## $25 billion textile export target: Major Challenges and threats

The government under first-ever five-year textile policy announced target of $25 billion textile exports by 2015. Pakistan's textile export last year was at $9.6 billion and it would have to increase by over $3 billion per annum to meet the target of $25 billion by 2015. However, it is not possible until the industry produces surplus in order to ensure increase in exports by $3 billion per annum.

The textile sector, which accounts for 54% of the country's total exports, has been facing a critical situation for the last two years. Due to various factors in the country, the export of textiles has declined from $ 10.6 billion of 2007-08 to $ 9.6 billion in 2008-09. During the first quarter of the current fiscal year textile exports decreased 11% from US $2.77 billion in July-September 2008-09 to US $2. 45 billion and the exporters fear that the 6% increased in power tariff coupled with heavy load-shedding would further affect the sector.

The load shedding has resulted in low production and made the industry unable to meet the targets of the foreign buyers.  Now the non-availability of electricity and 6% further rise in electricity tariffs would put the industry into serious crisis.

An awful situation has already gripped the industry especially in the spinning and power looms sector where over one-third spindles and over three-forth auto power looms are closed down only in Faisalabad, resulting in laying off of some 300,000 workers in one go.

It may be noted that the government has been pursuing the US administration for an early passage of legislation on proposed Reconstruction Opportunities Zones (ROZs), the only ray of hope for sudden increase in country's exports. However, no tangible development has so far taken place in US Senate on this front, portraying a gloomy picture ahead.

The government has focused totally on enhancing exports and very little is being focused on controlling the exorbitant production cost, making majority of the units non-viable with the passage of time.

On the other hand textile sector will bear a burden of around $600 million on import of cotton from USA, India and Brazil due to decline in cotton yield this season. Cotton remained under direct threat of a number of pests and diseases and production will remain far behind 12 million bales revised target from 13.3 million bales set for Kharif 2009-10 season.

It may be noted that Pakistan's economy is already taking a bad shape and the government had no option but to turn to IMF for a rescue package in last November after the country's foreign exchange reserves shrank 75% in a year to $3.5 billion.

At present textile sector is unlikely to meet the set targets due to four to eight hour's long load shedding contrary to the promise made by the government in  the textile policy that the sector would be provided with uninterrupted power supply, said  sources in All Pakistan Textile Mills Association (APTMA). On the other hand Mohsin Ayub Mirza, Central Chairman Pakistan Readymade Garments Manufacturers and Exporters Association also said that due to power outages, we are unable to deliver the foreign orders on time thus, we are losing credibility in the world and India, China and Bangladesh are fast filing the gap with cheap rates and timely delivery of apparel goods.

According to the Syed Mohibullah Shah, Chief Executive, Trade Development Authority of Pakistan. Pakistan is suffering $6 billion export losses annually due to ongoing war against terrorism. He said that $20 billion exports could be advanced to $60 billion with same volume of exports, if our exporters go for international certification, quality control and standardisation of products.◆