

# Textile Briefs

## National

- ❖ PM's Advisor of Finance Shaukat Tarin has asked textile manufacturers to take country's textile exports to \$ 25 billion in next five years, through value addition. He said that the Pakistani textile sector was currently converting one million bales of cotton into less than a billion dollar (\$ 0.94b) while it was \$ 3.9 billion in China and \$ 1.94 in India
- ❖ The State Bank of Pakistan has allowed financing for plant, machinery & equipment under LTFF to be used by the export-oriented projects in sub-sectors/processes of spinning sector including doubling, twisting, combing, slubbing, lycra, and yarn dyeing.
- ❖ The draft of the textile policy 2009-10 will soon be moved to the Cabinet for approval and the five-year comprehensive textile policy would be announced before budget 2009-10, sources said that the government has decided to set the textile export target at \$25 billion for the next five years.
- ❖ Exports of textile products decreased to 7.58% during July-March period of current fiscal year to \$7.193 billion as compared to \$7.7883 billion of the same period of last year. The negative growth in all the sub sectors of textile underlined the importance of evolving a strategy to address the problem impeding it. The industry views the high cost of doing business due to rising mark-up and power outage as core reasons for the sharp decline in export growth of textile products.
- ❖ The government constituted a committee to resolve the issues of load shedding and textile industry's prevalent power tariff, after industry leaders threatened to close down their factories for indefinite period.
- ❖ The imposition of conditionalities, like duty-free treatment to export of low-valued textile products from the proposed reconstruction opportunity zones (ROZs) to US, is not a good omen for the problem-riddled textile industry of Pakistan, sources said. They said that the proposed duty-free treatment would be for approximately 51% of total textile and clothing exports to the United States.
- ❖ The size of new cotton crop estimated to 12.5 million bales in 2009-10 seasons. New crop (2009-10 seasons) cotton sowing process is gaining momentum day by day while in early sown areas, cotton plants are developing well indicating its maturity.
- ❖ Pakistan has become second largest trade partner for Sri Lanka in South Asian region. Trade between two countries increased to \$270 million in 2008. Sri Lanka's exports to Pakistan also increased like coconut products, tea, rubber and rubber-based products. Imports from Pakistan mainly consist of textiles, apparel, rice, vegetables, pharmaceuticals, potatoes.
- ❖ Syed Salim Raza, Governor State Bank of Pakistan has said that an amount of Rs 42 billion is currently available with commercial banks under the Export Finance Scheme to meet the credit requirements of the export oriented sector.
- ❖ The textile industry has urged the government to resolve the industrial power tariff relating controversy prudently, as a sudden burden of arrears has played havoc with the textile industry amid ongoing load shedding in the country.
- ❖ In the backdrop of rising foreign exchange reserves, the State Bank of Pakistan should now restore the previous policy of foreign exchange booking against imports of raw materials used in the export-oriented industry which, in turn, would give a boost to the country's exports.
- ❖ Federal Minister for Environment, Hamidullah Jan Afridi said that he will arrange a meeting of textile associations and other concerned stakeholders with the Prime Minister to ensure that environment friendly units may get carbon credits.
- ❖ Continuity of zero-rated sales tax facility will help restore the competitive edge in international markets for Pakistani Textile exports and boost exports of the country. This was stated by Muhammad Yousaf, Chairman Pakistan Textile Exporters Association (PTEA) and Rehan Naseem Bharara, Vice Chairman of the association.
- ❖ Textile manufacturers have claimed that spinning and weaving mills are best customers of the Pakistan Electric Power Company (PEPCO) and enjoy enviable track record of prompt payment of their dues. Furthermore, textile mills have virtually caused no line losses which help the overall performance of the power utility. A spokesman for the All Pakistan Textile Mills Association stated this.
- ❖ Knitwear apparel sector has demanded that zero-rated sales tax regime for export sectors, particularly for textiles, should not be disturbed since the system is now working smoothly and any change in the system would hurt this vital sector of the economy. This was demand by Chairman of Pakistan Hosiery Manufacturers Association (PHMA) Adil Butt.
- ❖ Rate for new cotton crop has touched Rs 3,800 per maund (37.324 kg) as cotton spot rate has jumped by Rs 50 to close at Rs 3,350 per maund in the local market due to rising demand, said Chairman, Cotton Broker Forum Naseem Usman. ◆