

Textile Sector

Textile is the most important manufacturing sector of Pakistan and has the longest production chain, with inherent potential for value addition at each stage of processing, from cotton to ginning, spinning, fabric, dyeing and finishing, made-ups and garments. The sector contributes nearly one fourth industrial value-added, provides employment to about 40 percent of industrial labor force, and consumes about 40 percent of banking credit. Barring seasonal and cyclical fluctuations, textiles products have maintained the share of about 60 percent in national exports. Pakistan holds the distinction of being the world's 4th largest producer of cotton behind China, USA and India as well as the 3rd largest consumer in the world.

Textile has become the most important industry for earning the foreign exchange. It accounts for 60-65% of the foreign exchange earned in a year, which is approximately \$5.5 billion.

The ancillary textile industry includes cotton spinning, cotton cloth, cotton yarn, cotton fabric, fabric processing, home textiles, towels, hosiery and knitwear and readymade garments. These components are being produced both in the large scale organized sector as well as in the unorganized cottage / small and medium units. The performance of these various ancillary textile industries is illustrated as under:

- i. Cotton Spinning Sector
- ii. Textile Made-Up Sector
- iii. Cloth Sector

Trade in Textile:

Textile group, which has 60 percent share in total exports, witnessed a decline of 8.2 percent during July–March FY2016 compared to the corresponding period last year. The exports of intermediate commodity like cotton yarn witnessed decline in value and quantity by 32.5 percent and 31.9 percent, respectively. One reason is that China has continued to reduce its demand for yarn and fabric. Cotton cloth export declined by 10.1 percent in value, however in quantity a positive growth of 2.5 percent is recorded during July – March FY2016 as compared to same period last year. Shrinking global demand has affected the export of textile items. Export earnings of readymade garments and towels grew by 4.2 percent, and 0.2 percent respectively, in value and 1.6 and 3.1 percent in quantity during July-March FY2016 compared to same period last year. Whereas exports of towels on month on month increased by 0.6 percent in value and 4.8 percent in quantity.

Exports:	FY 2014	FY 2015	FY 2016
Textile Group	13,658,796	13,540,330	12,772,195
Raw Cotton	208,171	152,861	77,173
Cotton Yarn	2,052,610	1,818,196	1,266,231
Cotton Cloth	2,733,578	2,486,783	2,338,214
Cotton Carded or Combed	23,379	27,484	83,072
Yarn Other than Cotton Yarn	42,116	40,072	29,743
Knitwear	2,194,485	2,264,114	2,311,504
Bed Wear	2,061,850	2,207,477	2,125,361
Towels	755,544	716,207	721,129
Tents, Canvas & Tarpaulin	109,079	132,258	108,530
Readymade Garments	1,834,371	2,044,018	2,160,812
Art, Silk & Synthetic Textile	426,268	357,346	276,181
Made-up Articles	567,191	665,033	700,745
Other Textile Materials	650,154	628,480	573,498

In textile group import of raw cotton posted an increase of 161.8 percent increase in value, backed by 254.7 percent increase in quantity during July-March FY2016 as compared to same period last year. The increase in import bill of cotton is on account of maintaining the supply chain of raw cotton to offset the decline in domestic cotton production due to unfavorable climate condition.

Imports:	FY 2014	FY 2015	FY 2016
Textile Group	2,291,537	2,410,472	3,154,02
Raw Cotton	532,156	449,410	1,127,15
Synthetic Fiber	463,015	515,203	478,965
Synthetic & Artificial Silk yarn	654,749	684,825	643,293
Worn Clothing	57,661	63,200	49,357
Other Textile Items	583,956	697,834	855,283

The textiles sector in Pakistan is affected by a number of exogenous and indigenous factors such as low cotton production, lower international cotton prices on event of global economic slowdown, and increasingly stringent buyers conditionality. However, on other hand, value-added garments sector has grown marginally due to its limited product range, less usage of manmade fibers and inability of manufacturing units to restructure them to meet changing international requirements. To help textile sector the federal government has announced Textile Policy 2014-2019 in February 2015. The package carries special duty-drawback rates, duty exemption on plants and machinery, subsidy on long-term loans and development subsidies. The policy offered Rs. 64.15 billion cash subsidy to the textile and clothing sector to boost exports to \$26 billion by 2019 from \$13 billion.