

‘Devaluation to hit value-added textile sector adversely’

FAISALABAD: Value-added textile exporters on Friday said the rupee depreciation will increase the cost of doing business and affect the sector adversely.

The rupee has devalued approximately 20.16 per cent against the US dollar from Rs123.6 to Rs149.07 in just 9 months of the PTI government. Talking to Dawn Central Chairman Pakistan Hosiery Manufacturers & Exporters Association (PHMA) Jawed Bilwani said cotton yarn is available at international price.

“Devaluation increases cotton and yarn price in rupees. Following the US dollar appreciation, we have been facing problems in importing machinery for which orders had been placed earlier on,” he said.

“If we are not in a position to import machinery, how can we increase exports and GDP,” questioned the PHMA chief. He added that foreign buyers are demanding discounts due to devaluation of the Pakistani currency.

Mr Bilwani said price of cotton yarn is cheaper in Bangladesh as compared to Pakistan due to lower cost of utilities. “Most of the inputs – dyes, parts, chemicals, petroleum products, accessories, packing materials – used by us are also imported. As such, due to devaluation, their costs will also increase, resultantly increasing the cost of exportable goods,” he summed up.

An exporter Haji Salamat Ali said Pakistani exports need a level playing field to compete with rival countries which are rapidly increasing their market share. “Fluctuating rupee rates have become a source of tension for the value-added sector as cotton yarn is the main raw product,” he noted.

We were already facing the issue of chemical rates and availability due to an explosion at a Chinese chemical factory which was catering to the needs of 70 per cent of the world, he added.

Raza Hussain, a garments exporter, said spinning mills are earning money by increasing the prices of yarn since the government is not focused on speculative buying and prices of the yarn.

Chairman Council of All Pakistan Textile Associations (CAPTA) Zubair Motiwala said rupee devaluation would hit the manufacturing sector hard.

“Under the current situation, industry will have only two options – either close down or increase price of manufactured goods further and become more uncompetitive in the international market,” he said.

He said profit margin of value added textile exporters is hardly 3pc to 4pc.

Only exporters of raw materials – cotton and cotton yarn – benefit from devaluation, he added.

Chairman Pakistan Knitwear and Sweater Exporters Association Rafiq Godil said that during FY2017-18, exports of value-added textile sector were \$12.06 billion while exports of textile raw materials were \$1.46bn.

Due to uncertainty and recurring fluctuations rupee dollar parity, both buyers and exporters are reluctant for new orders as there is uncertainty about the cost of the products, said Chairman Towel Manufacturers Association, Farrukh Maqbool. “If the devaluation of the currency is indeed necessary then why are the stakeholders not kept in the loop,” he questioned.

Exporters said on one hand government wants to enhance exports while on the other hand concrete measures have not been taken to control rupee depreciation.

They exporters demanded the government to immediately call the stakeholders to devise a joint strategy to control the current situation in the currency market.

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