



INTERNATIONAL TEXTILE MANUFACTURERS FEDERATION  
FEDERATION INTERNATIONALE DES INDUSTRIES TEXTILES  
INTERNATIONALE VEREINIGUNG DER TEXTILINDUSTRIE

## **Spinners Committee**

### **Travel Report**

# **Pakistan**

November 14 – 20, 2005

During November 14 - 20, 2005 members of the ITMF Spinners Committee, the President of the International Cotton Association, the Director General and the Economist of ITMF visited Pakistan. In Karachi they met with representatives of the All Pakistan Textile Mills Association (APTMA) and the Karachi Cotton Association (KCA) and visited a number of companies, amongst them Gul Ahmed (home textiles); Nakshbandi (terry-towelling) and the Italian owned and managed Maxco (knitting and apparel). Travelling up country to Multan by air, the Committee drove to Bhawai Pur and Rahim Yar Khan visiting many ginning factories and cotton fields en route. Towards the end of the visit, when in Islamabad they were received by Pakistan's Prime Minister, Shaukat Aziz, together with various Ministers and other important dignitaries. In Lahore, the Committee met with the local chapter of the All Pakistan Textile Mills Association and had the opportunity of visiting the manufacturing operations of Crescent Bahuman (denim and jeans); Sapphire (dyeing and finishing) and Comfort (spinning and dyeing).

The Committee would like to express its appreciation to all those involved in the preparation and execution of the visit, and in particular to Mr. Ziad Bashir, the member of the ITMF Spinners Committee representing Pakistan.

## Participants

Ziad Bashir	Guhl Ahmed	Pakistan
Walter Bieri	Bühler Quality Yarns	USA
Romano Bonadei	Filartex	Italy
Steven Chen	Tah Tong Textile Co.	Taiwan
Andrew Macdonald (Chairman)	Santista Textil	Brazil
Binod K. Patodia	GTN Textiles Limited	Mumbai
Fritz Grobien (Guest)	International Cotton Association	UK
Christian Schindler	Economist	ITMF
Herwig Strolz	Director General	ITMF



<b>Data on Pakistan Cotton &amp; Textile Industry</b>			
(Data on cotton, yarn and fabrics in 000 metric tons)			
<b>Year</b>	<b>Produc. of Cotton</b>	<b>Mill Consum. of Cotton</b>	<b>Produc. of Cotton Yarn</b>
1970	-	442.00	-
1980**	714.00	433.00	368.40
1990	1'455.00	1'242.00	990.90
2003	1'736.00	2'042.00	1'956.00
	<b>Import of Cotton</b>	<b>Export of Cotton</b>	<b>End Stocks of Cotton</b>
1980/81	1.00	327.00	131.00
1990/91	0.00	272.00	313.00
2000/01	101.00	127.00	732.00
2002/03	186.00	50.00	642.00
	<b>Imports of Cotton Yarn</b>	<b>Exports of Cotton Yarn</b>	<b>Produc. Chem. Fibre Yarn</b>
1985	-	145.20	-
1988	0.30	235.50	-
1996	0.30	596.60	316.00
2003	-	503.50	593.60
	<b>Imports of Cotton Fabric</b>	<b>Export of Cotton Fabric</b>	<b>Produc. of Cotton Fabric</b>
1985	-	106.20	377.70
1988	0.20	123.80	531.40
1996	1.40	219.30	924.90
2003	-	314.90	1'686.90
	<b>Textile Machinery Shipments (in units)</b>		
	<b>Short-Staple Ring Spindles</b>	<b>Shuttle-Less Looms</b>	
1980	155'720	22	
1990	303'050	915	
2000	426'384	711	
2004	1'388'832	1'231	
Source: ICAC and ITMF			
* 1980/81			

## **The Pakistan Cotton and Textile Economy**

Pakistan today is the fourth largest producer (1.73 million tons in 03/04), the fourth largest importer (390,000 tons), but only the 24<sup>th</sup> largest exporter (37,000 tons) of cotton lint in the world. Between 1981 and 2004 the harvested area increased by around 50% from 2.11 million hectares to 3.04 million hectares. During the same period the yield of cotton lint per hectare rose from 339 kg to 570 kg (+68%), most of the increase having been achieved in the Eighties. Since then yield per hectare remained unchanged at around 600 kg per hectare.

In the last 25 years, the textile industry in Pakistan experienced an impressive development, production of cotton yarn jumping from 368,400 tons in 1980 to 1,956,000 tons in 2005 (+531%). Exports of cotton yarn also soared, growing by almost 20% on an annual basis between 1985 and 2003 to reach 503,500 tons. Of total output of cotton yarn 25% is exported and 75% used domestically. In 1985 the production of cotton fabric in Pakistan stood at around 377,700 tons but jumped to 1,686,900 tons by 2003, an increase of 447%. Almost 20% of total cotton fabric production was exported in 2003.

The rise of the textile industry in Pakistan was fuelled by large investments in new machinery especially in the last few years. According to the ITMF International Textile Machinery Shipments Statistics only about 155,000 short-staple ring spindles were newly installed in Pakistan in 1980. Ten years later this number amounted to 303,000 and in 2000 jumped to 426,000. Spinning capacities further expanded and accelerated in the early years of the new Millennium, shipments of short staple spinning between 2001 and 2004 rising to an average of almost 750,000 per annum.

A similar development on a lower scale can be observed in weaving. Whereas in 1980 shipments of new shuttle-less looms to Pakistan amounted to 22, they rose to 915 in 1990 and reached 1,231 units in 2004. On average 1,160 new shuttle-less looms were installed every year between 2001 and 2004.

The importance of the textile industry for the Pakistani economy becomes obvious when looking at its export performance. Thus in 2003/04 textiles accounted for 66% of all export earnings. With a share of 70% cotton remains the largest fibre although its share has been falling slowly in recent years. Man-made fibre yarn on the other hand has been growing steadily, doubling between 1996 and 2003 from 316.000 tons to 594.000 tons.

## **Impressions and Observations of the Spinners' Committee**

The Committee was delighted to have had the opportunity of discussing the overall cotton situation in Pakistan with the various associations visited. The open and frank dialogue convinced the Committee of the awareness of the trade as regards the importance of the cotton and allied textile industry, nationally and internationally.

The audience with the Prime Minister of Pakistan in his palace was indeed a great honour for the ITMF Committee and their guest. The Committee held an interesting discussion with his Excellency, and was rewarded with his remarkable knowledge and understanding of the cotton and textile business in his country. The Committee felt on no point was there any disagreement, and received assurances that the actions proposed would be studied and hopefully implemented.



During the Committee's visit to various ginning facilities, the members appreciated the excellent seed cotton with fine characteristics; generally with good colour and clean. However, after ginning the quality of the lint was in many cases disappointing. The fibre tended to be shorter and neppier, with a high short fibre content. These defects, in the opinion of the Committee, are caused by the use of poor quality or well worn saws, and other mechanical failures including poor maintenance

and incorrect machinery adjustments. Additionally despite some efforts (some more resourceful than others) to remove contaminants from the cotton prior to ginning, most Pakistani cotton continues to carry an unacceptable level of contamination. This phenomenon is clearly reflected in the rising volume of imports from countries who produce contamination free cotton or longer staple cotton which the saw gins of Pakistan cannot handle.



An efficient raw material basis is and will be decisive for the long-term success of any cotton textile industry. By having the raw material, Pakistan has the chance to produce textile products of better quality and more economically by saving freight costs and avoiding supply shortages as well as time lags.

The overall objective should be to have sufficient production to be able to export the surplus, thereby the local textile industry would be able to benefit from the competitive domestic price compared to the more expensive imported cotton. The latter might be about 15% more expensive than the former, due only to the additional overseas freight and other shipping and landing costs. By being able to export cotton one can guarantee the international price level internally.

As a result of the meetings with the Associations and also those in the trade, the Committee felt that whilst the progress being made by the textile industry is truly impressive and is comparable with any textile industry in the world, downstream, the cotton production and ginning sector urgently require attention. Perhaps the most remarkable feature of the visit that the Committee observed was that the textile industry is well aware of the problems regarding growing and ginning of cotton, but that there seems to be neither a concern nor a coherent answer to solve them

With this in mind the Spinners Committee would like make the following comments and recommendations:

- 1) It is certainly possible to increase the value of the cotton in Pakistan, especially since in some areas excellent cotton with a good staple is grown. To benefit fully, it would be advisable to introduce roller ginning rather than saw ginning, as it is done currently. Saw ginning is basically only justifiable because of its processing speed, and therefore justifiable for machine picked cotton, even though it does damage the fibre somewhat in the process. Another consideration for this argument is that saw ginning can tear the larger pieces of contamination into millions of tiny fibres thereby worsening the degree of contamination.
- 2) Clearly the textile industry must encourage farmers to grow and improve the quality and ginning of the cotton according to the industry's needs. This requires initiative, determination and finance from all sectors including the government, not only to improve seed varieties and growing conditions, but also to assist in improving the ginning sector.
- 3) The ginning process needs to be carefully monitored, and should be linked together with HVI testing procedures for immediate evaluation of the ginning. To encourage this, premiums should be offered by the spinning industry to incentive the production of improved quality ginning and a reduction in contamination.
- 4) The Committee fears that unless there is a constant dialogue between the different sectors in the cotton pipeline there will be no improvement.
- 5) To this end the industry should work out a strategic plan over the next five years, and present such a document to the government to obtain the necessary additional legal and financial support. The Committee recommended that there are models in both India and Brazil which could be studied as examples of successful improvement in cotton growing. There are perhaps four strategies which could be invoked.
  - i) Primary research and development - this should include questions such as the development and growing of special seed varieties.
  - ii) Transfer of technology to the farmer with trained agronomists.
  - iii) Development of infrastructure for harvesting and receiving the seed cotton.

- iv) Modernisation of ginning and pressing factories, including employing ginning specialists for upgrading the gins as well as investing in new ginning machinery.
- 6) The problem of contamination has to be tackled since it is the most difficult problem facing spinners. The Committee offered various practical alternatives to assist in extraction of contaminants prior to ginning, and is prepared to make available photographs on request from the Secretariat of the systems suggested.
- 7) The Committee emphasised the importance for Pakistan to be able to export cotton. In addition to the question of guaranteeing an international price in the local market, mentioned earlier in this report, today Pakistani cotton is being sold “cheaply” in the international markets, discounted because of its reputation of contamination. The discounted international price for Pakistani cotton is therefore another very good indicator of the existing deficiencies in the cotton industry.
- 8) The Committee noted that cotton of different varieties is being mixed together at the gin, which brings irregularities in the yarn/cloth being produced as well as affecting the dyeing process. Consumers/retailers are very demanding and it is important that everybody in the value chain understands what the end consumer is looking for. As a consequence the farmers/growers, ginners, spinners, weavers as well as the whole apparel industry have to produce and use the right fibres with the right characteristics.



- 9) In the foreseeable future Asia will remain the centre of the primary textile industry with a share of about 80% of global production, with Pakistan having the potential to play a major role next to China. However, this potential will only be fully materialised if the whole pipeline of the primary textile industry – from cotton growing to the finishing process – is optimized
- 10) It was underlined by the Committee that it is necessary to create a win-win situation between all the partners – farmers, ginners, spinners and weavers. The instrument to get there is education, communication and cooperation. The role of the government should be to provide a framework in which the industry can develop and grow, but history has shown us that direct interventions of governments in such markets never has paid off in the long run.

## Conclusions

The potential of the cotton and textile industries are immense. Pakistan has all the prerequisites for a successful cotton and textile future – beautiful cotton, an extensive irrigation system, courageous entrepreneurs, etc. But the existing block between cotton growers and



ginners on the one hand, and the textile mills on the other has to be dissolved. It is not realistic nor desirable to wait for the government to support any plan unless the respective partners have commonly decided themselves on how to improve the situation together. Only if the industry itself realizes that the whole textile industry has to come up with a cohesive plan, will the government be willing to support the respective efforts. If the industry as a whole is not capable of elaborating a strategy, then the larger textile groups should take the lead and initiate the necessary steps.

November 2005

## Profile of Pakistan

Latitude:	approx. 24°/38° North
Climate:	mostly hot, dry desert; temperate in northwest; arctic in north
Main Rivers:	Indus (2,896 km), Jhelum (825 km), Chenab (1,242 km), Ravi (901 km), Sutlej (1,551 km)
Neighbouring Nations:	India, China, Iran, Afghanistan
Surface:	796,095 km <sup>2</sup>
Population:	154 million
Territory:	4 provinces with 26 divisions and 101 districts
Major Crops:	cotton, wheat, rice, sugarcane (cropped area:229,400 km <sup>2</sup> )
Currency:	Pakistani Rupee (PKR) (1 USD = approx. PKR 59.81; Nov. 05)
GNP 2003:	approx. USD 82.3 billion
Imports (03/04):	USD 15.6 billion: 27% machinery (4% textile machinery), 18% chemicals, 4% metal ware, 20% petroleum and 7% food (4% edible oils)
Exports (03/04):	USD 12.1 billion: 66% textile products (14% woven fabrics, 12% knitted fabrics, 11% bed linen, 8% apparel), 12% agricultural products (5% rice), 3% sports goods, 2% leather products.

