

PRESS RELEASE

(Karachi, December 26, 2011): Acting Chairman, Pakistan Readymade Garments Manufacturers & Exporters Association (PRGMEA), Mr. Bilal Mulla has expressed grave concern about the decreasing trend of Pakistan's garment exports. In his statement to the press, he stated that exports of garments in the first five months of FY2011-12 are down about 9% and if the same trend continued, we can expect to see overall decline of approx. 17-20% this fiscal year.

Mr. Mulla spelled several internal reasons for this decline, besides the external factors. According to him, continuously declining law and order situation in the country, followed by lingering energy shortages which has virtually crippled the industry, are the prime reasons for this decline. Besides the above, negative perceptions about Pakistan and high financial costs are adding fuel to the fire.

Because of the deteriorating law & order situation and the shortage of electricity & gas, factories are unable to in-time deliver whatever limited orders they managed to procure from their foreign buyers. If we are fortunate enough to have no strikes happening during the week, we are crippled by electricity load-shedding or gas shortage, which reduces our work week to only 3-4 days. Due to gas shortages, mills cannot process our fabric in time and the sewing units simply cannot guarantee on time deliveries of export shipments. With this productivity level we cannot compete with Bangladesh let alone India or China.

He also disapproved the negative image of Pakistan created by the electronic media. Even the smallest of news are sensationalized without doing the background check which has created a very negative of our country in the minds of our buyers. Whenever our buyers hear or read anything bad happening here, they call us asking whether their deliveries will be effected because of this news and we are always giving clarifications to them for one thing or another. As we are not able confirm them delivery dates with surety, we are never in a position to ask them for future orders.

Besides the above, high financial costs are making it impossible for us to approach banks for our working capital needs. We simply cannot target big orders because these would require extensive working capital, hence we have no other option but to take smaller order which we can finance through our own pockets as with the borrowing cost is simply too high. Although Pakistan's economy is not financed through bank borrowings, therefore there is no concrete basis for State Bank of Pakistan to keep the interest rates so high which deters to corporate sector to approach banks for their financing needs.