

## **Textile exports remain lackluster**

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Textile export numbers for the month of Jul-19 have disappointed to say the least. The provisional numbers released by the Pakistan Bureau of Statistics (PBS) show negligible growth on a year-on-year basis in the first month of the new fiscal year.

And when compared to textile exports for Jun-18, the number has actually fallen by almost 16 percent on a month-on-month basis. So what will it take to revive the slumbering sector? Depreciation of the rupee was a major demand of textile players. However, despite more than 18 percent being wiped off the rupee value, the rebound hasn't exactly happened.

But industry stakeholders argue that the coming months will show better performance by the sector and claim many exporters realised a high number of orders in the final month of the last fiscal year i.e. Jun-18 to avail incentives earlier.

It is not yet clear how the PTI government will manage to revive the sector. Unarguably, rising cost of production is a bane for manufacturers and exporters. But given the precarious twin deficit situation, it will not be a simple task to just reduce the utility tariffs for the industry. In its textile policy, PTI has called for electricity prices to be revised downward to US\$7.5/KWh. Similarly, it also proposes for a uniform gas rate across the country at rate of \$6.5/MMBTU.

Then there is the raw material procurement which has become tedious and costly. This newspaper has highlighted the illogical protection afforded to polyester players and the even more stupefying re-imposition of duty on imported cotton. (Read: Textiles: paying for polyester protection and Leave imported cotton alone)

The area under cultivation of local cotton has gone down and the cotton production target was missed by 8 percent in FY18 while by an even wider margin of 30 percent and 25 percent in FY16 and FY17 respectively. The current year is likely to be no different when it comes to a shortfall of the required 16-17million bales by the local industry.

These issues aside, the private sector also needed to make a concerted effort to bring the level of productivity and innovation on par with international peers. Barring the major players, the industry has seen hardly any balancing, modernisation and replacement (BMR) activities in the past decade. Innovation has also been missing with experimentation with new fabric varieties far and few in between.

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Textile Exports (Value)

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USD (Mn)	Jul-19	Jul-18	YoY
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Cotton yarn	117	109	7%
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Cotton cloth	144	160	-10%
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Knitwear	209	194	8%
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Bed wear	165	171	-4%
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Towels	52	51	2%
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Readymade garments	211	212	0%
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Total	1002	1006	0%
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Source:

PBS

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Textile Exports (Quantity)

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Quantity	Jul-19	Jul-18	YoY
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Cotton yarn (M.T)	42,767	45,618	-6.2%
Cotton cloth (Th.Sqm)	144,621	147,894	-2.2%
Knitwear (Th.Dozen)	9,195	7,529	22.1%
Bed wear (M.T)	26,576	26,568	0.0%
Towels (M.T)	15,129	13,456	3.0%
Readymade garments (Th. Doz)	3,648	3,914	-6.8%

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