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PrgmeaPlus

Pakistan Readymade Garments Manufacturers & Exporters Association



Head Office:
18-A, Shaheen View Building, Block VI, P.E.C.H.S
Shahra-e-Faisal, Karachi. Pakistan-75400 Pakistan
Tel: 021-4549073, 4547912. Fax: 021-4539669
E-mail: prgmea@cyber.net.pk
Website: www.prgmea.org

Lahore Office:
Prgmea House, 343-A, Bhabra Market,
Main Ferozpur Road, Lahore-Pakistan
Tel: 042-35858221, 35852947, Fax: 042-35858231
E-mail: prgmealhr@cyber.net.pk
Website: www.prgmea.org

Sialkot Office:
Oberoi Building Near Pakistan Muslim League
House, Paris Road, Sialkot-Pakistan
Tel: 0432-4592683, 4597128,
Fax: 0432-4597128
E-mail: prgmea_sialkot@yahoo.com

EU Trade Package

The European Commission adopted a proposal for unilateral suspension of import duties on a number of important export items from Pakistan.

The proposed preferences would liberalize 75 tariff lines on

imports from Pakistan accounting for 27% of Pakistan's current imports to the EU. This would yield an increase in EU imports from Pakistan of about € 100 million. These preferences would be available for the next three years. Given the nature of Pakistan's industrial and export base, a large number of the products for liberalization include textiles but there are also other industrial products such as ethanol. In drawing up this proposal at the request of the EU Member States (European Council), the Commission has taken into account both industrial sensitivities in the EU and those of partners in the WTO.

EU Trade Commissioner Karel De Gucht stated, "I am very pleased that there is full support for this proposal which is designed to maximize the benefits for the people of Pakistan after the devastating flood. This proposal will offer a real boost to Pakistan's economic recovery while at the same time take into account sensitivities of EU industries. This economic assistance comes on top of the EU's significant humanitarian and development aid and shows just how effective the EU can be in offering critical assistance to its global partners."

The Commission will present its proposal to Member States and European Parliament in the coming days. The EU would then submit a request for a WTO waiver

allowing for the suspension of duties on important imports from Pakistan.



PAKISTAN'S EXPORT BY REGION AND COUNTRIES

Value In 'million' \$

S.No	Regions/countries	July-June		Change	
		2009-10	2008-09	VALUE	%
	E.U. COUNTRIES	4,599.95	4,412.43	187.52	4.25
1	AUSTRIA	16.67	15.23	1.44	9.46
2	BELGIUM	430.40	392.98	37.42	9.53
3	BULGARIA	11.51	10.88	(0.63)	5.79
4	CYPRUS	4.95	6.25	(1.30)	(20.80)
5	CZECH REPUBLIC	16.30	16.19	0.11	0.68
6	DENMARK	69.74	80.76	(11.02)	(13.65)
7	ESTONIA	14.44	19.80	(5.36)	(27.07)
8	FINLAND	42.67	45.54	(2.87)	(6.31)
9	FRANCE	319.05	313.59	5.46	1.74
10	GERMANY	792.94	737.99	54.95	7.45
11	GREECE	69.01	73.81	(4.80)	(6.50)
12	HUNGARY	13.82	15.48	(1.66)	(10.72)
13	IRISH REPUBLIC	50.01	39.22	10.79	27.51
14	ITALY	605.81	579.75	26.06	4.50
15	LATVIA	5.23	5.04	0.19	3.77
16	LITHUANIA	23.89	23.89	-	0.00
17	LUXEMBOURG	0.25	0.09	0.16	177.78
18	MALTA & AGOZO	1.56	1.75	(0.19)	(10.86)
19	NETHERLANDS	372.75	464.76	(92.01)	(19.80)
20	POLAND	39.95	45.09	(5.14)	(11.40)
21	PORTUGAL	122.40	124.32	(1.92)	(1.54)
22	ROMANIA	23.75	20.47	3.28	16.02
23	SLOVAKIA	3.64	2.83	0.81	28.62
24	SLOVENIA	8.40	9.92	(1.52)	(15.32)
25	SPAIN	434.25	404.50	29.75	7.35
26	SWEDEN	78.88	87.70	(8.82)	(10.06)
27	UNITED KINGDOM	1,027.68	874.59	153.09	17.50

SOURCE : TDAP

What is Inside

- 2 SAARC Trade Potential
- 4 Benefits of Pak-China Free Trade Agreement
- 6 EU- Pakistan Trade Relations
- 8 Avoiding Fabric Holes Caused by Needle Cuts and Other Variables
- 11 Woven Outerwear: Growing Demand in the European Union
- 14 Country Profile: Ireland
- 17 Future of Enterprise Resource Planning Software for Organizations
- 18 Trousers and Shorts in The United Kingdom
- 20 RGST to effect value added Textile sector and Zero Rating
- 23 Readymade Garment Manufacturers Face High Cost of Production
- 26 Analysis of Wastage Caused by Fabric Defects
- 29 Around The World
- 31 Textile Industry - Export Performance
- 32 Changing Trends in Cotton Production: An Overview

A Word from the Central Chairman



Ijaz A. Khokhar
Chairman Central

Pakistan is going through one of the most difficult times. Moreover, regional competitors like India, China, Bangladesh, Sri Lanka and other nations are literally at war for their share in global garment exports while Pakistan is still struggling with value addition and product innovation despite being a cotton rich country. We should search for new and untapped markets that are awaiting Pakistani Garments.

For the first time in 63 years, Pakistan's exports grew by 42 per cent in February over the corresponding month of the previous year, as the country continued to reap benefits of rising commodity prices in the world market.

PRGMEA has always maintained that garment sector can play a vital role in job creation and the uplift of economy in these turbulent times and have embarked on several development programs in order to keep this vital sector vibrant.

It is my heartfelt wish that circulation of PRGMEA Plus will continue to an even bigger readership and this publication will keep on giving vital information to all the concerned for the betterment of our garment sector and for the betterment of Pakistan. I request to all my esteemed members that "PRGMEA Plus" needs your support, efforts and experiences to make this magazine maximum beneficial and informative to our members and young entrepreneurs. The valuable comments and suggestions from the members and readers will be welcomed for the improvement of this magazine.

Ijaz A. Khokhar
Chairman (Central)

Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA)

Message

Chairman (North Zone)



Mubashar Naseer Butt
Chairman
(North Zone)

As Garment Industry is continuously waging efforts to survive in present unfavourable conditions but this hard time on Value Added Sector will soon be over. Pakistan has kept the momentum of export achievement of over \$2 billion mark for the last three months, which continues in February 2011 also, Trade Development Authority of Pakistan (TDAP) announced.

PRGMEA is regularly holding meetings with State Bank of Pakistan and other scheduled banks for quick disposal of 3% Drawback subsidy pending claims.

This publication is in line with PRGMEA's mission to monitor exports, provide knowledge and support to our members in the areas of potential markets, events, latest trends, forecasts and to identify the problems faced by the sector and to acknowledge service rendered by our garment sector.

By promoting PRGMEA Plus and increasing its circulation, this newsletter can become an important tool in the hands of policy and decision makers in the private as well as the government sector. Being faced with stiff competition from our regional competitors like China, India, Sri Lanka and Bangladesh, I believe that such coordinated efforts are the only way forward for Pakistan's garment industry.

May ALLAH bless us all, Ameen!

Mubashar Naseer Butt
Chairman (North Zone)

Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA)

SAARC Trade Potential

Insufficient connectivity is a major impediment in developing intraregional trade.

The South Asian Association for Regional Cooperation (SAARC) has a great potential for inter-country trade but that is not happening, it should be a matter of great concern to all the members that the trade potential has not been realized.

The statement made by Bhutanese Prime minister while speaking at a dinner hosted by the Federation of the Chambers of Commerce and Industry in Bangladesh describes the situation most appropriately. He said: "it's difficult to work under a culture of suspicion but we are on the right track and we'll overcome it".

SAARC is an association of Afghanistan, Bangladesh, Bhutan, Maldives, Nepal, Pakistan, India and Sri Lanka. Lack of connectivity among eight countries is a major impediment in developing intra-regional trade, which has the potential to grow over eight times. Asian Development Bank (ADB) estimates trade potential in South Asia at \$ 85 billion. The cost of intra SAARC trade is among the highest in the world. It leads to lower and restricted trade among the countries in the region and limits positive impact of cut in tariffs. Cut in infrastructure and transport costs have the same effect as tariff liberalization in boosting trade.

According to some experts, for every one percent reduction in cost, trade stimulus is about five percent. The benefit is passed along the entire supply chain shippers, truckers, traders or end users. Currently, the intra SAARC trade is estimated less than five percent of South Asia's total world trade, significantly less than the figures of Asian which is over 40 percent and European Union, which is over 65 percent.

Regional economic integration cannot be achieved without comprehensively addressing the infrastructural problems, both physical and soft infrastructure, and both at national and regional level.

Even when infrastructural problems fall in national domain, their impact could be regional. Poor custom, quality control and poorly developed port and road and rail in a country could raise transaction cost for all. It has become necessary that the member countries should strengthen traditional arteries of trade by developing regional trade and transit agreements including regional motor vehicles agreement and railway agreement.

SAARC has already set up an expert group to commence negotiations on these agreements. There is a need to undertake faster implementation of agreed regional infrastructure pro-

jects. To build connectivity, the member countries could offer on reciprocal basis transit facilities to third countries establishing links with the larger Asian neighborhood including West, Central and South East Asia.

These countries are still far from their goal of regional economic integration. It is important to build a sound foundation without which the goal of South Asian Economic Union would only remain a dream.

While regionalism is perceived as indispensable, bilateralism dominates cooperation among the countries in South Asia and SAARC is not insulated from the bilateral dynamic. While regionalism in other parts of the world has proved beneficial due to political proximity of generations of leadership,

developed private sectors and companies transcending national borders and multinational stakeholders. The template of political interaction in south Asia and the countries of interface between the governments and non-governmental stakeholders, including the private sector and think-tanks, had to be built and natured overtime.

It is important to note that the demographics in South Asia have brought it to be in a class by itself. In fact, the one single lesson from the regional annals is that cynicism, real politic or negativism of any kind might only aggravate problems in the short or long run and that it is not smart to spurn out of hand a larger vision for region. The recent history shows, negative of any kind would grow out of control very soon among the teeming millions in South Asia, breeding more problems than solutions while deference to ideals of SAARC charter has a potential to succeed and may not do harm in any case.

Creation of free trade area among the SAARC members through implementation of SAFTA is a starting grid for development of lateral and vertical linkages in other fields of regional cooperation. SAFTA allows taking regional view of trade linkage rather than viewing them from national perspective. Initial figures of intra SAARC trade under SAFTA have been encouraging.

Large volumes of informal trade are also indicative of potential trade under SAFTA. Intra SAARC trade volume is far lower as compared to other regions. This reflects structural problems of industry and infrastructure in the region.

South Asia's population and size makes it a vast market in the world. The economies of the region vary considerably in



their size and complexity but offer much greater room to come together than is realized by groups having vested interest. There are salient features of South Asian cooperation that have promise for the future. One key feature, which goes to the root of regional cooperation, is project based cooperation through the modality of SAARC Development Fund, a \$300 million funding mechanism. Set up at the 15th Summit in Colombo in 2008, this can become a visible achievement of SAARC in coming years.

It is imperative to focus on reducing the size of sensitive

items lists under SAFTA; particularly for taking out products with high regional tradability to bring a larger percentage of goods under regional preferential trading regime. Efforts should also be made to accelerate tariff liberalization program. The fundamental premise of regionalism among South Asian countries lies in the recognition that challenges confronting the region cannot be resolved through action in national domains alone. It is imperative to develop and forge regional cooperation in different areas, even though implementation would primarily have to be done nationally.

Workshop on Assessment of Gender Disparity in Skills Development and Employment Opportunities

Sustainable Development Policy Institute (SDPI) and International Labour Organization (ILO) have organized a Stakeholder's Workshop on Gender Disparity in Skills Development and Employment Opportunities on January 8th 2011 Pakistan Readymade Garments Technical Training Institute (PRGTTI) Lahore. Participants were invited from NAVTEC, TEVTA, WBIC, NPO, PRGMEA, SGS, Literacy department etc. All the participants were of the view that there is disparity in skill development and employment opportunities.

SDPI and ILO officials explained that access to education and training for all men and women is an investment in the future, a pre-condition for economic development and personal growth. Millions of girls and women remained out of the scope of skills acquisition. And in countless cases, due to issues of access, content, quality education and skills training both young women and men are deprived from decent work. Generally, women tend to have narrowed and less attractive set of choices available in the labour market. They are engaged in women oriented tasks, not only because they are considered to be the weaker sex, through embedded cul-

tural traditions and beliefs, but also because they only gain access to skills training opportunities within limited range of occupations that are considered suitable for them. These factors are continued to limit equal access and participation of women in the labour market and give rise to discrimination at the workplace. In this regard, quality vocational training can act as a key device to overcome unproductive, volatile, low paid and low status work in which women from disadvantaged population groups are often clustered.

Not only women, men also feel disadvantaged in terms of access to skills development opportunities for various trade/skills which are traditionally considered to be feminine in nature. In the past, only a few instances exists that shed light on the differentials persisting in employment opportunities. Mostly overlook the factors associated to low levels of skills and training which are available to common women. It is therefore need of the hour to address policy challenges of skills choices available to men and women, physical and financial accessibility in terms of opportunity cost and adequate linkages with the job-market.

Need to set up product Development, package centres

Chairman Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) Ijaz Khokhar has underscored the need of setting up 'product development centres' and 'package centres' in major economic hubs and industrial towns of the country.

He said Pakistani exporters could earn maximum from their products if they concentrate on improving their standard and presentation. Government should evolve a strategy for establishment of product development centres and package centres thus enabling the exporter community improve qual-

ity of products and packing of products for attracting international buyers. The government should formulate far-reaching policies in accordance with the geographical conditions for exports of Pakistani products, he maintained.

PRGMEA chairman said the SME sector of Sialkot is playing its instrumental role in enhancing the export volume as well as providing employment to thousands of industrial workers, and implementation of Reformed General Sales Tax (RGST) would be troublesome for SMEs of this export-oriented city and nucleus of cottage industry of the country.

PAK-CHINA TRADE RELATIONS

Benefits of Pak-China Free Trade Agreement

Pak-China bilateral trade witnessed a boost following the relaxation given by the Pakistani government in 2005 to Chinese traders in order to increase bilateral trade volumes. The trade agreements signed between the two countries resulted in the momentous surge of Chinese products in Pakistani markets. The bilateral trade volume rose substantially since then; though it is still in favour of China. Pakistan-China trade increased to \$ 4.5 billion in the last financial year (2009-10), according to statistics compiled by State Bank of Pakistan (SBP). Exports from Pakistan were recorded at \$ 1.2 billion whereas imports from China stood at \$3.3 billion. Major imports from China include electronic items, plastic products, motorcycle spare parts and what not. Trade analysts believe the bilateral trade potential has yet to be explored as present bilateral trade volume is minimum of what can be reached in future given the political willingness of the two nations to get close.

The two neighboring countries have a comprehensive free trade agreement to provide mutually beneficial market access to a number of products belonging to each nation. This agreement has not only augured well for the promotion of trade in goods, but it also has resulted in substantial investment in the services sector.

The free trade agreement signed between the commerce ministries of the two countries came into effect in 2007. Under the FTA, Pakistan and China agreed to give tariff concessions and reductions to products imported in the countries. The agreement mandated preferential tariff reduction by 50% by China on fish, dairy sectors, frozen orange juice, plastic products, knitwear, woven garments etc. and zero duty for industrial alcohol, cotton fabrics, bed-linen and home textiles, marble and tiles, leather articles, sports goods, mangoes, citrus fruit and vegetables, iron and steel products and engineering goods, imported from Pakistan. In return, Pakistan has given market access to Chinese machinery, organic and inorganic chemicals, fruits and vegetables, medications and other raw materials for various industries including engineering sector, intermediary goods for engineering sectors etc.

Complementary to bilateral trade in goods was free trade agreement on services that Pakistan and China also signed to increase joint investments in infrastructure building, information and communication technology, recreational pro-

jects, ecotourism, research and developments and educational facilities in Pakistan. Under the agreement on services, now aspiring businesspersons from Pakistan can be proprietor of many services including distribution, commission agent, wholesale and retail stores and IT and enabled services in china. Pakistan has reciprocated the access to China's 11 sectors and 133 subsectors by permitting investments in its 11 sectors and 107 sub-sectors. It was said incentives given to Pakistan by China were not given to any other country and beyond the provision of world trade organization (WTO).

Pakistan is an important country for China to maintain its sizzling economic growth since the country is trade and energy corridor and China can have a cost-effective sea-route access to the world from the country's seaport. Especially,

china is eager to build link of its western region with the Gwadar's seaport. China lifted its hands off Gwadar port development due to disturbing law and order situation in Balochistan. However, it wants to revive the process of its participation. "The potential of trade and energy corridor is huge and China certainly is going to use this," Director of China Study Center Islamabad, Fazlur Rehman told BBC TV on the eve of Chinese Prime Minister, Wen



Jiabao visit to Pakistan in December last year, APP reported. "It is not in the near future but I think in the coming years of time. This [Pakistan] will assume very important route for China. And the security matter is of course a matter of concern but it certainly will not come in the way for such a huge project and security is kind of an issue which can be taken care of," he said.

Wen Jiabao's visit was noteworthy because it showed China's eagerness to strengthen relations with its neighbor; which was evident from the US \$20 billion trade and commercial agreements inked in an effect to the excursion between public and private sectors of both the countries. Shaping the Future Together Through Thick and Thin was a notable theme of address Chinese Premier propounded in the parliament. The theme itself is a testimony to the claimed seriousness for strengthening relation. China has made substantial investments in Pakistan and prefers latter a preferable avenue of investments.

China is emerging on the map of world's economy as a power



and is said to be more competitive than European markets or any other Asian nation. Its economic growth is expected to stay at 9.5% in 2011 and despite global economic uncertainties, it will continue to reap trade surplus in the coming years. China had a trade surplus of \$ 183 billion in 2010. Pakistani energy resources hold attractions for nations looking for economic-fuelling inputs. China has become net importer of coal and it craves for any other mineral resources to feed its industrial developments. Its coal imports rose to 100 million tons in 2009. Pakistani's yet to-tapped coal bonanza is anything that can quench hunger of its neighbor. Pakistan can attract Chinese investments in infrastructure building and resources exploration and to heal up its floods-affected economy. United Nations estimates that the flood oxidized 12% of gross domestic product.

Materialization of recent memorandum of understandings and taking advantage from FTA will enhance the bilateral trade volumes and unearth the underlying potentials recognized too by Chinese Premier. Pakistan has constituted a committee comprising local and Chinese officials to conduct follow-ups on MoUs signed by both private and public sectors.

Pakistan's Exports to China (Value in 000 \$, July-June)

Product Increase				Product Decrease	
Product	2009-10	Product	2009-10	Product	2009-10
Cotton Yarn	634,029	Rice basmati	383	Cotton Cloth	77,474
Fish & Fish Prep.	55,995	Foot ball's complete	363	Plastic materials	14,449
Leather	41,891	Handicrafts	329	Other chemical	8,148
Raw Cotton	29,836	Apparel & clothing	290	Surgical goods, med.	2,163
Feed. Stuff for animals	24,380	Animal hair	280	Oil seeds, nuts & kernals	485
Marbles and Stones	15,760	Towels	227	W. Carpets & rugs	251
Bed wear	7,422	Tule, lace embr. Etc	226	Other machinery	155
Pig iron	6,670	Raw hides and skins	220	Leather gloves	128
Guar and guar	5,774	Pharmaceutical prod.	212	Machinery specialized	103
Y. oth Than c. Yarn	5,368	Oth. Elect. Machinery	199	Other (Sports)	88
Cotton thread	4,132	Oth. Leather manuf.	136	Knitted or croch. Fab.	87
Cotton waste	3,685	House-hold equip	131	Rice other varieties	31
Fruits	3,342	Crude animal mater.	125	Pre./semi-prec.stone	16
Articles of plastic	2,596	Furniture	109	Raw wool	9
Art silk & Tex.	2,276	Waste material of tex.	63	Fruit & veg. Juices	9
Petroleum products	2,037	Books & print.matters	48	Carpets Knott. & oth.	8
Cutlery	1,977	Auto Parts	33	Leather footwear	3
Tex. Made ups exc. T. & bed.	1,519	Vegetables	28	Spices (incl. Chillies)	2
Knitwear	1,284	Cement	12	Rubber manuf.	-
Readymade Garments	1,019	Transport equipment	10	Jewellery	-
Gloves (sports)	650	Other footwear	4	Parts of Footwear	-
Onyx manuf.	504	Other commodities	194,678	Paper & paper board	-

EU- Pakistan Trade Relations

By: S. Kamal Hayder Kazmi

The European Union remains Pakistan's largest trading partner receiving 27.4% of Pakistan's exports and providing 17% of its total imports. The overall volume of trade between the EU and Pakistan was worth euro 5.06 billion in the year 2002 with a trade surplus of euro 765 million in Pakistan's favour.

Pakistan's trade with the EU is mainly composed of textiles, which account for over 60% of the total Pakistani exports to the EU, followed by leather products, which account for 13% of the total Pakistani exports.

Pakistan's export structure lies very much on a traditional product mix. The imports from the EU to Pakistan mainly comprise finished products like mechanical and electrical machinery, which accounts for over 35%, followed by chemical and pharmaceuticals for 10% of the total EU imports to Pakistan.

Trade with Europe is clearly in Pakistan's favour. There is however scope for more mutually beneficial commercial activities.

Increasing trade with its main partners and with the EU, is part of Pakistan's economic revival agenda. Textiles and clothing is an important sector for EU-Pakistan trade relations. A MoU was signed in 2001 between the EC and Pakistan whereby the EC agreed to increase by 15% the quota for textiles and clothing for the latter. This formed part of the package of measures attributed to Pakistan after 9/11.

Pakistan also benefits from the EC's General System of Preferences (GSP) designed to foster sustainability economic development by providing tariff preferences to various countries. In 2002, Pakistan's export of clothing products to the EU increased by 25%. Due to increased competitiveness,

other sectors of Pakistan have lost the benefit of GSP treatment since beginning of 1998, such as leather, raw hides and skins, articles of leather and fur skins and textiles.

A number of sectoral agreements have been signed by the EC and Pakistan like agreement for commercial, economic and development cooperation, which dates from July 1985 and builds upon the first such agreement signed in 1976 and agreement on trade in textiles products. The EU is Pakistan's first trade partner in textiles.

The EU aims of course at increased bilateral trade with Pakistan as trade is recognized as the engine of global economic growth largely thanks to the multilateral trading system. The rule-based, open, multilateral, international trading system is

a key factor in global prosperity to all partners. The EU wants to see these advantages extended and therefore is strongly in favour of an outcome of the WTO trade negotiations, which should entail concrete gains in particular for developing countries and contribute to better enhance benefits and limit risks arising from the globalization process.

Quite recently, the EU has initiated an offer in the WTO Geneva in the negotiations on trade in services under the

Doha Development Agenda (DDA).

In addition, The EC and Pakistan also cooperate in WTO multilateral trade negotiations and key aspects of the DDA. These include among others special and differential treatment provisions including a package of results with real value-added for developing countries after the Cancun ministerial conference, implementation of developed countries commitments in the field of trade related technical assis-



Rank of Pakistan in European Union Trade (2009)

Product Groups	EU Imports				EU Exports				EU Balance
	Rank	Millions of euro	Share in Total	Share of total EU Imports	Rank	Millions of euro	Share in total	Share of total EU Exports	Millions of
TOTAL	44	3,316.1	100.0%	0.3%	44	3,609.2	100.0%	0.3%	293.1
Textiles	4	1,326.6	40.0%	8.5%	55	23.3	0.6%	0.2%	-1,303.3
Clothing	9	1,117.6	33.7%	1.9%	86	4.8	0.1%	0.0%	-1,112.8

Source: EUROSTAT (Comext, Statistical regime 4)

DG Trade

Share by products in EU 27 total Trade excluding Intra-EU trade

19-Jul-10

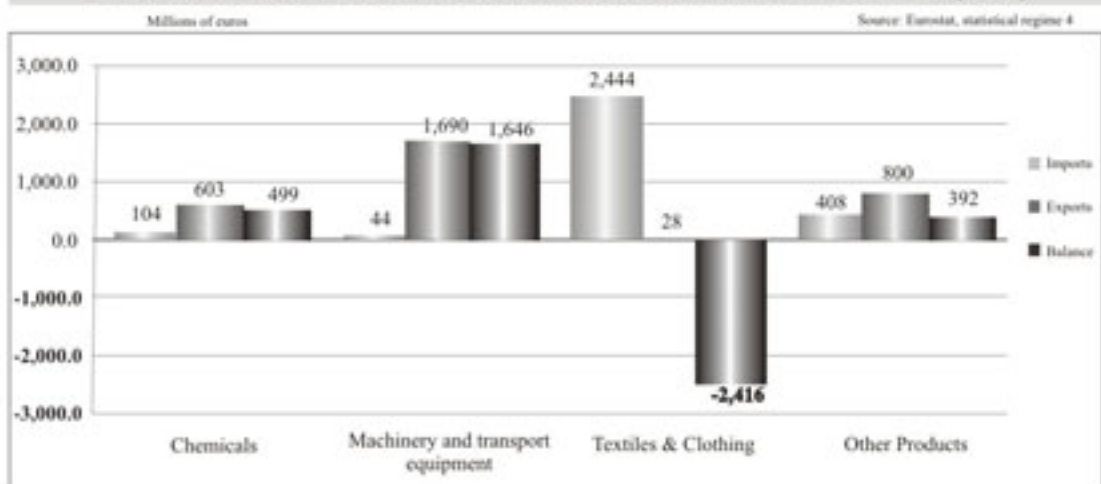
tance, as an important underpinning of the DDA negotiations and their implementation and specific sectoral negotiations and their implementation and specific sectoral negotiations such as in services and non-agricultural (industrial) products, where WTO should seek ambitious tariff reductions in sectors of key export interest to developing countries.

Conclusion

The trade relations between EU and Pakistan play an active role in the world. By some estimates, Pakistan has an immediate requirement for up to \$20 billion in infrastructure development that could provide good opportunities for EU exporters and investors. A major

privatization effort in the telecommunications and financial sectors should offer additional markets for EU producers and investors. Today, foreign investment by EU members' states in Pakistan is dominated by the UK, followed by the Netherlands and Germany. The trade development and the promotion of business and institutional links represent about 10% of the EC's development budget for Pakistan.

EU 27 MERCHANDISE TRADE WITH PAKISTAN BY PRODUCT (2009)



Events & Exhibitions

Cairo International Fair

From: March 18, 2011

To: March 28, 2011

Country: Egypt

Industry: Textile & Textile Made Ups, Confectionery & Juices, Plastic Goods, Surgical Instruments, Pharmaceuticals, Marble Slabs & Tiles, Sports Goods

Textile Asia 2011 Exhibition & Conference

From: 16-18th April, 2011

Country: Pakistan

Industry: Textiles

13th Trade Fair of OIC Member States, Sharjah

From: April 24, 2011

To: April 29, 2011

Country: United Arab Emirates

Industry: TDAP-KHI

44th Algiers International Fair

From: May 30, 2011

To: June 04, 2011

Country: Algeria

Industry: Textile & Textile Made Ups, Confectionery & Juices, Plastic Goods, Surgical Instruments, Pharmaceuticals, Marble Slabs & Tiles, Sports Goods

Dhaka Int'l Trade Fair

From: June 01, 2011

Country: Bangladesh

Industry: Agriculture, Horticulture, Electronics, Electrical

Engineering, Foodstuff, Leather Goods, Textiles, Garment, Cosmetics, Carpets, Gifts, Applied Arts, Sporting Goods, Toys, Stationery, Watches and Clocks, Jewellery

Heimtextil, Frankfurt

From: June 12, 2011

To: June 15, 2011

Country: Germany

Industry: Decorative Fabrics, Curtains, Embroideries, Sun Blinds, Upholstery Fabrics, Pillows, Bedding, Bed Linen, Beds, Mattresses, Futons, Blankets, Bedroom Suites, Bathroom Text, Carpets, Wall to Wall Carpeting, Wallpaper, Wallpapering Accessories, Wall Coverings

28th Angola International Trade Fair (FILDA)

From: June 30, 2011

To: July 05, 2011

Country: Angola

Industry: "Agriculture, Food and Beverages, Automobiles, Shoes and Clothing, Ceramic, Cosmetic and Beauty, Jeweler, Furniture and Decoration, Paper and Stationery, Chemistry and Pharmaceutical, Tabasco And Textile and Clothing"

China Import and Export Fair Spring, Guangzhou

From: October 01, 2011

Country: China

City: Guangzhou

Industry: Textiles & Garments, Medicines & Health Products, Consumer goods, gift

Avoiding Fabric Holes Caused by Needle Cuts and Other Variables

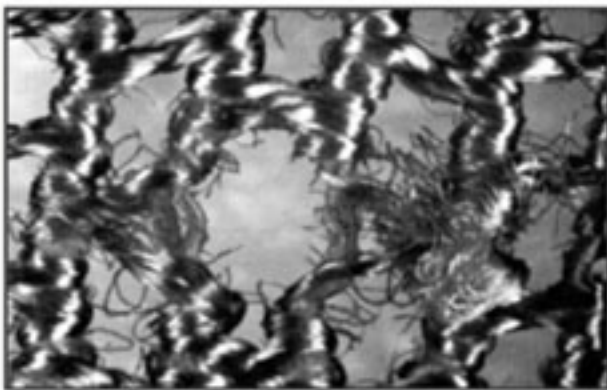
Introduction

Needle cuts are a recurring problem in many apparel sewing plants and unfortunately there's little that can be done to remove them. Once the garment is in the consumer's hands the needle cuts can take an even more destructive routeturning into long runs. So just what causes these insidious little defects and how can they be avoided?

Needle cuts occur when the point of the needle penetrates the fabric and severs the fiber structure creating a hole or a run (see Image One).

Image One: Needle Cut

Courtesy: Groz-Beckert®

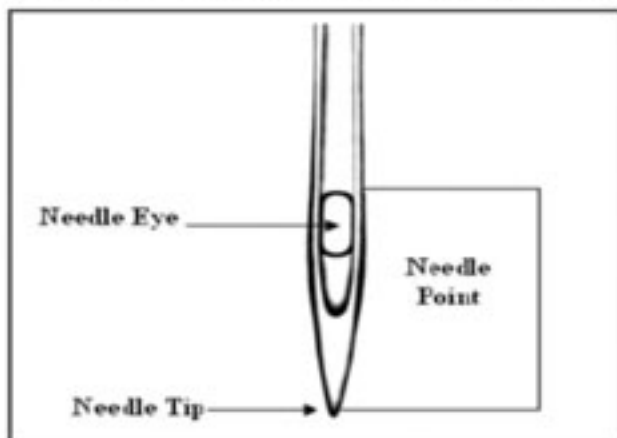


The needle point is the part of the needle starting at the beginning of the top of the needle eye and ending at the needle's tip (see Image Two)

Variables that Can Cause Needle Cuts

Image Two: Needle Point

Courtesy: Groz-Beckert®



Needle cuts can be caused by a variety of reasons. One of the most common causes of needle cuts is the presence of rough spot on the needle point.







When the needle penetrates the fabric the burr or rough spot severs the fibers. Burrs and rough spots are often not visually detectable and sometimes can't even be detected by feeling the needle. To remedy this situation the machine that is causing the needle cuts should be identified and the needle changed immediately.

Using the wrong needle for a specific fabric construction can also result in needle cuts.

To accommodate different fabric constructions, needle points are manufactured in a variety of sizes and profiles (see Image Three)

Image Three: Different Needle Point Profiles

Courtesy: Groz-Beckert®

Profile	Description
	Acute round point
	Normal round point
	Light ball point
	Medium ball point
	Special ball point
	Heavy ball point

If the needle point is too large for a specific fabric, the needle point can damage the fibers when the needle penetrates the material.

Using the wrong needle point profile may also damage the fibers in the fabric. The proper size and profile should be selected to accommodate the fabric construction being sewn.

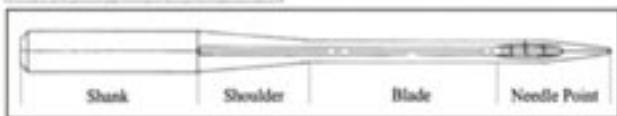
Other Sewing Machine Variables that Cause Fabric Holes

Not all holes and runs occurring around the area where the needle penetrates the fabric can be attributed to the point of the needle. It can be hard to determine whether a visual abnormality is a needle cut or a rupture caused by some other source.

When visual abnormalities in the fabric occur during sewing, the obvious interferences should be checked: burrs and rough spots on the needle point and improper needle selection. If the visual abnormalities continue to persist, other possible causes should be investigated.

The sewing needle is composed of a needle point which tapers out to create the blade, widening further into the shoulder and finally the shank. The shank is fitted into the needle holder (see Image Four).

Image Four: Needle Parts
Courtesy: Groz-Beckert®



If the diameter of the working part of the blade (the part that penetrates the fabric) is too large, a rupture can occur. To avoid damage to the fibers by the needle blade, the smallest possible needle size should be used.

When sewing thick fabric, the shoulder may also penetrate the fabric and rupture fibers. When this happens a longer needle should be used. However, careful attention should be paid to needle length. Longer needles tend to break and bend more readily than shorter needles.

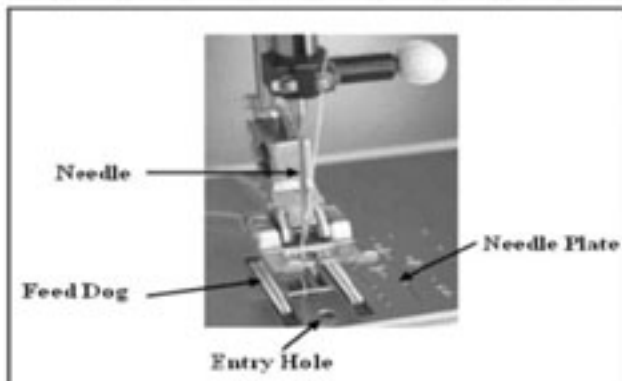
Many sewing machines which produce the commonly used over-edge stitch use a straight needle. In an ideal set-up the needle path should be perfectly perpendicular to the plane of the fabric. However, often there is an angularity between the needle and the plane of the fabric, sometimes as high as 20 degrees. The angularity, even if it is small, can create a sawing action on the fabric caused by both the needle's surface and the sewing thread. The sawing action can sever the fibers and result in a hole. A thread lubricant can be applied to minimize the friction generated by the sawing action of the needle blade and sewing thread on the material's fiber structure.

When sewing knit fabric constructions, a curved needle machine is often used. As the needle penetrates the fabric the sewing thread and the needle's surface can abrade the fabric. In this case a thread lubricant can also help remedy the situation.

The occurrence of fabric pinching can also result in holes. The fabric can get caught or pinched between the needle and the entry hole in the needle plate (see Image Five).

To avoid fabric pinching, the hole in the needle plate should be one and a half times the diameter of the needle blade. The needle should also be positioned so that the point penetrates the hole directly in the center. If the needle is off to one side it may rub on the plate, creating a burr or rough spot on the needle point.

Image Five
Courtesy: Groz-Beckert®



On new machines the throat plate can have either a drilled or countersunk configuration (see Image Six).

In some cases the fabric can become pinched between the

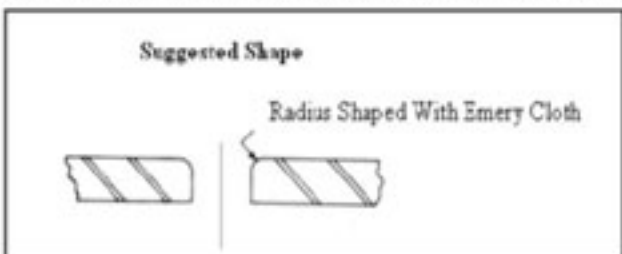
Image Six
Courtesy: Groz-Beckert®



needle and the surface of the throat plate. To eliminate pinching, the edges of the throat plate should be beveled so the fabric has the freedom to be manipulated as the needle enters the hole. The edges of the throat plate can be beveled using an emery cord or tape (see Image Seven).

However, it is important to note that excessive beveling can

Image Seven
Courtesy: Groz-Beckert®



cause skipped stitches.

The teeth of the feed dog can also cause holes in the fabric. The teeth of the feed dog move in an elliptical motion carrying the fabric into the sewing zone (refer to Image Five). The teeth sharpness should be selected according to the fabric type. If the teeth are too sharp, fibers can be severed. In addition, if the feed dog is offset or adjusted improperly to suit the fabric type and stitch length, the fabric can be pinched or caught between the feed dog and the needle plate, creating a hole.

Holes Attributed to Variables other than the Sewing Machine Parts

Holes created in fabric during sewing can also be caused by variables other than the sewing machine itself. Other variables that can cause holes include brittle and weak fabric, improper fabric handling by machine operators and poor machine maintenance.

Brittle fabric is susceptible to damage during sewing. There are a number of variables that can cause fabric to become brittle.

It has been observed by industry professionals that dark colored fabrics have more of a propensity to get needle holes than lighter colored fabrics. When dyeing dark colors some dye classes can make the fabric brittle, specifically direct and sulfur dyes.

When direct dyes are used to dye fabrics dark shades an after treatment is required to help fix the dye and improve the wash-fastness. The after treatment can make the fabric brittle. When sulphur dyes are used to dye fabrics, especially a black shade, an after wash process is necessary. If the after wash process is incorrectly performed, the fabric can experience tendering (loss of strength) during prolonged storage.

Fabrics can become brittle if the humidity in the plant is not carefully controlled. Arid environments dry out fabric making the fibers more susceptible to breakage. In this event, a

fabric softener can be applied to the fabric. There are a variety of softeners. However, some softeners can adversely affect the strength of the fabric, therefore softeners should be carefully selected.

Holes in the fabric can also be attributed to improper fabric handling by the sewing operators. While manipulating the material, operators sometimes pull the fabric too tight putting the yarns in the fabric in an elongated state. In this taut state the yarns do not have the ability to move out of the way of the needle point which can potentially damage the fibers upon penetration.

Regular and thorough machine maintenance will also help to avoid unwanted holes in the fabric. Lint and dirt in a sewing machine can change the path of the sewing needle. If the path of the needle is deflected it can come in contact with other machine parts, resulting in needle damage.

Once needle cuts occur in the fabric, there is little that can be done to get rid of them. The best solution is to take preventative steps by choosing the right needle, ensuring proper machine adjustments and conducting regular machine maintenance. If holes continue to appear it is imperative to look for other potential culprits to get rid of holes as quickly as possible!

Source: New Cloth Market

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Woven Outerwear: Growing Demand in the European Union

The global market for woven outerwear was 460 billion euros in 2008 in which the European Union accounted for 31 per cent, North America 29 per cent, Asia Pacific 28 per cent, Latin America 7 per cent and other regions 7 per cent. The EU market for woven outerwear grew at an annual growth of 1.7 per cent in the last four to five years and reached at 143 billion euros in 2008 which was 55 per cent of total



outerwear consumption.

Germany is the dominant country in woven outerwear consumption in the European Union while Britain, Italy, France, Germany and Spain contributed for 74 per cent of total EU consumption.

According to Eurostat, EU woven outerwear industry pro-

duction has declined by 1.4 per cent per year in the period 2004-2008 and reached at an estimated 18.2 billion euros in 2008. Italy is dominant producer in the ED contributing 6 per cent of total ED output in 2008 followed by Spain, Romania, Britain and Portugal. More than 80 per cent of the ED woven outerwear industry is found in these five countries.

EU imports of woven outerwear are growing on an average 4.4 per cent per annum since 2004 and reached at euro 48.0 billion in 2008. Germany's import is highest followed by Britain, France, Italy, Spain and Belgium. Developing countries accounted for 52 per cent of total ED imports of woven outerwear in 2008. The leading ED exporter of woven outerwear remained Italy (24 per cent), followed by Germany, France, Belgium, Spain, the Netherlands and Romania.

Consumption Pattern

Among the EU countries, consumption per capita in Italy was the highest followed by Belgium and Germany. Consumption of woven outerwear was lower in Spain than EU average consumption.

In 2008, the share of the total value of women's woven outerwear sales in the major EU countries exceeded 50 per cent, making it a leading sector in EU market. Market shares for woven outerwear in 2008 were trousers and shorts 35 per cent, coats and outdoor jackets 16 per cent, shirts and blouses 15 per cent, dresses 9 per cent, skirts 5 per cent, indoor jackets 5 per cent and other products 15 per cent.

Growing demand for woven apparels like jeans, other cotton trousers, shorts, sportswear and outdoor jackets exhibits the popularity of casual wear. Increasing demand of casual and leisure clothing can be derived from the high shares of jeans (424 million units sold in 2008 at an average of 34 euros),

Top 10 Woven Outerwear Consumers (in million euros)

Country	2004	2006	2008	Average Annual Percentage Change
Germany	27,626	27,872	27,880	0.20
Britain	22,757	24,305	25,134	2.60
Italy	21,901	22,152	22,717	0.90
France	18,567	19,436	19,106	0.70
Spain	10,093	10,795	10,969	2.20
Netherlands	4,843	5,038	5,173	1.70
Belgium	3,735	3,826	4,031	2.00
Poland	3,011	3,190	3,727	5.90
Austria	3,373	3,394	3,505	1.00
Sweden	2,963	3,203	3,312	2.90

Source: Eurostat (2009), Euro monitor (2009)

other cotton trousers (711 million units at 25 euros) and cotton shorts (127 million units at 17 euros).

These three products covered 70 per cent of total sales in this product group.

Consumers in Austria and Britain are the biggest spenders on outerwear in the EU while per capita consumption in new EU member states was far below the EU average of euro 290.

Market Segmentation and Trends

The criteria applied by trading partners in the EU to segment woven outerwear are demographic factors, type of activity resulting in specific clothing behaviour, attitude of consumers towards fashion, economic factors, specific circumstances like events and geographic factors.

Exporters intending to export to these markets should be aware of the temperate climate which requires comfortable casual garments which are robust and preferably wind and water-proof because Nordic country consumer spend more on heavy garments like winter jackets.



Eco-fashion has become increasingly significant in EU market. Retailers in Germany, Britain, France and other EU countries are replacing manufacturer brands with their own identities in the middle market leaving the upper market to designer brands.

Woven outerwear market in EU for younger section is driven by brand name especially in casual and leisure wear, children's wear market is driven by fashion, basically of older women wears. Babies' wear is still classic and follows the trends of adult clothing to a lesser degree. Garments for newborn are plain and have childlike decorations.

Marketing Channels

Suppliers can enter into European market through marketing channels like wholesalers, importing manufacturers, agents, importing retailers which include big retail organizations (multiples with more than 20 outlets, department and variety stores, buying organizations, home-shopping companies).

Characteristics of these channels vary geographically in EU

- ❖ The UK has a high concentration of distribution, which is reflected in the relatively low market share of independent retailers.
- ❖ The southern and eastern EU member states have high market shares for independent retailers.

- ❖ These retailers buy mainly from manufacturers and wholesalers/importers.
- ❖ In Germany, Netherlands and Scandinavian countries, many independent retailers are members of buying co-operations.
- ❖ In southern and eastern EU countries franchise formula are more popular.

Trade Trends

Imports

The EU member states imported 2.4 million tonnes of woven outerwear with a value of 48 billion in 2008. Total im-

ports increased on an average 4.4 per cent per annum. However, imports decreased 0.9 per cent in 2008 compared to 2007 due to declining intra-EU trade.

The average import price fell 0.2 per cent in 2004-2006 and fell 14.4 per cent in 2006-2008 of which 4.1 per cent in 2008 compared to 2007.

Germany remained the leading importer with a share of 20 per cent, followed by Britain (14 per

cent), France (14 per cent), Italy (10 per cent), Spain (9 per cent) and Belgium (6 per cent). The Netherlands (5 per cent) ranked sixth followed by Austria (4 per cent) and Denmark (3 per cent)

EU Countries can be divided in the following categories by value of Imports during the period 2006-2008

- ❖ Booming imports (more than 50 per cent) in Poland, Slovakia, Lithuania and Romania
- ❖ Considerably growing imports (between 25 and 50 per cent) in Slovenia, Estonia, the Czech Republic and Greece
- ❖ Strongly growing imports (between 10 and 25 per cent) in Cyprus, Latvia, Bulgaria and Spain
- ❖ Slowly growing imports (between 5 and 10 per cent) in Denmark, Finland, Sweden, Austria and Portugal
- ❖ Very slowly increasing imports (between 0 and 5 per cent) in France, Ireland, Belgium and Germany
- ❖ Very slowly decreasing imports (between 0 and -3 per cent) in Italy, The Netherlands and Luxembourg
- ❖ Slowly decreasing imports (between -3 and -10 per cent) in Malta and Britain
- ❖ Considerably decreasing imports (more than 10 per cent) in Hungary.

Import from China for woven outerwear was 9 per cent higher in 2008 than in 2007. Among developing countries,

imports from Egypt (33 per cent), Mexico (11 per cent) and Vietnam (10 per cent) increased to a higher degree while imports from India (3 per cent), Bangladesh (1 per cent) and Tunisia (3 per cent) increased to a lower degree.

Imports from Pakistan stabilized and imports from Turkey (-10 per cent), Morocco (-4 per cent), Ukraine (-6 per cent) and Thailand (-4 per cent) decreased.

EU imports of the product group woven trousers, shorts and bib and braces for men and women increased 8 per cent in volume to 2,369 million units in 2008, at an average import price of 7.49 euros against 7.34 euros in 2006.

EU imports of cotton trousers (other than denim), including casual trousers like chinos, workers, cargos etc increased considerably from 1,013 million units in 2006 to 1,154 million in 2008. Imports of woven outdoor jackets, such as anoraks, ski jackets etc. decreased from 403 million units in 2006 to 388 million in 2008.

Price Developments

The clothing market in the EU countries is intensively competitive and prices vary widely according to the product and type of outlet. Some markets in the EU shrank, while most others are growing at a slower pace. This development has placed pressure on price levels.

Among the top five consumers of garments in the EU, clothing consumer prices in Germany and France increased by 1.5 per cent and 3.5 per cent respectively, while, clothing consumer prices in Britain, Italy, and Spain, decreased by 8.2 per cent, 0.4 per cent, and 2.2 per cent respectively.

Market Access Requirement

Despite EU harmonization which enables free trade between EU member states, individual markets have different requirements regarding gar-

ment types, sizes, colours. There is certain packaging and labeling requirements which supplier needs to adhere while supplying woven outerwear to the EU. Packaging requirements are almost similar in all EU countries and most of the EU countries make it mandatory that materials used in packaging to be recyclable or biodegradable.

In case of labeling, there are two kinds of labeling requirements: a mandatory and a voluntary requirement. Under the mandatory requirement, label should include the fiber content and the composition of the textile used in garment manufacturing which varies among EU member countries. Moreover, use of official language of the importing country has to be used on the labels.

Voluntary requirements include care-labeling, washing instructions, origin marking and other possibilities such as size, brand and product name.

Although the production in the EU woven outerwear industry has decreased in the last four years, but this market has achieved an overall growth during the same period. The growth can be attributed to rising consumption in almost all EU countries.

Rising consumption by EU member countries is creating an impetus for the import of these products from the low-cost sourcing countries like China and India. Low-cost sourcing is giving good opportunity, as major retail organizations in the EU are setting up their own buying organization in low labour cost countries. Product groups which have increasing average import prices at EU level like denim trousers, cotton trousers other than denim, shirts and blouses give the most sustainable and enduring way for developing countries like India to enter into the woven outerwear market in EU countries.

Source: Apparel India



EU Imports of Woven Outerwear 2004-2008 (in million euros per 1,000 tonnes)

	2004		2006		2008		Average Annual
	In million Euros	In 1,000 tonnes	In million Euros	In 1,000 tonnes	In million Euros	In 1,000 tonnes	Percentage Change
Total Eu	40,823	2,431	46,632	2,307	48,024	2,373	4.4
Intra-EU	20,799	977	21,782	557	21,807	563	1.2
Extra-EU	20,024	1,454	24,850	1,750	26,217	1,810	7.7
DCs	17,861	1,340	22,967	1,648	25,147	1,776	10.2

Source: Eurostat (2009)



Country Profile

Ireland



Celtic tribes arrived on the island between 600-150 B.C. Invasions by Norsemen that began in the late 8th century were finally ended when King Brian BORU defeated the Danes in 1014. English invasions began in the 12th century and set off more than seven centuries of Anglo-Irish struggle marked by fierce rebellions and harsh repressions. A failed 1916 Easter Monday Rebellion touched off several years of guerrilla warfare that in 1921 resulted in independence from the UK for 26 southern counties; six northern (Ulster) counties remained part of the UK. In 1949, Ireland withdrew from the British Commonwealth; it joined the European Community in 1973. Irish governments have sought the peaceful unification of Ireland and have cooperated with Britain against terrorist groups. A peace settlement for Northern Ireland is gradually being implemented despite some difficulties. In 2006, the Irish and British governments developed and began to implement the St. Andrews Agreement, building on the Good Friday Agreement approved in 1998.

COUNTRY FACTS:

Country Name: Conventional long form: none
Conventional short form: Ireland, local short form: Eire
Capital: Dublin
Government type: Republic, parliamentary democracy
Administrative divisions: 29 counties and 5 cities
Independence: 6 December 1921 (from the UK by treaty)
Executive branch: Chief of state: President Mary MCALEESE (since 11 November 1997)
Head of government: (Prime Minister) Brian COWEN (since 7 May 2008)
Cabinet: Cabinet appointed by the president with previous nomination by the prime minister and approval of the House of Representatives
Languages: Irish is the first official language, although English, the second official language is almost universally used.
Religions: Roman Catholic 86.8%; Church of Ireland (Anglican) 3%; Presbyterian 0.6%; Methodist 0.3%; Jewish 0.05%; Other 3.3%; No religion 4.4%; Not stated 1.7% (Census 2006)
Currency: Euro
Exchange rates: Euro (EUR) per US dollar - 0.7338 (2009), 0.6827 (2008), 0.7345 (2007), 0.7964 (2006), 0.8041 (2005)
Location: Western Europe, occupying five-sixths of the island of Ireland in the North Atlantic Ocean, west of Great Britain
Area: Total: 70,273 sq km, Country comparison to the world: 119
Land: 68,883 sq km, Water: 1,390 sq km
Border countries: UK 360 km, Coastline: 1,448 km
Note: Strategic location on major air and sea routes between

North America and northern Europe; over 40% of the population resides within 100 km of Dublin

Internet country code: .ie, Internet users: 3.042 million (2009), Country comparison to the world: 67

Population: 4,622,917 (July 2010 est.), Country comparison to the world: 119

Age structure: 0-14 years: 20.9% (male 454,571/female 424,022)

15-64 years: 67.1% (male 1,411,336/female 1,409,760)

65 years and over: 12% (male 224,850/female 278,661) (2010 est.)

Urban population: 61% of total population (2008)

Population below poverty line: 4.2% (2008 est.)

Literacy: definition: age 15 and over can read and write

Total population: 99%, male: 99%, female: 99% (2003 est.)

Natural resources: Natural gas, peat, copper, lead, zinc, silver, barite, gypsum, limestone, dolomite

Environment - current issues: water pollution, especially of lakes, from agricultural runoff

Note: Other major cities include Cork, Galway and Limerick.

CLIMATE:

Ireland enjoys a temperate maritime climate, due mainly to its proximity to the Atlantic Ocean and the presence of the Gulf Stream. Known as the Emerald Isle, Ireland is so green because it receives a lot of precipitation.

Typical winter weather in Ireland is clouds and rain with the occasional sunny spell. The mountains may have snow on them for many weeks in winter, but falls on the lower ground on only a few days a year, and is generally not a feature of the Irish climate. Temperatures hover around a January average of 5°C.

Typically, summers in Ireland have warm, sunny weather and a sky dotted with gentle fluffy clouds. Light rain occasionally occurs on days like these, but summer rain is usually restricted to a few wet days. In July and August, the conditions can become very humid and thunder storms can occur with lightning. Across Ireland, the local climate differs from place to place.

The climate of Ireland can be summed up as being mild, moist and changeable with abundant rainfall and a lack of temperature extremes. It is defined as a temperate oceanic climate or Cfb on the Köppen climate classification system, a classification it shares with most of northwest Europe.

ECONOMY - overview:

Ireland is a small, modern, trade-dependent economy. Ireland joined 11 other EU nations in circulating the euro on 1 January 2002. GDP growth averaged 6% in 1995-2007, but

economic activity has dropped sharply since 2008 with GDP falling by over 3% in 2008, nearly 8% in 2009, and 1% in 2010, and further contraction is expected in 2011. Ireland entered into a recession for the first time in more than a decade with the onset of the world financial crisis and subsequent severe slowdown in its domestic property and construction markets. Agriculture, once the most important sector, is now dwarfed by industry and services. Although the export sector, dominated by foreign multinationals, remains a key component of Ireland's economy, construction most recently fueled economic growth along with strong consumer spending and business investment. Property prices rose more rapidly in Ireland in the decade up to 2007 than in any other developed economy. However, average home prices have fallen 50% from the 2007 peak. In 2008 the COWEN government moved to guarantee all bank deposits, recapitalize the banking system, and establish partly-public venture capital funds in response to the country's economic downturn. In 2009, in an effort to stabilize the banking sector, the Irish Government established the National Asset Management Agency (NAMA) to acquire problem commercial property and development loans from Irish banks. Faced with sharply reduced revenues and a burgeoning budget deficit, the Irish Government introduced the first in a series of draconian budgets in 2009. In addition to across-the-board cuts in spending, the 2009 budget included wage reductions for all public servants. These measures were not sufficient. The budget deficit reached nearly 38% of GDP in 2010 because of additional government support for the banking sector. In late 2010, the COWEN Government agreed to a \$112 billion loan package from the EU and IMF to help Dublin recapitalize its banking sector and avoid defaulting on its sovereign debt, and initiated a four-year austerity plan to cut an additional \$20 billion from its budget.

Basic Economic Facts:

GDP (purchasing power parity): \$174 billion (2010 est.), \$175.1 billion (2009 est.), \$189.5 billion (2008 est.)
Country comparison to the world: 57
Note: data are in 2010 US dollars
GDP (official exchange rate): \$204.1 billion (2010 est.)
GDP - real growth rate: -0.6% (2010 est.), -7.6% (2009 est.), -3.5% (2008 est.)
Country comparison to the world: 196
GDP - per capita (PPP): \$37,600 (2010 est.), \$38,200 (2009 est.), \$41,900 (2008 est.)
Country comparison to the world: 29

Note: data are in 2010 US dollars

GDP - composition by sector: Agriculture: 5%, Industry: 46%, Services: 49% (2002 est.)
Unemployment rate: 13.7% (2010 est.), 11.8% (2009 est.), Country comparison to the world: 141
Labor force - by occupation: agriculture: 6%, industry: 27%, services: 67% (2006 est.)
Investment (gross fixed): 12.6% of GDP (2010 est.), Country comparison to the world: 143
Inflation rate (consumer prices): -1.5% (2010 est.), -4.5% (2009 est.), Country comparison to the world: 3
Industries: Steel, lead, zinc, silver, aluminum, barite, and gypsum mining processing; food products, brewing, textiles, clothing; chemicals, pharmaceuticals; machinery, rail transportation equipment; glass and crystal; software, tourism

EXPORTS:

\$115.7 billion (2010 est.), \$107.3 billion (2009 est.), Country comparison to the world: 34
Exports - commodities: Machinery and equipment, computers, chemicals, pharmaceuticals; live animals, animal products
Exports - partners: US 20.52%, Belgium 17.78%, UK 16.31%, Germany 5.66%, France 5.56%, Spain 4.19% (2009)

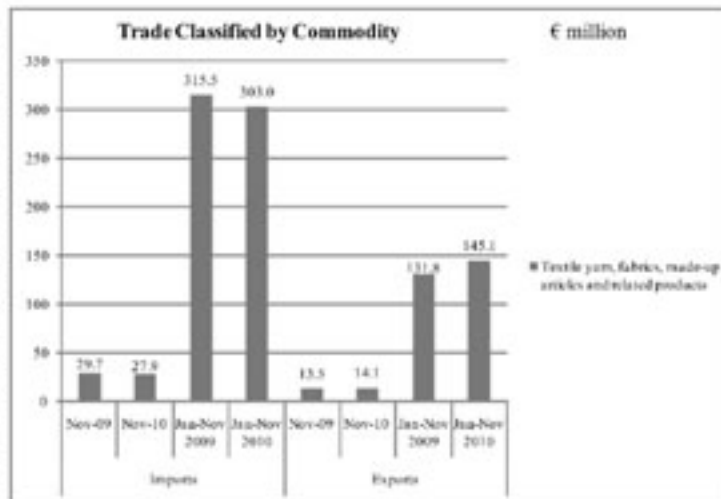
IMPORTS:

\$70.36 billion (2010 est.), \$62.22 billion (2009 est.)
 Country comparison to the world: 38
Imports - commodities: Data processing equipment, other machinery and equipment, chemicals, petroleum and petroleum products, textiles, clothing
Imports - partners: UK 35.28%, US 16.87%, Germany 6.76%, Netherlands 5.86%, France 4.76% (2009)

Major Industries: Computer software, information technology, food and drink, pharmaceuticals, tourism
Major trading partners: The UK is Ireland's largest single trading partner, along with the US, Germany and France
Transportation:
Airports: 39 (2010),
Railways: Total: 3,237 km,
Ports and terminals: Cork, Dublin, Shannon Foynes, Waterford

LIVING IN IRELAND:

- Cost of living: rental prices are high in Ireland, and particularly in Dublin. Be prepared to pay higher than average prices for food, drink and clothing.
- Utilities: utility bills are also expensive.



- ♦ **Health:** private healthcare is very common in Ireland and approximately 45% of the Irish population opts for some form of private health plan due to long public hospital waiting lists. The public health care services you are entitled to are determined by your income level and which category of the public health care scheme you fall into.
- ♦ **Laws and customs:** It is illegal to smoke in places of employment in Ireland - this covers pubs and restaurants. Holding and using a mobile phone whilst driving is banned. Possession of even small quantities of drugs can lead to long terms of imprisonment. Ireland does not recognize civil unions or same-sex marriages, and there is very little provision for unmarried cohabiting couples.

CULTURE

- ♦ **People:** Irish 87.4%, other white 7.5%, Asian 1.3%, black 1.1%, mixed 1.1%, unspecified 1.6%.
- ♦ **History:** BBC Timeline: Ireland
- ♦ **Local etiquette:** this is similar to the UK. A guide can be found at Work Etiquette.

Ireland's culture comprises elements of the culture of ancient immigration and influences (such as Gaelic culture) and more recent Anglicization and Americanization as well as participation in a broader European culture. In broad terms, Ireland is regarded as one of the Celtic nations of Europe, which also includes Scotland, Wales, Cornwall, Isle of Mann and Brittany. This combination of cultural influences is visible in the intricate designs termed Irish interlace or Celtic knot work. These can be seen in the ornamentation of medieval religious and secular works. The style is still popular today in jewellery and graphic art, as is the distinctive style of traditional Irish music and dance, and has become indicative of modern "Celtic" culture in general.

INTERNATIONAL RELATIONS

Ireland's Relations with the International Community

Ireland is a member of the EU and has participated actively in its evolution since joining in 1973. Ireland is also an active member of the United Nations where it lends its support to the Millennium Development Goals. Since 1958, the Irish Defense Force has had a continuous presence on UN peace support operations, mainly in the Middle East. Irish forces currently participate in several UN peacekeeping missions, notably in Kosovo and Africa. Close links are maintained with the USA where there is a significant Irish American population. Ireland's Diaspora spreads all over the world and the country has close ties with Canada, Australia and New Zealand. Ireland has diplomatic relations with more than 100 countries, with approximately 70 Irish Embassies, Consulates-General and Permanent Representatives throughout the world.

International Organization Participation:

ADB (non-regional member), Australia Group, BIS, CE, EAPC, EBRD, EIB, EMU, ESA, EU, FAO, FATF, IAEA, IBRD, ICAO, ICC, ICCt, ICRM, IDA, IEA, IFAD, IFC, IFRCS, IHO, ILO, IMF, IMO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC, MIGA, MINURCAT, MINURSO, MONUC, NEA, NSG, OAS (observer), OECD, OPCW, OSCE, Paris Club, PCA, PFP, UN, UNCTAD, UNESCO, UNHCR, UNIDO, UNIFIL, UNOCI, UNTSO, UPU, WCO, WHO, WIPO, WMO, WTO, ZC

Transnational Issues:

Disputes - international: Ireland, Iceland, and the UK dispute Denmark's claim that the Faroe Islands' continental shelf extends beyond 200 nm

Hina Asif

Research Associate, PRGMEA (North Zone)

Ireland's Trade Performance 2004-2010

Year	Merchandise € bn			Services € bn			Total	Total	Overall
	Imports	Exports	Surplus	Imports	Exports	Deficit	Imports	Exports	Surplus
2004	51.105	84.409	33.304	52.625	42.424	-10.201	103.730	126.833	23.103
2005	57.465	86.732	29.267	57.521	48.219	-9.302	114.986	134.951	19.965
<i>yearly change</i>	12.44%	2.75%		9.30%	13.66%		10.85%	6.40%	
2006	60.857	86.772	25.915	63.867	57.069	-6.798	124.724	143.841	19.117
<i>yearly change</i>	5.90%	0.05%		11.03%	18.35%		8.47%	6.59%	
2007	63.486	89.226	25.740	69.081	67.960	-1.121	132.567	157.186	24.619
<i>yearly change</i>	4.32%	2.83%		8.16%	19.08%		6.29%	9.28%	
2008	57.585	86.394	28.809	75.617	67.947	-7.670	133.202	154.341	21.139
<i>yearly change</i>	-9.29%	-3.17%		9.46%	-0.02%		0.48%	-1.81%	
2009	45.061	84.239	39.178	75.049	66.634	-8.415	120.11	150.873	30.763
<i>yearly change</i>	-21.75%	-2.49%		-0.75%	-1.93%		-9.83%	-2.25%	
Jan-Sept 2009	33.997	64.841	30.844	55.426	48.955	-6.471	89.423	113.796	24.373
Jan-Sept 2010	33.752	66.846	33.094	59.621	53.597	-6.024	93.373	120.443	27.070
<i>Change on 2009</i>	-0.72%	3.09%	7.29%	7.57%	9.48%		4.42%	5.84%	11.07%

Table updated on a quarterly basis

Source: Central Statistics Office (CSO), Merchandise: Dec 2010 Release, Services: Balance of Payments Dec. 2010 Department of Enterprise, Trade and Innovation

By: Ryan Mutt

Future of Enterprise Resource Planning Software for Organizations

To get a view of future scenario of enterprise resource planning software it is necessary to understand the present scenario of ERP in terms of its optimum utilization, ignored areas and untouched sectors. ERP has become an integral part of business today due to its proven benefits and huge capacities but it is very easily evident that there is much to be explored and need to give up a previously set goal.

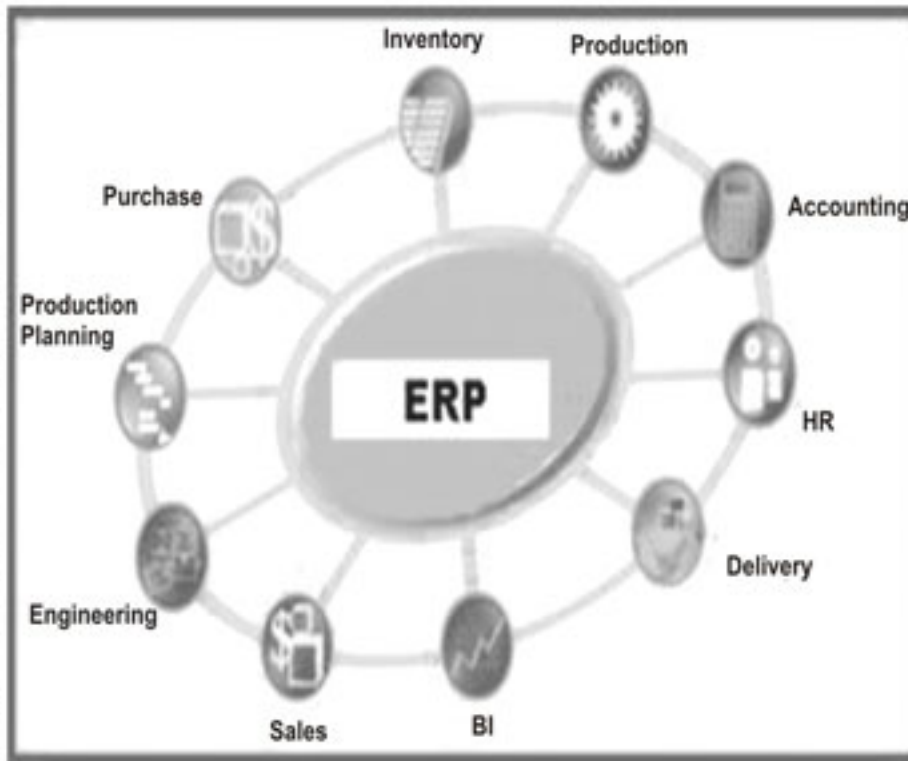
Gone are the days when ERP software was meant for large and big business organizations only which have capacity of investing money in millions. Today with the introduction of SaaS model, ERP on demand and cloud computing, ERP software has come in the reach of small and medium sized companies which has opened gates for ERP vendors to capture new markets. Simply reduced cost, integration and interaction of different departments, capacity to work with different set of rules and regulation, multi currency, multi lingual, web store and SFA are not just the features which are going to suffice the needs of small and medium sized companies.

More dominant role in strategic planning is one of those areas which may see a lot of change in future versions of ERP software. Till today even though a lot of hype has been created by the vendors about this feature but due to one or the other reasons user have not shown trust and courage to rely on the planning which is supported or chalked out largely by their enterprise resource planning software. Utilization of resources at the disposal of the software can help organizations in much more effective way than today, particularly small and me-

dium sized companies are going to be benefited by this feature as they have less to invest on hiring planners compared to large organization.

Another area which might see some positive changes in enterprise resource planning software is budgeting. Many ERP users are still using conservative systems for calculating and sanctioning of budgets for different processes and activities. Perhaps ERP vendors in near future might bring in new ways and solutions to resolve the problem of budgeting. More of cost effective offers and better SaaS models are expected in near future as all the gi-

ants of ERP industry are now trying to fish in the small and medium sized market where companies does not have kind of enormous budget to spend on IT infrastructure and ERP software purchase and implementation. Subscriptions will get more and more lenient and user friendly to draw in more and more users from this sector. Cloud computing promises most till date as far as future planning and developments are concerned.



Perhaps the biggest change that might be in store of future is goodbye to the concept of one single enterprise resource planning software to provide well integrated, seamless working in a large organization where all the departments are knitted together through single application. The future ERP software will be more like a network of applications designed specifically for a particular department of the organization like CRM, SCM and financial management where they are used with a top quality infrastructure enabling them to interact and exchange information in real time.

Source: goarticles.com

Trousers and Shorts in The United Kingdom

The market for trousers and shorts in the United Kingdom (UK) is very broad, but there are a number of niche opportunities that you can explore. The ethical clothing sector in particular continues to grow and fair trade cotton jeans, as well as trousers made from organic cotton are growth areas. Shorts generally have become more popular in the summer, as UK consumers adopt a more continental lifestyle and dress code.

Market Characteristics

- Consumption.** The UK market for trousers and shorts was valued at € 8.4 billion in 2009, a 2% annual decrease since 2005, representing 15% of EU market value. This compares with the EU as a whole, which registered a 0.2% decrease. UK performance for this product group was below other leading EU Member States, with the exception of Spain. However, this relatively poor performance masked strong growth in some segments, despite the global recession. Women spent well over € 4 billion on trousers and shorts, of which approximately € 620 million related to jeans and € 320 million related to shorts. Meanwhile men spent around € 2.5 billion, of which € 850 million was spent on jeans. Children's trousers and shorts made up the remainder. A detailed breakdown of male expenditure is not available but two thirds of women's expenditure was for casual trousers and one third was formal. There is likely to be a higher proportion of expenditure on formal trousers for men.
- Production.** The UK is a small EU producer of trousers and shorts, valued at € 205 million, less than 5% of all EU production of trousers and shorts. UK production contracted by over 11% annually since 2005, compared with 4.5% for the EU as a whole. Note that the majority of production related to trousers and shorts for females (not knitted or crocheted).
- Imports.** Small DC increase in imports. Imports of trousers and shorts were valued at € 2.1 billion in



2009, a 3.5% annual average decrease since 2005. However, DC imports increased by 1.1% over the period (2.5% increases for males compared with no increase for females). DC imports accounted for 75% of all imports by value but almost 90% by volume. The UK was the third largest importer of trousers and shorts after Germany and France.

Leading DC suppliers (by volume) were China (34% of total, +12% average annual growth), Bangladesh (17%, +5%), Sri Lanka (8%, +10%), Pakistan (6%, +14%), Turkey (5%, -12%), India (5%, +9%) and Vietnam (4%, +22%).

Cotton and denim imports still positive. 54% of DC imports were for women's or girls' trousers and shorts. In terms of DC imports by material, the trends are: cotton (38% of imports, +2% average annual growth), denim (28%, +5%), synthetic materials (23%, -3%), other materials (6%, +3%), wool (2.8%, +18%), artificial fibres (1.2%, +10%), corduroy (1.1%, -9%).

In terms of shorts, imports were up by an annual average of 9% over the period. They accounted for just over 10% of all DC imports of trousers and shorts. 53% of imports were for men or boys (up from 50%). 68% of shorts were made of cotton (up 16%), 28% of shorts were of synthetic materials (up 1.8%), 2.5% were made of artificial materials (down 2.4%), 1% of shorts were made of wool (down 20%).

- Prices.** Average DC import prices decreased to € 5.06 from € 5.73 per pair, while average intra-EU prices increased to € 16.38 from € 15.85, making intra-EU import prices more than three times higher than average DC import prices. Meanwhile, according to market research specialist Mintel, men spent € 66.12 on trousers in 2009, compared with € 66.48 in 2007. This was a relatively good performance as spending on suits, jackets and sports clothing decreased by much more. Men's casual trousers can cost between € 30 up to perhaps € 80, while women's trousers range from lower to higher prices than this.
- Key opportunities.** The ethical clothing sector has

been dominated by T-shirts and accounts for just 0.5% of the total clothing market, although this has grown by over 40% since 2005. Ethical trousers and shorts represent a lower share than this. However, the availability now of genuinely fashionable ethical products has stimulated sales in all clothing segments. Organic and fair trade cotton products and new sustainable materials such as bamboo can be applied to trousers and shorts.

Other trends that are relevant include the growth in plus-sizes, which has resulted in more trousers with waistbands featuring self-altering tabs and side elastics, as well as significant growth in popularity of ¾ length shorts featuring highly versatile and practical pockets. Fashion trends for women's trousers include the 'skinny' and 'harem' styles, which have been popular for the last two years. The latest fashion for summer 2010 is printed pantaloons, made either in cotton or silk.

How to approach the market

- ❖ The main trade channels for market entry are either via wholesalers and importers that sell on to retailers, or direct to larger retailers if your size allows it. Some exporters make use of fashion sales agents. This channel would be appropriate if you were manufacturing on behalf of a known designer.
- ❖ UK wholesalers of trousers and shorts can be found via the trade directory http://www.thewholesaler.co.uk/trade/distributor/Clothing_and_fashion_UK_wholesale_directory/
- ❖ There are a number of specialist players in the ethical sector. These would include:
 - **Natural Collection** <http://www.naturalcollection.com> which has also merged with <http://www.ethicalsuperstore.com>. This organization also operates the wholesaler <http://www.pointov.com>. **Kuyichi** <http://www.kuyichi.com> is an important producer of jeans using sustainable materials.
 - **The Ethical Fashion Network** <http://www.ethicalfashionforum.ning.com> has good links. **Trousers London**



<http://www.trouserslondon.co.uk> launched in 2008 with a sustainable outlook and produces fashionable jeans wear.

- Other interesting organizations are **Bishopston Trading**, which imports directly from rural India <http://www.bishopstontrading.co.uk>, **People Tree** <http://www.peopletree.co.uk> and **Traidcraft** <http://www.traidcraft.co.uk>.

Outside the ethical sector, the catalogue retailer **JD Williams** <http://www.marksandspencer.com> and **Monsoon** <http://www.monsoon.co.uk>. An interesting specialist wholesaler for school uniforms is <http://www.kidsandcodirect.co.uk>.

[Http://www.jdwilliams.co.uk](http://www.jdwilliams.co.uk) also owns some brands for larger size men, including **High & Mighty** and **Williams and Brown**. Other clothing retailers that may be worth approaching directly are **Marks & Spencer** <http://www.marksandspencer.com> and **Monsoon** <http://www.monsoon.co.uk>. An interesting specialist wholesaler for school uniforms is <http://www.kidsandcodirect.co.uk>. **Spencer**

You need to decide whether to approach this market directly or indirectly. If you make a direct approach, it is recommended that there is some personal communication before a trading relationship commences. Developing country exporters may approach customers in the UK through carefully worded direct (e-) mail to ensure attention, personal visits

(as follow-up), inviting potential customers to visit you in your country, building a network and visiting international trade fairs.

- Interesting trade fairs include **Pure** <http://www.purelondon.com> which also includes an ethical fashion section,
- The main trade association is the **UK Fashion & Textile Association** <http://www.ukft.org>.
- The **Association of Suppliers to the British Clothing Industry** <http://www.asbci.co.uk>.
- Trade press include **RAS Publishing** <http://www.drapersonline.com> <http://www.ras-publishing.com>

Source: cbi.eu

RGST to effect value added Textile sector and Zero Rating

By: Hamid Zamir Farooqi, Advisor/Consultant, TDAP

Pakistan is in dire need of increasing its tax revenues by implementing a broad-based modern form of sales tax on goods and services. The Sales Tax Act, 1990, was originally designed on the basis of accepted value added taxation doctrines but due to political compromises and revenue exigencies, it increasingly became distorted and narrow-based because of ever-expanding exemptions, special regimes, multiplicity of rates and several other deviations from international best concepts and practices. Resultantly, not only the tax base of sales tax and income tax has been eroded but also lack of documentation of the national economy has proved a big hindrance in the development of effective tax policy options.

Under the existing constitutional framework, the Federal Government can impose taxes on the sales and purchases of goods imported, exported, produced, manufactured or consumed. The Federal Government has been levying excise duty on services. After passage of the 18th Constitutional Amendment, taxation of services now wholly falls within the domain of Provincial Governments.

Tax-to-GDP ratio on account of the said sales taxes has stagnated on lower side although internationally, the standard rate of 17 percent sounds on higher side. The principal reason of lower tax to GDP ratio of sales taxes has been widespread and unbridled concessions and waivers on both local supply and import stages including zero-rating on several categories of domestic supplies, besides non-coverage of the services sector in general.

Under the new GST law, exemptions have been kept intact in respect of basic food items including wheat, rice, pulses, vegetables, fruits, live animals, meat and poultry etc. Edible oil chargeable to Federal excise duty will remain exempt from GST as before. Exemptions earlier available for philanthropic, charitable, educational, health or scientific research purposes or under international commitments/agreements including grants-in-aid will also continue. Moreover, life saving drugs, books and other printed materials including newspapers and periodicals has been kept exempt.

Local consumption of sectors like textile (including carpets), leather, surgical and sports goods has however, been subjected to tax. Similarly, defense stores, stationary items, dairy products, pharmaceuticals (other than lifesaving), agricultural inputs, agricultural machinery and implements, aviation/navigation equipments including ships & aircrafts etc. have also been proposed to be taxed. Acquisition of capital goods will be facilitated through expeditious adjustment/refund of input tax involved therein.

GST will be chargeable only on value added component of each stage of the supply chain. Due to the provision for set-off of the tax paid at earlier stages in the chain, net tax incidence remains as a single stage levy. Due to automatic input

tax adjustment facility, businesses are attracted towards voluntary registration so that they may avail such adjustments and improve their cash flows. For this reason, GST always promotes documentation and encourages self-compliance.

The proposed GST system is expected to operate without any serious inflationary impact. It will rather promote economic equity and enable the country to direct national resources towards more productive goals of national development. Reformed GST is also likely to progressively minimize the grey component of the national economy and facilitate fair income redistribution. It will eventually cast healthy impact on income tax receipts and enhance fool-proof tax culture in the country.

Textile Industry is already crippled owing to frequent load shedding, high electricity and gas tariff, multiple duties and taxes, resulting in high cost of doing business in Pakistan as compared to the neighboring countries. Imposition of RGST would not only result in decline in export but the industry would come to a standstill.

Due to high prices of end product, Pakistan value-added textile export is not competitive in Europe as well as United States and it is expected that export to these countries would further decline in the coming years. A wave of unemployment is expected in the near future.

Role of Textile Industry in Pakistan

Economy

- 8.5% share in GDP

Employment

- 38% of Manufacturing sector labor force
- Approximately 3.5 million direct employment
- 10 million indirect employment

Agriculture

- 4th largest producer of cotton
- 3rd largest consumer of cotton
- Consumer of leading cash crop-cotton

Exports

- More than 50% share in Total merchandise Exports
- 80% of textile products finally exported.

Reformed General Sales Tax (Proposed)

RGST will be charged at the rate of 15 per cent at each stage of the supply chain i.e. starting from the manufacture till sale by the retailer to the final consumer.

Only export of textile articles will be Zero rated and local supply there of will be subjected to RGST at the rate of 15 per cent.

Substantiating his point, he said that the government is pro-

viding maximum incentives to fertilizer sector because almost all fertilizer factories in the country are owned by 'blue-eye persons' who are being politically favored and despite the shortage of gas in the country, these fertilizer factories are being supplied the gas 10 time less than provided to industrial sector of the country. Citing the example, he said that a fertilizer factory having the strength of 100 workers is being supplied 100 MMCDF Gas where as 130 industrial units of Faisalabad employing 5, 00,000 workers are provided meager 130 MMCDF gas, one unit against one hundred. He revealed that due to unscheduled and excessive gas and load shedding in Faisalabad alone, most of the industrial units have been closed down thus rendering over 5 Lac workers jobless.

Responding to a question, the FPCCI standing committee chairman on Exports said that Pakistan has lost about 2 million cotton bales due to devastating Floods in various parts of the country which has compelled us to import substantial cotton from abroad. He told that 16 million bales are required by our textile sector while the expected production of cotton would be around 11.5 million bales this time and hence, there would be a shortfall of 4.5 million bales and demanded the government to make appropriate arrangements for import of cotton quite ahead of the termination of cotton season so that our textile sector should not suffer.

Present Regime under Sales Tax Act,

Under sales tax Act, 1990 supply and Export of Textile articles falls under the Zero Rated regime.

Zero regime, for entire supply chain of Textile Industry was introduced through Finance Act, 2005 to boost export oriented industries in Pakistan and avoid flying invoicing which was leading to more refunds tax collection.

Applicability of Sales tax on Textile Sector

Farmer, finishing units, Ginner, Exporter, Wholesaler/Dealer, Spinning units, Distributor, Weaving units, Retailer, Processing units, Consumer, Finishing units
The GST Bill, 2010 will replace the present Sales Tax Act, 1990. While the issues of collection and administration of sales tax on services are being separately negotiated with the Provinces in the light of recent NFC award, a provision has been included in the Federal Bill to integrate Provincial sales tax on services with the Federal sales tax on goods as and when the Provinces authorize FBR to collect and administer sales tax on services.

Textile Industry Concerns on RGST

1. Lack of infrastructure for the fair and proper implementation of RGST.
2. Long chain of supply.
3. Delay in issuance of refunds.
4. Use of seasonal raw materials by the Textile Industry. The ginned cotton used by the Textile Industry is mainly procured from October to December which will result in huge refunds and blockage of funds.
5. Effect on exports.
6. Competitiveness of price of Textiles articles in local market.

Adverse RGST implications on liquidity Requirement

Items	Value (Million Rs) Raw materials	RGST@15%
Domestic cotton @ 12 million bales(2010-11)	396,302	59,445
Imported cotton @ 3 million bales(2010-11)	99,076	14,861
MMF(Polyester) (500000 ton)	75,000	11,250
Yarn domestic (81% of 2862 M.kg)	696,128	104,419
Yarn export(81%of 2862 M.kg)	156,222	23,433
Greige cloth domestic(93% of 9015M sq. Mtr)	718,760	107,814
Greige cloth Export (6% of 9015 M sq.Mtr)	61,020	9,153
Processed Fabric Domestic (87% of 8456 Msq.Mtr)	625,855	93,878
Processed Fabric Export (13% of 8456 Msq.Mtr)	118,368	17,755
Knitwear Exports 150,002	22,500	
Ready made Garments 113,720	17,058	
Bedwear Export 146,240	21,936	
Towel & Made ups Exports	102,689	15,403
Total	3,459,382	518,907

Note: above calculation is major raw material only, RGST on utilities spares, services and minor raw material not accounted for.

7. 30% of Textile Industry is in the unorganized Sector.
8. Even under the present Zero Rated Regime, an amount of Rs. 2 million per month of an average sized Textile unit remain stuck up

Implication of RGST on Exports

1. Balance of payment and balance of trade will be adversely affected.
2. Textile industry may collapse since around 80% of its total output is currently exported.
3. Unemployment will increase since textile industry is the largest employer of industrial work face in the country.
4. RGST to encourage unregistered/unorganized sector.
5. Corruption/unfair practices to rise.

Reformed GST, making it difficult for Textile Industry

Value Added Tax may be forced upon Textile Sector. It seems that the government is determined to implement the Reformed General Sales Tax, which is just a nomenclature change for Value-Added Tax, on the Textile Sector. Although in its true spirit VAT should be implemented across the board, we need to analyses our current scenario and tax practices before we take any further step.

Through the finance act 2005, the GST was waived or made Zero-Rated on Textile and other Export-oriented Sectors after legitimate Exporters-cum-Manufacturers convinced the Government of its negative Implications on the Export Sector as well as on the Government exchequer. The Manufacturing-cum-Export Sector, which is the backbone of the economy, was under a severe cash crunch due to delays in refunds and rampant corruption. Before the Implementation of this act, the Government exchequer was refunding more Sales Tax than it actually received from Textile companies because of the corrupt and inefficient system and existence of fraudulent companies. There are truly testing times for the Textile Sector of the country. On the one hand, General interest rates and Export refinance rates have again started to move upwards, in addition to the crowding-out effect of private Sector credit in view of excessive Government borrowing. This is at a time when cotton pricing is at the highest level in 15 years, thus requiring more working capital for operations.

Textile bodies reject withdrawal of Zero-Rating regime.

The leading Textile Associations have rejected unanimously withdrawal of Zero Rating regime for Textile Industry under the reformed General sales Tax (RGST).

The Textile Industry was not opposing Tax collection under the RGST but the mechanism, which is likely to disturb \$12 billion Textile Industry altogether.

The Zero Rating regime must be maintained until the finished Textile goods and consumption Tax should be imposed only on domestic sales.

The Tax should be levied only on goods cleared for local sales for end consumption and exporting units and its supply chain be given exemption from 15 percent GST, as financial crunch is already in place and it is difficult to sustain further liquidity crunch. It would be a crippling blow to the Textile Industry. Bedwear Association said Industry should go for legal remedy well before the imposition of the RGST.

Recommendations

1. Local supply of Textiles and articles thereof should be Zero Rated in RGST in line with the current Sales Tax Act, 1990.
2. All the inputs and services used in Textile Industry should be Zero Rated to avoid refunds and flying invoices as 80% of the textile products are being exported in one form or the other.
3. Zero Rating must be maintained until the finished textile goods and consumption tax should be imposed only on domestic sales.

Finding

- The decision for gas load-shedding for three days a week would send a very negative signal to the Exporter's and Importer deliver order due to shortfall. "Instead of coming up with some sort of relief package, the Industry is being pushed to the wall. The gas curtailment or disconnection is tantamount to throttling the industry to death.
- Exporters are facing serious problems due to depleting in fracture, non existence of institutional support and inflationary pressure not being Zero Rating on Exports.
- Further encourage in the basic Textile Industry to support Garmenting/ Made-up Industry, when we achieve higher skilled/productivity and market access or nomenclature of MFN tariff.
- If government bent upon the not rotated of RGST then Zero Rating of Textile local supplies be allowed for all interceding processes .RGST be levied on and products i.e Garments and Made-ups.
- The Tax should be levied only on goods cleared for local sales for end consumption and exporting units and its supply chain be given exception from 15 percent GST, as financial crunch is already in place and it is difficult to sustain further liquidity crunch. It would be a crippling blow to the Textile Industry.
- The new Tax Law purposes withdrawal of the 2005 Sales Tax regime for the five Zero Rated Sectors, from 5 export oriented sector which is against the policy of the government, wherein any sector with 80 per cent or more of the country's production being exported cannot be subjected to sales Tax for the simple reason to avoid depositing and refunding without any significant gain to the national exchequer.
- The yarn prices have tripled; power rates are rising day by day and of the government collect sales Tax from the exporters for returning back afterwards, huge amount of the exporters' liquidity will be blocked. In such a situation as today the exporters will be ruined and there will certainly be a huge exodus from this country with flight of capital abroad. It is indeed a dilemma that while the government is wooing and pampering the foreign investors to come and invest in Pakistan, the ground fact is that the local investor is so much harassed and burdened that existence and continuing to invest and do business in Pakistan has become next to impossible. In view of the stated position of the Government to enhance exports of the Zero Rated Sector, the decision to withdraw Zero Rating can only be considered contradictory to its defined position of giving momentum to exports.

Readymade Garment Manufacturers Face High Cost of Production

By: Dr. Noor Ahmed Memon

Export of readymade garments from Pakistan decreased from 42 million dozens worth US \$ 1.59 billion in 2007-08 to only 27 million dozens worth US \$ 1.27 billion in 2009-10, thus showing decline of 20% in term of value.

At present Pakistan is fast losing its share in the global garment market, because of high cost of production. Garments exports from Pakistan's traditional competitors in the region - Bangladesh, Sri Lanka, China and India - have picked up dramatically because the exporters of those countries are getting hidden subsidies from their respective governments. The apparel segment is the highest value added link in the entire textile value chain.

The global trade in the sector accounts for 53% of the total value of global textiles trade and is consistently growing since the last two decades.

Pakistan's textile exports increased to 20% growth in seven months. Major products that helped the textile exports grow include knitwear, bed wear, towels and readymade garments. Cotton prices around the globe have increased phenomenally during July-June 2010, making finished products expensive than last year. Rising export of raw cotton is in value terms only amid the absence of major exporters like Brazil and India. Prices of garments in China, Turkey, Sri Lanka, Cambodia and Vietnam have gone up due to higher production costs. Pakistan has also diversified its product range and marketing over the last few years.

The value-added sector was expecting to fetch orders of about \$4 billion for the spring 2010 for

garments, homemade textile, towels, bed wears and fabrics against about \$3 billion orders placed last year, due to shortage of raw material and unbridled hike in gas and electricity prices it is feared that the exporters may lose orders by 50%.

Exports:

Pakistan has been a major Asian player in the garment export market especially during 1990s and early 2000. Total apparel exports from Pakistan were to the tune of US\$ 1.59 billion in 2007-078. The importance of the apparel sector in the overall economic perspective is twofold. On the one hand the sector

has the potential to be the engine of Pakistan textile export growth, while on the other the sector is the largest source of creating low cost employment in the country at all levels.

At present the major thrust of garments exports from Pakistan is on the USA market. The European Union is the second largest market for garment manufacturers from Pakistan. Major markets that Pakistani manufactures have so far not been able to explore are the Japanese market, the United Arab Emirates and some new markets in the European Union. These markets demand high product standards and in return offer higher per unit price.

On the other hand Bangladesh gets duty-free access to the neighboring countries in the US, reporting textile exports worth \$US15 - \$20 billion over the next two years. At present Bangladesh has earned \$US 12.35 billion in the fiscal year to June 2009 by exporting ready-made garments. Garments ac-

Table 1: Exports of Readymade Garments from Pakistan

Year	Quantity (Million Doz)	Value (US \$ Million)
1990-91	21	497
1991-92	27	613
1992-93	26	617
1993-94	27	612
1994-95	27	642
1995-96	26	649
1996-97	29	736
1997-98	27	746
1998-99	28	651
1999-00	31	772
2000-01	36	827
2001-02	41	875
2002-03	61	1,093
2003-04	28	993
2004-05	34	1,088
2005-06	37	1,310
2006-07	41	1,385
2007-08	42	1,592
2008-09	29	1,230
2009-10	27	1,269

Source: TDAP

counted for three-quarters of the country's total export income. Garment exports, including readymade garments, primary textiles and knitwear, account for more than 80% of national export income, and in the 12 months to June, 2009 rose from \$10.7 billion in the previous financial year.

Bangladesh's exports in November surged 30% to \$1.55 billion, led by strong demand for the country's ready-made garments. Exports for July to November, the first five months of 2010-11 fiscal years, were up 35.8% at \$8.27 billion from the same period in the previous year.

Earnings from knitted textiles in July to November rose 37% from the previous year to \$3.5 billion, while woven garment earnings rose 36% to \$2.88 billion.

Clothes account for 80% of Bangladesh's overseas sales. Orders are growing from key markets the United States and Europe and new markets such as Turkey, Japan and South Africa.

Bangladesh's cheap labour costs have helped it join the global supply chain for low-end textiles and clothing. Bangladesh nearly doubled the minimum monthly wage for millions of workers in the garment industry to 3,000 taka (\$43), which took effect in November 2010, but wages are still low compared with rivals such as China, India, Vietnam, and Thailand. Bangladesh makes garments for international brands such as JC Penney, Walmart, HandM, Kohl's, Marks and Spencer and Carrefour. Exports rose 4.11% to \$16.20 billion in the 2009-10 fiscal

years.

Bangladesh apparel exports have grown to South Africa, New Zealand, Canada, Brazil, Mexico and Australia. Bangladesh is in the process to get duty-free export of garments to Russia, Malaysia, India, Pakistan and the member countries of the Association of South-East Asian Nations.

Pakistan produces apparel of various patterns and styles, of the latest fashions and quality. The industry is adequately equipped to produce latest fashions to suit tastes and needs in any part of the world. Leading Pakistani designers, garment manufacturers and exporters regularly display their designs and products round the world at international fairs and exhibitions and in trade centers like Paris-London, New York, Tokyo and Berlin.

Export of readymade garments from Pakistan is given in Table-1. The readymade garment industry in Pakistan generally operates on small, medium and large scale units most of them having 50 machines and below. Large units are presently coming up in the organized sector of the industry. According to an estimate about 75% of its units are in the unorganized sector and are established in small shops, flats and houses. These units also do not have modern machines like over locking, creasing, collar pressing, buttoning and cutting etc. These units are mostly equipped with 4-10 sewing machines and 1-2 electric irons. These items are usually made or assembled in Paki-

Table 2: Country wise Export of Readymade Garments

(Value in 000 \$)

Country	2007-08	2008-09	2009-10
Germany	207,649	174,501	164,047
Spain	95,550	68,120	88,821
France	78,088	67,994	63,727
The Netherlands	58,344	41,786	30,785
U.A.E	47,746	38,684	31,844
Turkey	22,771	25,513	21,414
Sweden	15,786	20,017	21,058
Australia	8,792	9551	9,203
Greece	6,688	7,715	5,939
Norway	5,990	9,097	10,505
Benin	4,706	3,782	3,031
Denmark	4,036	13,730	5,531
Brazil	2,688	3,081	1,874
Hong Kong	1,692	554	856
Poland	1,510	1,817	3,637
Japan	1,344	1,508	3,248
U.S.A	531,794	403,580	39,374
UK	156,570	136,027	162,025
Italy	68,826	53,353	63,490
Belgium	54,473	66,875	90,169
Canada	17,110	16,165	20,681
Saudi Arabia	14,906	22,939	18,003
Ireland	8,210	6,998	14,034
Finland	3,681	3,107	3,459
South Africa	2,469	1,649	1,567
Portugal	1,457	1,166	2,495
Singapore	921	967	980
Other Countries	168,583	29,743	387,541
Total	1,592,380	1,230,019	1,269,338

Source: Trade Development Authority of Pakistan.

stan and give satisfactory service. The useful life of a sewing machine is stated to be about eight to ten years, whereas an electric iron is expected to last one to two years only.

USA and the European Union, UAE remain to be the largest markets for garments and other apparel products with a combined share of 73% in total global clothing trade. Apparel exports to Japan, a newer market, started picking up after 2008, when Tokyo announced the China+1 strategy to shift sourcing focused on China to other nations.

Country-wise export of readymade garments is given in Table-2.

Investment:

During the last four years (2008-09 to 2009-10) more than 5.88 billion have been invested in the value-added sectors including in sewing machines, stitching, knitting, finishing and knitting processing. Pakistan imported large numbers of sewing machines from China, Japan and Singapore. Import of various sewing machines into Pakistan increased from 44,582 numbers valued Rs. 885.2 million in 2008-09 to 132,756 numbers valued Rs. 1.51 billion in 2009-10, thus showing an increase of 76% in terms of value.

Import of sewing machines into Pakistan is given in Table-3.

The industry mostly produces cotton and cotton blended shirts, T-shirts, Bush-Shirts, Pants, Children's suits, school uniforms, skirts, blouses and maxis. Among these men's shirts and children garments are widely manufactured for local markets. These are mostly made of cotton blended cloth. In cotton articles, the non-mill made cotton cloth is largely used as against mill-made cloth. The unorganized sector of the industry largely uses non-mill made cotton cloth even when it manufacturers garments for exports. Production of garments by units depends on export orders directly or indirectly. These orders have somewhat risen in terms of value, but they have fluctuated widely in terms of quantity. Global readymade garments exports have experienced extraordinarily high rates of growth, and global export of textiles and ready-made garment (RMG) exceeds US \$500 billion per year, well over one-third of which is accounted for by

developing countries. Growth was particularly dramatic in China with exports increasing several times over previous years, for Mexico and Turkey, for Mauritius and Jamaica, as well as East and South-East Asia.

China emerged as a leading exporter in the second half of the 1980s and today occupies the number one position in the world. Several developing countries such as India, Thailand, Bangladesh, Indonesia, Sri Lanka, Pakistan, Turkey and East European countries are all becoming sizeable producers of readymade garments.

India, Bangladesh, Sri Lanka and Peru are all competitors for the EU market and any preferential access to Pakistan could hit their shipments. These imports into the EU are levied duties between 6% and 12%. India's garments and textiles exports to the EU in 2009 were \$ 5.9 billion while Pakistan's shipments were worth \$ 2.2 billion. The EU cannot give duty concessions to Pakistan till the WTO waives its obligation of treating all member countries the same, known as the most favoured nation clause. Faced with strong resistance from India and Bangladesh at the World Trade Organization (WTO) in Geneva, the European Union has delayed duty-free concessions for 67 products from Pakistan till March 2011. It was earlier expected to be effective from January, 2011.

Chairman Pakistan Readymade Garments Manufacturers & Exporters Association (PRGMEA) Ejaz Khokhar has said possible delay in trade concessions from the EU till March 2011 may result in loss of about \$2 billion during first quarter of the fiscal year. Value-Added Textile Forum (VTF) leader Muhammad Aasim Shah has said that Ministries of Commerce and Foreign Affairs and Exporters, to get duty-free access to the European Union markets, have to bear huge losses when they would meet the demand of the foreign buyers.

Pakistan may get \$3 billion increase in exports in the short term with the lifting of the trade restrictions against Pakistan by the United States and Europe. Pakistan's textile exports have increased impressively since 2003 when the EU had enhanced duty-free quota for textile exports for Pakistan, marking \$10.3 billion by the end of June 2010.

Table 3: Import of Sewing Machines

Machines	Quantity: Numbers Value: Rs.000					
	2008-09		2007-08		2009-2010	
	Quantity	Value	Quantity	Value	Quantity	Value
Sewing machines (household)	1,427	2,395	19,052	27,803	26,924	61,187
Other sewing machines (household)	21,434	38,236	46,197	54,675	16,091	34,156
Automatic sewing machines	288	33,841	744	65,186	968	93,233
Other sewing machines (industrial)	40,433	780,766	69,115	1,228,587	88,773	1,318,756
Total	44,582	855,238	135,108	1,376,251	132,756	1,507,332

Source: Federal Bureau of Statistics, Government of Pakistan.

Analysis of Wastage Caused by Fabric Defects

By: A.D. Wijayasiri Kulatunga

The garment manufacturers are hard pressed with continuously reducing product lead-time and improving productivity and quality of their products. To satisfy these requirements fabric should conform to the specification and the standard developed by the industry. But in reality it is difficult to find perfect fabric that exactly sticks to the standard. In spite of the huge advancements made in textile manufacturing technology during last several centuries, textile industry is not able to produce 100% perfect textile materials that constitute 65% - 70% of the cost of the garments. Industries, which utilize the textile materials, are to face difficulties to control the impact of the defects in the fabric.

For proper costing of a garment, and cost reduction, it is necessary to have good understanding of the fabric quality and various fabric losses that occur during garment production. It is possible to find a lot of papers and research works based on improving the marker efficiency to minimize the fabric losses but very few work or research has been done to reduce the impact caused by fabric defects. For evaluation of fabric quality that cannot be directly reviewed are to be tested at sophisticated textile testing laboratories. If the testing results are matched with the general acceptable standard of shrinkage, colour fastness, seam strength, tensile strength, colour fastness to crocking etc., which are known as Latent Defects, garment manufacturers can continue production without difficulties. But the defects occurred in fabric weaving, dyeing and finishing which can be reviewed visually known as Patent Defects (knots, holes, slubs, stains, fly yarns, yarn fault etc.) have different effect of the losses for different garment styles even though that fabric meet the quality standard of these defects.

The garment factory that purchases the fabric has the right to inspect the consignment to see whether that consignment complies with the standard agreed at the negotiation. They have the right to reject the consignment if that does not meet their standard. But the garment factory doesn't have any right to modify chemical or physical properties of the material they purchased and then to lodge a claim. If the inspection process affects the chemical or physical properties of the material purchased, that has to be discussed with the supplier and come to an agreement on how to conduct the inspection. In the fabric cutting process, one of the physical properties of the fabric is changed from roll to cut form. Factory should understand that cutting the fabric destroys the physical evidence in the fabric that support the claim. Hence, any complaint has to be made and resolved before cutting the fabric after inspecting the fabric.

Several authors have discussed various types of fabric inspection methods that are useful to textile and apparel industry to evaluate the quality status of the fabric. (Graniteville Company 1975; Powderly, 1987; Mehta 1988; Mehta and

Bharadwaj, 1998; Tyler,1991; Alan Newton 1993; Glock and Kunz, 1995; Kulatunga 2001, Kulatunga 2010).

These systems include:

- a. The American Society for Quality Control's (ASQC) Four Point System
- b. Four Point British Standard (BS6395:1983)
- c. Marks and Spencer Six Point System
- d. Textile Distributors Institute System (1955), (Ten Point System)
- e. Graniteville "78" System
- f. Dallas System

Most of the garment factories and fabric suppliers agree to conduct inspection of 10% sample lot where original packing removed, defect samples are cut in that process. If there is any complaint to make, there is 90% of the fabric in original condition available for the claim verification. To handle the claim successfully, fabric purchaser should provide full assistance to the supplier to conduct his own investigation. If both parties could find a reliable method to estimate the losses caused by fabric defects before cutting, that will provide best solution to resolve quality issue.

Author observed large losses when garment manufacturer use the method of splicing off defects when laying the fabric in many occasions and he conducted study to reduce these losses. In this article, reliable methodology developed by the author that is published in book "Fabric Inspection and wastage Caused by Defects" in 2010 is briefly explained. Data gathered from marker details and using any of the above fabric inspection and grading systems will provide same estimation of the loss in this methodology.

1. Model developed to estimate garment wastage caused by fabric defects

If garment manufacturer do not inspect cut panels and do not remove damaged panels before stitching, finished garments will be rejected after final inspection. The model developed by the author to calculate this garment wastage (V) is described below.

This model is tested with computer simulation using 10 dif-

$$V = \eta \frac{AY}{C} \frac{1}{\sum N_i} \quad \text{for } i=1 \text{ to } r \quad (1)$$

where i = type of garment

η = marker efficiency

N_i = no. of "i" type garments in the marker

r = no. of different types of garments in the marker

AY = yardage yield of the marker

A = Average defect point count per 100 square yards or square meters

C = defect point category

ferent garment styles using 20 markers prepared with the width of 48 inches and 60 inches. In this example, data collected in one marker of a garment style Pant A is discussed. Number of fabric defects <3 inches in length (defects 5, 13, 20, 26,33 and 40) spread randomly over 10 fabric rolls with the length of 100 yards in this simulation and this marker is pasted along the roll and reviewed the garments contain defects. Copy of the marker (48 inches width) and the values with the garment wastage computed with the simulation results and theoretical wastage values calculated using the model is added in the table 1. Figure 1 illustrates the theoreti-



cal garment wastage and the simulated garment wastage.
Pant A- marker 3a,
Marker length -123.8. Layer length - 125.8 inches

No. of defects Per 100 Liner Yards (A/C)	No. Of defects /100 square yards	Simulated garments wastage %	Theoretical garments wastage %
5	3.75	5.18	6.51
13	9.75	18.75	16.93
20	15.00	28.39	26.04
26	19.50	34.11	33.86
33	24.75	41.25	42.97
40	30.00	49.46	52.09

Table 1: Simulation and theoretical garment wastage calculated with new model for different defect points (pant A - marker 3a)

Figure 1 shows the theoretical garment wastage calculated by employing the equation 1 is much closer to the simulated garment wastage. According to these results, maximum possible garment wastage is closer to 50% (49.46% and 52.09%) when 40 defects are randomly spread on 100 yards rolls. It should be noted that this wastage is in garment form. However, if panel inspection is done prior to sewing garment, wastage could be substantially reduced in fabric form and much money could be saved as explained in next section.

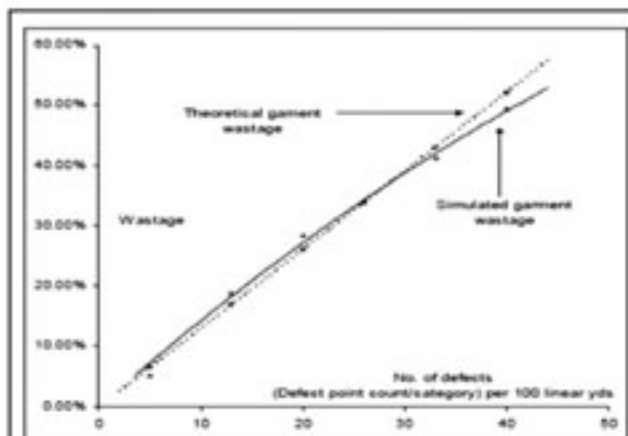


Figure 1: Theoretical and simulated garment wastage for different defect points for pant A- marker 3a

2. Model to estimate wastage caused by fabric defects with cut panel inspection

If garment manufacturer inspect cut panels and remove damaged panels before stitching, the model developed by the author in a research project to calculate this fabric wastage percentage (V) is shown below. Logic and assumptions used to develop this model are explained in that book published. Average simulated wastage computed by spreading 5 defects randomly over 10 fabric rolls is 0.86%. Theoretical wastage calculated using this model is 0.93%. These data are

$$V = \frac{A}{C.Y} \sum n_i a_i^2 \quad \text{for } i=1 \text{ to } r \quad (2)$$

where *i* = type of panel

a_i = area of the particular type of panel

n_i = no. of "i" type panels in the marker

r = no. of different types of panels in the marker

recorded in 1st row of the table 2 and the other data gathered after spreading 13, 20, 26, 33, and 40 defects also added to this table. Figure 2 illustrate the closeness of theoretical and simulated wastage values when cut panel inspection is conducted.

When cut panel inspection is continued with 40 defects spread over fabric roll, this results shows the simulate wastage 6.82% and theoretical wastage as 7.41%, but this wastage is in fabric form. If we consider cutting of 100 yards roll and continue cut panel inspection, then the loss will be closer to 7 yards (6.82 yards or 7.41 yards).

When developing these models, author make an assumption that only one defect fall on one garment or one cut panel but in computer simulation, it is noted that multiple defects fall on a garment or a panel at higher number of defects spread on rolls. Additional defects fall on the garment or panel re-

/ 100 Square yards	No. Of defects /100 liner yards (A/C0	Simulated Wastage %	Theoretical wastage %
3.75	5	0.86	0.93
9.75	13	2.63	2.41
15.00	20	4.06	3.71
19.50	26	4.79	4.82
24.75	33	5.74	6.12
30.00	40	6.82	

Table 2: Simulation and theoretical wastage calculated with new model for different defect points (pant A - marker 3a)

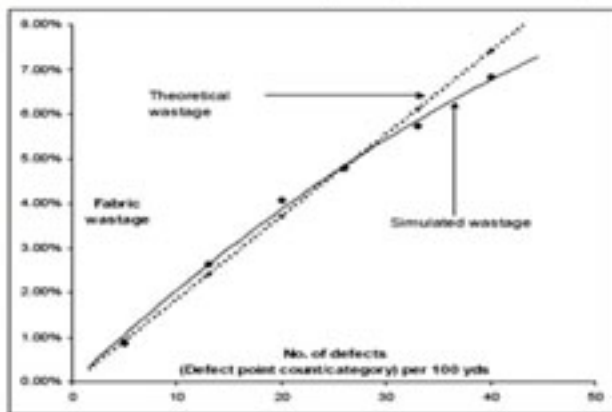


Figure 2: Comparison of simulated wastage and theoretical wastages for pant A - marker 3a.

jected due to first defect on its surface will not make any further losses and that reduce the wastage value than the theoretical values calculated. That may be the reason of moving simulated wastage value below the theoretical wastage value at higher number of defects.

While costing the garment at the time of order negotiation, some allowance is to be added to cover the losses such as 3% or 5% if garment wash involved to marker length. Waste caused at fabric laying and roll end piece that could not be used and also wastage caused by fabric defects has to be maintained within this allowance. If garment manufacturer needs to cover material losses below 3% allowance in this style, then they have to decide the fabric standard as 13 defects in 100 linear yards or 9.75 defects in 100 square yards as shown in 2nd row of the table 2. If garment manufacturer accept 40 defects per 100 linear yards (40 points per 100 linear yards according to ASQC 4 point system) as the fabric standard, then they have to add about 7% wastage for marker length when costing the garment.

Author further observed that the fabric standard necessary to handle the wastage allowance below 3% vary in different garment styles in his research work, which is shown in appendices of his book with good accuracy for the defects be-

low the size of 3 inches. Simulation results further shows the defects over 9 inches length that get 4 points when applying ASQC Four Point Fabric Inspection System do not increase wastage by 4 times but increases by less range between 1.4

$$\begin{aligned} \text{Value of fabric loss when panel inspection process continued} &= 7 \text{ yds} \times 3.00 \\ &= \text{USD } 21.00 \end{aligned}$$

$$\begin{aligned} \text{If cut panel inspection is not implemented,} \\ \text{the value of damaged garments (50\%)} &= \text{USD } 8.00 \times 28 \\ &= \text{USD } 224.00 \end{aligned}$$

$$\begin{aligned} \text{Hence, the loss reduction with cut panel inspection} &= \frac{224 - 21}{224} \times 100 \% \\ &= \frac{203}{224} \times 100 \% \\ &= \underline{\underline{90.63\%}} \end{aligned}$$

and 1.8 times in his research project of Master of Philosophy. Let's consider the fabric price as USD 3.00 /yards and garment price is USD 8.00/piece in this case. Cost of fabric consumption (1.7222 yds) per garment is about 65% of the garment cost. Since layer length is 125.8 inches and the marker contain 2 garments, 28 layers could be cut from 100 yards roll and can get 2 x 28 garments.

Author observed long ago in Sri Lanka that a worker could inspect average of 24 large cut panels per 1 minute and based on the labour cost, he worked out the cost of panel inspection and re-cutting defect panels of a garment is below USD 0.02. Data forwarded by a garment factory in another country recently (labour cost per day USD 10.00 for working 11 hours) worked out cut panel inspection and re-cutting defective panel cost per garment is below USD 0.016.

$$\begin{aligned} \text{If we assume labour cost of panel inspection of a garment as} \\ \text{USD } 0.02, \text{ then the total cost for inspecting/re-cutting defective} \\ \text{panels } 56 \text{ garments } (2 \times 28) = 56 \times 0.02 \\ &= \text{USD } 1.12 \end{aligned}$$

In this example garment manufacturer could save USD 201.88 (USD203-1.12) implementing this process for 100 yards. Garment manufacturer also can estimate the recovery of the losses using the labour cost of their country in this procedure but may find that cost is very low compare to the loss reduction and they will be able to enhance the productivity and quality by implementing this process.

These results show

- ❖ The importance of cut panel inspection
- ❖ The standard of the fabric defects acceptable for type of garment style could be decided before sourcing fabric. If fabric inspection results collected from fabric mill does not meet that standard, then garment factory can calculate the possible losses and can request mill to ship additional fabric to cover the loss. Also based on the data of fabric inspection conducted at garment factory, they can lodge claim prior to cut the fabric.
- ❖ Textile manufacturer can use this methodology to evaluate claim lodge by apparel manufacturer about the quality status of the fabric supplied to them.

Source: fibre2fashion.com

Changing Trends in Cotton Production: An Overview

By: Syed Abid Ali

The regions now constituting Pakistan were one of the ancient homes of domesticated cotton. But it soon lost the edge to other traditional cotton producers and exporters. And there were several reasons for this downward slide. Most important of them being: ill-timed, ill-conceived and ill-planned policies of the successive governments; general aversion to scientific and technological methods developed to increase per acre yield.

Comparing the status of Pakistan and India with regard to cotton production, a recent study (Cotton production: Pakistan vs. India by S. A. Aziz Shah) says that Pakistan started its cotton production from 1.6 million bales but had a very limited spinning capacity of only 78 thousand spindles. Against this, India took a start with a production of 2.5 million bales but inherited a large spinning capacity. Initially, Pakistan started working on the goal of increasing its spinning capacity while India set to increase its cotton production.

After 25 years, India achieved success in 1971-72 when it attained self-sufficiency by producing 7.41 million bales against its domestic requirement of 6.851 million bales. Against this, in 1971-72, Pakistan produced only 4.159 million bales against domestic consumption of 2.542 million bales. India further raised its cotton production by adopting new seed technology of Genetically Modified Organism (GMO) and its production went up from 14.0 million bales in 2003-04 to 33.28 million bales in 2010-11. Thus India managed to change its status from a cotton importing country to a cotton exporting country. On the contrary, Pakistan had enjoyed the status of a cotton exporting country from 1947 to 1992. However, from 1993 onwards its status changed to that of a cotton importing country.

This study further reveals that India performed better than Pakistan when its cotton production surged by 488 per cent in 41 years whereas Pakistan improved upon its cotton production only by 252 per cent in 41 years. "Indian cotton production geared up remarkably after 2003 when India adopted GMO technology. It has increased its yield by more than 70 per cent and production by 100 per cent in eight years up to 2010-11. During this period, Pakistan has increased its cotton production by (only) 12 per cent." Obviously the Indian strides were made possible by not only setting its priorities right and consistency in its policies, but by adopting and investing in the acquisition of the new BT seed technology. Without extending much of its cultivation area, India focused on increasing per acre yield and in a few years time was able to achieve the desired results.

In a traditional and conservative environment people always find it difficult to reconcile/compromise with changes,

however beneficial it may be. And in a society where literacy rate is so low you cannot convince a farmer or a producer to give up his traditional methods of production and opt for innovations. But it is the job of the government and its administrative machinery to educate the farmer and to create a general awareness about the changes/modifications taking place world over, especially in the field of agriculture. Pakistan as a whole failed on this count.

It was in April 2010 that the government of Pakistan signed a memorandum of understanding (MoU) with an American seed company, the Monsanto, providing a "framework to continue discussion focused on introducing *Bacillus Thuringiensis* (BT) cotton in Pakistan". A month before signing the MoU with Monsanto, the government had tabled two bills - The Plant Breeder's Right Act, 2010 and The Seed (Amendment) Act, 2010 - in the lower house of the Parliament. These bills were subsequently approved by the National Assembly's Standing Committee on Food and Agriculture. The government had also introduced amendments in Plant Protection Act, 1976 and Pesticides Act, 2010. The declared objective of these measures was to provide legislative and administrative cover for the protection of foreign investors. At the time of concluding the MoU with Monsanto, the then Minister for Food and Agriculture, Nazar Muhammad Gondal, was reported to have remarked: "Signing the agreement is in our favour. We need to move ahead with the agreement while taking all the stakeholders on board. The reservations, if any, of the stakeholders shall be taken into consideration and addressed in the agreement with the company (Monsanto) so that our interests are safeguarded." He had further said that cotton production needed to be enhanced to meet the domestic requirements. Emphasizing the need to increase per acre yield, the minister had said there was no option but to go ahead with the agreement which, according to him, was the need of the hour.

These developments were probably part of Pakistan's plan to boost production of cotton aiming at 20 million bales (a bale of cotton is about 170kg) by 2015, under the 'Cotton Vision 2015' targets plan unveiled last year. Pakistan's Cotton Vision 2015 forecast various options including transgenic crops to reach production levels of 20.7 million bales by 2015, by adding 25,000 acres of cotton areas annually along with five per cent growth in per hectare yield.

However, it is now almost a year that 'Cotton Vision 2015' targets were announced and MoU signed with Monsanto, but there seems to be no progress made in this regard. Even the fate of the legislative measures introduced in the National Assembly still hangs in the balance.

Source: The News, April 11, 2011

Around The World



BANGLADESH

RMG exports boom due to Chinese wage hike

Fuelled by global economic recovery, coupled with China's ballooning labour cost and currency appreciation against

dollar, the local garments industry is set for hitting a high growth track in the current fiscal, said industry insiders. They said fast declining competitiveness of China, the world's largest textile and apparel exporter having an export base of US\$ 185 billion, diverted global buyers to Bangladesh that helped local exporters in bagging enhanced rate of export orders.

Besides, other rival countries like India and Pakistan are struggling to compete with Bangladesh due to rapid increase in cost of production. Export orders have started shifting from China to Bangladesh due to competitiveness and following this an increase of 30%-40% quantity of export order was witnessed in the recent months and all the garment units are fully occupied now and workers are busy in cutting and making of garments. Reputation in producing high quality but low cost garments helped Bangladesh to gain buyers' confidence.

To meet the growing overseas contract many companies have made production expansion investments and more than 420 new garment factories came in operation in the last one year. Garment exports could be doubled in the next three years, adding more than 3-4 million additional jobs.

Apparel exporters receive \$65 million spot orders in BATEXPO

The country's apparel makers got spot orders worth US\$ 65 million during the 21st Bangladesh Apparel and Textile Exposition (BATEXPO) that concluded in Dhaka. BGMEA President Abdus Salam Murshedy said apparel makers received export orders for clothing worth \$63.50 million and worth \$1.5 million for stock lots. He said local garment manufacturers are also negotiating for more \$8.0 million export orders. Bangladesh's garment makers exported apparel worth \$12.496 billion during 2009-10 fiscal year. As many as 14,990 buyers and spectators visited the BATEXPO-2010 fair venue at the Bangabandhu International Conference Centre in the capital. The number of visitors was 11,900 during the last year's fair.

Buyers and representatives from the USA, the United Kingdom, Canada, Mexico, Germany, Switzerland, Spain, Russia, Poland, the Netherlands, Turkey, Sweden, Italy, France, Hong Kong, India, Greece, Thailand, Singapore, Portugal, South Korea, Uruguay and United Arab Emirates visited the fair.



CHINA

Country needs to import 20 million bales of cotton

China, the biggest cotton importer, may buy 20 million bales this year to meet rising demand from the domestic textile

industry, sustaining price gains.

China purchased 10.9 million bales in the year ended July 31, according to the U.S. Department of Agriculture, which estimated on November that China's imports will rise to 15 million bales. The country imported 19.3 million bales in the year ended July 2006.

The priority for the Chinese government is food-crop production is maximized and not so much fiber and China will continue to rely on significant imports to meet its cotton requirements. Production in China is forecast by the USDA to trail domestic demand for the 12th straight year, pushing the nation's stockpiles to the lowest level since 1995.

Country catching up with Japan in textile technology

The technological level of China's textile industry is catching up with that of Japan amid large annual budgetary assistance from the Chinese government.

An official at the Japan Chemical Fibers Association said China is seeking to become a global centre in terms of (textile-related) technological development on top of being the world's production and consumption centre.

The Chinese government invested the equivalent of 220 billion yen to develop advanced textile technology in the five-year period through 2010, with its annual budgetary outlays averaging 44 billion yen.

China has 15 universities devoted to textile-related research and development, while Chinese students and researchers have brought home the latest textile technology after studying in the United States. Some European universities have even placed curbs on Asian students due to concern over the possible outflow of textile-related technology...

The Japanese government's stance regarding the textile industry stands in sharp contrast, with the Economy, Trade and Industry Ministry's annual textile-related budget limited to 1.5 billion yen.

While textile-related research has been conducted at Shinshu University's Faculty of Textile Science and Technology as well as in some prefectures where the textile sector is the major industry, such as Fukui, Ishikawa, Toyoma, Aichi and Gifu, state-level studies have been terminated.



INDIA

Cotton production to be 16% more than last year

The country's cotton production in 2010-2011 crop marketing year that



started in October is estimated to be around 35.7 million bales, almost 16% more than last year, the latest estimate by the Cotton Association of India (CAI) showed.

The estimated total supply during the year, which included 5.5 million bales of opening stock, is expected to be around 15.25 million bales, almost 10 million bales more than current allowable exports of 5.5 million bales. Officials said even after maintaining closing stocks similar to last year, this year as well, the exportable surplus should have been 9.75 million bales.

Continuous hike in the prices of raw cotton in the domestic market has affected the Indian hosiery industrialists all across the country a lot. Government's nod to export raw cotton is the main reason, complain the industrialists, and as a matter of protest. Already prices of vests and cotton T-shirts have been increased by more than 25% by most of the brands and the industrialists have hinted at a further hike in the near future.



SOUTH AFRICA

Garment prices to hike due to increase in cotton prices

Staggeringly high cotton prices will mean that South African consumers will have to fork out extra cash for their clothing. The reason is that the

price of raw cotton has almost doubled over the past year as devastating floods in Pakistan and north-eastern China destroyed crops, and created supply constraints.

Because of a global rise in cotton prices, the impact will be felt right through to the local wholesale and retail sectors prices of clothing, linen, and towels are likely to increase, said Textile Federation Executive Director Brian Brink.

World Bank officials said the floods in Pakistan destroyed crops worth about \$1 billion (about Rs 6.9 billion). Pakistan is the fourth largest producer of cotton in the world.

Reaching 15-year highs last month, the surge in prices is also due to India's monsoon and the country imposing a ban on cotton exports as it tries to balance the interests of its domestic industry, whose mills face serious shortages. India is the second largest global producer of cotton and its textile industry employs an estimated 35 million people.

The ban has forced buyers to look for alternative suppliers like Brazil and Turkey. The supply and demand imbalance already has international retailers sounding alarm bells.



THAILAND

Country to develop textile goods as 'green products'

Thailand's textile industry will be developed to become a sustainable or 'green products' industry in accordance with the government's Creative

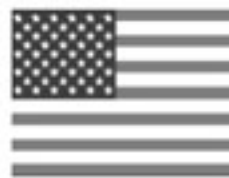
Economy policy.

Presiding over a ceremony to launch a development project for Thailand's textile industry, Permanent-Secretary for Industry Witoon Simachokdee said the Ministry had assigned the Thailand Textile Institute to move forward the country's textile industry development project to achieve the goal of 'green products'. According to Permanent-Secretary for Industry Witoon Simachokdee, the Thai textile industry expanded over 20% this year, counting around more than

US\$7 billion in total. He said growth of over 20% is forecast for next year's business value.

The Industry Ministry this year has supported 350 SMEs to be grouped as 10 industrial clusters. Thailand Textile Institute director Virat Tandechanurat said that the development plan for Thai textile and clothing next year is planned to boost textile production and as a one stop service for textile-related matters, Thailand's natural resources, culture, and history, considered as value creation, are to be applied to the work in textiles for a more sustainable textile industry.

Thailand currently exports textile and clothing at over US\$7.2 billion. Of total value exports about 10% of the goods are green textile products, which mostly are exported to Japan and the markets of European Union (EU) where customers are willing to pay 20%- 30% extra to the products compared to normal textile merchandise. Thailand is at present the leader of green products among countries in the Association of Southeast Asian Nations (ASEAN), whereas the European Union, Japan, South Korea, Taiwan and China are those already having their green products developed.



USA

Textile makers squeezed by cotton crisis

The global textile manufacturing industry cannot absorb the unprecedented price hikes of recent months

any longer without putting its own survival in jeopardy, a top expert claims.

The industry is being squeezed by increasing costs triggered by high world cotton prices - which have more than doubled in the last six months - and the low prices received for their products because of continued downward pressure by retailers, said Christian Schindler, Secretary-General of the International Textile Manufacturers Federation (ITMF).

The surge in global cotton prices has been fuelled by a combination of factors including stronger than anticipated demand in major emerging economies such as China and India, and lower than expected cotton crop yields in some countries.

India's decision in April to impose a ban on cotton exports, which also applied to signed contracts, has also played a part. The measure was lifted in May and replaced by the ushering in of stricter export licensing terms and an additional tax of INR 2,500/tonne (\$56.45/tonne), according to the World Trade Organization (WTO).

Relative to cotton, synthetic fibres are cheaper despite the high global oil prices. But experts such as Milasoa Chere-Rodson, a commodity specialist at the UN conference on Trade and Development, point out that cotton is more resilient to price pressures compared to synthetics. When margins are squeezed there is always an opportunity to move to higher-end market niches. However, some experts think the shift to more synthetic share in blends would be short lived.

It's also anticipated that a cotton price correction will redress things at some stage in the future, to reflect increases in cotton production in major producing nations such as Brazil and a slowdown in demand in some major markets such as China.

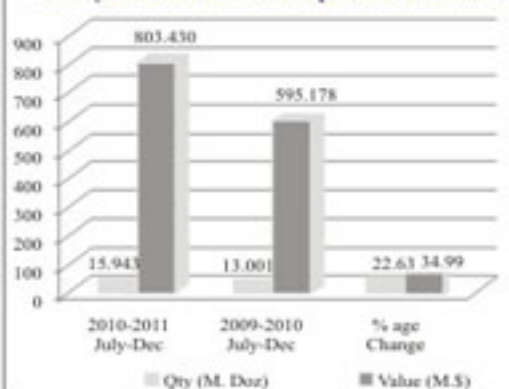
Source:ptj.com.pk

**Textile Commissioner's Organization
Ministry of Textile Industry
Textile Industry - Export Performance**

S. No.	Products	2010-2011 Jul-Dec	2009-2010 Jul-Dec	% age Change
1.	Raw Cotton			
	Qty (M kg)	66.044	124.261	-46.85
	Value (M.S)	166.137	145.855	13.91
	Cotton Yarn			
2.	Qty (M Kg)	274.745	363.778	-24.47
	Value (M.S)	960.036	758.970	26.49
3.	Yarn Other than Cotton Yarn			
	Qty (M Kg)	6.493	5.595	16.05
	Value (M.S)	22.007	15.378	43.11
	Cotton Cloth			
4.	Qty (M. Sq. Mtrs)	900.315	851.404	5.74
	Value (M.S)	1099.113	641.424	30.63
5.	Bed Wear			
	Qty (M. Kgs)	162.465	160.832	1.02
	Value (M.S)	983.557	847.836	16.01
	Other Made-Ups			
6.	Value (M.S)	295.945	243.615	21.48
7.	Towels			
	Qty (M. Kgs)	98.925	92.707	6.71
	Value (M.S)	343.411	320.245	7.23
	Tents/Canvas			
8.	Qty (M. Kgs)	4.596	9.067	-49.31
	Value (M.S)	14.785	27.733	-46.69
9.	Hosiery & Knitwear			
	Qty (M. Doz)	62.448	51.574	21.08
	Value (M.S)	1104.098	889.878	24.07
	Ready Made Garments			
10.	Qty (M. Doz)	15.943	13.001	22.63
	Value (M.S)	803.430	595.178	34.99
11.	Synthetic Fabrics			
	Qty (Th. Sq. Mtrs)	290.069	190.010	52.66
	Value (M.S)	321.893	189.710	69.68
	Other Textile Products			
12.	Value (M.S)	165.166	111.800	47.73
13.	Carpet & Carpeting			
	Qty (Th. Sq. Mtrs)	1.246	1.345	-7.36
	Value (M.S)	64.997	72.848	-10.78

Source: F.B.S Advance Release

Readymade Garments Export Performance



Composition in Exports

	M. US Dollars	M.US Dollars	% age Change
Cotton	5791.548	4652.057	24.49
Raw Cotton	166.137	145.855	13.91
Synthetic	321.893	189.710	69.68
Sub Total	6279.578	4987.622	25.90
Wool & Woolen Textiles	64.997	72.848	-10.78
Total:	6344.575	5060.470	25.38
Total Export (All)	10976.361	9099.430	20.63
Textiles as % age of Total Exports	57.80	55.61	

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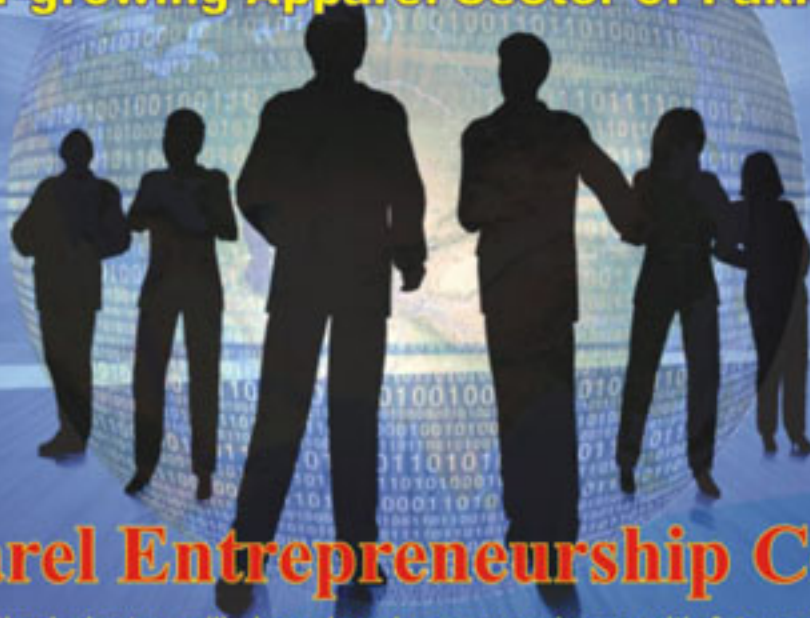
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Contact person
 Kamran Y Sandhu
 Project Director/Principal - PRGTTI
 Cell: 0323-4396202
 Email: prgttitlr@cyber.net.pk

71-L Gulberg III, Near Askari 5,
 Kalma Chowk Lahore.
 Phone: 042-99230756-7
 Fax: 042-99230758
 Mob: 0312-9230756
 E-mail: prgttitlr@cyber.net.pk

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