

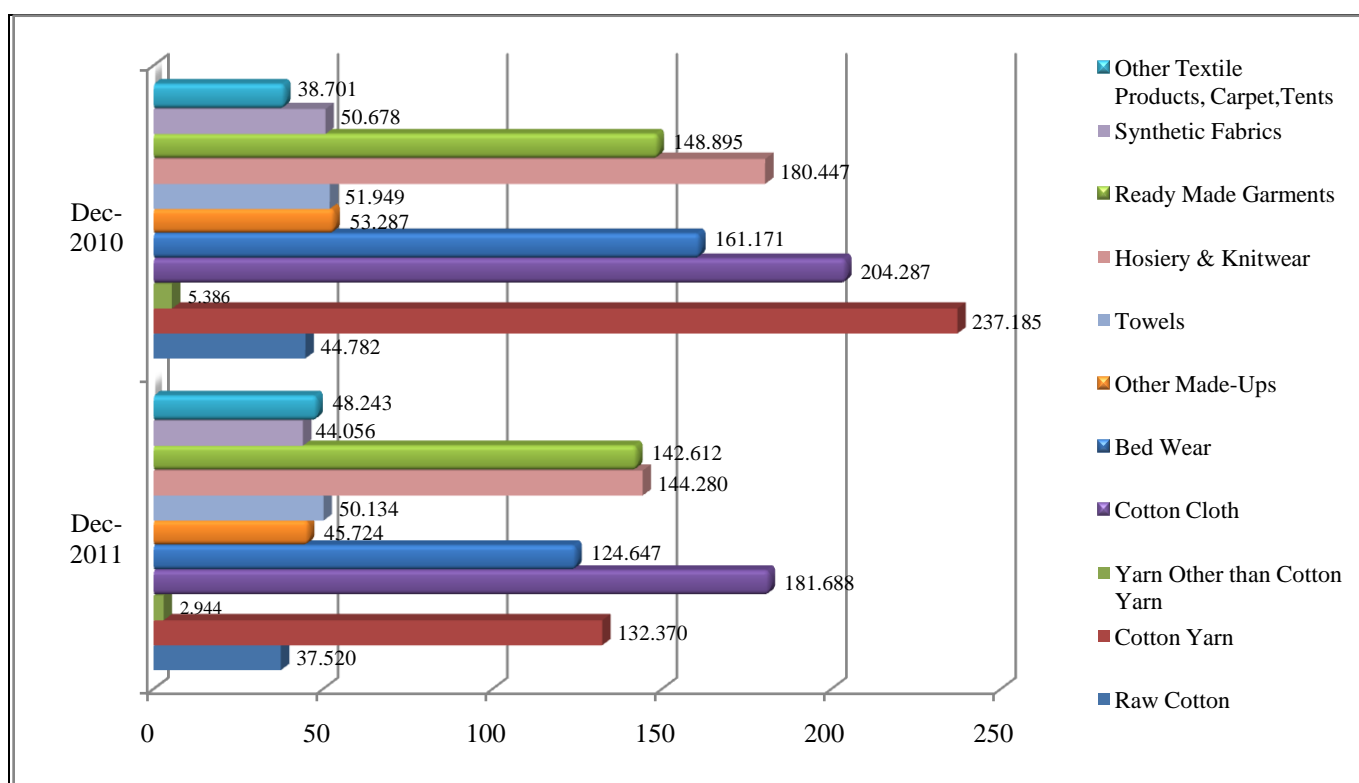
Pakistan's Textile Industry Exports Trend in 1H FY-2012

Textile industry is a premier industry of Pakistan earning foreign exchange and providing jobs to millions of workers. Trade data released by FBS for 6MFY12 showed a continuation of the disturbing trend of falling volumes in Pakistan's major export group - textiles.

In the textile group, most of the categories depicted a decline in exports during 1HFY12 relative to 1HFY11.

All major sectors of textile industry, including cotton yarn, cotton cloth, knitwear, bed wear and garments registered a steep fall both in quantity and value terms during **December 2011**.

Pakistan Textile Industry – Export Performance in Dec-2011 & Dec2010 (M. US \$)



The unprecedented energy shortage is the prime reason behind the substantial drop in exports. The situation may be alarming in the further months, as the textile industry in Punjab has been denied electricity and gas supplies.

Government is not addressing the reasons behind the drop in exports. The government policymakers are not serious in resolving gas supply issue of the textile industry.

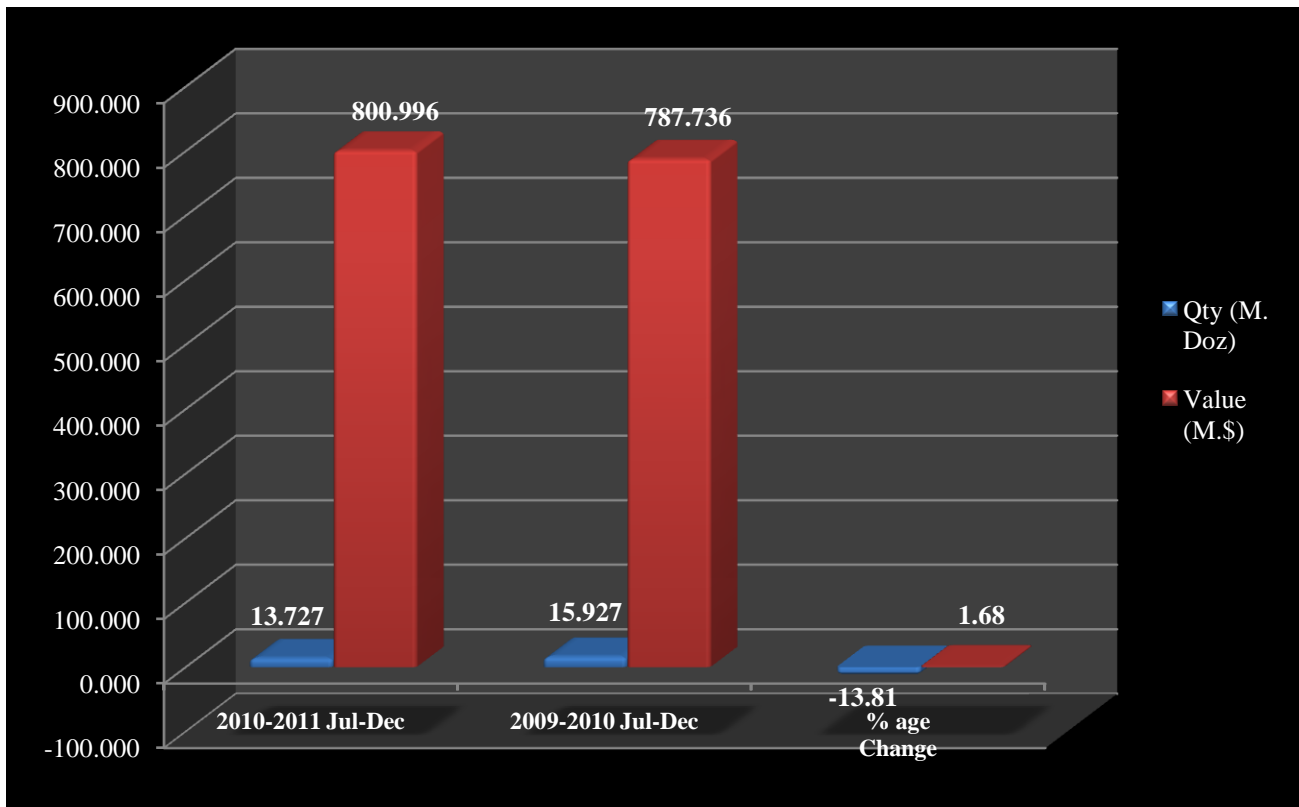
The situation is becoming unbearable for industry and a constant inefficiency was plaguing the viability of production units.

The textile industry is heading towards disaster due to non-availability of energy.

This drop on exports would have dire impact on economy with already under pressure current account balance and Pak rupee value. The industry was committed to achieve \$16 billion exports during current fiscal year, now it would not be able to achieve more than \$12 billion exports if energy crisis persists.

In absolute terms, exports of Textile sector fell to \$954.218 million in December this year from \$1176.768 million over the corresponding month last year, suggested data of Pakistan Bureau of Statistics.

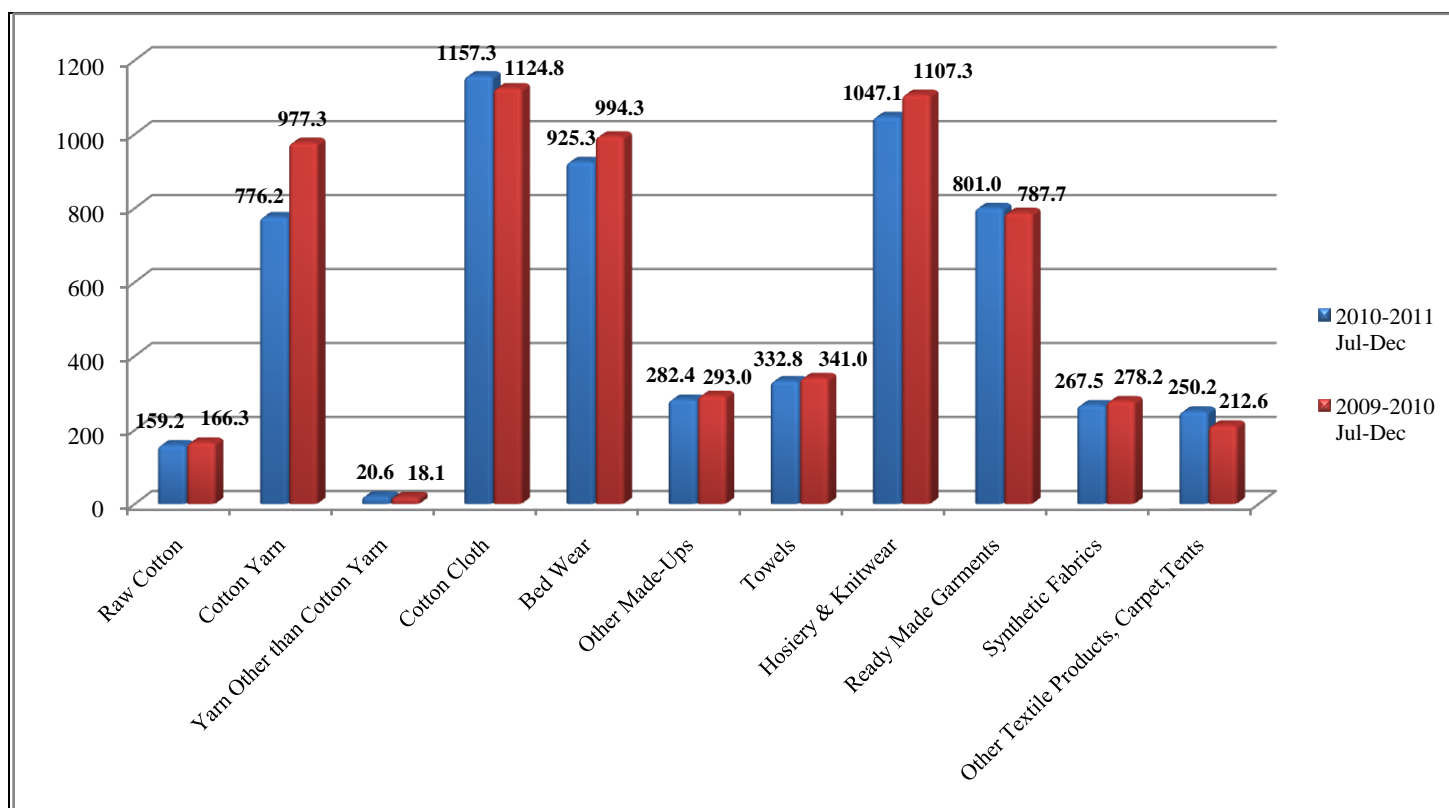
Pakistan Readymade Garments – Export Performance in Jul-Dec 2010-11 & Jul-Dec 2009-10



Above figure is showing the export of textile and clothing for the period Jul-Dec 2010-11 & Jul-Dec 2009-10. In 2010-11 Jul-Dec, apparel exports decreased by 13.81% in volume and increased by 1.68% in value. The drop in volumes in 2010-11 Jul-Dec was mainly due to energy shortage and hike in the cost of raw materials.

The severe shortage of gas has almost devastated the manufacturing and industrial sectors rendering export units dysfunctional and this situation is resulting in the loss of production and cancellation of export orders.

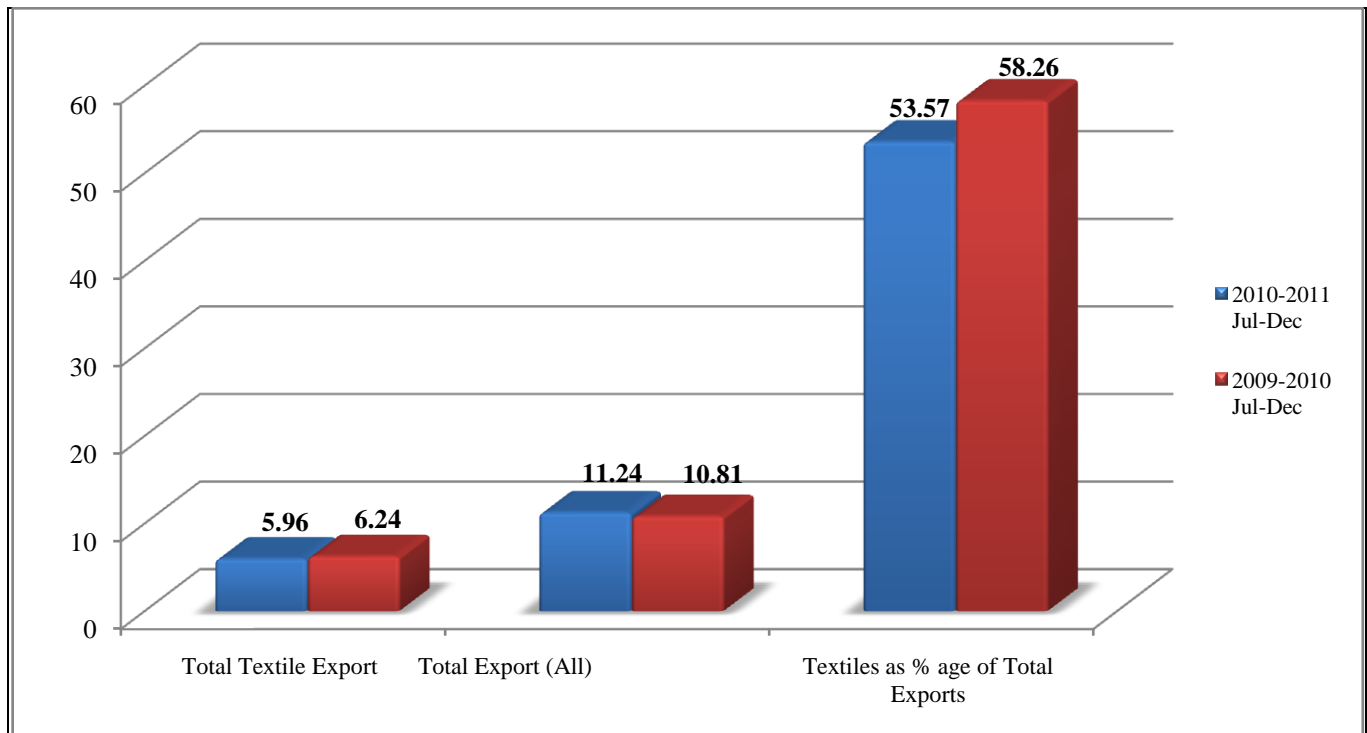
Pakistan Textile Industry – Export Performance in Jul-Dec 2010-11 & Jul-Dec 2009-10



This alarming decline in textile exports due to energy shortage and “Decline is worsening with every passing month since the start of new fiscal year, which means there is less production for exports in the country due to obvious reasons,” manufacturing sector has suffered serious setback due to energy crisis and if gas and electricity disruption continued, the monthly textile exports declining ratio could increase in coming months causing heavy damage to the textile sector.

Following figure is showing that, Overall growth in textiles in the past six months posted a negative growth of 4.48 percent, as it touched \$5.96 billion in July-December this year from \$6.24 billion over the corresponding period of last year. The textile industry has lost \$1 billion exports in first half of current fiscal and is likely to lose another \$2 billion in second half of it.

**Textile Exports Share in Total Export of Pakistan in
Jul-Dec 2010-11 & Jul-Dec 2009-10 (Billion US \$)**



Global buyers, despite Pakistan's offer of low price compared to Bangladesh and China, were still uninterested in placing orders because of the persistent delays in export shipments to EU and US, which had created distrust. "Gas and electricity shortages were the key factors behind delay in export shipments to EU and US ahead of Christmas and New Year celebrations".

Collapse of industrial sector and drastic decline in exports, precious forex and national revenues would be worst hit, shattering the national economy. The decline in exports would also have a negative impact on tax collection at the end of the current fiscal year, besides the declining trend could trigger further unemployment.

The value-added textile sector will be the most affected one to suffer from the global buying decline. The local exporters were more concerned about maintaining the existing global buyers on their export list.

STATEMENT SHOWING <u>INCREASING</u> TREND OF SELECTED COMMODITIES					
DURING JULY- DECEMBER 2011-12					
VALUE IN Million \$					
S.NO.	COMMODITIES	JUL.- DEC.2011-12	JUL.- DEC.2010-11	ACTUAL INC.	
		VALUE	VALUE	VALUE	%
A)	TEXTILE & CLOTHING ETC.	2,165.39	2,078.24	87.15	4.19
	-	-	-	-	-
	COTTON FABRICS	1,157.35	1,124.82	32.53	2.89
	READYMADE GARMENTS	801.00	787.74	13.26	1.68
	OTHERS TEXTILE PROD./ MATERIAL	143.93	132.80	11.13	8.38
	TENTS AND CANVAS	42.55	14.77	27.78	188.08
	YARN OTHER THAN COTTON YARN	20.57	18.12	2.45	13.54
	SUB TOTAL	5,430.87	4,426.75	1,004.12	22.68

STATEMENT SHOWING <u>DECREASING</u> TREND OF SELECTED COMMODITIES					
DURING JULY- DECEMBER 2011-12					
VALUE IN Million \$					
S.NO.	COMMODITIES	JUL.- DEC.2011-12	JUL.- DEC.2010-11	ACTUAL DEC.	
		VALUE	VALUE	VALUE	%
A)	TEXTILE & CLOTHING ETC.	3,797.78	4,177.44	(379.66)	(9.09)
	-	-	-	-	-
	KNITWARE (HOSIERY)	1,047.13	1,107.26	(60.13)	(5.43)
	BED WARE	925.33	994.31	(68.98)	(6.94)
	COTTON YARN	776.20	977.33	(201.13)	(20.58)
	TOWELS	332.78	340.97	(8.19)	(2.40)
	MADE-UPS (EXCL.TOWELS & BED WARE)	282.45	293.04	(10.60)	(3.62)
	ART SILK & SYNTH TEX.	267.53	278.21	(10.67)	(3.84)
	RAW COTTON	159.19	166.31	(7.12)	(4.28)
	COTTON CARDED OR COMBED	7.17	20.02	(12.85)	(64.19)
	SUB TOTAL	5,806.03	6,388.14	(582.11)	(9.11)
	GRAND TOTAL	11,236.90	10,814.88	422.02	3.90

References:

- ⊙ Federal Bureau of Statistics (FBS)
- ⊙ Textile Commissioner's Organization (TCO)
- ⊙ Trade Development Authority of Pakistan (TDAP)