

EXPORTS PLUMMETED AS GOVT FAILED TO GET MARKET ACCESS FOR TEXTILES'

By Mansoor Ahmad

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Gohar Ejaz has been leading the winning group of All Pakistan Textile Mills Association (Aptma) for over a decade. In an interview with The News he discussed reasons behind dismal textile performance after 2005. Here are excerpts of his interview.

Q. Are we facing the consequences of the inability of Aptma to invest in the value-added sector?

A. This is simply not correct. In fact the stalemate is more due to government failure to get market access for the textile sector after the quotas were abolished in 2005. From 2000-2005 the textile sector invested \$5 billion on new technology. It was because of this investment that the textile exports doubled from \$5 billion in 2000 to \$10 billion in 2005.

Most of the increase in exports was in the value-added sector. Many Aptma members contributed to value-added exports. The basic textile industry was well poised to double the exports to \$20 billion by 2010. My brother established a state of art knitwear unit during this period that did well till 2005. All the planners in Pakistan assured the sector that they will be in the driving seat after the removal of textile quotas in 2005. They were wrong.

Q. What happened that stopped the progress?

A. In the quota regime, every country having a textile quota was assured of exports to the extent of the quota. After the quota regime was abolished, the preferential market access assumed importance. Imports of textiles in large markets are subject to high tariff. The countries that were able to get free or low duty market access operated with huge advantage and pushed Pakistan out of competition.

It was the duty of our government to convince the developed economies to provide us zero duty market access like the ones given to Bangladesh and some African countries. We deserved it as we were at the forefront of the war on terror.

Q. Why have exports not surged after you got market access to the European Union?

A. It was eight years after 2005 that we got the GSP-Plus status from EU in 2013. We got that status solely due to the efforts of Senator Chaudhry Muhammad Sarwar.

The way he lobbied for it was a lesson for our planners. By that time our competitors had firm grip on the EU market. Still we have more than doubled our exports to EU after getting the GSP-Plus status.

The US market is still out of our reach due to high tariffs. We do not see dedicated efforts from our planners in this regard. We will have to lobby for it and Aptma is ready to lend a helping hand in this regard.

Q. Your critics say that spinning machines deployed by your members are obsolete. Is it true?

A. As I have already said, the textile sector invested \$5 billion during 2000 to 2005. When quota regime was abolished, ours was the most efficient industry globally.

Werner and many renowned consultants confirmed this fact. But after the quota was abolished, our exports were subjected to high tariffs while our competitors got zero-rated access in large markets.

We were let down by our government that failed to provide us market access. Around the same time, the energy and power shortages reduced our capacity to operate. Under these circumstances there was no question of upgrading our plants.

Even though energy and power shortages have been largely addressed; the energy cost is very high that affects our efficiency. We can regain efficiency if we are provided energy, power and other inputs at regional rates.

Q. What are your expectations from the new government?

A. It is encouraging that in his first speech, Imran Khan did not forget to hint that the new economic policy will be made in consultation with businessmen. But one-time consultations are not enough. It will be more beneficial if the incumbent government sets up a permanent structure to regularly receive external input.

The next government should create an economic advisory council chaired by the premier himself. It should be a body that has equal representation of technocrats, economists and businessmen representing the top four industrial sectors of the country.

The council should form a vision statement and develop a two-pronged strategy to boost investment in export-oriented sectors and import substitution industries. Modi in India is doing similar consultation with his top business brass.