

Value-added textile exports may fetch \$78bn

By Javed Mirza

KARACHI: Pakistan's value-added textile sector has potential to fetch export proceeds up to \$78 billion, only if the government implements favorable policies; restricting raw material export and bringing down the cost of utilities, an industry executive said on Monday.

Mohammad Jawed Bilwani, Chairman Pakistan Apparel Forum (PAF) said Pakistan converts a million bales to merely \$1.17 billion, whereas Bangladesh converts a million bales into \$6.0 billion, China into \$7.0 billion and South Africa converts the same amount of cotton into \$10 billion.

"If the policies similar to Bangladesh are implemented

in Pakistan, we will be able to convert a million bales into \$6.0 billion; and Pakistan produces 13 million bales a year," Bilwan told The News.

He said the cost of doing business, particularly cost of utilities, is highest in Pakistan.

Besides the government policies also encourage export of raw material instead of value-addition.

"Unlike Pakistan, Bangladesh does not export raw cotton, yarn, grey fabric and dyed fabric; this is the reason that their readymade garment export stood at \$25.8 billion in the outgoing fiscal year, which is more than Pakistan's overall exports," Bilwani added.

Chairman Pakistan Apparel Forum, which is a joint forum of Pakistan Hosiery Manufacturers & Exporters Association

(PHMEA), Pakistan Knitwear & Sweaters Exporters Association (PKSEA), Pakistan Readymade Garment Manufacturer and Exporters Association (PRGMEA) and Pakistan Cotton Fashion Apparels Association, sharply criticized the increase in gas infrastructure development cess (GIDC).

"This increase in gas cess will offset the benefit of GSP Plus duty advantage. The GSP Plus gives us the duty benefit of around 10 percent in European Union, but the increase in gas and electricity prices has already increased our cost of production by 10 percent," Bilwani said.

Chairman PAF said unlike other industry and producers, exporters could not pass on the increase in cost to their buyers as this would leave

them uncompetitive in the market.

"We cannot pass on the increase in cost; hence our profit margin is shrinking due to which we are unable to carry out expansion and technological advancement."

Bilwani further said the textile export sector must be treated as a separate and preferred industry; while utility tariff for the textile and value-added export sector should be synchronized with the regional competitors.

It may be mentioned here that Pakistan's overall exports during the last fiscal year stood at \$25.132 billion against the target of \$26.6 billion set by the government while textile exports contributed \$13.738 billion in the total export proceeds.

