



Switzerland playing key role in the global textile machinery industry

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Switzerland is a peaceful, prosperous, and modern market economy with low unemployment, a highly skilled labour force, and a per capita US \$41,600 GDP (2009) among the highest in the world. Switzerland's economy benefits from a highly developed service sector, led by financial services, and a manufacturing industry that specializes in high-technology, knowledge-based production. In recent years the Swiss have brought their economic practices largely into conformity with the EU's, in order to enhance their international competitiveness, but some trade protectionism remains, particularly for its small agricultural sector.

Switzerland's economy is based on a highly qualified labour force performing highly skilled work. The main areas include textile micro technology, biotechnology and pharmaceutical, as well as banking and insurance know-how. Most of the people working in Switzerland are employed by small and medium-sized enterprises, which play an extremely important role in the Swiss economy.

The economy of Switzerland is one of the world's most stable economies. Its policy of long-term monetary security and bank secrecy has made Switzerland a safe haven for investors, creating an economy that is increasingly dependent on a steady tide of foreign investment. Because of the country's small size and high labour specialisation, industry and trade are the keys to Switzerland's economic livelihood. Switzerland has achieved one of the high-

est per capita incomes in the world with low unemployment rates and a low budget deficit. The service sector has also come to play a significant economic role.

Swiss Textile Machinery Industry

Swiss Textile machine manufacturers are masters of their speciality and supply the machines themselves as well as the measuring, regulating and process software. Swiss companies are at their best in making the equipment that could solve particular problems. A great number of machines, instruments and work pieces are tailored to specific needs.

Today, Switzerland is the leading manufacturer of textile machinery all over the world and the major players themselves consider its outstanding quality and innovative potential with an estimated global market share of 33%.

Swiss textile machinery holdings employ well over 28,000 people in over 100 companies and branch units around the world. In recent years, Swiss entrepreneurs have been able to extend their financial and technological share of the textile machinery industry

World textile machinery manufacturers face challenges in the days ahead, including fluctuation in demand and increased competitive pressure. The alarming figures for the sector are the result of the overall economic and financial crisis which has spread through all segments of the real economy.

Major exporting countries of textile and clothing items have observed a significant drop in export volumes, due to a slumping demand from European markets and the United States.

Swiss industry is composed of relatively small-sized companies: only 64 large companies have more than 7,000 employees. These companies have proved their ability to face fierce winds of depression better than many company conglomerates put

together with State aid in several European countries. In recent years, Swiss entrepreneurs have been able to extend their financial and technological share of the textile machinery industry.

According to the Swiss Textile Industry Association, export earnings (estimated) of textile machinery decreased to CHF 1,530 million in 2009 from CHF 1,637 million in 2008, thus showing decline of 6.5%. The

Table 1: Export of Swiss Textile Machinery

Year	Value (CHF Million)
2003	2,315
2004	2,178
2005	1,929
2006	2,101
2007	2,212
2008	1,637

Source: Swissmem.

overall decline of exports in 2009 was mainly due to low investment activities in the prime markets. The most significant negative impact came from the dominating markets Turkey, India, Pakistan. Export of Swiss textile machinery is given in Table-1.

Some 87% of all textile machinery exported from Switzerland went to customers in that regions. Most of the people working in Switzerland are employed by small and medium-sized enterprises, which play an extremely important role in the Swiss economy. By applying a forward looking strategy, the Swiss textile machinery industry has always successfully met the challenges facing it and was always to consolidate or even expand in global market share.

Pak-Swiss Trade

Pakistan's trade relations with Switzerland have been quite good. The largest part of Swiss foreign trade is with the capitalist, industrial world because of the structural similarities, the most important trade partners being Switzerland's immediate neighbours. Swiss imports consist mainly of important raw materials, required for the industry.

Gross Domestic Product (GDP)

GDP (purchasing power parity): \$316.1 billion (2009 estimated) \$321.9 billion (2008) \$316.2 billion (2007)	GDP - real growth rate: -1.8% (2009 estimated) 1.8% (2008) 3.6% (2007)
GDP (official exchange rate): \$484.1 billion (2009 estimated)	GDP - per capita: \$41,600 (2009 estimated) \$42,500 (2008) \$41,900 (2007)
GDP - composition by sector: agriculture: 1.5% industry: 34% services: 64.5% (2003 estimated)	Note: data are in US dollars



Table-2: Pak - Swiss Trade (Value : CHF Million)

Year	Exports	Imports	Trade Balance
2005	46.02	354.91	- 308.89
2006	65.92	327.46	- 261.54
2007	71.84	330.04	- 258.34
2008	70.11	405.09	- 335.03
2009	83.11	320.30	237.19

Source: Consulate General of Switzerland, Karachi.

Table- 3 Exports from Pakistan to Switzerland (Value : CHF Million)

Description	2005	2006	2007	2008	2009
Textiles	31.87	39.43	42.58	36.89	38.56
Agricultural Products	4.96	19.32	16.69	21.33	13.05
Others	9.19	7.17	12.57	11.89	11.50
Total	46.02	65.92	71.84	70.11	83.11

Source: Consulate General of Switzerland, Karachi.

Table- 4 : Imports from Switzerland to Pakistan (Value : CHF Million)

Description	2005	2006	2007	2008	2009
Machines	141.42	151.69	92.32	121.33	77.51
Chemicals	75.51	44.79	47.28	41.77	42.68
Pharma	74.33	60.63	77.12	100.60	132.14
Watches	23.76	29.75	16.87	15.21	19.56
Precision instruments	11.31	13.25	33.66	11.28	12.57
Others	28.58	27.35	62.79	114.88	35.84
Total	354.91	327.46	330.04	405.05	320.30

Source: Consulate General of Switzerland, Karachi.

Switzerland and Europe under their own brand names and designs. Exports of textile major items from Pakistan to Switzerland during the year 2009 were cotton yarn, cotton fabrics, readymade garments, hosiery, towels, made-up textiles and synthetic textiles. Exports from Pakistan to Switzerland are given in Table-3.

The government of Pakistan has continued to improve and rationalize the import policy, with a view to allowing liberal imports of industrial raw materials, capital goods and essential consumer goods.

Swiss exports to Pakistan increased from CHF 354.91 million in 2005 to CHF 405.09 million in 2008, thus showing an average increase of 3.5% per annum. However, during 2009 it decreased to CHF 320.30 million.

The main Swiss exports to Pakistan were textile and other machinery and parts, pharmaceutical, chemicals and watches. These 4 sectors represented over 70% of exports to Pakistan. (see Table-4). Since last seven years, Pakistan textile industry has made US \$ 7 billion investments in expansion and BMR. Over the years of friendly ties trade between Pakistan and Switzerland have increased significantly and other economic activities have also grown between the two countries. ♦

exports, on the contrary, largely comprise capital goods.

Trade between Pakistan and Switzerland increased, but exports remained less than the imports. Now the balance of trade remained in favour of Switzerland. No doubt the economies of the two countries differ widely because Switzerland is a developed county of the west and Pakistan a developing one of the Third World. However, efforts should be made by the latter to increase the volume of exports. Pak-Swiss trade is given in Table-2.

In recent years, export items have recovered their growth momentum. Export of textile, agricultural and other products increased from CHF46 million in 2005 to CHF 83 million in 2009, thus showing an average increase of 19% per annum. Textiles items remained the largest exports to Switzerland with more than 50% share. They increased from CHF31.87 million in 2005 to CHF38.56 million in 2009.

Swiss companies imported home textiles and clothing (other than knitwear) from Pakistan, selling them in

Table 5: Export of Textile Machinery from Switzerland to Pakistan (Major Items) (Value : Rs .000)

Machinery	2008-09	2007-08	2006-07
Carding Machines	72,505	67,378	66,374
Drawing / Roving Machines	--	44,794	148,196
Blow Room Machinery	55,387	120,243	468,008
Textile Spinning Machines	208,857	294,447	315,919
Weft Winding Machines	--	8,869	--
Textile Weaving Looms	--	40,077	2,567
Textile Winding Machines	70,917	--	23,827
Machines Textile Fibre	106,285	163,321	689,071
Shuttleless Looms (Weaving)	471,915	76,213	667,716
Multi - head Embroidery Machines	104,795	143,685	130,457
Top and Flat Card Clothing	168,317	150,370	107,065
Spindles Textile Machines	340	114	--
Spindles Flyes Ring Travellers	123,360	158,756	151,879
Healds and Healds Frame	3,142	23,544	9,915
Merceiz Machines	151,142	--	2,054
Parts Machines Textile Fibre	3,057	200	1,250
Parts of Weaving Machines	58,846	76,244	91,957

Source: Federal Bureau of Statistics, Government of Pakistan.