

Pakistan seeks for investors relating to the textile industry**Development of a branch park near Karachi is brought forward/ High competitive pressure**

Islamabad (bfai) – Near to the Pakistani economic metropolis Karachi a textile park is created. This park shall attract investors and give fresh impetus to the branch. The textile and clothing industry is the most important sector of industry in Pakistan. The exports of this branch stand for more or less two thirds of the complete exportation of the country. But the growth of the branch has extenuated in the last years. The branch is subjected to a high international competitive pressure.

"Textile City" is the new district called which comes into being near the harbour Qasim Karachi. There, factories of the textile and clothing industry shall be able to produce and export custom-free under preferential terms. As the Pakistani daily news paper reported, the grade works and the road building are almost completed. After that, the water supply affiliation will follow. 80 Mio. litre per day are required because the majority of the located companies need water for their production process.

Altogether the industrial park covers a surface of 500 unit hectare. About 310 unit hectare are for industrial settlements with different property sizes (from 0.2 to 2 unit hectare). In the 3rd quarter of 2008 the applications will begin. According to the statement of the future carrier the area will provide the textile companies a modern infrastructure including good travel connections, save power, water and gas supply and attendances by the "One Window" principle.

In addition facilities for the waste water treatment are scheduled. The power requirement is valued at 250 MW. Therefore a special power plant shall be built. The aggregate cost for the project – excluding the power plant – are valued with a conversion at 103 Mio. Euro (11 Billion Pakistani rupees, 1 Euro = 107.07 pR; update: 05/20/2008).

Companies from the Republic of China, from Turkey and South Korea are by all appearances interested to found cooperative enterprises with Pakistani textile manufacturers in the named industrial estate. The carrier of the industrial estate is the Pakistani Textile City Limited which is a joint venture of public and private financiers with a joint stock of converted 22 Mio. Euro. Among others the Pakistani state (45.5%), the province Sindh (9.09%) and the National Bank NBP are participating

The textile park shall help to develop new impulses for the Pakistani textile industry and also help to enhance the international marketing of that branch. Since the WTO quota system expired at the end of 2004 the circumstances for the international competition aggravated. New Providers push forward onto the market.

The position of the Pakistani manufacturers is difficult. Based on the energy crisis in the country they have to manage frequently power blackouts. Besides that the textile industry complains about the recently increased energy prices The state is lowering the subsidies of energy carriers. As a result the competitive position of the Pakistani manufacturers is weakened in a hard fought market. The main competitors are producers from the Republic of China, from Bangladesh and India as well as manufacturers from the poorest developing countries (least developed countries), whose products do not underlie customs duty on the USA and European market. Referred to high-priced articles of textiles and clothing Pakistan is not competitive further on.

In the first eight month of the fiscal year (from July 2007 until February 2008) the Pakistani textile exports were regressive. They shrivelled by 2.9% and reached a Value of 6.83 Billion US \$. Textiles and clothing stand for about two third of the overall Pakistani export. Even the imports of textile machines developed regressive in the named, period (-21.7%). In the fiscal year 07/08 Pakistan set his sight on an export volume of 19.2 Billion \$. Whether it can still be reached is questionable. However

the exports in non-textile fields have developed pleasant in the period from July 2007 until February 2008. They grew nominal by 27% up to 4.87 Billion \$. The increase stems from higher exports such as sporting goods, leather goods, medical appliances, jewellery and gemstones as well as furniture.

Source:

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