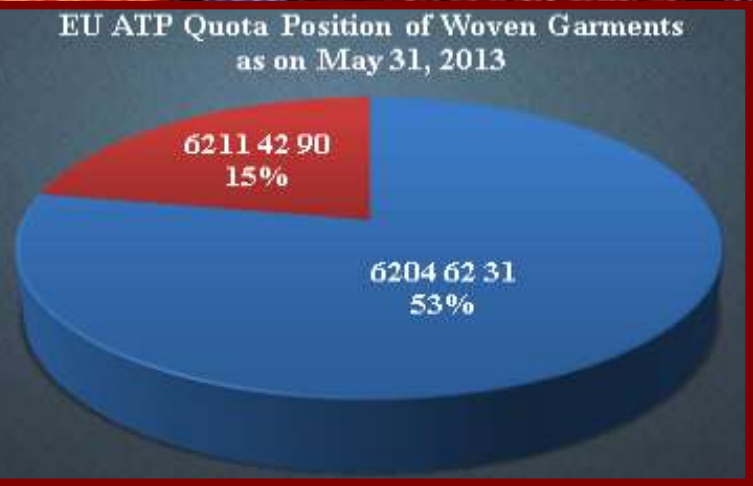
PRGMEA PLUS

June 2013, Issue No. 11

CHALLENGES IN PAKISTAN:

- MAINTAIN LAW & ORDER
- OVERCOME ENERGY CRISIS
- STRONG FISCAL POLICIES FOR SUSTAINABLE ECONOMIC GROWTH

SGS's Fire Safety Workshop In Collaboration with PRGMEA



Pakistan Readymade Garments Manufacturers & Exporters Association

EDITOR'S PAGE

The two percent Sales Tax – Stuck refunds and GSP Plus

Sajid Saleem Minhas,
Central Chairman, PRGMEA

The FBR officials were quite surprised at the unity exhibited by the various associations from all over Pakistan against the imposition of the two percent sales tax on the five zero rated export sectors. Literally, all associations from various cities descended on Islamabad early March with the aim to let the Government see its folly and reverse this decision. After intense negotiations the FBR failed to budge and let another major irritant enter the export industry. This irritant will soon like a virus eat up the export revenue and leave many factories to rot. Hence, it will totally defeat the very hard effort being put up by the Ministry of Commerce and the stake holders from the private sector to get the GSP plus (duty free) status from the EU.

Our main argument then and now revolves around the failed system of sales tax and customs refunds. The very purpose of the zero rating regime was to avoid refunds for the export industry. It should be clear to all that our systems smell of corruption at all levels and it does not make any difference however many fancy computer hardware and software we install. To date all manual and computerized systems of refunds have totally failed and have made matters worse. One single company is expecting refunds under various tracks of manual and computerized systems. One day it has a different name and the next day something different. Very fancy acronyms such as PAACS, WEBOC's etc. are introduced regularly with a promise that the new one will be better than the last. The end result is the same – normal refunds delayed for over a year. For disputed refunds delays for close to a decade.

So what is the big deal here? The answer is that companies are running out of cash. Cash is needed to fuel growth and if the delays get longer (as it seems) the effort will be to survive. Imagine two percent of your working capital being depleted every month. It should take about a year and a half for companies to pack up. Not correct – FBR will say. How can a meager two percent cause such havoc? Well if our refunds are stopped companies will have to bridge the gap via bank financing and with the unaffordable mark up rates the decline of the company will follow a geometric decline and not a linear decline.

Export growth is the main basis for applying and lobbying for the duty free status into the EU. Growth always needs liquid cash and if that cash is tied up in refunds there will be no growth. Logically then there is no point in pursuing the GSP plus scheme if the refunding system is not done away with.

"PRGMEA PLUS is a joint effort of the North and South Zones of PRGMEA"

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Empowering Factory Fire Affected Families: Skills to Move Forward

PRGMEA has been a partner of GE4DE in previous skills development projects and in the development of competency standards and curricula, and has shown excellent results in terms of training and decent employment. PRGMEA has shown its interest in supporting the Department of Labour's efforts for the factory fire families' rehabilitation, through training and employment support.

GE4DE signed an MOU with PRGMEA to deliver a training course for decent employment in the garment manufacturing sector for a group of factory fire victims' families. It was decided that training will be conducted using ILO / GE4DE's competency based curricula.

PRGMEA has commenced the training course in collaboration with the International Labour Organization (ILO). Pakistan Readymade Garments Technical Training Institute (PRGTTI) is tasked to conduct the course. Director Programme and Principal PRGTTI, Ms. Maham Nasir and Mr. Kamran Sandhu spelled out the details of training programme at the launching ceremony of training course.

Chief Guest Mr. Francesco d'Ovidio, Country Director, ILO Pakistan said that ILO was concerned over the most tragic incident and was keen to rehabilitate the victims' families. He said that the ILO Office Islamabad was working closely with the Labour Department of Sindh for the rehabilitation and employment of victims and their families. He was confident that this training would help the survivors of the tragedy to regain their livelihoods and make their families stronger. He assured sympathy and support to fire victim family members.

Secretary Labour Sindh Mr. Arif Elahi said that Sindh government would provide financial assistance to rehabilitate each family of the Baldia factory fire victims through Workers Welfare Fund. He said that the rehabilitation of the victims' families is the government's top priority and concrete steps would be taken to avoid such tragedies in future.

Mr. Sajid Saleem Minhas, Central Chairman, PRGMEA said that we thank ILO Islamabad for joining hands in partnership with PRGMEA for supporting the Department of Labour, Sindh to rehabilitate the family members of the victims of the Karachi factory fire. This, we hope, will be the first step to help the families gather courage to pull their lives back and look forward to the future challenges. We are confident that these trainees can embark upon a career that will help them cope with the tragedy in the long run. He also mentioned that *PRGMEA members fully support the fire affected families and are available for this effort and are willing to go out of our way to make this training a success.*

Training has been arranged in three disciplines i.e. garment machine operator, quality control and assurance and apparel supervisory courses. Training session will be of three months duration. Trainees would be given Rs. 3,500 per month stipend during training at PRGTTI, Karachi.

Mr. Sh. Muhammad Shafiq, Zonal Chairman (SZ), PRGMEA and Mr. Younis Khamisani, Vice Chairman PRGTTI, Karachi assured the cooperation to ILO for the training of the factory affected families and their absorption in the garment industry.

Glimpses of Launching Ceremony of Training Course for Fire Affected families

PRGTTI, GIZ, NAVTTC – Competency Base Curriculum Development

PRGTTI, GIZ, & NAVTTC has started working on the up gradation and development of the garment sector courses on Competency Base Training (CBT) approach. In the first phase, seven courses will be developed on competency base curriculum format and in the second phase, almost 10 courses ranging between one to two years duration will be developed. For the development of seven courses, NAVTTC has requested PRGTTI to nominate a technical expert and seven curriculum developers and which have been recommended to them.

First awareness session was conducted at Avari Hotel Lahore in which technical expert and curriculum developers were invited. Mr. Muhammad Ali Khan and Mrs. Shazia Amjad from GIZ were the presenters and they explained the working guidelines along with DACUM approach to the participants. Mr. Muhammad Nasir Khan, Deputy Director (SS & C), NAVTTC also highlighted that the process is national level cause and will bring the Pakistan's TEVT system on international level. By March 19, 2013, DACUM session started and ended by March 25, 2013 covering certificate courses in merchandising, production planning, CAD/CAM, pattern making, industrial engineering, import / export. Per session, there were almost 18 participants from industry and each industry member was awarded an amount of Rs.3, 500 / day as transportation expense by GIZ. The next step was the development of curricula and which submitted to NAVTTC authority for NCRC meeting for industry endorsement and it will be implemented on national level.

Differences of Requirements between Japanese and Western Buyers

Japan Textile Products Quality and Technology Center (QTEC)

	Japanese Buyers (Japanese Apparel Brand) 	**Western Buyers (European & American) (Especially Global Apparel Brand)** 
Authority of a buyer	Before deciding on a contract, they need to obtain the consent of stakeholders in most cases. ♦ Although often seen as slow decision and action, you need to understand that it is necessary among Japanese companies.	They are usually authorized to make own decisions.
Contract attitude	♦ Contract documents are not extensive. They cover outlines. ♦ They consider it is not documents only to develop mutual understanding. They are willing to expand some time for cross confirmation to build lasting relationships. ♦ They sometimes go with silent acknowledgement, which is possible among Japanese. ⇒ It is advisable to confirm about anything uncertain to you. If you stay silent, they will consider you understand everything. As for quality requirements. It is advised to have your buyer designate the limit samples to clarify the range of tolerance.	♦ They prepare extensive contract documents to cover details such as specs. ♦ Contract documents conclude everything to be conveyed. ♦ They terminate the contract without hesitation when the outcome of the deal does not appear right.
Quality awareness	♦ They require the same quality level regardless of the price range. ♦ They do not hesitate to make necessary modifications in production specs if they find it advantageous to improve the quality. ♦ Their primary concern is visible quality such as colour fastness and appearance retention. ♦ They request many things in detail, such as method of folding, attaching hang-tag, final packaging for each product. ⇒ These minor operations must be precisely conducted accordingly to the request.	♦ It is sufficient that you achieve the quality that complies with stipulation in contract. ♦ They are very conscious about the safety control of hazardous chemical substances. ♦ They are very conscious on compliance with labour situation such as child labour.
Designation of a third party testing laboratory	Often, the buyers require a test report which is issued by Japanese testing laboratory such as QTEC.	The buyers nominate testing laboratory and factories have no choice.

	Japanese Buyers (Japanese Apparel Brand) 	Western Buyers (European & American) (Especially Global Apparel Brand) 
Tests and criteria	Testing procedures are not documented but are supposed to follow JIS test methods defined with JIS number. Criteria may vary from customer to customer because each customer maintains their own criteria, a very unique point of Japanese customers.	Based on the published test method, such as AATCC, ISO and EN, they have their own test procedures documented. Criteria are set up in accordance with their test procedures.
Restrictions of Hazardous substances	Practically, only the free formaldehyde must be tested in certain items. For the certain aromatic amines (Azo dye), voluntary standard of Japan Textile federation has just been initiated.	Hazardous substances such as the certain aromatic amines (Azo dye) and heavy metals are regulated by law in many countries.
Pre-shipment product inspection (Third party inspection)	100% inspection by a third party inspection company is required by many buyers. ⇒ Japanese buyers request that all products are grade 'A'. It is not likely they accept non-qualified products mixed in the shipment	In most cases, sampling inspection is required in accordance with AQL (Acceptable quality level). ⇒ Western buyers anticipate the rate of product loss.
Needle detection	Needle detection is required for all products. ⇒ It is often required to detect twice in different directions to make detection complete, because the direction of the object affects the sensitivity of detector.	Needle detection is not always mandatory. Broken needles are not generally recognized as very dangerous object as they are recognized in Japan.

Other characteristics of the Japanese buyers are as follows:

- The unique requirements in Japanese market other than quality requirements are as follows:
  Very small lot, numerous assortments, very short lead time for production and demand for quick response in any Operation etc. → TOYOTA's KANBAN system.
- Japanese buyers maintain high loyalty to the factories which provide well-made products and wish to establish long lasting relationships with those factories. In addition, they rarely cause trouble in the payment. It may not be easy to understand Japanese buyers at the beginning but it will be proven that they are good partners to work with you, once you satisfy them.

Courtesy: JICA & TDAP Workshop

Award Ceremony

Khadija: Entrepreneurship Training and Business Plan Competition

Entrepreneurship Education is increasingly gaining importance both on the international level as well as on the local one. Rising unemployment, coupled with the incapacity of traditional employers like the Government and the Public Sector, presents a challenge pertaining to the need to create new channels of labour absorption.

Khadija, after the name of the wife of Holy Prophet Hazrat Muhammad (PBUH); a business plan competition organized by the International Labour Organization (ILO) to drive women towards entrepreneurship by empowering them as independent individuals. The contest, held in Lahore.

> ***"The programme was aimed to promote entrepreneurship among women by providing skill training".***

"The name itself pointed to the excellent examples of independent women entrepreneurs we find in Islamic culture said Farida Khan, National Project Coordinator for Promoting Gender Equality for Decent Employment (GE4DE), under which the programme is being conducted in Pakistan. She said that the aim was to recognize Hazrat Khadija in her own right and encourage women to follow her example.

Funded by the Canadian International Development Agency, the GE4DE is a five-year project launched in July 2010 in an effort to improve gender mainstreaming by engaging government employees, ensuring skills development for empowerment leading to decent employment and also working with the media, especially to raise awareness.

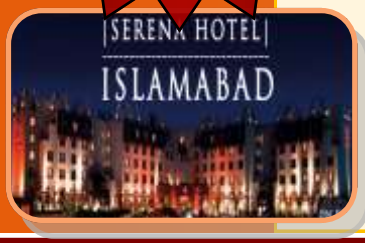
In a business development programme conducted under the project in Lahore and Rahimyar Khan, training was given to women, leading to 42 of them presenting their business plans. These women were trained under a programme '*Know about Business*', which ran around the lines of a similar programme offered globally by the ILO.

Of the 42 business plans, 11 were shortlisted. 11 shortlisted plans were presented and judged by a panel of industry and business experts comprising representatives from the Lahore Chamber of Commerce and Industry, College of Tourism and Hotel Management and ***Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA)*** and other business experts. The judges looked forward to commercial potential of the business, innovative nature and technical feasibility of the idea, sustainable and competitive advantage. The participants presented the plans with confidence and answered the questions asked by the panel of the judges. In the three categories of hospitality, fashion designing and textile and garments manufacturing, winners were announced by the judges, in which business plans having the most potential to thrive economically were selected. Cash prizes and gifts were given to the entrepreneurs by **PRGMEA.**

PRGMEA hold SGS Fire Safety Workshop

Mr. Sajid Saleem Minhas, Central Chairman, PRGMEA took initiative with SGS for awareness session about fire safety training and its need at factory level. In this regard, a workshop on fire safety in collaboration with PRGMEA and SGS was conducted. Objective of workshop was to invite industry members and to discuss the fire safety need of industry as well as the workforce. Workshop was held on 5th March, 2013 at Pakistan Readymade Garments Technical Training Institute (PRGTTI) Lahore. More than 50 participants from industry attended the workshop. Workshop duration was three hours and it fully sponsored by PRGMEA. After the completion of the successful awareness session; SGS and PRGTTI are planning to start series of workshops on different topics. On the subject, working has been started and a yearly calendar is under development covering almost eleven important aspects related to industry.

Islamabad Serena Hotel join hands with PRGMEA for better rates



Value added Benefits for members:

- Airport pick-up and drop subject to prior submission of flight details, where applicable
- Buffet breakfast
- Spouse stay with buffet breakfast
- Complimentary use of Hotel's recreational facilities
- Check-in/Check-out is 12:00Noon. All arrivals before 7:00 a.m. will be charged for the previous night
- Double/twin will be charged Rs. 2, 000/- + tax.

Special Corporate Rates for PRGMEA Members

Serena Hotel	Room Type	Published Rates	Special Corporate Rate
Islamabad	Deluxe	Rs. 40, 000/-	Rs. 13, 500/-
	Executive Club	Rs. 50, 000/-	Rs. 15, 500/-
	Junior Suite	Rs. 65, 000/-	Rs. 25, 000/-
	Executive Suite	Rs. 80, 000/-	Rs. 40, 000/-
	Presidential Suite	Rs. 200, 000/-	Rs. 200, 000/-

www.serenahotels.com

Fact File: EU IMPORTS OF TROUSERS & DENIM JEANS 2010 – 2012

Research & Development Cell, PRGMEA (NZ), Lahore

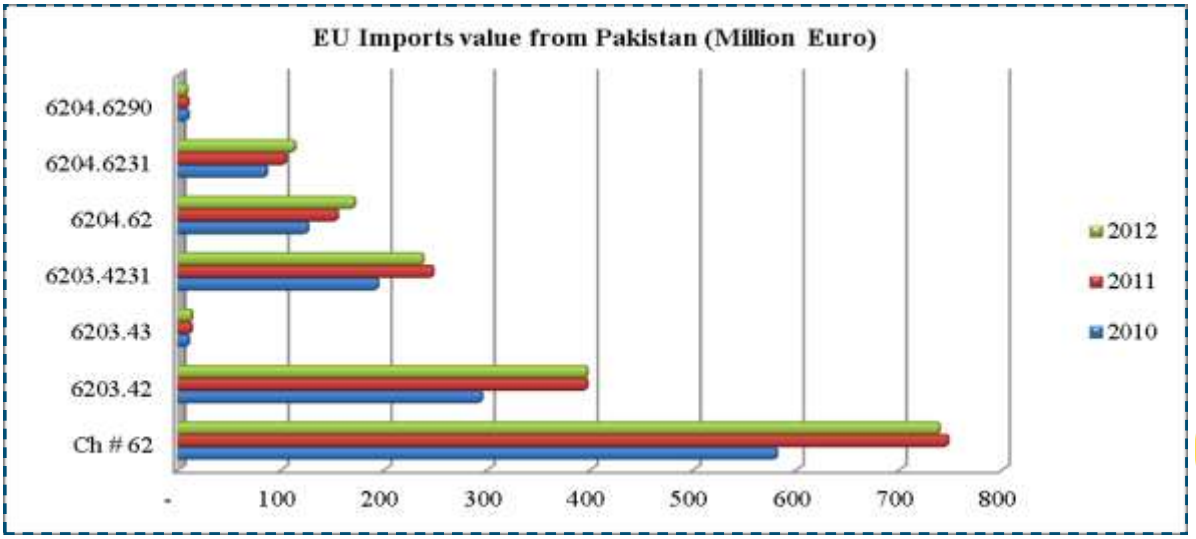
EU Imports of Chapter # 62: Articles of Apparel & Clothing Accessories, not knitted or crocheted

Country		2010	2011	2012	% Change 2012(YoY)
World	Import Value (1000 Euro)	31,386,242	34,664,957	33,075,306	-5%
	Import Qty (1000 kg)	1,957,080	1,979,795	1,767,465	-11%
China	Import Value (1000 Euro)	15,323,608	16,380,898	14,738,106	-10%
	Import Qty (1000 kg)	1,126,905	1,118,013	926,349	-17%
Turkey	Import Value (1000 Euro)	2,938,343	3,143,971	3,118,145	-1%
	Import Qty (1000 kg)	122,296	116,546	112,767	-3%
India	Import Value (1000 Euro)	2,306,931	2,580,209	2,211,800	-14%
	Import Qty (1000 kg)	105,444	98,135	82,791	-16%
Bangladesh	Import Value (1000 Euro)	1,783,142	2,525,440	3,177,760	26%
	Import Qty (1000 kg)	169,205	195,244	224,522	15%
Vietnam	Import Value (1000 Euro)	979,765	1,235,484	1,273,939	3%
	Import Qty (1000 kg)	57,010	67,785	63,814	-6%
Sri Lanka	Import Value (1000 Euro)	537,462	593,280	625,924	6%
	Import Qty (1000 kg)	31,278	32,719	32,362	-1%
Cambodia	Import Value (1000 Euro)	88,700	165,822	340,752	105%
	Import Qty (1000 kg)	6,843	11,988	21,109	76%
Pakistan	Import Value (1000 Euro)	580,902	747,229	738,755	-1%
	Import Qty (1000 kg)	60,970	64,416	59,950	-7%

- Overall, EU - 27 counties imported woven garments (Chapter # 62) is worth Euro 33.1 billion in 2012 from the world. Imports decreased by -5% in 2012 while volume decreased by -11%.
- China showed -10% decreases in terms of value and -17% in terms of volume.
- Exports of woven garments from Bangladesh are on the rise, both in terms of value 26% and quantity 15%.
- EU imports from Cambodia increased significantly, both in terms of value 105% and quantity 76% in 2012.
- In 2012, Pakistan's exports of woven garments (Chapter # 62) decreased by -1% (Euro 738.8 million) while the quantities decreased by -7%.
- Major markets for Pakistan's woven garments exports to EU are UK, Germany, Italy, France, Spain and Belgium.

EU Imports from Pakistan

Product		2010	2011	2012	% Change (YoY 2011)
Ch # 62	Import Value (1000 Euro)	580,902	747,229	738,755	-1%
	Import Qty (1000 kg)	60,970	64,416	59,950	-7%
6203.42	Import Value (1000 Euro)	294,761	396,780	396,927	0%
	Import Qty (1000 kg)	29,194	32,482	31,338	-4%
6203.43	Import Value (1000 Euro)	10,011	12,889	13,280	3%
	Import Qty (1000 kg)	921	1,058	1,005	-5%
6203.4231	Import Value (1000 Euro)	193,769	247,424	237,688	-4%
	Import Qty (1000 kg)	19,890	21,205	20,127	-5%
6204.62	Import Value (1000 Euro)	125,900	154,584	171,361	11%
	Import Qty (1000 kg)	11,402	11,946	11,545	-3%
6204.6231	Import Value (1000 Euro)	85,886	104,350	113,365	9%
	Import Qty (1000 kg)	7,930	8,309	7,652	-8%
6204.6290	Import Value (1000 Euro)	9,747	9,544	8,241	-14%
	Import Qty (1000 kg)	769	622	542	-13%



Detail Report can be found at www.prgmea.org/res.asp

Reference: *http://exporthelp.europa.eu*

CBI Market Competitiveness for Apparel

'The competitive forces that shape your market'

Over the past few years, the European apparel sector has been facing increasing competitive pressure due to the globalization of markets, trade liberalization and technological change.
The current economic crisis and lack of consumer confidence have put retail margins under extreme pressure. Retailers and brands are being forced to reconsider their sourcing and reassess their current suppliers. Nowadays, large clothing retailers and manufacturing wholesalers enjoy positions of strength and buying power.

Both retailers and manufacturing wholesalers (producers) have relocated parts of their production to low-cost countries in order to remain competitive. DC exporters can face significant buyer power when selling to large retailers or department stores. However, this is less so when selling to smaller, independent speciality shops. Future opportunities lie in the middle and upper-middle segments, where there is a demand for clothes with special designs that are made using good quality, innovative fabrics that can be customized.

Exporters currently focusing on the middle segment should be supplying independent shops or trading up to the upper-middle segment.

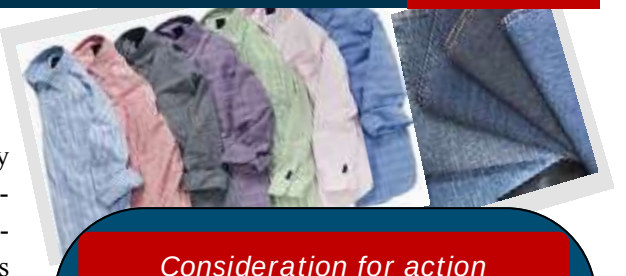
Supplier power is currently moderate. Having specific skills and knowledge concerning a specific technology or part of the production process will be beneficial in distinguishing you from your competitors.

Porter's five forces model provides an overview of the five most important competitive factors (Buyer Power, Supplier Power, Substitutes, Rivalry, New entrants) that shape the EU apparel market!

Barriers preventing entry to the European markets are low, but there is a high degree of rivalry owing to the large number of manufacturers and retailers and their similarities to one another.
Apparel retail will continue to consolidate in the near future, leading to a greater share of the market being controlled by large international retailers.

Within apparel, exporters can employ substitution by using alternative materials and/or new distribution channels.
Exporters could also establish a stronger position by intensifying the relationship with their buyers. It is important to be flexible and to offer good customer services as well as a good logistics and transportation system.

Introduction of the apparel sector to the competitive landscape



To face the challenges posed by increasingly competitive forces caused by market globalization, trade liberalization and technological change, companies in the apparel sector have improved their competitiveness by substantially reducing or ceasing mass production, including basic fashion products under this, and are concentrating instead on a wider variety of products with a higher added value.

Apparel retailers are being confronted not only with increasing competition from emergent mass retailers, but also with the growing internationalization of the most successful apparel retail chains, such as H&M and Zara. The large retailers have organized global supply chains and producers have relocated parts of their production to low-cost countries in order to remain competitive.

The apparel manufacturing sector will have to improve time-to-market by shortening go-to-market or by offering rapid response collections (RRC) or just-in-time deliveries (JIT).

Retailers will have to become leaner and more efficient by cutting costs, reducing their inventory and reducing fashion cycle times.

The international market climate requires apparel manufacturers to provide more services to retailers and buyers in general, thus changing them from being assembly operators to being suppliers of "full-package" services, including material input sourcing and providing shop floor-ready merchandise.
Manufacturers are also creating their own domestic and international brands, and they are even contracting out the assembly of some apparel products. By providing full-package services and creating their own unique brands, apparel manufacturers may capture a larger share of the value chain, but they will also be exposed to greater risk.

Notwithstanding the fact that their budget for clothing has either remained the same or reduced owing to the recession, consumers have displayed changes in their buying patterns, expenditure and habits. They are looking for a greater variety of fabrics, more closely mirroring their individual tastes or sizes and at the lowest prices (customization). They have also become more demanding in respect of new fashion trends and styles and more looking for up-to-date fashion goods with additional services, quality fabrics, tactile sensations and stitching. Consumers are abandoning previously used brands for new ones that offers similar products but which are more competitively priced, have the same or improved quality, and offer customer service and replacement warranties. Private labels are very successful and are expected to gain more importance in the near future.

Consideration for action

- Cluster vertically or horizontally, e.g. regarding sourcing.
- Focus on quality and innovative fabrics and clothing.
- Set yourself apart by using exceptional style detailing, fabrics, design and line.

- Offer good customer services (including the rapid availability of new/up-to-date fashionable products)
- Use crowdsourcing to get assistance with services as necessary and thus compete with larger companies.

- Adapt as soon as possible to changing fashion trends, style detailing and patterns, and the changing needs of customers.

- Innovate.
- Technological developments leads to innovative fabrics and to designs and products with a range of functionalities (e.g.. enhancing the quality of life). They make it possible to tailor products to customers' individual needs and wishes. Innovation in the production process can contribute to raising the sector's productivity, improving working conditions and promoting sustainable manufacturing.

DC Exporters face fierce buyer power from large retailers but this is less so from smaller retailers

There is a moderate to high level of buying power in the European apparel sector.

DC exporters can face significant buyer power when selling to large retailers or department stores, but they encounter a much more favourable situation when selling to smaller independent speciality shops that mainly serve the upper-middle segment. Buyers of that type are less price-sensitive and are looking for special garments that have special designs and which are made of good quality fabrics. Possible customization is becoming increasingly popular in this segment.

Buyers in the low to middle segment will choose suppliers that are flexible and can deliver 'fashion-sensitive' clothes fast. They typically approach cheaper suppliers for the more basic items. These suppliers are not as fast or flexible, but they are more price-competitive.

Flexibility is an important factor for all buyers these days; consequently, so DC exporters that have this to offer will possess an important selling point.

Consideration for action

- If your clients are in the middle segment, consider trading up.
- Upgrade your products by adding features or branding.
- Introduce innovative products and designs.
- Offer clothes that can be customized at the buyers' request.
- Offer high quality at a reasonable price.
- Be flexible and deliver at a reasonably fast.
- Increase loyalty to your products through loyalty programmes or selling direct to your customers (e.g. e-commerce).
- From partnership with other exporters in your country so as to offer a more attractive product and/or service.

Supplier power is moderate but increasing in terms of Knowledge and technology

The power of suppliers in the apparel sector is currently moderate. There are a lot of suppliers of raw materials in this industry, but it takes some time and money to switch to another supplier. The suppliers are more or less the same, because the materials do not differ all that much.

There is potential for DC exporters that can supply expertise and knowledge concerning a specific aspect of the production process (e.g. hand-work skills, the availability of and knowledge about specialized technology).

Suppliers that sell materials for which demand is rising and thus which are not always available (e.g. cotton and its alternatives, such as organic cotton, bamboo and hemp) will probably acquire more power. Furthermore, growing awareness of quality will also give more power to suppliers of high-quality materials.

Specific expertise required in the apparel production process could also become scarcer, as well as specific technology required for innovative products.

Consideration for action

- Set up a buying group of small producers to buy in the form of one large-volume customer.
- Specialize in a certain skill or product.
- Focus on a specific technology, such as washing jeans.

The power of substitution is low for garments and low to moderate for materials and distribution channels

There are no substitutes for apparel, but there are with regard to the materials used and distribution channels.

Materials

Alternative fabrics/raw materials are available to substitute for those used most frequently at present, such as cotton and wool. Producers of cotton clothes that insist on using no other alternative material will not have any substitutes and, in the long term, will be forced to use organic cotton owing to the demand for this from consumers and society. Organic cotton is even more expensive and, therefore, material costs will increase as will the price of the garments.
DC exporters able to adapt to new sustainable fibre garments (e.g. bamboo and hemp) or to innovative man-made fibres and fabrics will enjoy a huge competitive advantage. It will make them less dependent on traditional suppliers of materials and will give them an innovative image which is becoming more popular.

Distribution channels

Multi-channel retailing is a necessity nowadays. Retail shops can no longer survive without a web shop. Exporters should focus on retailers that are already advanced in e-commerce or that are trendsetting in the exploration of new channels. This will be not only useful for building partnerships, but will also be useful for gathering ideas and knowledge. For more information see CBI Market Channels and segments.

Consideration for action

- Excel in CR compliance and obtain certification: e.g. BSCI, SA 8000.
- Use textile that comply with ecological standards: e.g. Oeko-Tex®, GOTS or EU Eco label.
- Implement ISO standards and/or work with companies that are certified by ISO.
- Change to organic or new sustainable fibre garments or innovative fabrics (there is still not as much rivalry here).
- Be up-to-date with new techniques (e.g. dyeing process) and fibres such as bamboo, hemp, ramie, etc.
- From alliances with fabric producers with a frequent presence at affairs in Europe and which have state-of-the-art materials.

Rivalry in the apparel industry is fierce with new competitors constantly appearing

There is a high degree of rivalry in the apparel industry owing to the large number of manufacturers and retailers, as well as their similarity to one another. There is little brand loyalty, thus consumers are likely to switch easily between products.

Low fixed costs make it attractive for new manufacturers and retailers to step in. Companies try to differentiate themselves in order to find their niche and reduce the competition. Nevertheless, each niche contains several direct competitors of different sizes.

E-commerce will continue to grow and increase competition, because it is boosting competitive pricing and is making products available anywhere.
It is very important for DC exporters to work on their relationships with buyers and thus to become preferred suppliers by offering extra services. It could also be beneficial to set yourself apart from the competition by providing a special product and offering this via the non-standard channels.

Consideration for action

- Distinguish your products from those of your competitors by innovating features.
- Focus on a unique segment of the market (e.g. the upper-middle segment).
- Distribute products through a novel channel: e.g. home parties, pop-up shops (for more information see also CBI Market Channels and Segments).
- Create stronger relationships with your buyers and build customer loyalty by, for example, offering competitive prices.
- Opportunities lie in pre-production services, sourcing, collection proposals, forwarding advantages and capacity bookings.

New entrants can enter easily, but large retailers, lower consumption and regulations could make this less appealing

CBI
Ministry of Foreign Affairs of the Netherlands

Companies can enter the European apparel market with relative ease, but the presence of major retailers could pose a major obstacle. Consumption of apparel is slowing down, which is making market entry more challenging. Another lesser obstacle involves the (moderate) capital requirements. Companies need a certain amount of money to build up their distribution networks and to advertise.

The possibility of initiating clothing sales online through a web shop has lowered what was a significant barrier to market entry, because having one's own shop or a retailer is no longer a necessity when starting a business.
It is probable that new companies will find it more appealing to enter the apparel market once the economy improves. With regard to existing clothing companies, there are always opportunities for new products of interest that are CR-compliant, owing to the growing awareness that already exists among retailers and consumers in the middle to upper-middle segment. Attitude towards the environment, health (relating to allergies) and social responsibility are anticipated to spread to the other segments as well in the near future.

Regulations could create a future barrier to market entry. The production of organic or fair trade clothing could become stricter in Europe through the enforcement of official standards and certification. This might result in extra investment being needed to obtain the right certification as well as waiting period before being able to enter the market.

Examples of new niche markets are:

* Sports and outdoor clothing: golf, endurance sports, outdoor and sports activity clothing (e.g. cycling, running, climbing); yoga. (Preferably made of hi -tech materials.)
* Multifunctional outdoor/sportswear
* Fancy sports body wear
* Comfort and loungewear (e.g. to relax in at home)
* Teenager themed clothing (e.g. breakdance, street dance, music (inspired by popular music streams))
* Party clothes
* Clothes made using printing and new weaving techniques

This report was compiled for CBI by GIA in collaboration with CBI sector expert Dhyana van der Pols.
Courtesy: Market Information Database, URL: http://www.cbi.eu/CBI

Consideration for action

- There could be opportunities for niche products and clothes that can be customized, because consumers are more and more looking for personalized clothes. The niche markets have growth potential and there are fewer competitors.
- Sell to independent specialty shops like fair trade shops.
- Make your communication and service program stand out.
- Promote your products as being different and why it is (e.g. tell about origin and by who it's made; focus on the sustainable and social responsibility aspect).
- Stay updated with the latest trends in Europe on fashion, colours, style details and accessories by following fashion websites and blogs or visiting fashion and fabric fairs in Europe.

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Essential Elements of Visual Merchandising

By: Ayodya Kavitha & P. Sahithi

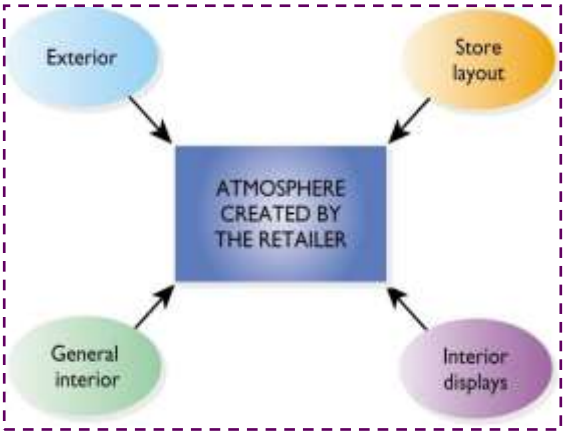
Visual merchandising helps in boosting up the sales. It can increase the turn over. Hence it is very much important for a store to have a good visual merchandising.

All elements in visual merchandising should be properly controlled and arranged. Any defect or damage creates a negative impulse. In addition to visual merchandising, sound and aroma, pleasant receiving and treatment of customer results in success of a store.

Visual merchandising is an activity and profession of developing floor plans and three dimensional designs to maximize the sales. It is an art of displaying the merchandise in an appealing way in order to attract the customers. Both goods and services can be displayed to highlight their features and benefits.

There are 4 key elements of visual merchandising:
1. Store exterior
2. Store layout
3. Store interior
4. Interior display

It attracts the customers thus increasing the sales. It creates awareness in customer about the merchandise. It attracts, engages and motivates the customer towards purchase. It helps the customer to locate and self-select the merchandise.



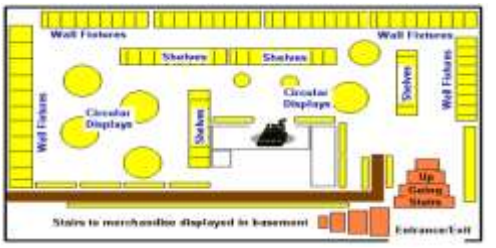
Store exterior: It includes the exterior of the business. It consists of:
Marquees: it is an architectural canopy that extends over the entrance.

Entrance: it should provide customer convenience as well as store security. Small stores may have one entrance. Big stores consists one for entrance and other for exit. There are different types of entrances being used nowadays like revolving, push-pull, and electronic entrances.

Window display: it is an important element. It creates the store's first impression with customer. It begins the selling process even before the customer enters into the store. According to the convenience of store, different types of window displays like closed, open-back, angled, arcade, cornered window display etc. are used.

Store layout: It deals with the aspect of way of allocating the floor space. It includes

- Selling space
- Merchandising space
- Customer space
- Personnel space.



Store interior: It deals with the way of designing the store's interior. It affects the store's image. It includes the Floor and wall coverings, lighting, colours and fixtures. It is important to create a comfortable environment inside such that customers feel relax and free to spend more time and shop. It should be designed such that they should not be confused, constrained with crowds or long lines.

Interior display: It is the way of displaying the store's merchandise in interior of the store. They are the general part of the store. They generate 1 out of 4 sales. They enable the customer to self-select without personnel. It may be of closed display, open display, point-of-purchase, store decoration or architectural display. Interior display use fixture and props to hold the merchandise. In addition to the above following elements are also important which help in a successful visual merchandising.

Mannequins:

Of all the presentation tools mannequins are the important as they trigger customer's imagination. They are built in different human forms. They are dressed and accessorized such that they help in customer visualize and imagine the way of style that suits them. They can provide a total look. They are the asset of a store. They convey the fashion message. They are the store's *silent sales person. Following are the* different types of mannequins:

Realistic mannequin: in past they resembled to a famous model or a movie star. At present they are more natural, animated and identifiable.

Semi realistic mannequin: it is proportioned and sculpted like a realistic mannequin with makeup that is neither natural nor artificial. It is more decorative than realistic and stylized.

Semi abstract mannequin: it is even more stylized and decorative than semi realistic. It is painted on or merely suggested accordingly like a bump on nose.

Abstract mannequin: it is more decorative and stylized. It consists of prolonged legs and hands and gives a total look.

Headless mannequins: these are the mannequins that do not contain head. These are mostly used in small stores.

Lighting:

Visual merchandising will be successful with proper lighting. If there is no correct lighting it doesn't fetch any attention from the customers. Lighting draws the attention of customer. A shopper's eye is automatically drawn to the brightest part of the store. It should illuminate or reflect properly. It should not cause any strain to customer. There are 3 types of lighting:

Primary lighting: it illuminates the overall level of the store.

Accent lighting: it is illuminated on special areas to drag customer's attention

Atmosphere lighting: it gives a distinctive and specific illumination without shadow.

Colour:

It is one of the most important elements of visual merchandising. Proper selection of colours is essential to drag the customer's attention. There should not be zigzag or crowdie colours which confuse them. Colour effects psychological emotion of the customer. They can change the emotions of human being. They can crate positive or negative effect on mind. Hence, proper selection of colours which creates a positive effect on customers used.

Courtesy: fibre2fashion.com

Make a shopper as a stopper
and
Make to pass-in rather than pass-by.

Overview of Global Textile Machinery Industry

Textile is one of the major sources of employment generation. Textile machinery is the backbone of this sector. With every passing day demand is increasing for new equipment. Textile machinery industry requires great investments in research, deep know-how, long experience in textile, mechanic and electronic fields. Therefore countries having a first class production are few. Here is a look at the textile machinery market of a few countries.

China:

China started manufacturing machines nearly 80 years ago. The country's textile

machinery trade started growing in the past decade, and today, China's machinery industry play's a significant role in catering to global as well as domestic demands. With a rapid development of textile industry, China's machinery industry also advanced drastically. Currently, the country's textile machinery sector holds a significant position in generating foreign exchange revenues, and developing its economy. Its textile machinery comprises of 80% of the domestic textile machinery market.

As far as textile machinery exports of China are concerned, Asia is the major market. During 2011, output value of China's textile machinery industry was 107.367 billion Yuan. This is a 27.44% year-on-year increase comparatively over the previous years. Profits showed a year-on-year increase of 27.81% and were 7.143 for the same period.

Textile machinery sector of the country is mainly concentrated in the provinces of Shandong, Zhejiang, and Jiangsu, covering 80.73% of the total sales. Revenues of the China Textile Machinery Group Corporation were CNY 4.83 billion.

India:

Textile industry in India is considered as a pioneer industry, as India's industrializations in other fields have succeeded through the resources generated by textile industry. Though, from the early 1970s to the beginning of liberalization in 1992, the industry tended to be isolated as measures taken by the Government (with the apparent objective of protecting the cotton growers, the large labour force and the consumers) have constantly eroded its prosperity.

Indian textile machinery industry had been performing extremely well during the recent past years. Machinery manufacturers are investing in expansion and modernization of machinery capacity. Strong demand from both domestic, and export market, coupled with supporting policies from the Government fuels the growth of the industry. Globalization has brought new opportunities for the Indian textile machinery industry. At the same time, the industry also foresees threats and challenges due to cheap imported textiles. The country is in a position to fight for its share in the global

textile machinery market. Apart from depending on its strengths, India also needs to work in removing its weaknesses.

Italy:

Italian textile machinery industry is one of the major machinery manufacturers and its technology is regarded as highest in the global textile machinery market. In 2009, the production of Italian textile machinery amounted to 1.9 billion of Euro, 78% of which (worth 1.5 billion Euros) exported in about 130 countries. Asia (50%) is the main export area, followed by Europe (31%), South America (8%), North America (5%) and Africa (6%).

In 2011 Italian textile machinery production rose from 2.4 billion Euros to 2.6 billion Euros registering an increase of 9% compared with the 2010 figures. Exports remain as the driving force of the Italian textile machinery market. The dynamic nature of the global textile machinery market along with the determination of the Italian textile machinery manufacturers contributed to a sustained growth of the industry. Approximately 50% of the country's machinery sales are to the Asian markets such as Indonesia, India, China, and Japan. Textile machinery is also exported to other markets such as Germany, France, and Russia.

Spain:

European Union is one of the largest exporters of textile machinery in the global forefront. Germany, Spain and Italy trail closely. Among them Spain has come out as an important machinery manufacturer by securing 11th position; worldwide. Machinery and transport equipment's comprise one of the five major sectors of Spanish exports during 2011.

Innovation, technological advancements, and diversification play a major role in shaping Spanish textile machinery industry, securing a retainable position. In Spain, approximately 69 machinery companies gain financial credit worth 245 million Euros. 70% of the total textile machineries manufactured in Spain are exported, to foreign markets, putting the country in par with its French, UK, and Italian counterparts. Spanish textile machinery industry comprises of small, medium and large scale companies.90% of the machinery sector in Spain is occupied by small and medium scale companies. Small companies comprise with employee strength of 50 or less, and face tough competition in the global market in terms of price, quality, design and service. The country gives special focus to research and development of its textile machinery sector. Main innovations are done in dyeing, spinning, weaving, and clothing machineries. With the aid of the research centers, machinery companies in Spain are able to manufacture technologically advanced machineries, keeping the demand high throughout the year.

Pakistan:

Textile industry is the backbone of Pakistan. The country is one of the world's leading cotton producers, and this has ultimately led to the development of their textile, and textile machinery industry. Their textile industry contributes to 67% of the total export revenue generation, comprising of 46% of the total manufacturing activities of the country, employing 38% of the total labour force. Major cities in Pakistan involved in textile manufacturing are in Karachi, Hyderabad, Multan, Faisalabad, and Lahore.

Though, textile industry is the largest manufacturing sector in Pakistan, indigenous manufacturing of machinery cannot be developed and much of the requirement is only met through global imports. Generally foreign firms appoint local agents in Pakistan to provide them with market intelligence updates. Distributor arrangements are mostly met through an exclusive agency agreement.

During March 2012, textile machinery imports from Pakistan fell by 58% to $19.391 million compared to the import of $47.120 million during March 2011. Italy is a major trading partner for Pakistan. During the course of time, the two countries have developed friendly ties, resulting in the growth of trade and economic activities. Balance of trade remained in favor of Pakistan, which increased from USD 100 million in 2006-07 to USD 388 million in 2010-11. Textile machinery sales of Italy into Pakistan consist of spinning, weaving, finishing, and knitting.

Turkey:

Located at the crossroads of Southeastern Europe and Western Asia, textile manufacturing in Turkey dates back to the 16th century. Today, it is not only a major source of revenue generation, but has also augmented the country as a leading exporter in the global market.

Textile machinery is one of the major activity sectors of Turkish machinery market. Turkish machineries are more prominent; in the global textile machinery market. It is one of the leading countries; worldwide with high quality level, offering services to big textile brands in various processes. It also maintains activities through an assortment of its own brands with serious level of market domination.

Textile machineries manufactured in Turkey have good market in a global scale. During 2006, its export level was 224 million dollars. The export market further grew drastically to witness a growth of 266 million dollars during 2010. During the same period (2006-2010) a declining trend was observed in the export of textile machinery of other countries such as Switzerland, Italy, Germany and US. On the contrary, Turkey experienced an 18.75% growth in the same period proving itself as one of the countries with greatest increase rates of textile machinery exports. Currently, Turkey is EU's second largest supplier of textile machinery, only next to China.

Courtesy: fibre2fashion.com

Global machinery market is growing drastically with a distinctive progress. With the advancements in technology, automation in textile machinery has seen immense improvement. Latest technologies focus more on flexible, energy efficient and perfect machineries. In the past decades, textile engineering had played a vital role in modernizing the textile sector.

Fire Safety and Labour Issues in the Apparel Supply Chain: Implications for Pakistan

Research & Development Cell, PRGMEA (SZ), Karachi

In order to qualify for GSP Plus, Pakistan will most likely be required to improve factory conditions with respect to fire and safety and to update its labour laws. Bangladesh and Pakistan have similar problems with regards to fire and safety and labour issues in the garment industry but the only difference is that Bangladesh is under spotlight because of its global position while Pakistan is not considered as a major supplier. However, it can be argued that wage structure in Pakistan is much higher than Bangladesh and working conditions are better but improvements are, none the less, required.

Rana Plaza Incident: The apparel supply chain was already under pressure over several fire incidents which killed hundreds of workers in Bangladesh and Pakistan last year but with the collapse of *Rana Plaza* building in April 2013, which killed more than 1,100 workers, a lot of changes are being brought about. The incident forced more than 30 brands, predominantly European retailers, to sign the Accord on Fire & Safety in Bangladesh (AFBSB). Prior to the incident, only one major buyer had agreed to sign this agreement on a condition that at least three other buyers also sign up for funding. Some important signatories to the accord are Benetton, C&A, Carrefour, Esprit, Inditex (Zara), Next, Primark, PVH (Tommy Hilfiger, Calvin Klein), Sainsbury's, and Tesco. Major US-based retailers, on the other hand, decided not to sign the agreement.

The Accord: AFBSB agreement aims to establish a fire and building safety program in Bangladesh over a five year period. Under this agreement the initial inspection of all participating factories would be carried out within two years. The agreement aims to create a self-financed project with each signatory company contributing a proportion to its annual buying volume towards the project. According to the agreement, signatory companies are bound to place "comparable or greater volumes" as a binding commitment towards maintaining a "long-term sourcing relationship" with Bangladesh. The accord aims to help Bangladesh build its National Action Plan on Fire Safety (NAP).

The AFBSF is a major step towards improvements in the global apparel supply chain but the signatory brands will cover only a fraction of the global industry, critics point out. Around 40 or so top brands account for about a third of Europe's apparel imports as shown in the given table .

Market	Apparel Market Size ($ bn)	Apparel Imports From BD ($ mn)	% in AFBSB
USA	362.6	4567	1.6
China	270.6	104	0.5
Japan	109.4	350	0.6
Germany	82.1	3933	14.9
UK	75.1	2149	30.1
Russia	68.9	270	0.9
Italy	62.8	875	4.5
Brazil	57.7	117	1.2
France	53.6	1184	6.3
India	48.8	41	0.5
Canada	37.3	951	5.2

Better Work Program: In a separate but related development, the ILO and the World Bank refused to let Bangladesh join their textile industry monitoring and safety program, the Better Work program, until the country improves conditions for labor unions and overhauls its labor laws.

Better Work program requires unannounced, independent inspections of participating textile companies and is being run in several countries. Bangladesh applied to join the Better Work program but was refused entry because of the country's weak labour laws and treacherous conditions for labour unions. ILO and the World Bank have demanded major changes before approving participation into the program. The EU has also urged Bangladesh to update its labour laws in order to retain its duty-free status.

Occupational Health & Safety Laws: Bangladesh's situation in terms of its labour practices and safety regulations is not unique. There are several other garment producing countries, such as Pakistan and Cambodia, where almost the situation exists. In these countries, the state either does not have the capacity or is not committed to implement these laws over fear that it will drive away investment. This situation is in contrast to China, the largest garment producer in the world. According to the ILO, China has witnessed continual improvement of occupational safety and health over the past decade. In China OSH laws are enacted by the National People's Congress (NPC); administrative regulations are enacted by the Central People's Government of China (The State Council); local regulations are made by the People's Congress at province level and departmental rules are enacted by departments working under the State Council. In Pakistan factory inspections which are covered under the Factories Act of 1934 were banned in 2003 by the provincial government of Punjab and followed by other provinces.

Academic research suggests that a mixture of public and private interventions is necessary to improve working conditions and environmental standards within global supply chains.

The research concludes that private voluntary regulatory systems cannot function without efforts by state and non-governmental actors to enforce labour and environmental standards. This was also pointed out by the program director of the Better Work program, that it is a mistake to see these initiatives (AFBSB) as an alternative to good governance. There is no alternative to good laws (which are) well enforced, he said.

Pakistan urgently needs to revamp its labour laws and improve working conditions, as a preemptive measure in order to qualify for GSP Plus. The government and the industry should realize that working at the bottom of the value chain is not the right strategy. Serious brain storming is required in order to compel the industry towards value addition. One way to enhance value addition is through liberal import policy for fine quality yarns, fabrics and accessories which are not available locally. Imports of man-made and polyester fabrics from India and China should be encouraged. The government should consider revamping DTRE rules for temporary importation of raw material for exports .

AGREEMENT BETWEEN THE GOVERNMENT OF THE ISLAMIC REPUBLIC` OF PAKISTAN AND THE GOVERNMENT OF THE REPUBLIC OF INDIA ON COOPERATION AND MUTUAL ASSISTANCE IN CUSTOMS MATTERS

The Government of the Islamic Republic of Pakistan and the Government of the Republic of India (hereinafter referred to singularly as "Contracting Party" and collectively as "the Contracting Parties");

Considering that the offences against the Customs law are prejudicial to their economic, commercial, fiscal, social, health, environmental and cultural interests;

Motivated by the commitment to promote mutual cooperation for the benefit of their people, in a spirit of mutual accommodation, with full respect for the principles of sovereign equality, independence and territorial integrity of the Contracting Parties;

Recalling the common desire to promote trade, and convinced that closer cooperation amongst their Customs Administrations will facilitate trade between the contracting Parties;

Recognizing the need for mutual co-operation in matters related to the application and enforcement of their Customs laws;

Considering the importance of accurate assessment of Customs duties and other tares on the importation / exportation of goods and ensuring proper implementation of Customs laws related to enforcement of prohibitions, restrictions and measures of control in respect of specific goods;

Convinced that action against Customs offences can be made more effective by close co-operation between their Customs Administrations based on clear legal provisions;

Concerned about the trends of illicit traffic of Narcotic Drugs and Psychotropic Substances and bearing in mind that they are hazardous to public health and society;

Having regard to the relevant instruments of the World Customs Organization (WCO) and other international agreements, to which the Contracting Parties have agreed, containing prohibitions, restrictions and special measures of control in respect of specific goods;

Have agreed as follows:

CHAPTER 1

Article 1: Definitions

For the purposes of this Agreement

1. "Customs Administration" means: For the Government- {of the Islamic Republic of Pakistan - Federal Board of Revenue, for the Government of the Republic of India- the Central Board of Excise and Customs;

2. "Agreement" means the Agreement between the Government of the Islamic Republic of Pakistan and the Government of the Republic of India on Cooperation and Mutual Assistance in Customs Matters;

3. "Authenticated or Certified Copy" means a document duly signed and stamped or sealed by the Customs Administration or any other authority so designated by the Customs Administration of the respective Contracting Party;

4. "Customs law" means any legal, regulatory and administrative provisions applicable or enforceable by the Customs Administration of a Contracting Party in connection with the importation, exportation, transshipment, transit, storage and movement of goods, including legal, regulatory and administrative provisions relating to measures of prohibition, restriction and control;

5. "Customs duties" mean all duties, taxes, fees or any other charges which are levied on or in connection with the importation or exportation of goods in the territories of the Contracting Parties in the application of Customs law, but not including fees and charges for services rendered;

6. "Customs offence" means any breach or attempted breach of Customs law;

7. "Person" means both natural and legal persons, unless the context otherwise requires;

8. "Personal data" means any data concerning an identified or identifiable natural person;

9. "Information" means any data, whether processed, not processed or analyzed, and documents, reports and other communications in any format, including electronic, or certified or authenticated copies thereof;

10. "Intelligence" means information which has been processed and / or analyzed to provide an indication relevant to a Customs Offence;
11. "Requesting Administration" means the Customs Administration of the Contracting Party which requests assistance;
12. "Requested Administration" means the Customs Administration -of the Contracting Party from which assistance is requested;
13. "Official" means any Customs Officer or any officer of any other Authority or any other government functionary designated by a Customs Administration of Contracting Parties.

CHAPTER II

Article 2: Scope of Assistance

1. The Customs Administrations of the Contracting Parties agree to strengthen, promote and develop cooperation and mutual assistance on matters pertaining to Customs between the two parties and to strengthen mutual understanding and communication.
2. This Agreement only covers cooperation and mutual assistance on Customs matter between the Contracting Parties and is without prejudice to the provisions of other mutual assistance agreements between the Contracting Parties.
3. The Contracting Parties shall provide each other assistance within their competence through their Customs Administrations, under the terms set out in this Agreement:

(a) for proper application of Customs law;
(b) for prevention, investigation and combating of Customs offences;
(c) for resolution of Customs procedural issues for efficient clearance of goods; And
(d) for facilitation of legitimate trade.

4. All assistance under this Agreement by a Contracting Party shall be provided in accordance with its national legal, regulatory and administrative provisions.
5. This agreement shall be applicable within the territories of the States of the Contracting Parties.

CHAPTER III

Article 3: Scope of General Assistance

1. The Customs Administration of one Contracting Party may request the Customs Administration of the other Contracting Party to provide available information which may be useful in ensuring the application of Customs Law of the Requesting Customs Administration, including:

(a) the proper assessment of Customs duties ,including valuation and tariff classification of goods for customs purposes;
(b) the determination of the class and origin of goods;
(c) the implementation of prohibitions & restrictions of import and export.

2. The Requested Customs Administration shall provide the information requested by the Requesting Customs Administration as soon as possible.
3. The Customs Administrations of the Contracting Parties shall co-operate and adopt and apply their import, export and transit requirements and procedures for goods with the objectives of facilitating legitimate trade and promoting customs cooperation on a bilateral and multilateral basis.
4. The Customs Administration of the Contracting Parties shall co-operate in the research, development and application of new Customs procedures, in the training and exchange of personnel and in other matters of mutual interest.

Article 4: Scope of Special Assistance

1. The Requested Customs Administration shall, in support of proper application of Customs law or in the prevention of Customs offences, provide information to assist a Requesting Administration that has reasons to doubt the truth or accuracy of a declaration by any person. The request shall specify the information or verification needed by the Requested Administration.
2. Each Customs Administration will provide the other, either on request or on its own initiative, with information on activities or transactions, planned, ongoing, or completed which constitute or appear to constitute a Customs offence in the territory of the other Contracting Party.

CHAPTER IV

Article 5: Expeditious Clearance of Cargo

The Customs Administration of the Contracting Parties shall endeavor to facilitate trade and ensure expeditious clearance of cargo

under the law through:

(a) Proper and adequate infrastructural facilities at the entry and exit Customs stations;

(b) Security risk assessment profiling; and

(c) Use of information technology.

Article 6: Risk Management

Each Party shall apply electronic risk based management systems, to the extent possible, to focus on inspection activities efficiently and effectively and facilitate the clearance and movement of legitimate trade.

Article 7: Transparency

Each Party shall ensure that its Customs and other trade-related laws, regulations, general administrative procedures and other requirements are readily available to all interested parties, to the extent possible, in electronic form.

Article 8: Customs Valuation

The WTO Agreement on Implementation of Article VII of the GATT 1994 shall govern Customs valuation to trade between the Contracting Parties.

Article 9: Advance Rulings

Each party shall endeavor to provide for a system of advance rulings on Customs matters, to the extent possible.

CHAPTER V

Article 10: Information for the Application and Enforcement of Customs Law

1. The Customs Administration of a Contracting Party, if specifically requested by the Customs Administration of the other Contracting Party shall provide information on:

(a) Whether goods imported into the territory of the Requesting Customs Administration have been lawfully exported from the territory of the Requested Customs Administration; and

(b) Whether goods exported from the territory of the Requesting Customs Administration have been lawfully imported into the territory of the Requested Customs Administration.

2. The Requested Customs Administration shall also provide details of the Customs procedures adopted in the course of Customs clearance of the goods.

3. The request shall specify the verification procedures that the Requesting Customs Administration wishes the Requested Customs Administration to undertake and shall clearly describe the specific information requested.

CHAPTER VI

Article 11: Exchange of Information and Intelligence

1. The Customs Administration of a Contracting Party, if specifically requested by the Customs Administration of the other Contracting Party shall provide certified copies of Customs documents, shipment documents, records of evidence, that give information on actions, carried out or intended, which constitute or may constitute an offence against the Customs laws in force in the territory of the other Customs Administration.

2. The requested information can be transmitted via electronic means,

3. Any information and intelligence exchanged under this Agreement, whether electronic or documentary, shall be accompanied by relevant information for interpreting or utilizing it.

CHAPTER VII

Article 12: Communication of the Requests

1. A request for assistance under this Agreement shall be communicated directly between the Customs Administrations of the Contracting Parties. Each Customs Administration shall designate an official Nodal Point(s) for this purpose and shall provide details thereof to the other Customs Administration. Any change in the designated Nodal point shall be communicated promptly.

2. Requests for assistance under this Agreement shall be made in writing or electronically and shall be accompanied by any information deemed useful for the purpose of providing the assistance requested. The Requested Administration may require written confirmation of electronic requests. Where the circumstances so require, requests may be made verbally, however, such requests shall be followed up either in writing or by electronic means at the earliest opportunity.

3. Requests shall be made in the English language. Any document accompanying such requests shall be translated, to the extent necessary, into English language.

4. Requests made pursuant to paragraph 2 of this Article, shall include the following details;

(a) the name of the concerned unit of the Requesting Administration;
(b) Nature of the assistance requested and reasons for the request;
(c) a brief description of the case under review and the legal and administrative provisions that apply;
(d) the name(s) and address(es) of the person(s) to whom the request relate(s), if identified; and
(e) Any other information which may assist in the execution of the request.

5. Where the Requesting Customs Administration requests that a certain procedure or methodology should be followed, the reasons for such specific requests may be mentioned. The Requested Customs Administration, in such cases, may comply with the request, subject to its national legal, regulatory and administrative provisions.

6. The Requested Customs Administration shall provide the information requested for at the earliest. However, for requests other than requests for investigative assistance, the information shall be provided, preferably within one month

7. If the Requested Customs Administration does not have the information requested, it shall in accordance with its national legal and administrative provisions, either:

(a) Initiate inquiries to obtain that information;
(b) Promptly transmit the request to the appropriate agency; or
(c) Indicate to the Requesting Customs Administration which relevant authorities are concerned.

8. Notwithstanding the procedure prescribed in paragraph (7) of this Article, in case the Requested Customs Administration is unable to provide the requested information or documents, it shall immediately inform the Requesting Customs Administration and the procedure given in Article 14 and 15 shall be, *mutatis mutandis,* followed.

Article 13: Use and confidentiality of information

1. Any information or documents received under this Agreement shall be used only by the Requesting Customs Administration solely for the purpose of assistance and under the terms set out in this Agreement. The information or documents received under this Agreement shall be eligible for use in administrative, quasi judicial or judicial proceedings and in inquiries, by the recipient Contracting Party. However, such information and documents shall not be used for purposes other than those specified in this Agreement, unless a written consent of the other Customs Administration has been obtained.

2. On request, the Customs Administration that supplied the information may authorize its use for other purposes or by other authorities, subject to any terms and conditions it may specify. Such use shall be in accordance with the legal and administrative provisions of the Contracting Party, which seeks to use the information.

3. Any exchange of information in any form whatsoever communicated under this Agreement shall be treated as confidential and shall be subject to, at least the same protection and confidentiality, as such information is subject to under the national legal and administrative provisions of the Contracting Party where it is received.

4. Where personal data is exchanged under this Agreement, the Customs Administrations of the Contracting Parties shall ensure that it is used only for the purposes it was provided for and shall also ensure a standard of data protection according to national laws.

Article 14: Exemption

1. If a Requested Customs Administration considers that compliance with a request for assistance will be prejudicial to the sovereignty, laws and treaty obligations, security, public policy or any other substantive national interest of a Contracting Party, or will be prejudicial to any legitimate commercial or professional interests of its State, such a request may be declined completely or partially, or be provided subject to any terms and conditions it may specify.

2. The assistance may be postponed if there are grounds to believe that it will interfere with any ongoing investigation, prosecution or proceeding. In such
a case, the Requested Administration shall consult with the Requesting
Administration to determine if assistance can be given subject to such terms or conditions as the Requested Administration may specify.

3. If the Requested Administration considers that the effort required to fulfill a request is clearly disproportionate to the perceived benefit to the Requesting Administration, it may request them to review the required assistance.

4. If the assistance requested is declined, postponed or requested to be reviewed in terms of this Article, the reasons thereof shall be communicated by the Requested Administration forthwith.

Article 15: Assistance Expenses

1. The Contracting Parties shall waive all claims on each other for the reimbursement of expenses incurred pursuant to this Agreement, except, as appropriate, for those who are not public service employees.

2. Any recourse to expert(s), witness(es), translator(s) and interpreter(s) shall be made by the Requested Administration after prior consultation and approval of the Requesting .Administration.

3. If during the execution of a request it becomes apparent that execution of the request will entail expenses of an extraordinary nature, the Requested Customs Administration shall consult the Requesting Customs Administration to determine the terms and conditions under which the execution of request may take place.

Article 16: Joint Border Liaison Committees

1. To ensure close coordination Joint Customs Border Liaison Committees shall be established by the Customs Administrations at each point of crossing between the border Customs stations of the Contracting Parties. Members of the Joint Customs Border Liaison Committees shall be nominated by the respective Customs Administrations as soon as possible after this Agreement comes into force.

2. The Committees shall meet at least once in two months on *either* side of border customs station on rotational basis to;

(i) discuss progress in the development of infrastructure on both. sides of border stations enabling expeditious clearance of goods,

(ii) resolve other operational issues in order to facilitate trade,

(iii) Any other matter of joint interest.

3. In case any issue cannot be resolved by the Committee, the same shall be referred to the Joint Customs Cooperation Committee.

Article 17: Joint Customs Cooperation Committee

1. A Joint Customs Cooperation Committee shall be established immediately after this Agreement comes into force, consisting of representatives of Customs Administrations of the Contracting Parties. It shall meet at such place and time and with such agenda as may in advance be mutually agreed upon by the Customs Administrations.

2. The Joint Customs Cooperation Committee shall inter alia:

(a) oversee proper functioning of the Agreement;

(b) examine all issues arising from its application;

(c) address all such issues in accordance with the objectives of this Agreement;

(d) Exchange views on items of common interest relating to Customs;

(e) Recommend amicable solutions aimed at attaining the objectives of this agreement

3. The Joint Customs Cooperation Committee shall adopt its internal rules of procedure.

CHAPTER VI

Article 18: Implementation

1. The implementation of this Agreement shall be entrusted to the Customs Administration of the Contracting Parties. They shall decide on all practical measures and arrangements necessary for its application. They may recommend to the competent bodies of Contracting Parties such amendments as they may consider to be incorporated in this agreement.

2. The Contracting Parties shall consult each other and subsequently keep each other informed of the detailed rules of implementation which are adopted in accordance with the provisions of this Agreement.

Article 19: Application

This Agreement shall be applicable to the jurisdiction of the Contracting Parties to which their respective Customs laws apply.

Article 20: Future Developments

The Contracting Parties may by mutual consent expand this Agreement with a view to enhance and supplement Customs cooperation in accordance with their respective Customs laws, by means of agreements on specific matters.

Article 21 : Withdrawal

1. This Agreement will be in force for an indefinite period unless either Customs Administration gives six months advance notice in writing about its intention to terminate the Agreement. The termination shall take effect six months after the date of such notification.

2. Each Customs Administration reserves the right, for reasons of national security, national interest, public order or public health, to suspend temporarily, the whole or in part, the implementation of this Agreement and such suspension shall take effect after one

one month from the date that intimation has been given to the other Customs Administration through diplomatic channels. The Customs Administration which suspends the Agreement, in whole or part, shall also notify the other Customs Administration of the time period for which the Agreement shall remain suspended. Unless otherwise notified the Agreement shall cease to be suspended at the end of such notified period.

3. The rights and obligations of a Contracting Party, which has withdrawn from or suspended this Agreement, shall cease to apply as of that effective date with the exception that ongoing proceedings at the time of termination or suspension shall nonetheless be completed in accordance with the provisions of this Agreement.

Article 22: **Entry into force**

This Agreement shall enter into force on the 15th day after the Contracting Parties have notified each other in writing through diplomatic channels that all the necessary domestic legal requirements for the entry into force of this agreement have been complied with.

Article 23: Review

The Contracting Parties shall meet in order to review this Agreement on request from either Contracting Party, or at the end of five years from the date of its entry into force unless they notify one another in writing that no such review is necessary.

IN WITNESS WHEREOF the undersigned being duly authorized thereto by their respective Governments have signed this Agreement on Cooperation and Mutual Assistance in Customs Matters.

……..……...DONE at _____on _____ , 2012 in two originals each in the Urdu, Hindi and English languages, each text being equally authentic. In case of any divergence of interpretation of the provisions of this Agreement, the English language text shall prevail.

For the Government of the Islamic Republic of Pakistan	For the Government of the Republic of India

Pakistan Readymade Garments Technical Training Institute - Karachi

PRGTTI Karachi has trained over 15000 trainees over the period out of which 80% are serving the garment and allied industry. The curriculum of all technical courses at Pakistan Readymade Garments Technical Training Institute (PRGTTI) Karachi have been developed in close collaboration with the institute faculty, keeping in view the International standards and the local garment industry advice and suggestion and the courses are modified on regular basis. The institute relies on the feedback received from the association members who are garment manufacturers and exporters and main employer of our trainees.

All courses offered at PRGTTI Karachi are registered with Sindh Board of Technical Education, a Government body for standardization and registration of technical courses and PRGTTI is affiliated with SBTE through which all trainee certificates re-endorsed.

PEPGI builds on the successes of GEN PROM and brings in and incorporates two new components into its design. The project three interconnected outputs include employment creation for the vulnerable populations especially women in the garment factories through skills training. The second output endeavors to develop the capacities of a local (Pakistan based) consultancy firm to continue providing technical advisory and skills development services to the garment industry on a sustainable basis. The second output will also address the skills development needs of the Small and Medium Enterprises through a common training facility. The third output of the project is to promote evidence based research on issues related to the growth of garment industry. Such research will also inform the policies and programmes of the Government and the garment industry.

PRGTTI, apart from having a technical training experience of 15 years, has a successful background of handling various initiatives in the past. It is the implementing partner of the following programs.

- UNDP's PEPGI Project – Gender Promotion in Garment Industry through Skill development. A five years US$ 11.5 million project, of which US$ 5 million funding is from UNDP and its donors while the balance US$6.5 million is funded by the local industries benefiting from it.
- USAID Pakistan Jobs is a five year $80 million USAID funded project, implemented by Care international Pakistan. The Pilot Project was successfully been implemented at PRGTTI Karachi. The project complements other USAID programming in the target districts, specifically education, health, and economic growth initiatives.
- Stitching Machine Operator's Training (SMOT) Phase 1 & 2, funded by the Ministry of Textile Industry. PRGTTI Principal was specially invited by Ministry of Textiles as advisors for the designing and launch of this program's Phase 1 & 2.
- PRGTTI Karachi provided middle management training to only females through a project sponsored by International Labor Organization (ILO) through Ministry of Textile Industry.
- Banazir Bhutto Shaheed Youth Development Program an initiative of Government of Sindh, the institute is partners with BBSYDP since its launch in 2008 and had trained over 650 trainees from interior Sindh in workers level and for middle management cadre. We are still partners in the Phase 5 of this project in which 128 trainees are registered and presently attending trainings.

PRGTTI Karachi being a part of a vibrant industry association – Pakistan Readymade Garment Manufacturers and Exporters Association (PRGMEA) – holds a respected position in the textile and apparel sectors in Karachi /Lahore and Sialkot. This gives it an in-depth knowledge and understanding of the industry's requirements as well as the changing trends in the industry. Our experienced staff and faculty provide a unique base on which any new project for the benefit of the industry can be successfully implemented.

Pakistan Readymade Garments Manufacturers & Exporters Association (PRGMEA)

Pakistan Readymade Garments Manufacturers & Exporters Association (PRGMEA) has helped many overseas buyers to form an enduring and profitable business relationship with Pakistani exporters of Readymade Garments year after year.

PRGMEA is an apex organization, which represents nearly 600 manufacturers and exporters. PRGMEA offers a wide range of services to overseas buyers, absolutely free. Some of these include:

PRGMEA will:

- Introduce you the right Pakistani manufacturers and exporters
- Provide up-to-date and accurate information
- Circulate your trade enquires
- Keep you abreast of the latest development in Pakistan's apparel and garments industry
- Organize exhibition, buyers-sellers meeting for you
- Assist you in arranging travel and stay in Pakistan for business visits
- Attend to your complaints and in case of trade dispute help you to bring about an amicable settlement

PRGMEA has been doing all this and much more for the last 32 years.

Experience and expertise you can always count on.

prgmealhr@cyber.net.pk, prgmea@cyber.net.pk
http://www.prgmea.org/