the world, has become a focal point of the

suppliers in view of the massive balancing, modernization and replacements (BMR) taking place under "Textile Vision 2005" programme. Since last seven years, Pakistan textile industry has made US \$ 7 billion investments in expansion and BMR. Import of textile machinery from Switzerland to Pakistan decreased from CHF 116 million in 2004 to only CHF 35 million in 2008, thus showing decline of 70%. Imports from Switzerland to Pakistan are given in Table-5.

In terms of rupee import of textile machinery (Major items) from Switzerland to Pakistan decreased from Rs 3,583 million in 2006-2007 to Rs 2,908 million in 2007-2008, thus showing decline of 19%. Import of textile machinery from Switzerland to Pakistan is given in Table-6.

Over the years of friendly ties trade between Pakistan and Switzerland has increased significantly and other economic activities have also grown between the two countries.◆

Table- 6 : Import of Textile Machinery from Switzerland to Pakistan (Major Items)

Value : Rs . 000

Machinery	Unit	2007-08		2006-07	
		Quantity	Value	Quantity	Value
Carding Machines	No	147	358,385	145	266,374
Drawing / Roving Machines	No	37	44,794	96	148,196
Blow Room Machinery	No	40	120,243	225	468,008
Textile Fibre Machines	No	3	10,914	47	67,227
Textile Spinning Machines	No	78	294,447	205	315,919
Textile Doubling or Twist Machines	No	--	--	12	4,082
Weft Winding Machines	No	5	8,869	--	--
Cone / Bobbin Winding Machines	No	1	10,481	--	--
Textile Winding Machines	No	--	--	12	23,827
Textile Fibre Machines	No	31	163,321	437	689,071
Textile Weaving Looms	No	89	40,077	3	2,567
Shuttleless Weaving Looms	No	793	761,213	842	667,716
Circular Knitting Machines	No	--	--	2	1,709
Flat Knitting Machines	No	11	4,629	--	--
Gimped, Yarn, Tule, Lace Machines	No	28	143,685	169	130,487
Other Circular Knitting Machines	No	61	65,067	1	247
Dobbies Jacquard copy Machines	No	--	--	7	2,490
Top and Flat Card Clothing	000 Kg	231	316,730	186	242,387
Other Card Clothing	Kg	860	1,084	--	--
Spinning Rings	000 Kg	437	265,647	307	156,544
Reeds for Looms	Kg	--	--	720	439
Healds and Healds Frame	000 Kg	47	23,544	17	9,915
Shuttles	Kg	900	551	--	--
Parts of Accessory Textile Fibre Machines	Kg	4,347	6,985	5,672	6,070
Parts of Weaving Machines	Kg	1,045	1,204	2,222	2,519
Other Parts	Kg	10,725	265,824	102,944	377,126
Total	--	--	2,907,694	--	3,582,920

Source: Federal Bureau of Statistics, Government of Pakistan.