

# Trials and Challenges facing the Garment Industry

**This industry is referred to as**

- Garment Industry
- Apparel Industry
- Clothing Industry
- Garments and Textile –made ups

**In the context of Pakistan the above refer to manufacturing facilities producing ;**

1. Woven Garments including sports wear
2. Knitwear including sports wear
3. Towels
4. Bed wear/Home Textiles
5. Leather Garments
6. Socks

Total exports for the last four years have varied between \$ 7 to \$ 7.5 billion

2014 due to the GSP plus scheme from the EU shows us close to \$ 8 billion

Main or rather the only markets are EU and US with EU over \$5.5 billion

Home Textiles accounts for about 35 %, Woven Garments about 25%, Knit wear about 25%

# Trials

1. Constantly loosing ground to traditional competitors as well as new entrants.

Bangladesh

Vietnam

Cambodia

Mynamar

Customers seem to always have some new place to shop.

2. Biggest trial is our own Government.

# Challenges

1. Retention of customers beyond and after graduation or discontinuation of the GSP plus scheme.
2. To be able to take up some share of the 120 billion dollars clothing business that China will shed over the next 5 years.
3. To be penetrate new markets such as China and India.
4. Diversify into products using manmade fibers and 4th generation fabrics.

# Binding Constraints on Running and expansion

1. Electricity and Gas load shedding
2. Law and order. Customers do not travel and spend time on our factory floors to get a feel for the way we work.
3. Serious delays in refunding Sales Tax and income tax refunds resulting in shrinking working capital and inhibiting growth
4. **Horribly wrong import/export policies and procedures governing import of raw material for export.**
5. Latest is LDA and lack of proper zoning for industries.

# What distinguishes your firm from others

1. Survived with very few firms that were established in the early nineties.
2. Managing costs and growth.
3. Emphasis on direct contact with customers.

# Government Policies that have helped

1. 6% R&D support during the transition from quota to non quota regime in 2005
2. zero rating of the textile chain and freeing up the working capital of the industry.
3. Income tax deduction at the point of payment realization. Great help for the SME's

# Government Policies that have hindered

1. Discontinuation of the zero rating of the textile chain in 2013



# Drivers of Growth

1. Skilled Workers
2. Trained supervisors
3. Smart Managers