

Pakistan top exporter of woven fabric to Malaysia

Pakistan has emerged as a top exporter of woven fabrics of synthetic staple fibre to Malaysia and falls amongst the top five exporting countries of rice, frozen fish, bed linen, woven fabrics of cotton, potatoes, oil cake and other solid residues and undenatured products. According to the data released by the Commercial Wing of Pakistan High Commission in Kuala Lumpur, Pakistan emerged amongst top five exporting countries of eight products to Malaysia in the year 2008 and 2009.

Pakistan occupied first position in export of woven fabrics of synthetic staple to Malaysia with 30.53% share amongst the top five exporters valuing at around RM12.91 million, whereas, China with 26.54% and Indonesia with 23.43% share took 2nd and 3rd position respectively.

In bed linen sector, Pakistan occupied 4th position with total share of 14.96% valuing around RM17.01 million whereas 1st position was occupied by China with 33.89% and 2nd by Turkey with 15.38% share. In the woven fabrics of cotton, Pakistan stood at 5th position with 6.04 percent share, whereas, China with 35.51% and Taiwan 20.66% share took 1st and 2nd position respectively.

Value added sector urges ban yarn export

Five representative textile bodies of value-added sector have strongly demanded complete and immediate ban on export of yarn for saving their investment of billions of dollars and livelihood of more than 2.5 million people.

Addressing a joint media conference, Muhammad Mushtaq Khan, central Chairman of Pakistan Hosiery Manufacturers and Exporters Association (PHMA), Naeem Ahmed, Vice Chairman of PHMA (North Zone), Ikhtlaq Ahmed, Chairman of APCPA, Abdul Haq, Chairman Action Committee of All Pakistan Cotton Power Looms Association (APCPA), Khurram Mukhtar, Chairman of PTEA, and Hamid Javed ex-president of FCCI said that bureaucracy and spinning lobby had sabotaged previous agreement by finalizing fake and inflated figures relating to export of cotton yarn. They said that the ultimate objective of the Islamabad Pact for capping yarn was to ensure availability of cotton yarn to the domestic value-added industry at reasonable rate.

Pakistan joins International Apparel Federation

Recently Pakistan Readymade Garments Manufacturer and Exporters Association (PRGMEA) have joined the International Apparel Federation (IAF), making Pakistan 44th country to join the federation.

Membership of the IAF would help the Pakistani apparel industry and exporters develop direct business contacts with the business communities of 43 members of the IAF globally. Besides, it will help the apparel industry to bring innovation and tracking it on the modern production line.

The IAF would help the Pakistani industry obtain modern technology for upgrading the industrial units, which would ultimately help improve their products. According to the former Central Chairman said PRGMEA would soon launch its web-site, enabling its members and SMEs develop direct business contacts with the IAF members.

MoF releases only 10% funds to Textile Ministry

The Ministry of Finance (MoF) has released only 10% funds, ie Rs 53 million against the commitment of 30%, to the Textile Ministry during the first half (July-December) of current financial year under the Public Sector Development Programme (PSDP).

During the first quarter (July-September) review of the PSDP, the Finance Ministry had committed to release 30% of the total allocation under the PSDP for development projects by December 31, 2009. But the released amount is only 10% of the total allocated amount of Rs 509.746 million for six projects of the Textile Ministry.

According to budgetary allocations, Rs 246 million had been earmarked for providing and laying dedicated 48-inch diameter mild steel water pipeline for Textile City in Karachi, whereas Rs 207 million had been allocated for Faisalabad Garment City project, said the sources.

The government, under the PSDP, allocated Rs 25 million for Lahore Garment City project; Rs 17.330 million for upgradation of Export Development Fund (EDF)-funded textile institutes; Rs 13.576 million for Export Development Plan Implementation Unit; and Rs 0.84 million for holding of conferences and seminars.

The sources said that the PSDP allocation for the current fiscal was already less by Rs 260 million than last year's allocation of Rs 769.578 million for on-going major six projects. Textile is the major sector, earning 56 percent of total foreign exchange.

Germany reopens investment guarantees

Celebrating the golden jubilee of the first bilateral investment treaty (BIT) signed in 1959, Germany has reopened its investment guarantees for Pakistan which were suspended several years ago.

Following the initiation of a \$20 million banking project, officials hope new projects to follow in future.

Negotiations for renewal of a bilateral investment treaty were at final stages, the new version of BIT is expected to be signed soon, says Joachim Steffens, head of German International Investments and Finance Division, while speaking at 'Pakistan Business Day' Conference in Berlin.

The first ever International Conference on Investment Treaties was held at Frankfurt during December 2009. Pakistan, with whom Germany signed the first Bilateral Investment Treaty (BIT) on Nov 25, 1959, was selected as partner country.

Mr Steffens stated that Germany had traditional strong relations with Pakistan in textiles and textile machinery and both the countries enjoy good business and trade relations in various sectors of the economy.

Pakistan's ambassador to Germany Shahid Kamal said that Pakistan was fully committed to confront security and economic challenges with full might and it was important for the people of Pakistan that economic efforts were not marginalised.

Despite many odds, he said, the country was on the top among its South Asian competitors in the 'ease of doing business ranking' of the World Bank report.

Pakistan provides ample opportunities to foreign investors in various economic sectors with Investment Return Rate (ERR) ranging between 20% to over 30%.

Germany is the fourth largest trading partner of Pakistan and both the countries need to further strengthen economic relations. This conference is the official celebration of this anniversary in Germany.

With significant changes in the pattern of movement of foreign capital, a deep financial crisis, a turf war over competence in Europe and the threat of protectionism, this golden jubilee offered an opportunity to examine policy issues which will shape international investment law of the years to come.

The conference brought together academics, advocates, arbitrators, economists, investors, policy-makers and political scientists to identify and debate issues. This celebration of golden jubilee formed part of the process of reconstruction in the aftermath of the Second World War.

The year 1959 also saw early attempts at multilateralism in the form of the draft Convention on Investments Abroad, a combination of the 1957 draft International Convention for the Mutual Protection of Private Property Rights, produced by the Gesellschaft zur Forderung von Auslandsinvestitionen, the promoter of this conference and the 1958 Abs Shawcross Proposed Convention to Protect Foreign Investment.

Germany can help Pakistan's textile industry

Pakistan's textile sector can benefit greatly through interaction with German organizations possessing specialized expertise and state-of-the-art know-how of the textile industry, said Dr Christian Brecht, Consul General of the Federal Republic of Germany.

He said Germany had a lot to offer through its technology and experience of the textile sector and his country was exploring ways and means on how it could help Pakistan's textile industry.

The German Ministry of Economic Cooperation and Development is assisting Pakistan in the management of business associations and cleaner production in the textile industry. An 11-member delegation, representing five textile associations, went on a study tour which took them to Liba, Saxon Textils Research Institute, Ebisch Nergietechnik, Huber, Schimadzu, Verband Der Bayerischen textile, and Agilant, manufacturer of laboratory equipment.

The textile associations, represented on the delegation, included Towel Manufacturers' Association of Pakistan (PMA), All Pakistan Textile Processing Mills Association (APTPMA), Pakistan Cloth Merchants Association (PCMA), Pakistan Hosiery Manufacturers Association (PHMA), and Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA).

The members of the delegation that visited Germany said it was a great learning experience, as they had availed an opportunity to see the latest equipment and also exchanged views and ideas. They said their nine-day stay was a multidimensional study, which had been well planned and arranged and had proved educative and informative.

The objective is to equip Pakistan's textile industry with techniques to enable them to work economically, more efficiently and in an ecologically sustainable manner, which ensures a sustainable textile industry and promotes the economic and social development of the country.

Another objective was to enable the delegation to maximize their knowledge about innovations in the textile industry regarding design and technology, education and research for textile sector, in renewable energies and on organization and services of a modern business association.

APTMA seeks 2% rebate on sale of cotton yarn

All Pakistan Textile Mills Association (APTMA) urged the government to provide at least 2% rebate on sale of cotton yarn to downstream industry instead of exports. Addressing a press conference, APTMA Chairman Anwar Ahmed Tata reiterated his stance on free market mechanism for the entire textile chain and regretted imposition of quota on export of cotton yarn.

He said the government has imposed quota of 50,000 tonnes per month on export of cotton yarn but no relief or advantage has been given to the exporters of cotton yarn. The government is providing 1% duty drawback facility on exports of dyed fabrics, 2% on export of home textile and 3% on garments & hosiery, besides mark-up loan rate facility @ 7.5% in the shape of export refinance.

Whereas no export refinance facility or duty drawback incentive is allowed to spinning industry, therefore we urge the government to provide at least 2% rebate on sale of cotton yarn to downstream industry instead of exports.

Aptma Chairman further said that as per SRO 26(I)/2010 dated February 14, 2010, there is no restriction on the export of value added yarn including Lycra, Dyed, Heather, Grey or Melange, Slub, and Bleached or Singed, however, export of these commodities are facing problems while registering their contracts with Trade Development Authority of Pakistan (TDAP) and subsequently with customs at the time of shipment as customs is asking for contract or NOC from the Ministry of Textile.

In this connection, he said the exporters of yarn specified in clause (c) of the SRO 26(I)/2010 have been asked to provide certificate from the Ministry of Textile Industry for each shipment/consignment while the SRO under reference clearly states that the exporting units of said yarn are "registered with the Ministry of Textile Industry and the consignments are certified, to any of those specified in sub-clause (i) to (v), by accredited laboratories."

One billion rupees paid to textile sector R&D claimants

The Ministry of Textile has disbursed Rs 1 billion among 200 registered units, which had submitted research and development (R&D) claims. The government had earmarked Rs 5.6 billion for R&D claims.

The textile industry has been facing financial crunch and is still waiting for R&D claims. Their 60% R & D dues are yet to be paid said sources in the textile industry. Around 10,000 exporters' R&D claims are pending, but only 298, registered with the R&D Cell of the Ministry of Textile, have been assured reimbursement.

Registration process of the textile units is underway and so far about 7000 units have filed the forms on line. The Ministry has evolved a three-tier scrutiny system for checking the forms which are forwarded by the Associations after verifications.

Sources said that the number of the forms so far received is about 7000, of which about 600 units have been issued Provisional Certificates; and approximately 200 final certifications having full information were endorsed and Rs 1 billion has been disbursed among them under the R&D claims.

They said that the remaining forms were returned to the Associations as these had major discrepancies and could not be considered even for provisional certification. However, textile associations have rejected the registration process, saying that it is so complicated that only 10% of the textile units have got registered while the remaining 90% are still to get the registration forms.

Government to negotiate with European Union to get GSP status

The government of Pakistan is trying to negotiate with the European Union to get Generalised System of Preferences-plus status for Pakistan which will help exporters to compete in European markets.

In this regard, a booklet and a documentary have been prepared for European Union. Zafar Mahmood, Federal Secretary for Commerce, at the Karachi Chamber of Commerce and Industry (KCCI) said that war on terror was affecting industrial sectors of the country and was one of the major factors which were adding up to the cost of manufacturing and doing business. Eighteen factors had been identified including tangible and intangible factors which were adversely affecting the trade.

He said European and American buyers were pressurizing Pakistani suppliers to shift their manufacturing units to other places in order to ensure continuous and timely supply. He said exporters should share such type of information so the government could take up the issue because closure of any textile industrial unit would lead to unemployment and that in turn would create more terrorists.

TDAP: Implementation of cotton yarn quotas

The Trade Development Authority of Pakistan (TDAP) is struggling to implement quota restriction on exports of cotton yarn. Sources said that a flawed registration system for export of 50,000 tonnes cotton yarn a month has resulted into a rat-race between exporters, registering themselves in advance to avoid any embarrassment.

This situation has created problems for those fighting with logistic problems, procedural delays and energy shortfalls. It may be noted that the Cabinet Committee on Textiles had capped export of cotton yarn at a monthly volume of 50,000 tonnes until June 30, 2010.

However, after the start of this system, exporters rushed to the registration authority and got themselves registered in advance. Textile industry sources said the Textile Ministry should immediately direct TDAP to count the actual shipments rather than the LCs for export of 50,000 tonne cotton yarn under the quota restriction arrangement. This measure will facilitate the exporters and exact export figures can also be compiled simultaneously.

APTPMA condemns increase in POL prices

Recent increase in petroleum prices will adversely affect value-added textile industry, which is already facing numbers of severe crisis, said by Mian Aftab Ahmed, Chairman All Pakistan Textile Processing Mills Association (APTPMA).

He said that value-added textile industry is already facing acute shortage of Sui gas and electricity load shedding, which have reduced their working capacity by more than 50% in the last three months. And now their input cost will increase more due to sharp increase in the petroleum prices and resultantly their products will far away from the reach of common man, and will also impossible for us to keep ourselves active and alive in the international market, and country will lose valuable foreign exchange due to sharp decrease in export of textile products.

Khurram Mukhtar said that in order to meet the conditions of IMF, government have withdrawn subsidies from electricity and warned that the fresh increase will prove catastrophic for the national economy as business activities will be minimized, exports will decline and increase in prices of consumer products will severely affect the buying power of common man.

Govt asked to keep free market mechanism intact

Criticizing the cap on cotton yarn exports, the All Pakistan Textile Mills Association has urged the government to leave the free market mechanism intact.

Anwar Ahmed Tata, Chairman of APTMA urged the government to provide duty free import of man-made fibre and abolish all the countervailing measures in this regard to reduce load on consumption of cotton and encourage usage of man-made fibre. He said the government should encourage supply side of the spinning industry by providing relief to the sick and closed units and also encourage the establishment of new spinning units by reducing mark-up rate on long term loans.

APTMA leaders said during last three to four months production of yarn increased to 245,000 tonnes per month, out of which requirement for downstream industry was 110,000 tonnes per month, weaving sector consumed 60,000 tonnes per month while there was an additional yarn (25,000 tonnes) per month available after imposition of quota of 50,000 tonnes per month on export of cotton yarn.

Because of the restriction on export of cotton yarn, the spinners would be reluctant to import cotton and that there would be shortage of raw cotton and yarn from April onward, as the industry has cotton till March this year.

Introduction of Bt cottonseed

The Ministry of Law and Justice has given a green signal to the government to sign a deal with Monsanto, a US-based agriculture firm, to introduce certified Bt Cotton seed for enhancing cotton production.

Sources said that the Agriculture Ministry is working to give practical shape to the vision 2015, under which the country would achieve cotton production target of 20 million bales. The draft pact was sent to the Ministry of Law and Justice for vetting. The Ministry has approved the agreement and after its signing, Monsanto would start work from the end of February, 2010 to introduce Bt cotton seed in Pakistan. The

agreement with Monsanto for Bt cottonseed production would help Pakistan enhance production of the crop by introducing Monsanto derived insect-protection technology.

Due to the non-availability of certified Bt cottonseeds in the market, the farmers had smuggled the seed from India last year. Almost 60% farmers in Punjab and 40% in Sindh are using illegal and unapproved Bt cottonseed due to which cotton yield per acre have declined. The sources said that Bt cottonseed would be more resistant to attacks of mealy bug and the Cotton Leaf Curl Virus (CLCV), which may be available in the market next year.

Cluster Group studies by State Bank of Pakistan

Development Finance Support Unit of SBP Banking Services Corporation is conducting different cluster group studies including powerlooms industry keeping in view to increase financial outreach.

Dr Muhammad Saleem, Chief Manger, State Bank of Pakistan said we are making an effort to form an inclusive financial system, to focus on policies aimed at ensuring availability of equitable financial resources to all sectors of the economy, particularly under banked areas, to foster sustainable economic growth and prosperity in the country.

Dr Saleem pointed out that textile industry of Faisalabad District is recognised for its textile products and powerlooms sector is most important sub-sector of textile industry. The purpose of the said study is to explore the cluster size, export potential, key policy and regulatory hurdles, issues and challenges faced, existing and potential demand for financial services etc and key impediments in improving the access to finance.

He urged the leaders of powerlooms industry and concerned stake holders should come forward at grassroots level and have direct interaction with ailing SME entrepreneurs to have deep and true insight of the problems faced by the people who are operating all over the country.

Pakistani products attract foreign buyers at Spring Fair in Birmingham

Spring Fair at NEC exhibition centre at Birmingham during 7th to 11 Feb. 2010 is one of the biggest annual trade exhibitions of Europe with the participation of about 70 countries from around the world and more than 50,000 whole sale, retail and individual buyers. Spring Fair International is considered forward-thinking retail show in the UK – showcased thousands of innovative new products across a range of sectors.

Pakistani products were display Spring Fair 2010 received a high level of interest and appreciation from the foreign buyers and expect to receive fresh orders from the wholesale and retail suppliers. Pakistan's products were presented at four stalls which include fashion apparel, shawls and bags and hand knitted carpets.

Silk and woollen carpets and rugs designed with natural dyes extracted from plants and fruits are yet another big attraction for the Western market. Some antique carpets are also on display which attracted special interest of collectors of arts and antiques. Durre Shehwar Nisar who has brought a wide range of fashion apparel and accessories for the second time, said that like previous year lot of interest is being expressed this year as well from the buyers and many new orders are expected for garments, shawls and bags.

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T H R O U G H O U T T H E W H O L E Y A R N P R O C E S S

27 companies from Pakistan at Texworld Paris

Twenty seven Pakistani companies exhibited their products at international textile fair, Texworld in Paris and set up a national pavilion under the aegis of Trade Development Authority of Pakistan (TDAP).

Pakistan's Ambassador to France Mr. Shafkat Saeed has visited the international textile fair, Texworld which held in Paris from 8-11 February, 2010. The Ambassador was received by the President of the Fair, Mr. Michel Scherpe and later they discussed various issues related to promotion of exports of textile products from Pakistan.

Mr. Scherpe suggested that interaction with designers was important for successful marketing in Europe and also that organic and eco-friendly products have a future in this region.

The Ambassador later visited the fair and Pakistani Pavilion and Pakistani exhibitors and discussed with the Advisor and other participants various aspects of the endeavours to boost export of Pakistani textiles to the value added market of France and Europe. Texworld offers the latest trends from the world of garment textiles and is the market place for discovering handmade and industrial textiles. Around 650 exhibitors participated in the fair.

Value-added industry seeks ban on yarn export

M Jawed Bilwani, Chairmen of value added textile associations at the Pakistan Hosiery Manufacturers Association (PHMA) said the Cabinet Committee on Textile notified capping of yarn export at 50 million kg a month, but in fact the quantity increased to 62 million kg when some categories of yarn were exempted. He further added that restriction on yarn export did not benefit the value added textile sector, as we had demanded the cap in line with average exports of the last three years.

Bilwani said cotton yarn export increased by 47% and cotton export by 109% in 2009, leading to a decline of 4.6% in production of value added products. Around 250 units of knitting, stitching and dying have closed in three to four months.

Giving details of investment in the textile sector during the last five years, Bilwani said 57% investment was made in the value added sector while 43% investment went to the spinning sector. The spinning sector provided one job with investment of Rs 2.5 million while the value added sector offered 100 jobs with the same amount.

SBP constitutes body to resolve textile issues

The State Bank of Pakistan (SBP) Governor has constituted a committee to resolve issues related to the textile industry, especially for implementation of SROs of Textile Policy 2009-14, said Federal Adviser on Textile Dr Mirza Ikhtiar Baig.

He said he had discussed with SBP governor the issue with particular focus to improve private sector credit and reduce lending rates. He also raised the issues submitted by APTMA, PDMEA, PRGMEA and other textile associations, regarding 2.5% reduction in mark-up on Export Refinance vide Notification No 3(2) TID/09-P-I dated September 1, 2009. The SBP promised that it is making Rs 2.5 billion half yearly payment, which would be made by end of March 2010.

Pakistani textile attracted buyers in Heimtextil fair

Pakistani exhibitors of textile industry have made good business contacts during Heimtextil Fair at Frankfurt. Terming the business deals positive, they expressed their optimism of fair increase of export of textile goods to Germany and other European countries this year.

A large number of buyers visited the Pakistani pavilion and appreciated the quality of the products displayed by them. A total of 206 exhibitors from Pakistan participated in the world's largest trade fair of textile goods. This was the largest ever participation and Pakistan was ranked at No. 3 in terms of exhibitors after China and India. About 3,300 exhibitors from 75 different countries participated this year.

The commercial consulates at Berlin and Frankfurt in collaboration with the Trade Development Authority of Pakistan (TDAP) had made elaborate arrangements to facilitate the Pakistani exhibitors. TDAP also extended support to 51 exhibitors for their participation.

Early sowing of cotton can raise output to 18 million bales

Production of cotton can be increased to 18 million bales and it will soon be a major Kharif crop as water shortages will discourage farmers from cultivating high water-consuming paddy and sugarcane. That was the consensus among various agricultural scientists from the public and private sectors who gave presentations on Bt cotton to the All Pakistan Textile Mills Association (APTMA).

Dr Noorul Islam, representing the Punjab government, said cotton production in 2009-10 was lopsided because it was mismanaged. Though no approved Bt cotton variety was available last year, 42% growers cultivated the variety but failed to take precautionary measures.

He said Sindh this year produced a record 4.0 million bales of cotton and its output matched the global best in coastal areas of the province. However, he said, production in some main areas of the province was low because farmers cultivated very late those varieties which needed early sowing. Besides, they failed to take precautionary steps needed to boost cotton production.

He said the scientists were advising the farmers to go for early sowing and that could be achieved by preparing nurseries of cotton plants in controlled environment as was done in case of paddy. The plants, after developing in the controlled environment, could then be shifted to the fields vacated by wheat and other crops. The practice started this year and would gain momentum with the passage of time.

ICCI for providing tax incentives to manufacturing sector

Islamabad Chamber of Commerce and Industry (ICCI) has called upon the government to provide some tax incentives to manufacturing sector by slashing tax rates for boosting up the falling productivity of this sector.

Karim Aziz Malik, Vice President ICCI said that the manufacturing sector, which contributes 20% to the GDP, remained under pressure during the year 2009 while the cut in tax rate would facilitate it to recover fast and play an effective role in boosting the economic growth and exports.

He said the manufacturing sector (including textile) is the main contributor to the total reserves of the national kitty and is paying around 60% share in the overall tax revenue of the government. But several factors including prevailing law and order problems, massive power crisis, high power and gas prices and high mark-up etc. are affecting its performance.

He lamented that Pakistan has mostly been relying on manufacturing and exports of low value added textile based products. The result is a narrow export base with more than 55% contribution coming from textile products. Realizing the shift in world's economic land-scope, Pakistan should create a strong and diversified export driven manufacturing base by focusing on modernizing and strengthening this sector. ♦