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Textile exports can double in five years: Aptma head

Pakistan's currency has cumulatively lost about 25 per cent of its value against the dollar since the beginning of 2018. Gas and electricity prices for the five export industries have been brought down to the level of average regional prices and textile exporters are now able to import duty-free cotton.

The government is also working on ensuring the early payment of refunds of more than Rs200 billion to improve the exporters' liquidity position. It also announced some incentives to boost investment in greenfield projects.

All these measures have been instituted to boost the country's collapsing exports, especially textiles and clothing, a phenomenon that has significantly contributed to the widening current account deficit and forced the government to accumulate a massive pile of expensive foreign debt over the last five years.

And yet textile and clothing exports, which fetched $13.5bn or almost 60pc of total export earnings last fiscal year, continue to struggle.

The industry's total shipments remain flat at $6.64bn during the first half of 2018-19 on an annual basis. This raises questions about the rationale for the subsidy worth billions of rupees given to the country's largest manufacturing industry that contributes 8.5pc to GDP and employs 46pc of non-farm labour.

'Trade numbers for January will show that we are back on the growth trajectory. Most exporters are fully booked for the next six months'

"Do not be impatient," says Ali Ahsan, chairman the All Pakistan Textile Mills Association (Aptma), during an interview with this correspondent.

"Most pro-industry initiatives announced months ago are being implemented just now. Others will be executed in the next few months. Positive results will start appearing in the next few months. You'll see growth in our shipments when the government releases trade numbers for January. I won't say it will be massive. But it will be enough to show that we are back on the growth trajectory. Most exporters are fully booked for the next six months. Even yarn shipments, which went down 17pc in the first half of 2018-19, have gone up in January," says Mr Ahsan.

He says it is not possible to turn around exports overnight. In textile trade, he explains, it takes at least six months before the results start coming.

"Our exporters have received massive orders at Heimtextil 2019."

Mr Ahsan has a lot of good words for the PTI government for its support for the industry and clean-up of the mess created by the preceding government.

"This government is listening to businesspeople and trying to tackle their problems. But it should also give a long-term export and growth policy to help boost investment in new projects in the downstream industry," he says.

He believes textile and clothing exports can easily double to $26bn in the next five years if the government continues to support the industry through a long-term policy.

“Those who are expecting instantaneous, massive growth in textile exports will continue to be disappointed. The government has done a lot in the last few months. But a lot more also needs to be done for sustainable, high growth in exports. The steps taken thus far can increase shipments only to an extent. We need to increase our capacity to create an export surplus and invest heavily in value-added sectors.”

In the short term, he elaborates, it is crucial to remove upfront incidentals on the import of manmade fibres, which is short for industry consumption. This will enable the industry to diversify into products that are in high demand in foreign markets.

Further, the government must liquidate all outstanding refunds of the industry on account of sales tax, duty drawbacks and previous textile policies, withdraw gas infrastructure development cess (GIDC) arrears of pre-GIDC Act 2015, allow the payment of the post-GIDC Act arrears in instalments, and expedite new gas and electricity connections and tagging for the zero-rating of the industries by departments concerned, he says.

“The long-term export and growth policy should extend the long-term financing facility to indirect exports as well to boost investment in the value-added sectors, reintroduce industrial credit policy, invest in the garment industry infrastructure, enhance credit limits for new factories, discourage textile and clothing imports and stop smuggling to open up the domestic market to the local industry,” says the Aptma chairman.

He is hopeful that at least half of the textile capacity closed in the last five years will return to production, thanks to the recent supportive measures by the government. The rest of the factories have already been sold out and machinery junked, he adds.

“Now we need new projects for export growth. We cannot do it without creating integrated textile and apparel parks to provide plug-and-play facilities for local and foreign investors. We export 30pc of yarn produced in the country. We need to establish new weaving, processing and garment units to convert that yarn into value-added products to boost exports. We can generate additional exports of $20bn and create 1.5 million jobs by investing $7bn,” he says.

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