

Pakistan's textile weaving sector finds new markets

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The textile weaving sector has been performing badly and the wide range of domestic factors are impeding its revival, including continued severe energy shortages and higher utility costs, combined with a collapse in demand for Pakistani exports. The country's export profile of textiles reveals that the country has lost some of its most established markets, but exporters have found new export avenues that were neglected in the past.

Textile products like knitwear, cotton cloth and readymade garments account for over half of the Pakistani exports. A tough competition in international markets and falling industrial output at home have also contributed to the decline in exports this year. Exports of textile products decreased to 7.58% during July-April period of current fiscal year to \$7.94 billion as compared to \$8.75 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.

Despite efforts to bring in diversification in country's overall economic get-up the textile sector continues to be the most important segment of the national economy. Its share in the economy, in terms of GDP, exports, employment, foreign exchange earnings, investment and revenue generation altogether placed the textile industry as the single largest determinant of the economic growth of the country.

Pakistan is the fourth largest producer of cotton in the world has a relatively developed structure in basic textiles. The weaving sub-sector has about 21,000 shuttle-less/Air jet looms and more than 250,000 conventional looms. The industry produced 2.8 million tonnes of yarn and about 1.0 million sq meters of fabrics (Mill sector) during the year 2007-08.

The setting up off shuttle-less machines has resulted in high growth in fabric production. At present, the shuttle-less weaving is believed to be the largest consumer of cotton yarn in Pakistan. The power

loom weaving sector, although quite large in numbers, contributes to the exports by way of the production of low quality sheeting fabrics. The quality improvement in fabric production is directly related to the up gradation of technology in weaving and spinning sectors.

Import of machinery

During the past five years remarkable progress of the power looms sector was made in the country. At present Pakistan's textile sector has made considerable advances in production capacity and capability in the last seven years. Over the last seven years this sector has invested \$ 7.0 billion in modernization and higher value addition. Import of textile weaving machines and parts decreased from Rs 8.35 billion in 2004-05 to Rs 5.04 billion in 2007-08, thus showing decline of 40%. Import of textile weaving machines and parts into Pakistan is given in Table-1.

Production of fabrics

The weaving and made-up sectors have three different sub-sectors in weaving viz. integrated, independent weaving units and power loom sector. Cloth is being produced in both mill and non-mill sectors.

The use of colored cotton being unique and attractive has the potential to become a part of cotton fabric and apparel market, but there are some limitations. For

example, the naturally colored cotton is low in yield, usually available in short staple and weaker in strength. Such a fibre has high maturity as compared to white.

There are a large number of vertically integrated units, where production is controlled from fibre to the end product, and marketed abroad directly. The fabrics manufactured in Pakistan, range from coarse to super varieties, with coarse and medium varieties consumed locally during the past few years. The pattern of consumption has shifted from pure cotton to blended fabrics, i.e. polyester/cotton, polyester/viscose etc. because of their durability and comparatively cheaper prices.

Production of cloth (mill sector) increased from 684 million sq. meters in 2003-04 to 1,106 million sq. meters in 2007-08, thus showing an average increase of 10% per annum. Per annum out of total production of 1,016 million sq. meters cloth during 2007-08 in mill sector only 6% produced in blended form and 94% in cotton. Production of cloth (mill-sector) is given in Table-2.

Exports of fabrics

The global trade in woven fabric can be classified into two broad categories, cotton and blended fabrics and synthetic and artificial fabrics.

Asia is fast emerging as major source of exports, especially of textiles, to the USA, EU and other countries of the world. Pakistan has emerged as one of the major cotton textile product suppliers in the world market. Pakistan's textile products have become less competitive in the international market during the current fiscal year due to World recession and tough competition from Bangladesh, India and China.

Table- 1: Import of Weaving Machines and Parts (Value: Rs in Million)

Machines	2004-05	2005-06	2006-07	2007-08
Weaving Machines (Shuttleless Looms)	7,487	8,519	5,402	4,061
Weaving Looms	764	187	162	567
Parts and Accessories	396	696	475	416
Total	8,347	9,402	6,039	5,044

Source: Federal Bureau of Statistics, Government of Pakistan.

Table- 2: Production of Fabrics (Million: Sq. meters)

Year	Cotton Fabrics	Blended Fabrics	Total
2003 - 04	582	102	684
2004- 05	842	83	925
2005 -06	863	52	915
2006 - 07	917	61	978
2007 - 08	951	65	1,016

Source: Textile Commissioner's organization, Government of Pakistan.

Export of cotton fabrics increased from 2.41 billion sq meters worth US \$ 1.71 billion in 2003-04 to 2.21 billion sq meters worth US \$ 2.02 billion in 2007-2008. However, export cotton fabrics decreased to 1,920 million sq meters worth US \$ 1.93 billion in 2007-08. Export of cotton fabrics is given from Pakistan in Table-3.

Pakistan managed to increase its exports in cotton fabrics, which is a value-added textile product, in 29 countries including Turkey, Bangladesh, Italy, Germany, USA, China, Korea, Brazil, Indonesia, UK and Singapore. The new export market was discovered in Iraq, where exports worth \$5,000 were made in 2007 -2008 period.

It is interesting to note that fabric exports increased in many countries, where Pakistan lost its yarn market. The country lost fabric markets in the US, Sri Lanka, Spain, Hong Kong, India, Vietnam and 15 other countries. Major markets for Pakistan's fabric are Turkey, Italy, Bangladesh, USA, Sri Lanka, Germany and Belgium. Country-wise export of cotton fabrics from Pakistan is given is given in Table-4

Pakistan has lost considerable share of its export to USA and European markets

Year	Quantity	Value	Value	Unit Value	
	000 Sq. Mtrs.	000 US \$	000 Rs	\$/ Sq. Mtr	Rs/ Sq. Mtr
1998-99	1,355,166	1,115,181	55,980,330	0.82	41.31
1999-00	1,574,876	1,096,232	56,757,245	0.71	36.04
2000-01	1,735,824	1,035,043	60,485,633	0.60	34.85
2001-02	1,957,353	1,132,370	69,411,000	0.58	35.46
2002-03	2,036,321	1,345,650	78,665,000	0.66	38.63
2003-04	2,409,407	1,711,492	98,530,594	0.71	40.89
2004-05	2,399,458	1,862,886	110,897,604	0.78	46.22
2005-06	2,633,982	2,108,183	127,060,189	0.80	48.24
2006-07	2,211,843	2,026,547	122,191,196	0.92	55.25
2007-08	1,920,268	1,932,704	120,918,350	1.01	62.97

Sources: 1. Trade Development Authority of Pakistan.
2. Federal Bureau of Statistics, Government of Pakistan.

during the current financial year owing to host of reasons. Recently US have given duty-free access to products of 15 countries, but no concession has been granted to Pakistan.

The grant of duty-free status to Bangladesh, Sri Lanka and Cambodia, which were Pakistan's strong competitors in the export of garments to the US, would

seriously affect export of garments from Pakistan and will lose market share in the US.

The country is in the grip of uncertainty in respect of its security and integrity which has adversely affected its economic performance and living of the people. Pakistan's economic performance is deteriorating month to month mainly due to uncertain political conditions and escalating domestic war against terrorism.

There is no doubt that the main driving force of our economy is the textile sector and its performance has been declining on account of international factors such as global recession and internal factors, such as power shortage, high interest rates, increasing operating cost and poor law and order situation.

The Chairman, Pakistan Apparel Forum (PAF), Javed Bilwani criticized the US for not including Pakistan in the list of textile exporting countries, to which its legislator has recently proposed a duty free access to the US markets. He said that Pakistan being the South Asian strategic partner in pre and post cold war and also the US non-Nato ally has been overlooked for a duty free access despite combating the global terror from the frontline.

He said that the US has considered Bangladesh, a country with over \$10.70 billion annual exports of textile and apparel with Sri Lanka and some other Asian Countries in the list, whereas it has overlooked Pakistan having an annual export of mere \$3.32 billion for a duty free status. He urged the US to realize the worst case scenario, as Pakistan's economy has ruined mainly of its waged war against terrorism in Afghanistan and should consider Pakistan for granting a duty free access to its market. ♦

Country	2007 - 2008	2006 - 2007
Italy	157,794	131,610
Bangladesh	138,803	119,155
Spain	89,443	77,953
Germany	81,312	70,981
Belgium	64,747	60,991
U.S.A	60,712	58,681
Russian Federation	47,455	33,413
Netherlands	44,324	30,046
Egypt (U.A.R)	36,760	25,387
Mexico	27,675	19,527
Turkey	202,149	216,468
U.S. America	119,574	192,787
Sri Lanka	89,711	106,646
Hong Kong	55,288	97,296
United Kingdom	55,284	57,268
South Africa	47,054	55,315
China	45,598	49,972
Portugal	42,338	42,356
India	40,429	50,164
Greece	31,300	32,844
Saudi Arabia	24,239	25,982
Poland	17,114	19,135
Kenya	14,258	14,945
Australia	11,807	14,028
Finland	11,493	12,235
Other Countries	376,043	411,362
Total	1,932,704	2,026,547

Source: Trade Development Authority of Pakistan.