Textile exporters face shortage of dye chemicals

FAISALABAD: Prices of intermediate dye chemicals have surged by more than 50 per cent after a blast at a Chinese firm supplying the key material to Pakistan has caused severe supply shortage.

According to media reports, 60 workers were killed in a blast followed by fire which wreaked havoc at Jiangsu Tianjiayi Chemical Company in Yancheng, which supplies around 70pc of the world's intermediate dyes and chemicals, leading to disruption of production since March.

Textile exporters are likely to face shortages in the days ahead as other Chinese firms have either increased the rates or stopped supplying even against the contracts inked prior to the explosion.

Salamat Ali, an exporter, who recently visited China to negotiate a contract with the firm, told Dawn that following the explosion, the firm had backtracked from its commitment and refused to honour the contract. He said that he left for China immediately to pursue the firm but the representatives refused to come through with the agreement. He said that alternate supply for the chemicals was available on exorbitant rates which would render us non-competitive in the international market as our buyers would not increase the rates which they had approved prior to the blast.

He claimed that Chinese suppliers were not honouring their commitments as they know that China is the only source of chemical for the Pakistani exporters. He said that Germany and Japan also manufacture similar dyes chemical but charge relatively higher rates.

Former President of the Faisalabad Chamber of Commerce and Industry Rizwan Ashraf said the textile segment is facing a crisis due to surging prices of raw material like yarn, chemicals etc which would ultimately lead to unemployment.

He said the decline in production would ultimately lead to a decrease in exports. He urged the government to look into the issues and extend helping hand to the processing sector which is providing jobs to millions of labourers.

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