



In Pakistan, on a YoY basis, the industry rose by 26.9% during March 2022 compared to 2021

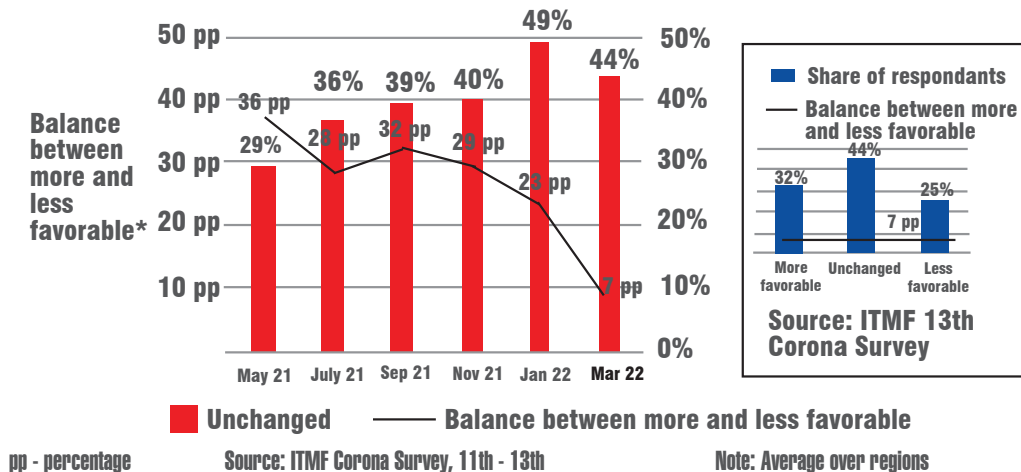
Corona-Survey on business situation and expectations in 2022

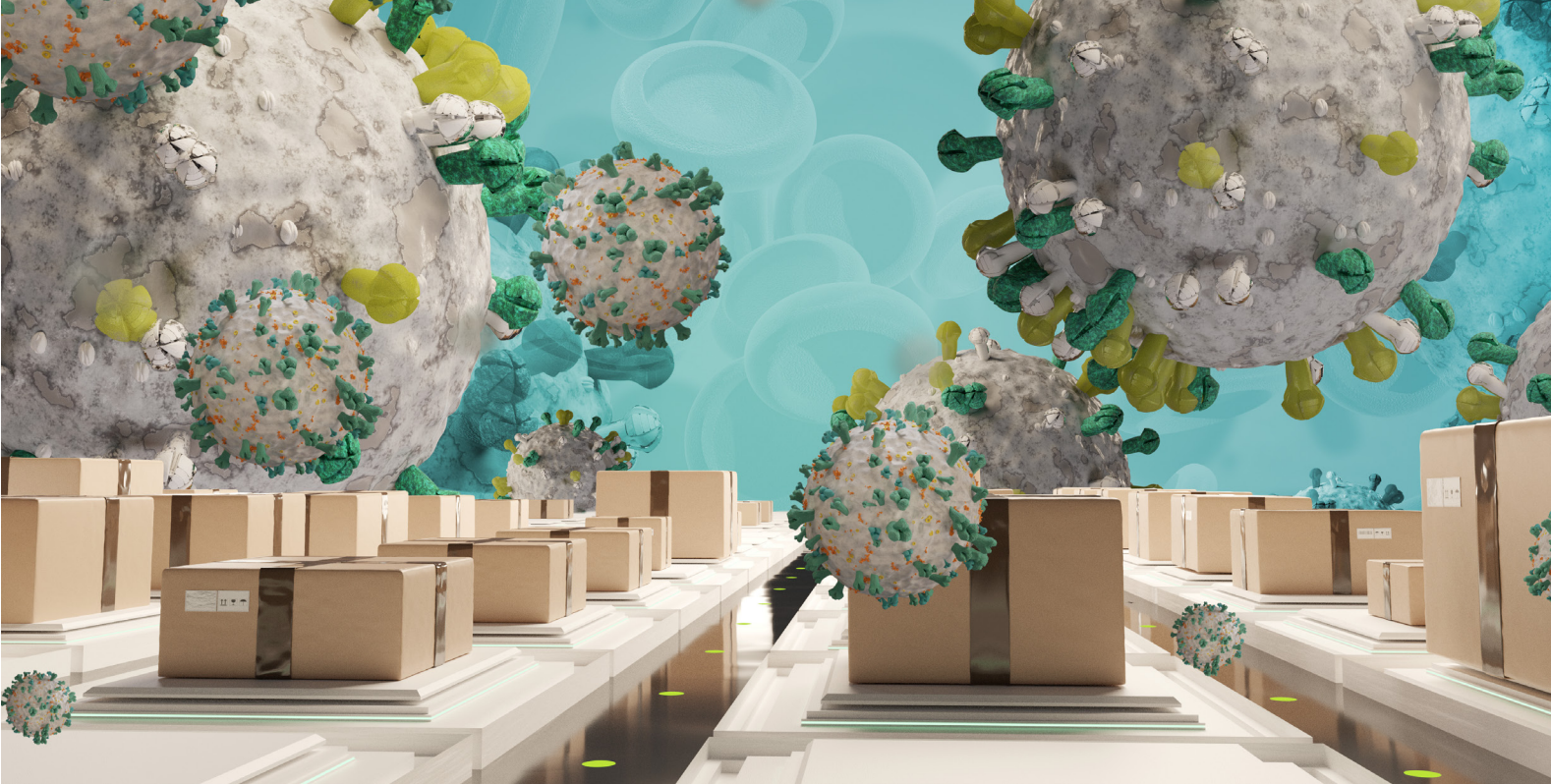
The International Textile Manufacturers Federation (ITMF) is an international forum for the world's textile industries, dedicated to keeping the worldwide membership constantly informed through surveys, studies, and publications, participating in the evolution of the industry's value chain, and through the organization of annual conferences as well as publishing considered opinions on future trends and international developments.

In the 2nd half of March 2022, the ITMF conducted the 13th ITMF Corona Survey amongst more than 220 companies worldwide in all segments along the textile value chain. For the sixth time since May 2021, companies were asked the same set of questions

about their 1) business situation, 2) business expectation, 3) order intake, 4) order backlog, and 5) capacity utilization rate. In addition, they were asked about their main concerns and whether and to what extent they can pass on recent cost increases. On average, the business situation in March 2022 (as shown in Graph 1) remains positive with +14 percentage points (pp). Nevertheless, this is well below the +26pp in November 2021 and the +18pp in January 2022. That a relatively high number of companies (43%) judge their situation as good shows that demand remains strong despite the many challenges companies face on the supply side like delayed deliveries and higher production costs.

What are your business expectations in 6 months?



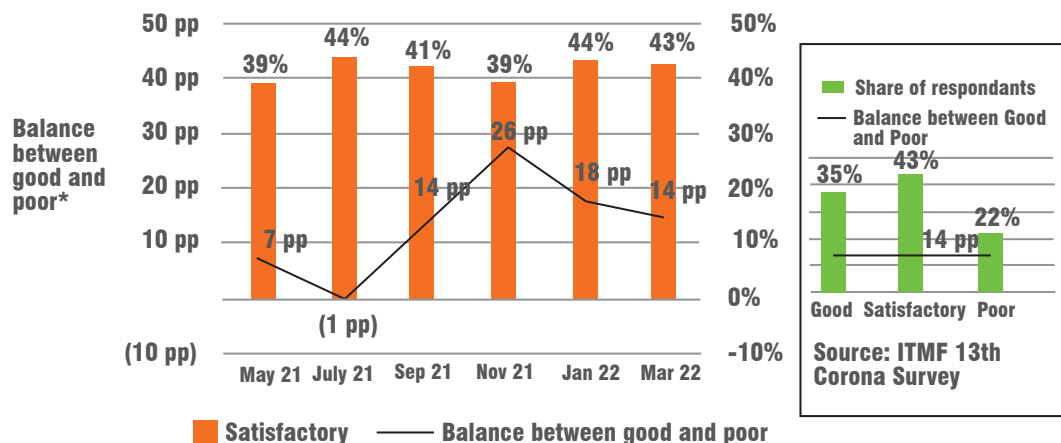


When it comes to the business expectations in six months, the global textile value chain remains optimistic but stands on a much weaker foundation (Graph 2). Since September 2021, the balance between more favorable and less favorable business expectations has fallen from +32pp to +7pp. This indicates that the textile value chain has passed the tip of a strong business cycle in the 4th quarter of 2021. Whether we will see a broader albeit slower economic growth will depend very much on whether disrupted global supply chains will be rebalanced and how the Russian war in Ukraine will develop in the coming months. Looking at the different regions reveals that the business situation is in positive territory in all regions except for East Asia and Africa, where the

balance between good and bad business situations is pessimistic. The expectations, on the other hand, vary enormously. Companies anticipate a more favorable business in North, South America, and Africa, while the balance between more and less favorable is negative in all other regions.

As for the different segments, the downstream segments – weavers/knitters, finishers/printers, and garment and home textile producers – are generally struggling more than the upstream segments – fiber producers, spinners, and textile machinery producers. This is especially true when it comes to passing on higher costs. The order intake has fallen from +38pp in November 2021 to +12pp in March 2022.

How do you describe your current business situation?



Source: ITMF 13th Corona Survey

pp - percentage

Source: ITMF Corona Survey, 8th - 13th

Note: Average over regions



This reflects the weaker business situation. Likewise, also order intake expectations deteriorated in March 2022 from +34pp in January to +22pp in March 2022. Since July 2021 order backlog rose from 2.3 to 3.1 months. The expectations for order backlog remain unchanged at 2.9 months. Given the persistent supply chain bottlenecks, the capacity utilization rate stays at around 80%, and the expectations are unchanged. Higher costs for raw materials, energy, and transportation are the main concerns for companies. Weaker demand is another worry though not (yet) a dominant one. On average, companies can only pass on 40% of the additional costs across the supply chain.

For Pakistan, the business situation is also favorable. The Large Scale Manufacturing Industries (LSMI) production grew by 7% during the first three quarters of the current fiscal year (2021-22) as compared to the corresponding period of last year, Pakistan Bureau of Statistics (PBS). On a year-on-year basis (YoY), the industry rose by 26.9 percent during March 2022 compared to March 2021. The major sectors that showed positive growth during July-March (2021-22) included textile (1.6%), food, beverages,

and tobacco (17.4%), coke and petroleum products (1.1%), Pharmaceutical (4.6%), chemicals (7.1), automobiles (26.8%), iron and steel products (21.5%), fertilizer (3.2%), paper and board (8.5) and wood products 157.5.

Pakistani cotton experts expressed confidence in the development of local cotton-related industry and yarn export to China as well as other parts of the world, which is increasing every year despite the Covid-19 pandemic. According to the General Administration of Customs of the People's Republic of China (GACC), data showed that China imported more than \$168 million worth of cotton yarn from Pakistan. Uncombed single cotton yarn containing 85% or above crossed \$133 million in the first quarter of 2022. Data showed that the export of cotton yarn (commodity code 52051100) from Pakistan to China crossed \$33.30 million, while last year, it was \$34.06 million in the same period. The export of uncombed cabled cotton yarn to China crossed \$1.50 million. In the first quarter of 2022, more than 51,147.28 tons of cotton yarn were imported from Pakistan. As affected by Covid-19, the import of cotton yarn was more in terms of quantity and value last year. ■ ■