HELLO textile

THE SMART APP

NEWSLETTER

ESTABLISHED-2019

April-June (2023)

Vol-07/01 Issue No.23/03

How the Import Restrictions affected the Pakistan's textile industry

Over the course of the past two months, one of Pakistan's largest industries has been running from pillar to post in a desperate attempt to secure raw materials. From writing letters to the prime minister to knocking at the doors of the US Ambassador in Islamabad for help Pakistan's textile industry is, to put it mildly, in shambles.

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CALENDAR OF EVENTS

Spinexpo Shanghai 2023
Dates: April 12th to 14th, 2023.
Venue: Shanghai , China.
www.spinexpo.com

Istanbul Yarn Fair
Dates: April 18th to 21st, 2023.
Venue: Istanbul, Turkey.
www.iplikfuari.com

Index 2023
Dates: April 18th to 21st, 2023.
Venue: Palexpo, Geneva, Switzerland.
www.indexnonwovens.com

Yarn India Expo 2023
Dates: April 24th to 30th, 2023.
Venue: Ran Banka Resort Bhilwara, India.
www.essentialtradefairs.com

International Conference on Technical Textiles & B2B Exhibition 2023
Dates: May 15th to 15th May, 2023.
Venue: PHD House, New Delhi, India.

HOMETEX 2023
Dates: May 16th to 20th, 2023.
Venue: Istanbul, Turkey.
www.hometex.com.

ITMA 2023
Dates: June 08th to 14th, 2023.
Venue: Milan, Italy.
www.itma.com

Shandong International Textile And Apparel Fair 2023
Dates: June 28th to 30th, 2023.
Venue: Qingdao, China.

Techtextil India 2023
Dates: Sep 12th to 14th, 2023.
Venue: (JWCC) Mumbai, India.

International Engineering & Machinery Asia 2023
Dates: Nov 04th to 06th, 2023.
Venue: Expo Centre, Lahore.
www.machineryasiaexpo.com

ITMA ASIA + CITME 2023
Dates: Nov 19th to 23rd, 2023.
Venue: Shanghai, China.
www.itmaasia.com

ITM International Textile Machinery 2024
Dates: Nov 04th to 06th, 2024.
Venue: Bakırköy, Turkey.
www.itmexhibition.com

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UNITED KINGDOM

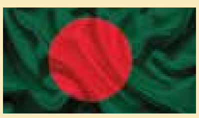
UK's clothing imports up 23% to £21 bn in 2022 despite Ukraine crisis

The United Kingdom's clothing imports stood at £21.256 billion ($25.86 billion) during 2022 which was 23.50 per cent higher than the imports of 2021, the Office for National Statistics (ONS) informed in its latest report. The county had imported clothing worth £17.034 billion in 2021. The growth in the inbound trade showed recovery despite the impact of the Ukraine crisis.

The country had imported clothing worth £20.059 billion in 2018, which increased slightly to £20.947 billion in 2019, but slipped to £20.790 billion in 2020 due to the pandemic, as per the ONS.

UK's textile fabric imports were noted at £6.359 billion during 2022, which was 6.07 per cent higher than the inbound shipment of £5.995 billion in 2021. The import was recorded at £5.593 billion in 2018, £5.758 billion in 2019 and £8.734 billion in 2020.

Similarly, the imports of textile fibre increased to £545 million in 2022 against £458 million in 2021. Earlier, the country imported textile fibre worth £484 million in 2018, £468 million in 2019 and £335 million in 2020.



BANGLADESH

Bangladesh's RMG exports prosper in Jul-Feb FY23; textiles decline

The apparel sector continues to be the backbone of Bangladesh's export earnings. In the first eight months of the 2022-23 fiscal year (July-Feb), the country's ready-made garment (RMG) exports increased by 14.06 per cent to $31.36 billion, compared to $27.50 billion in the same period of the previous fiscal year, according to recent data released by the country's Export Promotion Bureau (EPB).

These earnings make up 84.58 per cent of Bangladesh's total exports of $37.08 billion, with woven RMG exports growing at a faster pace than knitwear.

Percentage change in Bangladesh's textile exports (July-Feb 2022-23 vs July-Feb 2021-22)

Meanwhile, the jute and jute goods sector has seen a decline in earnings, dropping by 23.68 per cent to $610.08 million in the same eight-month period, contributing only 1.65 per cent to total export earnings. The jute industry has been negatively affected by the global economic slowdown, declining demand, rising domestic production costs, and anti-dumping duties imposed by India.

As per Bangladesh Jute Goods Exporters Association, if the Bangladesh government manages to withdraw the anti-dumping duty imposed by India, the sector could earn an additional $300 million annually.

Jute yarn exports have suffered due to a drop in demand among carpet manufacturers from Turkiye and China, the main users of the product.

The home textiles sector, an emerging industry in Bangladesh, has also seen a decline in export earnings.

During the initial eight months of FY 2022-23, the exports of home textiles decreased by 22.53 per cent to $769.86 million compared to $993.76 million in the last fiscal.

The downward trend can be attributed to the ongoing global economic crisis, which has led to a decrease in the number of export orders. Moreover, the countrywide gas and electricity crisis has compelled the industry to cut down on production by almost 40 per cent. This is largely due to the country's over-reliance on imported sources of energy such as oil, gas, and coal.

TURKEY

Turkish Jan textile-clothing-footwear retail sales volume up 31.1% YoY

Turkiye's retail sales volume with constant prices (2015=100) increased by 33.9 per cent year on year (YoY) in January this year. Non-food (except automotive fuel) sales increased by 42.4 per cent YoY and sales volume of textiles, clothing and footwear increased by 31.1 per cent YoY during the month. Retail turnover with current prices rose by 123.7 per cent YoY in the month.

Retail sales volume with constant

prices increased by 5.4 per cent month on month (MoM) in January. In the same month, non-food (except automotive fuel) sales increased by 5.6 per cent MoM, official statistics showed.

Retail turnover with current prices increased by 10.2 per cent MoM in January. In the same month, non-food (except automotive fuel) sales turnover increased by 140.8 per cent YoY.

INDIA

India's RMG exports up 3.28% to $14.74 bn in Apr-Feb FY23

India's exports of readymade garment (RMG) of all textiles increased by 3.28 per cent to $14,742 million in the first eleven months of fiscal 2022-23 (FY23, April 2022 to February 2023), as per the data released by the department of commerce under India's ministry of commerce and industry. RMG exports were noted at $14.274 million in the same period of the previous year.

The exports of cotton yarn, fabrics, made-ups, and handloom products declined by 28.89 per cent to $9,922.12 million in April-February 2023 from $13,952.60 million in the corresponding period of the previous fiscal.

Carpet exports came down by 23.22 per cent to $1,255.12 million from $1,634.80 million in the same period of the last fiscal. Man-made yarn, fabrics and made ups exports went down by 12.53 per cent year-over-year (YoY) to $4,472.24 million from $5,087.50 million in the same period.

In the month of February 2023, India's RMG exports decreased by 12.09 per cent to $1,406.99 million from $1,600.54 million in February 2022. The exports of cotton yarn, fabrics, made-ups, and handloom products declined by 30.41 per cent YoY to $876.70 million from $1,259.85 million. Carpet exports fell by 23.22 per cent to $98.95 million in February 2023 from $130.55 million in the same period. Man-made yarn, fabrics and made ups exports came down by 17.47 per cent to $397.12 million from $481.20 million in the same period.

India's overall exports (merchandise and services combined) in February 2023 are estimated to be $63.02 billion, which were 7.81 per cent higher than the shipment in the same period of last year. Overall imports in February were estimated at $65.85 billion, which was 4.38 per cent lower than the same period of last year.

India's overall exports (merchandise and services combined) in April-February 2022-23 increased 16.18 per cent YoY to $702.88 billion. Total imports in the first eleven months of 2022-23 grew by 19.93 per cent to $817.46 billion from the corresponding period of last year.

AUSTRALIA

Australia's consumer sentiment takes a hit amid looming inflation news

Consumer sentiment in Australia is holding near 30-year lows in March 2023, according to the Westpac Melbourne Institute Consumer Sentiment Index survey. The reading of the index stood unchanged at 78.5 in March.

The survey found that 58 per cent of respondents recalled news related to inflation, compared to 37 per cent for economic conditions, 35 per cent for budget and taxation, 30 per cent for interest rates, and 20 per cent for employment.

The majority of respondents viewed news related to inflation, interest rates, and the economy as unfavorable. The Reserve Bank of Australia's (RBA) decision to raise the official cash rate by 0.25 percentage points (ppts) in March further weighed on consumer confidence. Furthermore, the March rate hike was widely anticipated by consumers, with little difference in sentiment amongst those surveyed before and after the decision, as per the survey.

Most consumers continue to expect further rate rises. Amongst those surveyed after the RBA decision, 74 per cent expect rates to move higher over the next year with 45 per cent expecting a rise of 1 ppt or more—down only slightly from 80 per cent and 53 per cent respectively in the February survey.

This 45 per cent proportion seems excessive given that the governor has discussed the prospect of a pause. Westpac and markets are not looking for further increases of more than 0.5 ppt.

Consumers may become less negative as current fears of a more threatening interest rate outlook ease. The 'economic outlook, next 12 months' sub-index declined 2.3 per cent to 73.3, the weakest read since August 2020, when Victoria entered its 'second wave' COVID lock-down. Interestingly, the 'economic outlook, next five years' sub-index posted a solid 5.6 per cent lift to 95.3.

The sub-index continues to hold at more resilient levels than other components, the March rise putting it a touch above its long run average.

USA

US' textiles & apparel imports down 5.7% to $9.6 bn in January 2023

In January 2023, the US' imports of textiles and apparel declined by 5.7 per cent to $9.599 billion, compared to $10.179 billion in January 2022.

China, with a 27.83 per cent share, remained the largest supplier to the US, followed by Vietnam with 14.45 per cent. However, the imports from China witnessed a sharp decline of 25.28 per cent in the same period.

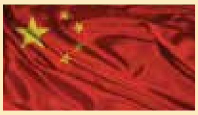
Within textiles, apparel constituted the bulk of the imports by the US in January 2023, amounting to $7.266 billion, while non-apparel imports accounted for $2.332 billion, according to the latest Major Shippers Report released by the US department of commerce.

Both segments saw a decline in inbound shipment. Apparel imports slipped by 3.44 per cent compared to the trade of $7.525 billion in January 2022, while non-apparel imports declined by 12.12 per cent from $2.653 billion in the corresponding period of the previous year.

Among the top ten apparel suppliers to the US, imports from Nicaragua and Bangladesh gained 27.60 per cent and 15.43 per cent year-on-year, respectively. Imports from India and Indonesia also grew by 9.77 per cent and 4.73 per cent, respectively. However, imports from the other six nations among the top ten, including China and Cambodia, declined by 24.61 per cent and 12.92 per cent.

In the non-apparel category, among the top ten suppliers, imports from Vietnam gained 19.43 per cent year-on-year. Imports from Mexico and Cambodia saw positive growth of 12.89 per cent and 3.63 per cent, respectively. However, imports from the other seven countries, including China, India, Turkiye, and Canada, declined. The imports from China dipped by 26.58 per cent. Of the total US textile and apparel imports of $9.599 billion during the period under review, man-made fibre products accounted for $4.884 billion, while cotton products were worth $4.121 billion, followed by $279.972 million worth of wool products, and $314.184 billion worth of products from silk and vegetable fibres.

In 2022, the US imports of textile and apparel further increased to $132.201 billion, up from $113.938 billion in 2021. This was a bounce back after a sharp decline in 2020 when the country's inbound shipment decreased to $89.596 billion compared to imports of $111.033 billion in 2019.



CHINA

China's textiles & apparel exports down 18.5% in Jan-Feb 2023

China exported textiles, apparel, and clothing accessories worth $40.845 billion in the first two months of 2023, registering a decline of 18.50 per cent compared to the corresponding period of the previous year.

The latest monthly data released by the General Administration of Customs of China shows that the country's garment exports decreased by 14.7 per cent in the same period. Garment and clothing accessories exports stood at $21.677 billion in January-February 2023, which was 14.7 per cent lower than the same period of last year.

The shipment was valued at $25.419 billion in the period under review. China's textile exports, including yarn, fabrics, and others, registered a fall of 22.4 per cent year-on-year to reach $19.164 billion in the first two months of 2023 against the exports of $24.690 billion in January-February 2022.

The imports of textile yarn and fabric products by China also declined by 33.2 per cent to $1.395 billion in January-February 2023 against the shipment of $2.087 billion during the corresponding period of last year.

China had exported textiles, apparel, and clothing accessories worth $323.344 billion in 2022, registering a mild growth of 2.53 per cent compared to the previous year. Last year, the country exported garment and clothing accessories worth $175.396 billion and textile including yarn, fabrics, and others worth $145.079 billion.

JAPAN

Japan's apparel imports from China at $13.8 bn in 2022

Japan's apparel imports from China reached $13.803 billion last year, with jerseys being the top product accounting for 21.15 per cent of the total imports.

Trousers and shorts followed as the second most dominant product. China is one of the Far-East nation's prominent suppliers because of its geographical proximity and economic reasons.

Japan imported jerseys worth $2.680 billion in 2022, which constituted 21.15 per cent of the total imports. The inbound shipment of jerseys remained almost stable, with a 1.56 per cent increase from imports of $2.639 billion in 2021.

However, 2021's imports were 12.01 per cent higher than the trade of 2020 when it stood at $2.356 billion after a decline of 12.82 per cent due to COVID-19 Japan's imports of trousers and shorts were $2.085 billion, contributing to 16.45 per cent of the total imports from China.

Among the top five products, shirts accounted for 10.72 per cent, innerwear 8.82 per cent, and T-shirts 7.56 per cent of the total. The top five products made up around 65 per cent of the total imports.

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How the Import Restrictions affected the Pakistan's textile industry

Over the course of the past few months, one of Pakistan's largest industries has been running from pillar to post in a desperate attempt to secure raw materials. From writing letters to the prime minister to knocking at the doors of the US Ambassador in Islamabad for help Pakistan's textile industry is, to put it mildly, in shambles.

Not enough cotton was grown in the country this year on account of the floods to meet the demands of textile manufacturers. And with Lines of Credit closed due to the ongoing economic crisis, importing the cotton is proving to be a herculean task.

And textiles is not the only industry getting swirled up into the fast-growing tornado of doom and default. With dollar reserves falling to drastic levels, talks with the International Monetary Fund (IMF) dragging on at a painfully sluggish pace, friendly countries no longer reposing faith in Pakistan's sincerity in implementing economic reforms, and help seeming far out, Pakistan's industries are teetering on the edge right alongside the macro economy.

But is it as simple as all that? Can we really just say "it's the economy stupid" and chalk up the dire straits our industries find themselves in to the economic mismanagement of our political leadership? That is what the business community would have you believe.

At a recent event, former chairman of the Karachi Chamber of Commerce and Industry (KCCI) symbolically presented "the keys" to Karachi's industry to SBP Governor Jameel Ahmed. We can't run our businesses in these conditions, he said, maybe you'll have better luck doing so.

The sentiment is clear, and to a large extent it is true. In its efforts to shore up reserves the government has made it hell to import vital items. But there is also an understanding that different industries in Pakistan often operate with a marked lack of foresight. "Their habit tends to be to make hay while the sun shines, and when times turn bad, ask the government to bail them out with tax breaks and subsidies and other such things," explains Khurram Hussain, a senior business journalist and former editor at Profit.

For a long time, this is how our industries have chosen to operate: make quick buck when the opportunity presents itself with no care for contingencies for the future and make a whole lot of ruckus when things aren't going your way. Decades of finding light at the end of the tunnel either through aid or government assistance have trained our business owners to be shortsighted.

The only problem is, sometimes when you're looking at a dark tunnel there isn't light at the end of it because you're staring down a shotgun barrel. As Pakistan continues to struggle, there is an opportunity for introspection for the business community.

The LCs issue

This was a massive problem for an import-oriented industry like Pakistan. A number of industries started facing issues. And while industries like automobiles were in a quandary, there were graver issues when LC issues started arising for essential commodities such as wheat, maize, and medicines.

In the middle of all this, the textile industry occupies a special place. It is Pakistan's largest export-oriented industry, which means they bring dollars into the country. But what do you do when your biggest exporter suddenly needs to import its raw materials?

It was asked by Dr Aadil Nakhoda, assistant professor at the Institute of Business Administration (IBA), to elaborate upon why the Government, and the State Bank particularly, are restricting the textile sector's imports if it constitutes an upward of 60% of our exports? Nakhoda responded, "The government is restricting imports in order to reduce the pressure on the current account deficit. Initially, the restrictions were

Pakistan Textiles & Apparel Exports (US$ million)

	Apparel (Knitted)			Apparel (Woven)			Made-ups & Carpets			RM & Intermediates			Total (Textiles & Apparel)		
Month	FY23	FY22	Change	FY23	FY22	Change	FY23	FY22	Change	FY23	FY22	Change	FY23	FY22	Change
July	452	395	14%	317	303	5%	462	465	-1%	318	323	-2%	1,549	1,487	4%
Aug	442	366	21%	324	286	13%	445	476	-7%	342	350	-2%	1,552	1,478	5%
Sep	444	391	14%	283	278	2%	491	488	1%	345	347	-1%	1,562	1,503	4%
Oct	385	460	-16%	270	299	-10%	409	511	-20%	272	349	-22%	1,336	1,620	-18%
Nov	401	459	-13%	328	329	-0.3%	455	580	-22%	250	379	-34%	1,434	1,747	-18%
Dec	354	442	-20%	320	348	-8%	425	487	-13%	264	359	-26%	1,364	1,636	-17%
July-Dec	2,478	2,513	-1.4%	1,841	1,844	-0.1%	2,687	3,006	-10.6%	1,790	2,108	-15.1%	8,796	9,471	-7.1%

Source: Pre-PBS

on consumer goods, which expanded to raw materials and intermediate goods. The idea is to cut the demand of imports in order to not only reduce the CAD but also alleviate the pressure on the exchange rate of the Pakistani rupee."

As it stands, this seems to be a circular problem because the inability to import raw materials due to the lack of foreign currency will translate into the inability to export goods. As we have already established above, the textile industry is the single most important sector for Pakistan's exports, making it equally important for wealth generation. According to Zaman, "Last year, out of the $31 billion, almost 20 billion dollars worth of exports were made by the textile industry."

The government is reluctant/unable to open LCs for essential imports. As a consequence of this, the size of the industry has been brought to its knees. In turn, it can be predicted that in the near future the industry's inability to export textile goods will ultimately lead to an even worse foreign trade and currency crisis, while also swelling unemployment rate across the country.

Despite being one of the largest industries and exporting sectors in Pakistan, textile manufacturers have failed to safeguard themselves from a long impending economic crisis and now stand helpless in face of adversity. Pakistan's domestic cotton production has declined to a historic low this year, dropping to 5 million bales for the current year mainly due to heavy rains and floods. The estimated cotton production losses have been worth more than $2 billion. This domestic cotton production is significantly shorter than the textile sector requirements as the textile industry of Pakistan consumed nearly 15 million bales of cotton last year, and the current season anticipated demand indicates that about 10 million bales will need to be imported.

Desperate times

So how has the industry responded? Over the past few months a series of letters from the All Pakistan Textile Mills Association (APTMA), the industry association for textile manufacturers that lobbies for them, have demanded that the government help them out in their pursuit to import cotton.

Earlier this month, APTMA's patron in chief, Gohar Ijaz, had sent a letter to US Ambassador to Pakistan Donald Blome making a desperate plea for a soft loan for the import of cotton from the US.

This is not the only indicator of the disaster that the textile industry has on their hands. Two days before the letter to Blome, APTMA also appealed to the Finance Minister and on the 23rd of December they appealed to the Prime Minister of Pakistan, regarding the same issue.

In the letter to the Finance Minister, APTMA informed Dar that the industry is on the brink of shutting down due to the shortage and lack of raw materials.

What does this mean for the future of the industry?

So far we have established the cause of the country's import crisis. Nevertheless, it is still unclear what outcome to expect. Dr Nakhoda said that the most likely consequence of restricting imports of raw materials and intermediate goods for an export-oriented industry is the likelihood of erosion of the industry's competitiveness, thereby further hurting the economy.

Similar to Nakhoda's response, Zaman also said that, "We do not see a solution at the moment. Even though we have met with government officials at every level in the past month, they all seem helpless." he refused to elaborate further, since the issue has become highly politicised now.

However, he did add that "The government could not prioritise just one kind of import over others. The situation is quite critical at the moment and if we are unable to find a solution soon enough, we will experience industry wide shutdowns." So, this much is clear that this issue has a great potential to worsen Pakistan's economic conditions and put an entire swathe of the population at risk for unemployment.

Hamid Zaman asserted that the possibility of the industry shutting down will result in 40% of the country's workforce being unemployed and 60% of the imports to be lost. He said that "The economy that is already headed towards default will reach there faster."

Why are Pakistan's textile manufacturers in an import debacle?

"Textile remains the main sector for Pakistan's exports. Our complete supply chain of cotton involves spinning, weaving, and garment-making, for the end product to finally be ready for export. 80% of our industry includes non-integrated sectors, whereby everyone plays their parts in the value addition of textile goods." says APTMA Chairman Hamid Zaman.

Last year Pakistan's textile industry used over 15 million bales of cotton including, both imported and locally produced cotton, according to Zaman. After value addition, Pakistan exported over $50 billion worth of cotton produce. However, this year, where there should have been 7 to 8 million bales of cotton, there are only 4 to 5 million bales. This is due to the loss of cotton crops in the flooding disaster that followed 2022 monsoons.

"This year we just have an estimated 4.5 million bales of locally produced cotton, so we will require some 10 million bales to be imported." The issue becomes pressing when we realise that the stock of cotton that our local cotton manufacturers have right now is depleting very quickly and so is their buying power to import more.

"For now the industry is functional because of forward booking, so the raw materials ordered before are still available, however, if we don't get more urgently, we will experience shortages across the country.

This will hurt our exports more than anything else and worsen the foreign reserve situation, while also worsening the unemployment situation."

This same point was also made clear in APTMA's letter to the US Ambassador. "The impact on employment of the shutdowns is already significant and would be catastrophic if the situation is not brought under control by supplying raw cotton to the textile mills," reads the letter. Furthermore, Zaman informed that a lot of the cotton that was ordered earlier is now stuck at the ports. "Where banks had agreed to import it, they are now refusing to honour the L/Cs."

This further exacerbates the problem because uncleared shipments mean penalties that are multiplying by the day. "In the last month, we have incurred over Rs.2 billion worth of penalties and detention charges on the imported cotton that is being held at the ports."

This makes it apparent that the textile industry is getting tossed with curveballs from every direction, creating an economic crisis of a very high magnitude. However, according to recent news, the government has waived demurrage charges for stuck containers. Even though this news offers some consolation, there is no certainty of whether this decision will be successfully implemented or not.

Positive impacts

Protecting domestic industries: Import restrictions can protect domestic industries from foreign competition, which can help these industries grow and create jobs. For example, if Pakistan places tariffs or quotas on imports of textiles, it may help the domestic textile industry to expand.

Reducing the trade deficit: Import restrictions can reduce the amount of goods that are imported, which can help to reduce Pakistan's trade deficit (the amount by which imports exceed exports). This could improve the country's balance of payments and make it easier to manage its external debt.

Import restrictions can also help promote environmental sustainability by limiting the import of goods that are harmful to the environment. For example, the government may restrict the import of certain types of plastic or electronic waste that can cause pollution or harm to the ecosystem.

PYMA demands removing restrictions on LCs for textile industry

Pakistan Yarn Merchants Association (PYMA) has demanded the central bank remove restrictions on opening of Letter of Credits (LCs) for the textile industry.

In a statement issued, the association apprised Jameel Ahmad, governor of State Bank of Pakistan (SBP) about the serious situation arising from the obstacles in the clearance of textile import raw materials, and requested that the textile industry, which was the backbone of the country's economy, the facility of LCs should be restored to continue the production activities so that the clearance of imported raw materials can be possible.

In a letter to the Governor State Bank of Pakistan, Jameel Ahmed, PYMA Senior Vice Chairman Sohail Nisar pointed out that Polyester Filament Yarn 5402.4700, Polyester Textured Yarn 5402.3300, Pre Oriented Yarn 5402.4600, Polyester Spun Yarn 5509.2100 & 5509.5100, Polyester Sewing Thread 5402 6200, Viscose Filament yarn 5403.3100, Nylon Filament Yarn 5402.4500, Nylon Textured Stretch Yarn 5402.3100, 5402.3200 were the basic raw material of textile and without which the textile manufacturing segment cannot operate.

"There were numerous specifications within these HS codes that were either not domestically manufactured or not produced in significantly large quantities to meet domestic demand. Consequently, the only way to fulfil the raw material requirements of downstream users is through imports."

Sohail Nisar requested the SBP that they treat the above-mentioned items as essential goods.

The Challenging Year 2023

The fashion business is now undergoing seismic changes as a result of increased globalization, digital innovation, and changes in consumer buying patterns.

However, the fashion industry is more unpredictable than ever before because of pressures on supply chains and rising inflation. The year 2022 was difficult for the global textile industry.

Pakistani textiles suffered from the effects of the global recession, energy shortages, high prices, and a decline in orders for inexpensive clothing. However, 2023 is predicted to be more challenging than 2022.

In Pakistan, where inflation is significantly higher than in all economies that export textiles, inflation is a major concern for textile industry players worldwide.

In economies that are major buyers of textiles, they anticipate that inflation will reduce consumer demand as energy and food costs rise, and consumers would be forced to cut back on fashion purchases or switch to cheaper options as a result of inflation.

Another real issue for the business is the war in Ukraine, which has already hampered trade and spurred on an energy crisis that will have repercussions for some time. Additional COVID-19 outbreaks in China have hindered the country's economic development and disrupted trade routes. In 2023, the textile industry would continue to be plagued by all of these factors.

Despite Pakistan's weak economy and volatile political polarization, Pakistan's textile industry performed reasonably well. Over the past five months, exports have been decreasing in India.

The decline in November was more than 15% compared to the exports that were carried out in the same month last year (which were nearly the same as ours).

The Indian Ministry of Commerce and Industry reports that India's exports of clothing and textiles fell by 17.5 percent in August, 28.5 percent in September, 35.4 percent in October, and 15.6 percent in November.

This decline began in July of this year. In contrast, Pakistan's textile exports experienced a 5.1% decline over the same five months.

In 2023, customers will be erratic and impulsive. Brands must take into account the factors that influence consumer shopping patterns and respond accordingly. Suppliers from Pakistan would need to pay close attention to how their customers are changing their strategies.

The challenges Pakistan's textile industry faces in 2023 are almost identical to those it faced in 2022. Pakistan's spinning industry is weak; only 1.2 million of the 12 million spindles installed in this sector are high-speed and energy-efficient.

Since inefficient spindles negate any benefit, they receive from government power subsidies, the spinning industry is further burdened by the high-power rates.

The efficiency subsidies are advantageous to millers with 1.25 million efficient spindles. The spinners must deal with the low cotton harvest as a handicap.

Spinners who booked import orders when prices were at their highest were particularly hard hit by volatile global cotton prices. Regardless, the spinning mills, which are owned by wealthy sponsors, will weather the storm, but they will likely limp for some time unless global demand and conditions improve.

Pakistan continues to export low-cost apparel. Bangladesh, India, and Vietnam are their rivals in this market. Due to the current economic climate and US-imposed limitations on Chinese textile exports, Bangladesh and Vietnam have made significant progress in recent years in the production of high-end fashion apparel to fill the gap left by China.

India is attempting to address this issue. During Covid-19, when Pakistan opened its economy earlier, exporters of Pakistani apparel established their credentials as high-quality producers.

After the other economies returned to normal, the nation maintained its share. It is unlikely that it will lose market share in 2023 to its rivals because the quality of its clothing is typically higher than that of its rivals and the price is also slightly lower.

Pakistani exporters of apparel are not concerned about rivals; rather, they may face difficulties as a result of the global recession's reduction of the apparel market, particularly for low-end apparel. According to a number of expert studies, the market for high-end clothing is expected to grow even during a recession.

The site exists because the wealthy do not face any obstacles in continuing their clothing shopping spree because inflation has not affected them as much as the less fortunate class.

The wealthy may put off purchasing costly automobiles but not clothing. The extensive efforts of the Indian government to sign free trade agreements with numerous nations are yet another factor that is in opposition to the interests of Pakistani textiles.

The first concession that the Indians demand when negotiating FTAs is for their textiles and apparel to be allowed into their country with no restrictions. Their request was granted in the most recent FTA with Australia, which went into effect on January 1. The apparel industry in Australia is likely to be dominated by them.

They are currently negotiating similar agreements with the UK, EU, and other Western economies. Pakistan does not have access to this state assistance. In 2023, other concerns include the weak rupee and issues with foreign exchange.

Article by: Ms Ifsha Naveed
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"South Asia's Largest Textile Industry Trade Fair" - Textile Asia is the most promising and enduring biannual Textile Industry Show in Pakistan.

KARACHI: Chief Executive Trade Development Authority of Pakistan (TDAP) and Chairman Businessmen Group (BMG) Zubair Motiwala inaugurated the 24th Textile Asia Exhibition on Friday. Diplomats from friendly countries were also present on the occasion.

The event was organized at Karachi Expo Center from 10th March till 12th March, 2023 at the most opportune time when the government was looking forward to modernize and upgrade the textile sector of the country for the better quality products and enhanced productivity.

This year's theme was "Reviving the Textile Industry of Pakistan with Technology & Innovation".

Speaking on the occasion, Zubair Motiwala said foreign delegates were also attending the expo, which was a positive sign, and added China, Turkye, Indonesia and other friendly countries were supporting Pakistan. "Such exhibitions portray a positive and creative image of Pakistan."

"Increasing exports is the only way of bridging the trade gap, and it would also improve the foreign exchange reserves."

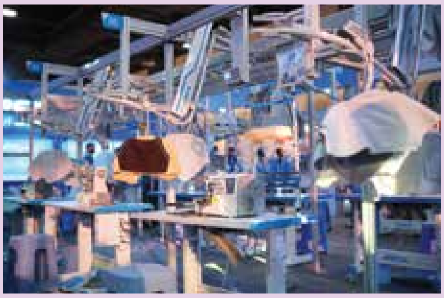
Speaking at the inauguration, President Ecommerce Gateway, Uzair Nizam said the 24th Textile Asia and 19th ITIF Asia exhibitions will facilitate and promote exports. He expressed hope the number of visitors at the event would surpass last year's figure.

Delegates from China, Türkiye, Belarus, Iran, Germany, Korea, UAE, Taiwan, Japan and Netherland are participating, and their respective brands are also showcasing their products. Counsel Generals of Iran, Türkiye, Indonesia, Belarus also attended the expo. The celebrities appreciated the efforts in organizing the event.

The 24th Textile Asia 2023 Exhibition aimed to focus on the immense buying selling potential of Loom Warping Weaving Machine, Textile Machinery parts, textile & garment machinery, Clothing Textiles Accessories, Textile Raw Material Supplies, Textile Dyes Chemicals, Embroidery Machines, Power & Air Compressors for Textile Industry and Textile Allied Services.

Around 300+ Companies from 28 countries showcased the latest products to help add value to the textile industry. The visitors' response was also overwhelming.

As always HELLO TEXTILE took active part and held some important meetings with the exhibitors and the attendees. The main goal of attending this exhibition was to meet with local and International buyers/sellers and make them aware regarding the HELLO TEXTILE App and its advantages in the Textile sector.

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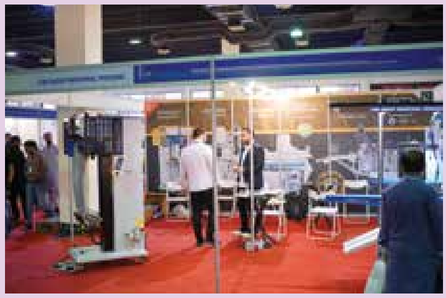


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PAKISTAN YARN
MERCHANTS ASSOCIATION


TEXO PRINT


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Bilateral relations between Pakistan and Saudi Arabia

Pakistan and Saudi Arabia have a long history of relations. The two countries have a good relationship based on their shared Islamic faith and centuries-old trading ties. The two countries have also cooperated on regional issues, including the Afghanistan conflict.

Saudi Arabia is an important economic partner for Pakistan and the two countries have been working to strengthen their trade and investment ties. Saudi Arabia is also a major supplier of oil to Pakistan. The two countries also have strong military ties, with Saudi Arabia providing training and assistance to Pakistan's military.

Pakistan and Saudi Arabia have been trading partners for centuries. The two countries have a strong trade relationship, with Saudi Arabia being Pakistan's second-largest export market and Pakistan being Saudi Arabia's ninth-largest export market. In 2016, bilateral trade between the two countries was estimated to be worth $10.5 billion.

Pakistan has a number of trade agreements with Saudi Arabia, including a free trade agreement, a trade and investment agreement, a bilateral investment protection agreement, and a memorandum of understanding on oil and gas. Saudi Arabia is also Pakistan's second-largest source of foreign direct investment. Pakistan is Saudi Arabia's ninth-largest source of remittances.

The two countries have a number of common interests, including strengthening ties between the Muslim world and Saudi Arabia being a key supporter of Pakistan's bid for membership of the United Nations.

Saudi Arabia is also a key partner in Pakistan's fight against terrorism. The two countries share a number of historical ties, including a Saudi invasion of Pakistan in 1965 that helped to spark the Pakistan-India War.

Saudi Arabia has also been a key backer of Pakistan's nuclear weapons program, and the two countries have been close allies in the War on Terror. Despite these strong ties, there are a number of areas of disagreement between the two countries. Saudi Arabia is opposed to Pakistan's support for Shia Muslim militant groups, and Pakistan has been critical of Saudi Arabia's human rights record. Additionally, Saudi Arabia is one of the few countries that Pakistan does not have a trade agreement with.

Saudi Arabia has always contributed to Pakistan's economy, stability and the well-being of its people — a proud tradition that dates back to well before independence. In 1940, the year the Pakistan resolution was passed, then-Crown Prince Saud bin Abdul-Aziz visited Karachi and was warmly welcomed by All-India Muslim League leaders, including Mirza Abul Hassan Ispahani.

In 1943, when famine hit Bengal, King Abdulaziz responded to Mohammed Ali Jinnah's appeal with a handsome donation. In 1946, when a Muslim League delegation led by Ispahani visited the UN headquarters in New York, Prince Faisal bin Abdulaziz hosted a reception to lobby for the cause of Pakistan.

Saudi Arabia was among the first UN member states to recognize Pakistan. In 1951, it also concluded a Treaty of Friendship with Islamabad.

In 1954, King Saud laid the foundation stone for a housing scheme in Karachi, the former capital, which was named after him as Saudabad. Saudi Arabia and Pakistan worked closely during the 1965 Indo-Pakistani War and the 1967 Arab-Israeli War. In 1969, Prince Sultan bin Abdulaziz, then-Saudi Arabia's minister of defense and aviation, visited Pakistan to conclude the protocol for bilateral defense cooperation.

A glorious chapter in Saudi-Pakistani ties unfolded in the 1970s under the leadership of King Faisal and

Prime Minister Zulfikar Ali Bhutto. Its highlight was the 1974 Lahore Islamic Summit of the Organization of Islamic Cooperation, whose symbolic value continues to live in the collective memory of the two nations.

The Pakistani people loved King Faisal. The Faisal Masjid in Islamabad, the city of Faisalabad and the Shah-ra-e-Faisal in Karachi are all named after him. This was the time when Saudi Arabia opened its doors to Pakistani workers and provided financial aid to the Bhutto regime in order to thwart India's nuclear ambitions.

A Treaty of Friendship was signed by the two countries as early as in 1951, laying the basis for cooperation. Bilateral relations were buttressed over the coming decades by a tradition of strong financial and strategic assistance extended to each other by the two brotherly countries whenever required.

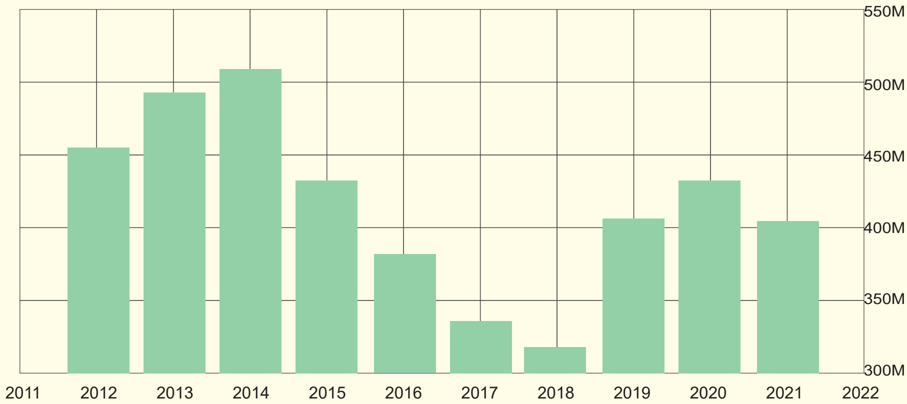
Over the years, the two countries have also succeeded in developing a unique synergy for mutual development. Saudi Arabia is home to the largest number of Pakistani expatriates, approximately two million.

Pakistani engineers, construction experts and labour have played a crucial role in building infrastructure in the modern Saudi Arabia. Similarly, Pakistani doctors, bankers, entrepreneurs, academics and financial experts played a premier role in developing institutional infrastructure of the Kingdom.

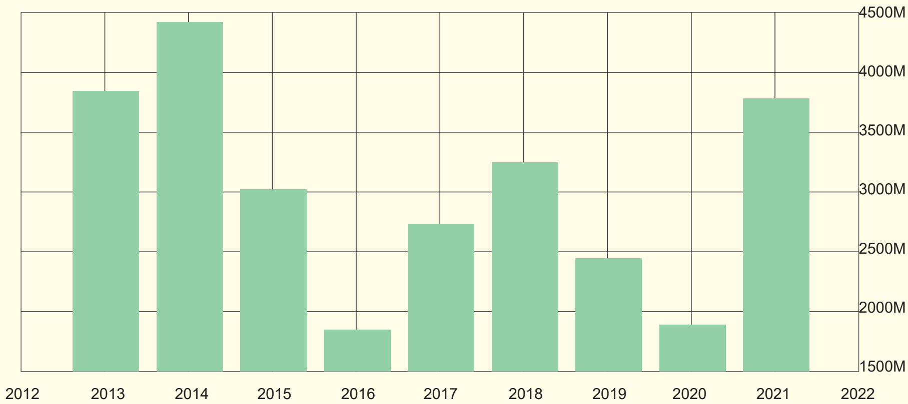
In the process, the Kingdom has provided employment to Pakistanis ranging from high-tech urban professionals to unskilled laborers from the remotest parts of Pakistan. The large pool of Pakistani professionals and skilled and unskilled manpower is a great asset for the Kingdom.

A number of monuments in Pakistan bear testimony to the depth of bilateral relations with Saudi Arabia. The International Islamic University in Islamabad was established with a grant of US$10 million from Saudi Arabia. The Faisal Mosque in Islamabad, the key landmark building in the capital of Pakistan, is named after King Faisal. The third largest city in Pakistan was renamed Faisalabad after King Faisal.

Pakistan Exports to Saudi Arabia was US$402.81 Million during FY2021-2022.



Pakistan Imports from Saudi Arabia was US$3.77 Billion during FY 2021-2022.



Saudi Financial and Humanitarian Support to Pakistan

Saudi Arabia has provided generous financial support to Pakistan. In recent years, the Kingdom has provided a deposit of US$200 million to be kept in the State Bank of Pakistan, US$200 million to finance purchase of Urea fertilizers, and a loan amounting to US$80 million for the construction of Neelum-Jhelum Hydropower Plant.

In addition, Saudi Arabia has contributed US$100 million for humanitarian assistance to the Internally Displaced Persons in Malakand region.

To assist the victims of floods in Pakistan, Saudi Government announced $105 million, which is 13.3% of the total amount pledged by the rest of the world.

Saudi Arabia became the second biggest donor to Pakistan's flood victims. Custodian of the Two Holy Mosques, King Abdullah and other members of the royal family also contributed generously in their personal capacity.

King Abdullah's personal donation amounted to SR 300 million, followed by SR 10 million by then Crown Prince HRH Sultan bin Abdulaziz, and SR 5 million by then Interior Minister HRH Prince Naif bin Abdulaziz. Prince Alwaleed bin Talal donated SR 25 million and also visited Pakistan personally to assess the damage caused by flood.

Other relief assistance from Saudi Arabia included: 30-Cargo-Plane airlifts of humanitarian supplies; a land convoy of one thousand trucks that carried thousands of tons of wheat, 350 tons of dates and 30,000 tents to Pakistan; two field hospitals, along with medical staff and equipment; and a Saudi search and rescue team.

Heimtextil 2023: A Vision for the Future of Textiles

Textiles have been used for centuries to create clothing for both men and women. The industry has seen a lot of growth over the years, with new technologies and design concepts being introduced constantly.

As the industry continues to grow, it is important to develop new ways to improve textile production and manufacturing. Heimtextil 2023 is a vision for the future of textiles that aims to achieve these goals.

One of the main goals of Heimtextil 2023 is to improve the sustainability of the textile industry. This means reducing the environmental impact of textile production.

Orders of up to $500m received at Heimtextil for Pakistani Exporters

Despite global recession and inflationary pressure, Heimtextil 2023 has opened up new opportunities for Pakistan, which come in the face of economic tensions between the US and China, and thin participation of Chinese companies.

However, there is a need of time for the government to overcome the shortage of raw materials and increase yarn prices faced by the textile industry to make it possible for exporters to pay refunds of more than Rs 150 billion as soon as possible to decrease unemployment and cope with economic depression.

Pakistan Textile Exporters Association (PTEA) Pattern Chief Khurram Mukhtar, said that more than 250 textile companies in Pakistan participated in the exhibition and Pakistan is expected to get export orders worth $500 million in the next three to four months.

Along with the traditional importers from Western Europe, buyers of Eastern Europe also showed interest in Pakistani products. Meanwhile, goods importers of the US and Canada looked at Pakistan as an alternative to China.

The four-day Heimtextil which concluded early this year, where Pakistani firms, undeterred by the tough economic conditions at home, participated enthusiastically as well as in record numbers. Besides large companies, small and medium-sized enterprises also seemed satisfied with the response received from customers.

According to initial estimates given by exporters, Pakistan received new orders and leads up to $500 million, for which design, sampling and pricing stages would be completed in a few months.

All Pakistan Bed Sheets and Upholstery Manufacturers Association Chairman and Al Ghani Terry Mills (Pvt) Ltd Director Arif Ehsan Malik, called Heimtextil a very critical event for Pakistan's home textile industry as well as economic stability.

He said that this year, besides the traditional buyers from Northern and Western Europe such as Britain, Germany, France and Spain, buyers of Eastern Europe also visited Pakistani stalls and expressed deep interest in the products. "US and Canadian buyers also took price quotes."

Malik emphasized that the exhibition could be a source of economic stability for Pakistan as it had the potential to help increase home textile exports up to $5 billion.

Omega Group of Industries Director Farhatullah Sheikh pointed out that Pakistani firms received a very good response as Covid-19 was rearing its head again in China due to which buyers were avoiding Chinese goods.

Activities at three halls remained low due to limited participation by China, which benefited Pakistan, he said. “Owing to global recession and inflationary pressure, the international buyers leaned towards Pakistan’s cheap and quality products.

Outstanding start: Heimtextil 2023 ends with great internationality and sets the course for sustainable transformation

Streams of visitors from all over the world, intensive business encounters with top international decision-makers, an overwhelmingly positive atmosphere and inspiration as far as the eye can see: With 44,000 visitors and 2,400 exhibitors together from 129 nations, the global textile industry was guest in Frankfurt for four days at Heimtextil 2023 and filled the exhibition halls. In numerous workshops, tours, lectures and networking formats, buyers also explored circular approaches, the important role of certificates and new applications for textile materials - and thus experienced wholly integrated sustainability at Heimtextil.

Heimtextil 2023 ended with concentrated intercontinental strength and set the course for a successful trade fair year.

3,000 buyers took advantage of the opportunity to participate in the global market for home and contract textiles and to gain a bundled overview of global textile innovations from fibers, yarns, upholstery and decorative fabrics, functional textiles, outdoor fabrics, artificial leather and wallpapers to bed and bathroom textiles, mattresses, sleep systems, curtains and decorative cushions.

The top ten exhibiting countries were China, India, Turkey, Pakistan, Italy, Germany, Spain, Portugal, France and Great Britain.

The top visitor countries included Germany, Italy, Turkey, the United States, Great Britain, France, the Netherlands, Spain, Pakistan, India and Greece.

"Heimtextil made a powerful return to January and set all the signs for success as a barometer for the trade fair business year - with an outstanding degree of internationalization of 129 participating nations," said Detlef Braun, Member of the Executive Board of Messe Frankfurt. Compared to 2020, the leading trade fair for home and contract textiles achieved an increase in the degree of internationalization - in terms of exhibitors to 94 percent and in terms of visitors to 82 percent.

There was growth on the exhibitor side compared to the pre-pandemic edition from Turkey and Pakistan. In 2023, there were also more buyers from Italy, Turkey, Spain and especially Greece.

"The outstanding internationality proves: In times of geopolitical challenges, Heimtextil is the most important place-to-be for the global home textiles industry - both for new business contacts and market opportunities as well as for the redefinition of supply chains and important cooperations to overcome production bottlenecks," Braun continued.

TRAVELLING TO GORAKH HILL STATION

The Murree of Sindh

Pakistan is blessed with endless beauty, containing several hot spots for tourists in its northern areas. The recent development in the tourism sector, however, has led to a boost in tourism in the southern parts of the country as well, with most travelers from Karachi heading either to Balochistan and its coastal strip or towards interior Sindh.

One hub of tourism in Sindh, along the Kirthar Mountain Range, is Gorakh Hill Station, which is also being called the 'Murree of Sindh'. The distance between Karachi and Gorakh is approximately 400 kilometres and is located approx 200 KM away from Hyderabad City.

Offering mesmerizing views and gorgeous sunsets, Gorakh Hill Station lies at an elevation of nearly 6,000 feet above sea level, at a distance of 94 kilometres from Dadu. Let's learn more about this scenic tourist destination in Sindh before we move on to our travel guide for Gorakh Hill.

ABOUT GORAKH HILL

First discovered in the 1860s during the British Raj, Gorakh Hill was actually developed and launched as a hill station in 1989. However, with slow development in the area, this tourist destination in Sindh remained hidden from the eyes of both domestic and international travelers. Once the route from the closest settlement of Wahi Pandhi was completed in 2007, the hill station became much more accessible to the average traveler, resulting in its gradual popularity over the years.

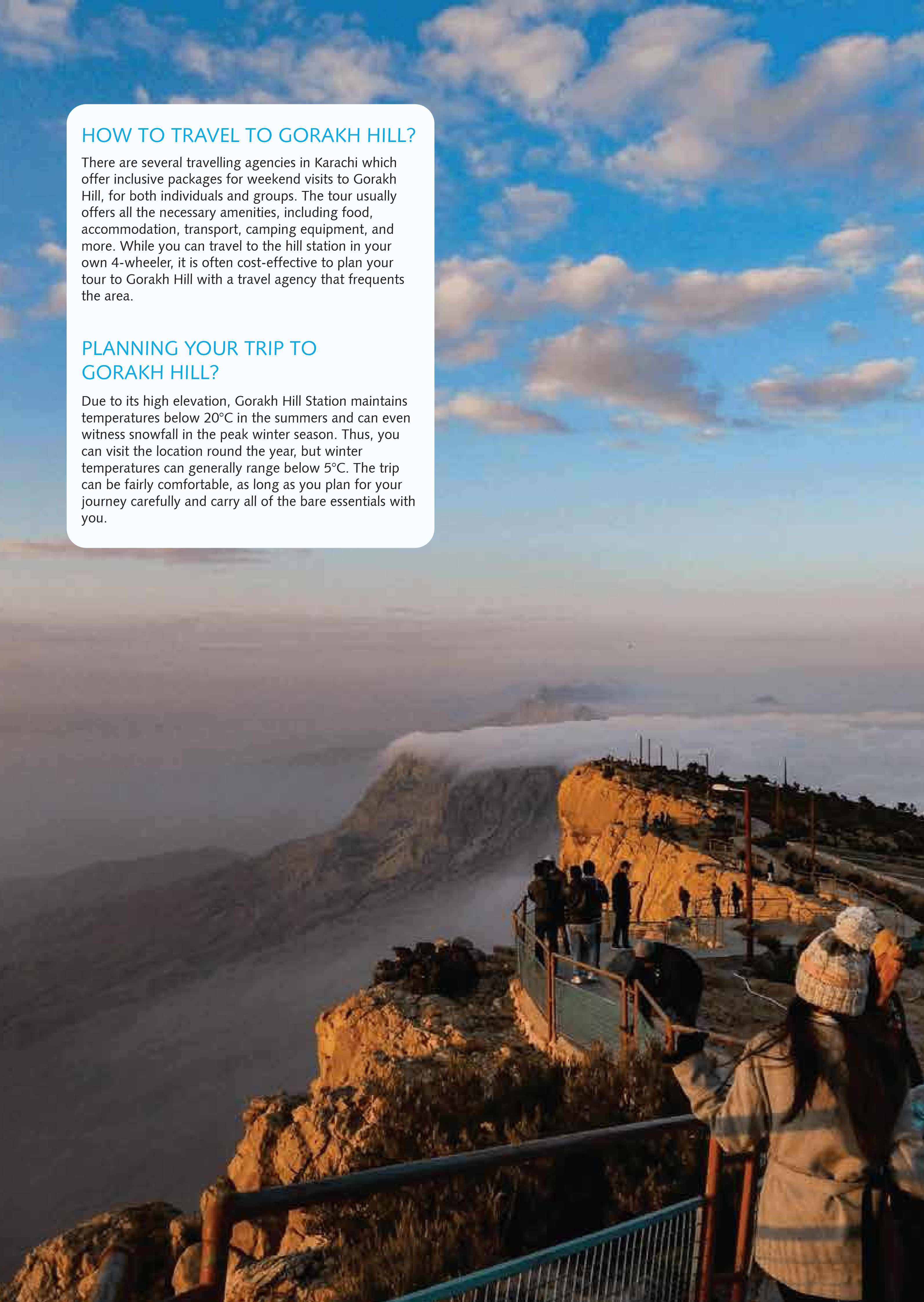
Today, Gorakh Hill Station has access to electricity as well as water, with barely passable roads and almost no cell connectivity. But what keeps people hooked to this spot are the amazing panoramic views you can get if you dare to hike to the top. A restaurant, campsite, as well as a motel, are also facilitating travelers to the area now, with plans to develop and pave the route to the hill station in coming years to make it easier.

HOW TO TRAVEL TO GORAKH HILL?

There are several travelling agencies in Karachi which offer inclusive packages for weekend visits to Gorakh Hill, for both individuals and groups. The tour usually offers all the necessary amenities, including food, accommodation, transport, camping equipment, and more. While you can travel to the hill station in your own 4-wheeler, it is often cost-effective to plan your tour to Gorakh Hill with a travel agency that frequents the area.

PLANNING YOUR TRIP TO GORAKH HILL?

Due to its high elevation, Gorakh Hill Station maintains temperatures below 20°C in the summers and can even witness snowfall in the peak winter season. Thus, you can visit the location round the year, but winter temperatures can generally range below 5°C. The trip can be fairly comfortable, as long as you plan for your journey carefully and carry all of the bare essentials with you.



WHAT TO PACK FOR YOUR TRIP?

Here's a list of essentials that you should not travel without on this exciting journey:

- Waterproof jackets • Flashlights
- Extra batteries • A spare T-shirt
- Joggers/trekking boots
- Gloves • Sweaters • Woolen socks
- Shawls and stoles • Sun-glasses
- Sanitizer/soap/hand wash lotion
- Toothpaste, toothbrush, and wet wipes
- Cap/beanie • Water bottle
- Bedsheet • Light blanket

TIPS FOR TRAVELLING TO GORAKH HILL STATION

Don't forget to keep the following tips in mind as you embark on your journey to Gorakh Hill Station:

- Make the most of every moment and capture it in your camera.
- The jeep ride can be bumpy. Think of it as riding a roller coaster.
- There's power at the hill station but keep your flashlight handy.
- Start the hike on time so that you don't miss the sunset.
- Hike to the very edge of the Benazir View Point for the best views.
- High altitude can result in breathing issues for Asthma patients.
- Be prepared for extremely cold nights and foggy mornings in the winter.
- Ask for additional blankets at the campsite if needed.

The adventurous journey to Gorakh Hill Station is ideal for teenagers, families, thrill-seekers, hikers, photographers, and enthusiastic travelers. The route to Gorakh Hill will also become smoother with ongoing development work in the area, paving the way to the hill station that will become as easily accessible for Karachiites as Murree is for Islamabadians.

COST OF A WEEKEND TRIP TO GORAKH HILL

A 2-day trip to Gorakh, like the one mentioned above, can cost you anywhere between PKR 11,000 to 13,000, depending on the tour operator you choose.

TRAVEL ITINERARY FOR GORAKH HILL

Here is a general itinerary for a weekend trip to Gorakh Hill that may work for you. Please note that the timings are subject to change based on your tour operator.

DAY 01

- Set off from Karachi: 12:00 am
- Enjoy breakfast at Sehwan Divine Restaurant : 6:30 am
- Leave for Wahi Pandhi: 7:00 am – 7:15 am
- Arrival at Wahi Pandhi: 8:00 am – 8:30 am
- Travelling to Gorakh Hill via 4×4 jeeps: 8:30 am
- Reaching Gorakh Hill Station: 12:00 pm
- Lunch at the hill station: 3:00 pm
- Trekking towards Benazir View Point: 4:30 pm
- Enjoying Sunset from View Point: 6:00 pm
- Bonfire and Dinner: 8:30 pm to 10:00 pm
- Stargazing and retiring to camps or rest house: 11:00 pm

DAY 02

- Breakfast: 8:00 am
- Setting off for Wahi Pandhi: 9:30 am
- Reaching Wahi Pandhi: 11:30 am
- Departure for Karachi: 12:00 pm
- Arrival and lunch at Sehwan Divine Restaurant: 2:00 pm
- Arrival at Karachi: 7:00 pm

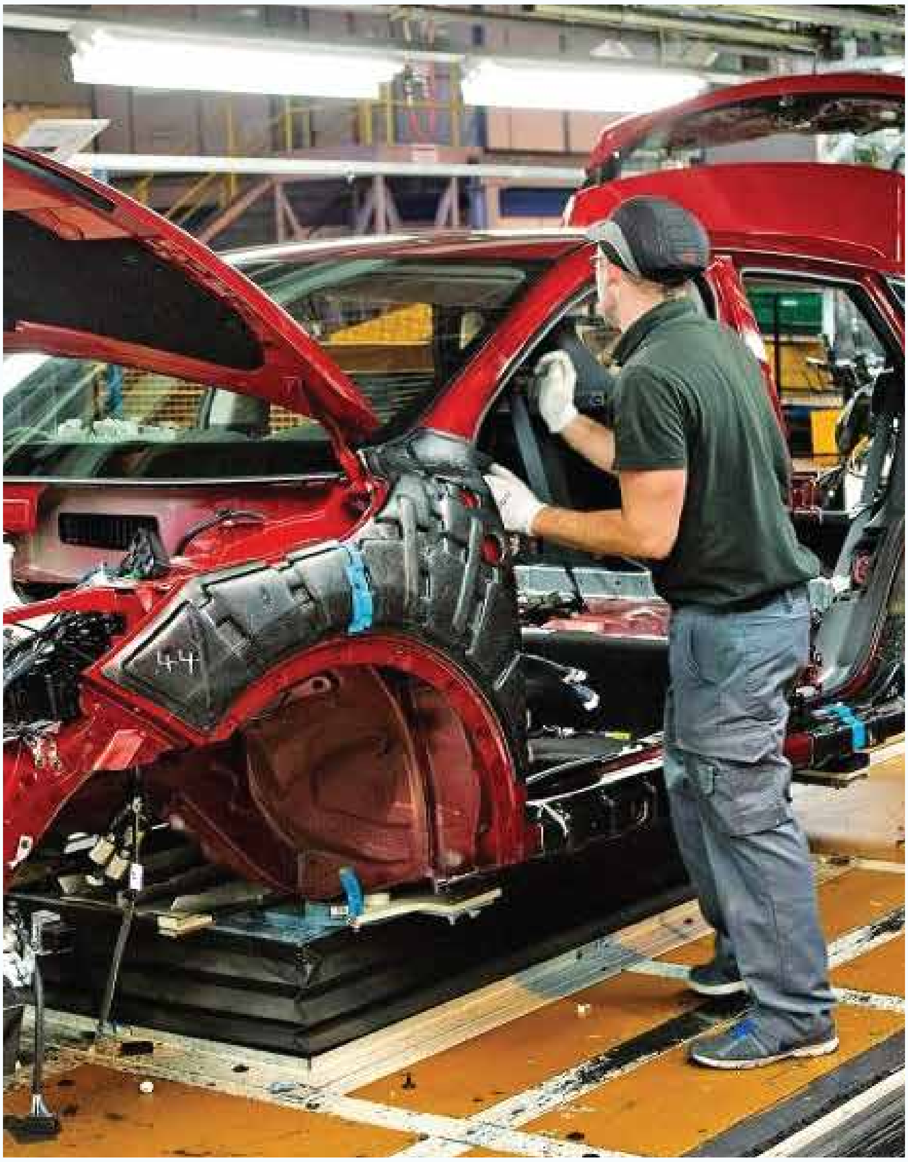
The Steady Growth of Automobile Industry in Pakistan

Accounting for 4% of the country's total gross domestic product (GDP), the local automobile manufacturing sector has a major role to play in the progress and stability of the national economy.

This is one of the major reasons why the federal government is making all possible efforts to facilitate the industries manufacturing vehicles locally.

The public and private stakeholders of the automobile industry are currently focusing on the production of low-cost hatchbacks and mid-size sedans, which are two of the most in-demand car types in Pakistan.

There is also a huge demand for vans and minivans in the country, most of which are used as commercial and utility vehicles in the country.



MARKET SATURATION AND LOCAL AUTO INDUSTRY

With so many imported options available these days, Pakistan's auto sector is now based on a saturated market. The increasing amount of imported vehicles is definitely not good for the country's economy, but it is constantly pushing the local automobile assemblers and manufacturers to offer products that are affordable yet innovative.

NEW ENTRANTS TO PAKISTAN'S AUTO MARKET

South Korean brands like Kia Corporation and Hyundai Motor Company have recently introduced their vehicles in Pakistan

We are all aware of the fact that the automobile industry of Pakistan has been dominated by Japanese players, namely Suzuki, Toyota, and Honda. Due to their partnership with local companies, they are locally known as Pak Suzuki, Toyota Indus, and Honda Atlas Cars.

However, with new entrants tapping into Pakistan's automotive market, things are expected to change within the near future. Keeping in view the incredible potential of the local auto industry, which is based on the rapidly-increasing consumer buying power, other world-famous brands are also planning to capitalise on the available opportunities.

South Korean brands like Kia Corporation and Hyundai Motor Company have recently introduced their vehicles in Pakistan. Another

very famous Chinese-owned British automotive manufacturer, MG, has recently debuted in the Pakistani auto market with their subcompact crossover vehicles.

You may also have heard about Changan. It is a Chinese brand, which has only been selling minivans and many other types of utility vehicles in the local market ever since it was introduced — up until 2021 — when it finally announced its very first sedan by the name of 'Alsvin'.

It was a groundbreaking move for a company like Changan, which put it in direct competition with many other leading automotive brands in the market.

THE AFFORDABILITY FACTOR

Changan's Alsvin is a compact sedan, which directly competes with Toyota Yaris and Honda City. Comparing the features side by side, Alsvin has more to offer than the latter options.

Changan is currently putting in efforts to establish its name in the market, which is why it is now more focused on affordability without compromising on the features it offers. It is one of the main reasons why Changan is a few lacs cheaper than many other compact sedans that are directly in its competition.

ENTIRELY 'MADE IN PAKISTAN' CARS

Along with international players entering the automotive market to provide more options to car buyers in Pakistan, there are also a few local brands that are producing and selling their own vehicles in the country.

Companies like United Auto Industries and Regal Automobiles are two noteworthy examples in this regard.

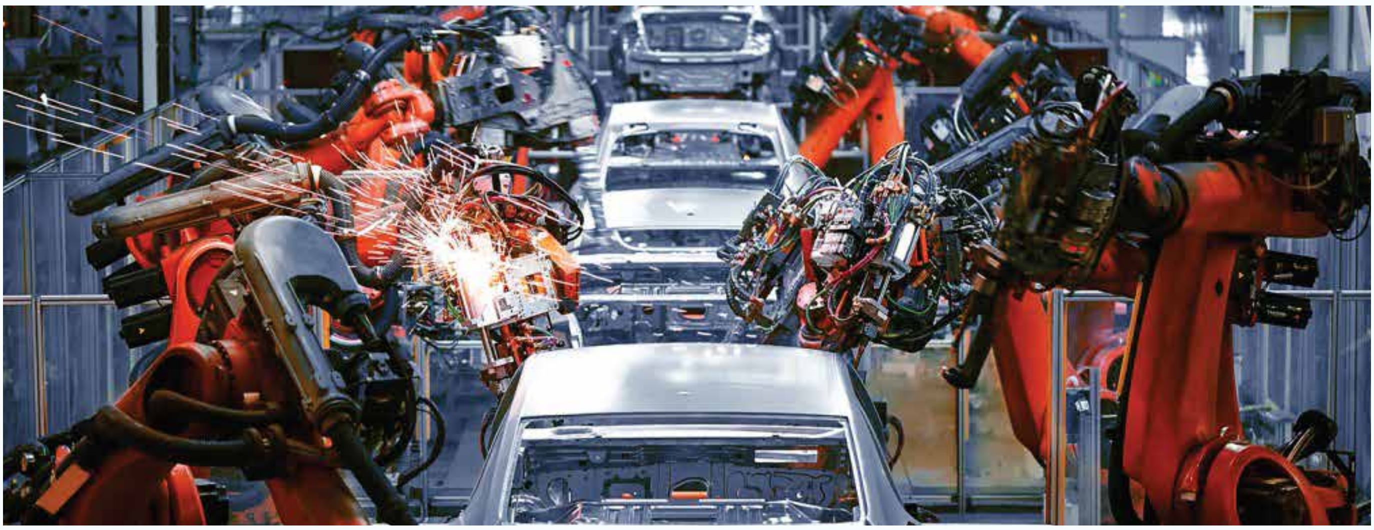
Both of these local manufacturers have launched 800cc small hatchback cars by the name of United Bravo and Prince Pearl, respectively. Costing around PKR 10 lakh, these cars are even more affordable than the cheapest variant of Suzuki Alto in Pakistan.

PROJECTED GROWTH OF PAKISTAN'S AUTOMOBILE INDUSTRY

Keeping in view the upcoming policies, incentives and various other initiatives by the federal government, the automobile sector of the country is about to witness exponential growth.

The local assembling and manufacturing of vehicles, which now account for 250,000 units annually, will increase by many folds in the next few years. The authorities are currently working to achieve the target of 1 million locally produced vehicles per year.

According to Pakistan's Ambassador to China Moinul Haque, the country is also currently working on its auto policy for the next five years, which will also include special incentives and waivers for hybrid and electric vehicles in the country to promote the concept of eco-friendly transportation means nationally.



LATEST UPDATES ON AUTO INDUSTRY IN PAKISTAN

UP TO 1000CC VEHICLES MAY FINALLY GET CHEAPER

The customs duty levied on the machinery imported for assembling small vehicles with up to 1000cc engines has been cut down by up to 15%. The reduction in duties was announced by an amendment notification issued by the government's revenue division.

The notification further clarified that the 15% reduction in duties is only valid for the latest models of vehicles certified by the Engineering Development Board (EDB). The concession will be valid for the next three years.

PAKISTAN IS GETTING ITS FIRST LOCALLY ASSEMBLED HYBRID SUV

In a recent development, Sazgar Engineering Works has joined hands with Haval, a Chinese auto manufacturer, to introduce the first Pakistan-made hybrid SUV. The official launch of the Haval H6 SUV is a massive breakthrough for the local automotive industry.

During the launch event of the SUV, some specifics and details were shared by company officials. The newly-introduced Hybrid-Electric Vehicle (HEV) is a C-segment crossover SUV with a 1.5-litre turbocharged petrol engine. It produces a torque of 530 Newton-metres with 240 horsepower.

According to the official claims, Haval H6 is capable of going from 0 to 100 kilometres in around 7.5 seconds. The car will be directly competing with Toyota RAV-4 Hybrid, MG HS PHEV, and Honda CR-V, among other vehicles falling in the same category.

Adaptive Cruise Control, Smart Infotainment Features, Traction Control System, and 360° cameras with Collision Warning System are some advanced features of this crossover SUV. The price of the Haval

H6 HEV top-of-the-line variant is around PKR 9.75 million.

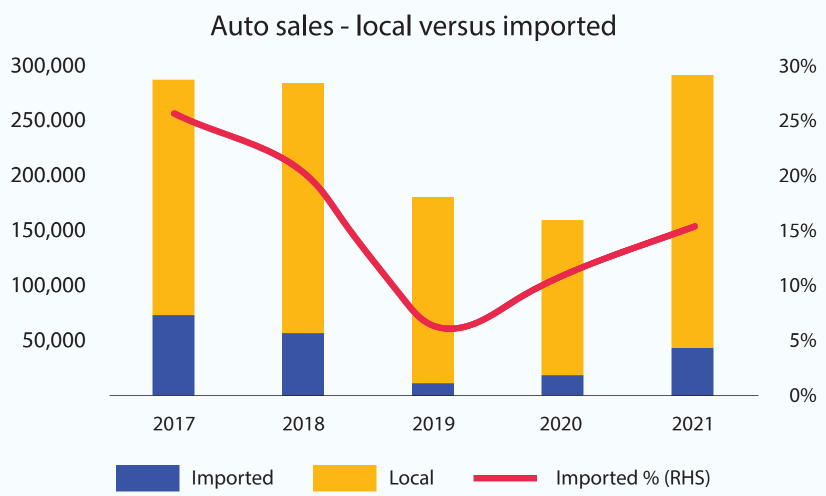
EV POLICY IN PAKISTAN

The government is aiming to convert at least 30% of the total vehicles in the country to electric vehicles within the next 15 to 20 years.

With the approval and initiation of the framework related to an auto policy promoting the concept of electric vehicles (EVs), Pakistan joined the global EV revolution last year. So far, the federal government has introduced many taxation and monetary policies in favour of EV and hybrid vehicle owners by announcing a reduction in taxes and charges. A comprehensive auto policy for the next five years, which is currently in the works, is expected to bring further leverages for the hybrid and electric vehicle industry in the country.

In the federal budget 2021-22, the value-added tax on the import of electric vehicles (EVs) has also been waived for the current fiscal year. The authorities are currently working on a long-term plan, according to which they are aiming to convert at least 30% of the total vehicles in the country to electric vehicles within the next 15 to 20 years.

EV charging stations are being established all over the country. Prime Minister of Pakistan has recently introduced Pakistan's first electric motorbike, which is manufactured and distributed by Jolta Electric. Considering all the aforementioned factors, the number of electric vehicles is expected to grow exponentially, which will further diversify the scope of the local auto sector.

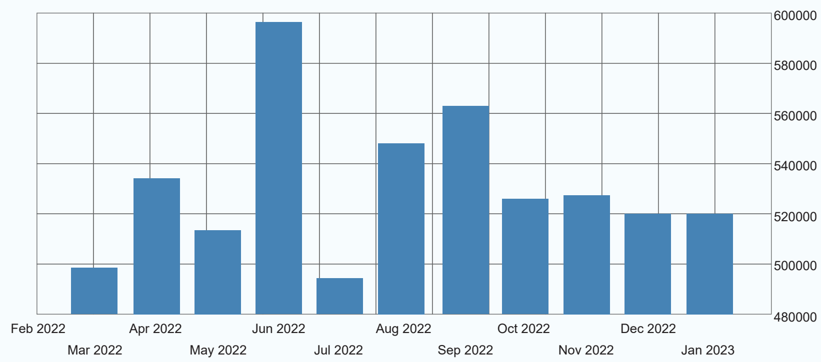


2022: A Year full of uncertainty and challenges for the Pakistan Textile Industry

There is no doubt that 2022 was a challenging year for the Pakistan textile industry. The industry faced various uncertainties and challenges that impacted its growth and development. Here are some of the challenges that the industry faced:

1. COVID-19 Pandemic: The COVID-19 pandemic disrupted global supply chains and trade, and the textile industry was no exception. The pandemic caused delays in shipments, factory shutdowns, and labor shortages, which affected the industry's production and exports.

2. Energy Crisis: Pakistan has been facing an energy crisis for many years, and it continued to affect the textile industry in 2022. Frequent power outages and load shedding disrupted the production cycle and increased the industry's operating costs.



Commodities Exports in Pakistan is expected to be 510000.00 PKR Million by the end of this quarter. In the long-term, the Pakistan Exports is projected to trend around 600000.00 PKR Million in 2024 and 610000.00 PKR Million in 2025, according to the econometric models.

3. Increase in Input Costs: The cost of raw materials, such as cotton, polyester, and other synthetic fibers, increased significantly in 2022. The rise in input costs increased the industry's production costs, which affected its competitiveness in the international market.

4. Political Instability: Political instability and uncertainty can create an unfavorable business environment, affecting investor confidence and economic growth. Pakistan faced some political instability in 2022, which may have had an impact on the textile industry.

5. Global Economic Slowdown: The global economic slowdown affected the demand for textile products, which impacted the industry's exports. The industry's exports were also affected by the depreciation of the Pakistani Rupee against the US Dollar.

Textile Exports by Major Categories
Value: US$ 000

Year	Cotton Yarn	Cotton Cloth	Tents & Canvas	Towels	Bed wear	Textile Made-ups	Garments	Hosiery
1990-91	1,183.0	675.8	79.6	129.4	246.2	108.9	497.1	333.6
1991-92	1,172.5	819.4	51.2	136.7	284.0	113.5	613.5	425.1
1992-93	1,121.5	863.1	39.9	139.0	351.6	125.5	617.7	464.1
1993-94	1,259.3	820.6	29.1	129.2	285.6	129.4	612.2	509.1
1994-95	1,528.1	1,081.4	38.2	144.8	340.2	163.5	641.7	688.5
1995-96	1,540.3	1,275.9	39.5	174.1	422.2	179.1	648.5	703.4
1996-97	1,411.5	1,262.4	36.2	194.1	456.3	208.7	736.4	688.9
1997-98	1,159.5	1,250.3	58.1	200.1	508.8	245.8	746.5	696.7
1998-99	945.2	1,115.2	40.8	177.7	611.0	255.3	651.2	742.1
1999-00	1,071.6	1,096.2	52.9	195.6	709.9	307.6	771.7	886.7
2000-01	1,076.6	1,035.0	50.0	243.0	734.9	328.2	827.5	910.3
2001-02	942.3	1,132.7	47.4	269.8	918.5	351.3	882.0	841.5
2002-03	928.3	1,345.6	73.2	374.8	1,329.0	359.7	1,092.6	1,146.6
2003-04	1,127.0	1,711.5	74.7	403.5	1,383.3	416.6	993.3	1,458.7
2004-05	1,057.0	1,863.0	66.6	520.5	1,449.5	466.0	1,087.9	1,635.0
2005-06	1,382.9	2,108.2	38.9	587.6	2,038.1	417.9	1,309.9	1,751.5
2006-07	1,428.0	2,026.5	69.1	610.7	1,995.9	471.2	1,547.3	1,798.5
2007-08	1,300.9	2,010.6	71.0	613.1	1,903.5	537.1	1,592.4	1,732.1
2008-09	1,114.8	1,955.3	56.2	642.9	1,735.0	480.1	1,230.0	1,740.7
2009-10	1,433	1,800	61.5	668.2	1,744.2	537.2	1,269.3	1,764.9
2010-11	2,201	2,623	46.9	762.3	2,088.9	624.9	1,773.6	2,305.6
2011-12	1,810	2,442	92.1	686.4	1,741.6	591.4	1,615.6	1,982.8
2012-13	2,253	2,690	117.5	769.6	1,785.4	598.6	1,799.6	2,043.0
2013-14	1,997	2,770	77.8	767.5	2,137.7	659.9	1,909.3	2,293.7
2014-15	1,849	2,453	126.6	797.2	2,103.1	654.9	2,095.1	2,406.5
2015-16	1,265	2,214	85.1	602.9	2,019.9	628.2	2,195.2	2,363.6
2016-17	1,244	2,136	133.8	800.6	2,137.7	638.2	2318.8	2,361.4
2017-18	13,712	2,203	85.3	797.4	2,261.1	684.8	2,577.2	2,711.2
2018-19	1,254	2,202	82.4	786.1	2,261.8	679.9	2,653.7	2,899.9
2019-20	985	1,830	98.5	711.3	2,150.8	590.5	2,552.6	2,794.5
2020-21	1,017	1,921	110.3	937.5	2,771.7	756.3	3,032.8	3,815.1
2021-22	1,207	2,438	110.4	1,111	3,293.5	849.1	3,904.6	5,121.0

Source: Trade Development Authority of Pakistan

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