

**Ginned cotton export: efforts afoot to get quota-free access for Chinese company**

Secretary Textile Division, Syed Iftikhar Babar is striving hard to get quote-free access for a Chinese company which intends to export 1 million tons of Pakistani ginned cotton to China yearly, well-informed sources in Textile Division told Business Recorder.

Wang Wei, Director, Shengshan (South Asia) Resources (Pvt) Ltd, sources said, has approached the Textile Division through a letter and submitted a presentation with the request to take up the matter with the government of China to allow quota-free access to Pakistan for ginned cotton, as they have allowed to some African countries. He stressed that it would help to increase investment in ginning sector and support the most neglected farming community of Pakistan.

M/s Shengshan South Asia Resources (Pvt) Ltd is a joint venture of Pakistan & China with a total investment of \$30 million in Pakistan. They have set up a state-of-the-art cotton ginning unit in Pakistan employing the world's latest technology and with the aim to market Pakistani cotton in the international market. At present, joint venture needs ginned cotton export quota for one million tons per year for China which is a manageable limit and would not have any adverse effects on the local market.

Recently, the Chinese Ministry of Commerce announced a 25% imposition of import tariff for United States of America (USA) and is looking for alternates. It is a good opportunity for Pakistan to enter the Chinese market through zero-quota policy, sources quoted Secretary Textile as saying.

According to sources, Secretary Textile has sought intervention of Prime Minister's Advisor, Abdul Razzak Dawood, saying that the request of M/s Shengshan (South Asia) Resources (Pvt,) may be considered favorably as they claim to export 0.5 billion tons of ginned cotton per annum from Pakistan, if allowed by China on zero-quota import policy, since same facility is already extended to some African nations.

According to the company, Pakistani cotton produced in "our state of the art ginning plant is equivalent to the international standards with trash level below 1% and bale size of 220 kgs (avg & above)"; this kind of quality has never been produced in Pakistan. The product has been evaluated and tested by the National Textile University Faisalabad, and appreciated by the local spinners who used the product.

The total crop output of Pakistan is normally used to produce coarser counts of yarn, ie, 6/1 to 24/1 the local textile units are consuming only 60% of the local cotton for coarser counts of yam and the remaining 40% rely on imported cotton from India, Afghanistan, Central Asian states and USA to produce finer counts, ie, 32/1, 40/1, 60/1, 80/1.

Further, the company says that seed cotton produced in Pakistan is still of inferior quality as compared to India and the company has to compete with the Indian products in China. Therefore, the company requested Secretary to take up the issue and support the highly depressed sector of the Pakistani market.

"We have invested heavily in the neglected sector of ginning and are trying to enhance our investment in this sector. India in the last five years has become the major supplier of cotton to China replacing US cotton, hence the business growth between India & China has increased manifold," said the company's Director, Xiao Wei.

He maintained that during his meeting with the Textile Secretary and Textile Commissioners in the past three years, he apprised them about the company's efforts to value add the ginning sector of Pakistan. The company further requested the Textile Division to take up with the Textile Ministry of China to allow quota free access to Pakistan for cotton as they have allowed similar benefits to African countries.

"This will help further investment in ginning sector. We need the cotton export quota of only 1.000 million tons per year which is a manageable limit and would not have any adverse effects on the local market but the ginners would be able to produce better quality. We would have a chance to earn foreign exchange for the country and moreover support much neglected ginning sector," he added.

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