

Textile Ministry revises memo on yarn export

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ISLAMABAD: The Ministry of Textile Industry has revised its office memorandum regarding capping of yarn export to 50 million kg per month.

The Ministry in its revised office memorandum issued on January 12, 2010 has stated that the words "up to 32 counts" may be considered omitted, and para may be read as "export of cotton yarn would be capped at a monthly volume of 50 million kg during the current crop season and export contracts will be registered by the TDAP on first come first serve bases".

According to the memorandum, the committee had decided that: (i) cotton yarn up to 32 counts would be capped at a monthly volume of 50 million

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kg during the current crop season and export contracts will be registered by the TDAP on first come first served basis. This measure would stand terminated on June 30, 2010; and (ii) the following yarn would be excluded from this cap which shall only be exported by the units registered where Ministry of Textile Industry after producing proper certificates from accredited laboratories for each consignment (a) Lycra, (b) dyed, (c) gray melange, (d) slub and bleached yarn.

Some of the stakeholders are of the view that the first memorandum was issued by Textile Ministry on January 8, 2010, restricting yarn export below 32 counts to 50 million kg/month which include all qualities.

Sources in the Ministry told this correspondent that the value-added sector had shown anger since it said that it was never agreed to exclude any quality from 50 million kg exemption.

However, a revised memorandum was issued by Textile Ministry in which the words '32 counts' was omitted. Now it states that 'kind of cotton yarn' (instead of 'all kinds of yarn') plus there is no question of keeping the other 6 qualities exemption as indicated in memo 1.

A strict monitoring mechanism is being devised jointly by the TDAP and customs to ensure that exports are allowed only against contracts duly registered with the TDAP.

There are also unconfirmed reports that top brass of All

Pakistan Textile Manufacturers Association (Aptma) is sabotaging the decision with several bureaucrats' help.

Experts argue that the high anticipated production, coupled with restrictions on export, is likely to stabilise prices for local industry that has recently been pushing the government for banning export of yarn. But the government has resisted such pressures, saying it would hurt growers by depriving them of what they earn from the international market.

Apparel forum, consisting of 4 value-added sectors, is planning also to meet President Asif Ali Zaradri during his visit to Faisalabad on January 18.

On January 8, 2009, the cabinet committee on textile headed by Finance Minister Shaukat Tarin had decided to restrict the quantum of total yarn export to 50 million kg per month for the remaining six months of the current fiscal year.

Ministry of Textile Industry, in its office memorandum issued on January 8, 2009 stated that the committee, in its meeting, had discussed the prevailing situation in the domestic market and export of cotton yarn and, after considering all factors including the export trends, availability of cotton yarn for domestic industry and the prevalent prices, it was decided that measures consistent with GATT, 1994 are required to be taken to ensure that value-added sector is not deprived of its comparative advantage due to inadequate availability of yarn.

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