

Dreams for value-addition in textile go down the drain

While the export stats for ready-made garments and other textiles have remained pre-dominantly flat the past year, the export of cotton yarn of Pakistani origin has picked up astronomically. Export data compiled by PBS for the month of September shows a volumetric increase of 45.8 percent for the sector, with the country exporting cotton yarn worth 201.6 million dollars during the last month alone.

This growth contrary to stagnating export figures for cotton cloth, knitwear, bed linen and even raw cotton of Pakistani origin seems to be like a joyless

blessing for the Pakistani textile industry that has been bearing most of the brunt from the country's despondent energy situation.

Used as raw material for textile, yarn is used for weaving, knitting and felting and in general terms can be considered one step up in value-addition terms from the raw cotton crop generally known as Phutti or Kapaas in the local lay-speak.

Having gone up by 40.8 percent year-on year at the end of September, these exports have pre-dominantly been sent out to China whose total imports for the first nine months of 2012 totalled 1.08 million tons, up by

an exponential 74 percent over the same period last year, according to data obtained from Chinese customs.

In a clear attempt at reducing its presence in spinning, China - like all forward moving industrial economies - is in the process of moving up the value-addition chain and has been importing cotton yarn in huge quantities all this year from around the world. During the aforementioned period in which Pakistani yarn exports climbed up, Indian exports for cotton yarn have also quadrupled, jumping up to 222,052 tons between Jan-Sep 2012, as compared to 77,688 tons exported

during the same period last year per data collected by the Indian Ministry of Textile.

However, India still remains second to Pakistan, which continues to reign in the spot of the foremost exporter of cotton yarn to China as of now. What this says of Pakistan's quest to climb up the ranks of value-addition in the textile sector is that we have our priorities clearly upside down.

While the Chinese textile sector now prefers to add value to its products from the spinning stage upwards, Pakistani textile is choosing to take its few teetering steps forward in an entirely wrong direction.

Witnessing a serious decline in exports of value added textiles - which should technically be contributing the plumpest share of foreign exchange earnings - the local industry however, seems to be sitting content upon this upsurge in yarn exports.

On the one hand, they do have a reason. The high demand for Pakistani yarn promises the local spinners some respite from the ongoing crisis which has seen hundreds of thousands of local textile workers lose their livelihood. Benefitting from orders pouring in from China, the spinning sector - which is essentially a

labour intensive industry - is once again able to fully utilise its capacities.

However, in the long run, this is no way to go. In order to take remedial action to improve trade deficits and let the industry go through sustainable growth, it is of immense importance that the Government pays attention to the serious decline of exports of value-added textile from the country. A number of concerns have already taken flight and if things remain in limbo the way that they currently are, it is only a matter of time that the backbone of the industry - the value-addition segment - sinks to the bottom.

