

Textile Briefs

National

- ❖ The Cabinet Committee on Textile has restricted yarn export to 50 million kg a month and offered 2% rebate to yarn manufacturers for supplying their product to the local downstream industry. The Committee had recommended that yarn export should not go beyond 550 million kg against average export of 525 million kg over the last three years.
- ❖ The Federal Secretary Ministry of Commerce, Zafar Mehmood, said that the government had capped yarn export at 50 million kg a month, but the move was not in line with the WTO regime and it should be considered temporary. He said yarn prices increased because of shortage of cotton in the world market and our yarn export went unnecessarily high, first local demand should be met.
- ❖ Jawed Bilwani, Chairman Pakistan Apparel Forum Chairman said that Pakistan is the fourth largest cotton producer but is not listed among top apparel exporters. Bangladesh, which does not produce cotton, exports apparel worth \$13 billion while Pakistan's apparel exports are only worth \$6 billion.
- ❖ The Cotton Crop Assessment Committee (CCAC) of the Ministry of Food and Agriculture (MINFA) estimated that this year the cotton production is about 12.7 million bales against projected target of 13.3 million bales. The Committee reviewed the overall current crop situation and noted that cotton arrivals reported by Pakistan Cotton Ginners Association (PCGA) as on January 1, 2010 stood at 11.930 million bales (22.44% higher than the same period of last year).
- ❖ The Cabinet Committee on Textile has announced withdrawal of the 5% import duty on import of cotton yarn, falling under Chapter 52 of the Harmonised Tariff Schedule
- ❖ The Federal Secretary Ministry of Commerce, Zafar Mehmood, said the government was doing a lot of diplomacy to win access to US and EU markets, but due to the World Trade Organisation (WTO) regime they had to go through the system. The EU and US have agreed to talk on free trade agreement with Pakistan.
- ❖ Pakistan is the fourth largest cotton growing country but due to lack of interest from the economic managers of the government and exploiters in the industry, we have lost our competitive edge, said President FCCI Sh. Abdul Qayyum. He said that our raw cotton and yarn is being freely exported without any planning, resulting in price hike in domestic market and our competitors are enjoying comparatively cheaper supplies from Pakistan.
- ❖ The decision of the government to withdraw customs duty on the import of textile machinery and equipment will accelerate industrial development, generate employment and boost manufacturing process in the textile sector, said Muhammad Mansha Churra, Acting President FPCCI. He said this step had caused the trust of industrialists to increase, adding that extending incentives to the textile industry was the only way to save exports and minimize the trade deficit.
- ❖ The Cabinet Committee decision to withdraw 5% import duty on yarn imports is most unrealistic and impracticable which will provide absolutely no relief to the yarn starved value added textile sector but will drive them to disaster, said Jawed Bilwani, Chairman, Pakistan Apparel Forum
- ❖ Secretary General All Pakistan Power Looms Association (APPLA) Khaliq Qandeel Ansari has said that value-added textile industry was facing closure, which will result in massive unemployment in textile sector. Due to yarn crisis, more than 80,000 power looms have so far been closed in Multan, Faisalabad, Kasur and other areas rendering more than 1,50,000 workers jobless.
- ❖ Textile sector production declined, for the first time in last 12 years, mainly due to frequent energy slippages, domestic security issues, and rising cost of production, said All Pakistan Textile Mills Association (APTMA). He said increasing cotton prices, besides electricity and gas tariffs during the current year increased the input cost of textile industry and on the other a sharp rise in lending rates did not allow textile companies to borrow from the banks.
- ❖ The All Pakistan Textile Mills Association (APTMA) claimed that it had to suffer losses of about Rs. 1 billion in a month due to lack of smooth gas supply to the industry. The Association had to close about 200 textile units in Punjab and NWFP Zones owing to scheduled load-management of two-day, said APTMA Punjab Chairman, Gauhar Ijaz.
- ❖ The All Pakistan Textile Mills Association (APTMA) rejected the claims of value-added sector that cotton yarn is not available in abundance and declared that its availability is not an issue. APTMA Chairman (Sindh and Balochistan Region) Yasin Siddik spoke at length about the cotton yarn issue and said that cotton yarn availability issue, being raised by the value-added sector holds no substance.
- ❖ APTMA Chairman (Sindh and Balochistan Region) Yasin Siddik said that the total cotton production is below the local consumption of the spinning sector and to meet the demand, it has to import cotton. It is not possible for the spinning sector to provide cheap yarn while the cotton prices have sky rocketed. Spinners went for major BMR involving \$5 billion in the last three years and if any adverse impact is taken, it would be like flushing this huge investment down the drain.
- ❖ Pakistani textiles sold abroad fell by 3.21% to \$4.20 billion during July-November 2009-10, whereas, during the same period of the last fiscal 2008-09, textiles exports stood at \$4.34 billion, according to a report by Federal Bureau of Statistics. ◆