Facts on Pakistan's Garment Industry

Key statistics:

Population (2014): approximately 187,561,850 people making it the sixth most populous country.¹

Employment in garment industry (2013): about 15 million people;² 38% of the manufacturing labour force works in the garment industry³ and about 20% work in the textile industry (in mills and such)⁴

Garment % of GDP: 8. 5%^{5 6 7}

Garment % of export: 63% to 68% and it makes up for 54% of the export revenues¹⁰

Value garment export (2012): 140.5 million USD¹¹ (111,037,386 EUR)¹²

Percentage of the world market for garment: Pakistan's textile sector makes up 1.81% of the world textile market (2010)¹³

Minimum wage (2014): 7000 PKR¹⁴ (82 USD; 64 EUR)¹⁵

Living wage calculation by Asia Floor Wage (2013): none

 $\frac{http://www.textile.gov.pk/gop/index.php?q=aHR0cDovLzE5Mi4xNjguNzAuMTM2L21vdGkvdXNlcmZpbGVzMS9maWxlL1RleHRpbGVfUG9saWN5X0ZpbmFsX18yMDEwXzA5XzA2LnBkZg%3D%3D}{}$

http://www.intracen.org/uploadedFiles/intracen.org/Content/Exporters/Sectoral Information/Manufactured Goods/Textiles/Backward%20Linkages%20in%20the%20Textile%20and%20Clothing%20Sector%20of%20Pakistan.pdf

http://www.horizonpak.com/db/reports/research.pdf
 http://www.businessweek.com/articles/2012-04-26/pakistans-textile-industry-is-dangerously-fragile

http://www.intracen.org/uploadedFiles/intracen.org/Content/Exporters/Sectoral Information/Manufactured Goods/Textiles/Backward%20Linkages%20in%20the%20Textile%20and%20Clothing%20Sector%20of%20Pakistan.pdf

10 http://www.pk.undp.org/content/pakistan/en/home/operations/projects/poverty_reduction/promoting-

employment-and-productivity-in-the-garment-industry/

¹⁵ http://www.xe.com/currencyconverter/convert/?Amount=82&From=USD&To=EUR



¹ http://worldpopulationreview.com/countries/pakistan-population/

² http://www.horizonpak.com/db/Reports/research.pdf

³ http://www.pk.undp.org/content/pakistan/en/home/operations/projects/poverty_reduction/promoting-employment-and-productivity-in-the-garment-industry/

⁴ http://www.businessweek.com/articles/2012-04-26/pakistans-textile-industry-is-dangerously-fragile

 $^{^{11}\,\}underline{http://tribune.com.pk/story/457787/garment-exports-rise-26-but-exporters-displeased/}$

 $^{^{12}\,\}underline{http://www.xe.com/currencyconverter/convert/?Amount=140500000\&From=USD\&To=EUR}$

¹³ http://www.horizonpak.com/db/reports/research.pdf

¹⁴ http://www.just-style.com/news/garment-workers-stage-wage-protest_id109552.aspx

Background of Pakistan:

- geography: 36th largest country, located in Asia; borders with India, Afghanistan, Iran, China
- **politics:** Islamic federal parliamentary republic
- history: ethically and linguistically diverse country
- economy: semi-industrialised economy; 26th largest purchasing power

Biggest issues in Pakistan's garment industry:

- → Deprivation of the rights granted to the workers under the Constitution, labour laws and international law
- → Dangerous working conditions in the factories
- → Discrimination against female workers

General and economic data:

Producing factories

Production	There are around 5,000 production units for garments. ¹⁶
Trade	Pakistan's Textile Directory provides contact data to exporters of clothing and textiles from Pakistan, http://www.oocities.org/textiledirectory/ ; a similar website is http://pakbiz.com/Garments_SID13.html
Retail	Nike, Kohl's, Dears, WalMart, Gap, Old Navy, Macy's, and others17

Exports

	Textile or	Total exports	Exports to US	% of total	Exports to EU	% of total
	Garments?			exports to US		export to EU
2013	Garments	12.9 billion USD ¹⁸ (10 billion EUR) ¹⁹	2.98 billion USD ²⁰ (2.4 billion EUR)	2.98% ²¹	6.1 billion USD ²² (4.9 billion EUR) ²³	75%²⁴

¹⁶ http://www.textileworldasia.com/Issues/2007/January-February/Country_Profiles/Pakistan-Textile_Industry_Profile

¹⁹ http://www.xe.com/currencyconverter/convert/?Amount=1290000000&From=USD&To=EUR



http://tribune.com.pk/story/371784/from-manufacturing-to-branding-garment-manufacturers-operate-with-squeezed-margins/

¹⁸ http://en.wikipedia.org/wiki/Economy_of_Pakistan#Textiles

2012	Textiles	13.8 billion USD ²⁵ (11 billion EUR)		
2008	Textiles and garments	10.62 billion USD ²⁶ (7 billion EUR) ²⁷		

Imports

	Textile or	Total	Imports from	n % of total	Imports from EU	% of total
	Garments?	imports	US	imports to		imports to
				US		EU
2013	Textiles		65.1 million			
			USD (51 millio	n		
			EUR) ²⁸ ²⁹			
2009	Textile:	1 billion USD				
	cotton	(790 million				
		EUR) ³⁰				
		(2.4%)31				

No further reliable data found on export and import

Local dependency on garments/ textile export

Pakistan is a world-wide supplier of garments and textiles and the exports are a major source for foreign currency earnings. However, also Pakistan's domestic market is a growing source of income.³²

- ²² http://ec.europa.eu/trade/policy/countries-and-regions/countries/pakistan/
- ²³ http://www.xe.com/currencyconverter/convert/?Amount=6100000000&From=USD&To=EUR
- ²⁴ http://ec.europa.eu/trade/policy/countries-and-regions/countries/pakistan/
- ²⁵ http://www.businessweek.com/articles/2012-04-26/pakistans-textile-industry-is-dangerously-fragile
- ²⁶ http://en.wikipedia.org/wiki/Economy_of_Pakistan#Textiles
- ²⁷ http://www.xe.com/currencyconverter/convert/?Amount=1000000000&From=USD&To=EUR
- ²⁸ http://www.xe.com/currencyconverter/convert/?Amount=65100000&From=USD&To=EUR
- ²⁹ http://www.worldsrichestcountries.com/top_pakistan_imports.html
- 30 http://www.xe.com/currencyconverter/convert/?Amount=100000000&From=USD&To=EUR
- 31 http://www.worldsrichestcountries.com/top_pakistan_imports.html
- ³² http://www.ukessays.com/essays/business/understanding-the-textile-industry-of-pakistan-business-essay.php



²⁰ http://tribune.com.pk/story/522293/anatomy-of-an-indispensable-sector-why-the-pakistan-textile-industry-cannot-die/

²¹ http://tribune.com.pk/story/522293/anatomy-of-an-indispensable-sector-why-the-pakistan-textile-industry-cannot-die/

Turnover/profit:

In 2012 the value of Pakistan's garment exports was 140.5 million USD (111,037,386 EUR). 33 Garment exports constitute $63\%^{35}$ of Pakistan's total exports and the garment exports makes up for 54% of the export renevues. 36

Investment figures:

Pakistan has a very investment liberal regime and Foreign Direct Investment (FDI) is a major mechanism of external private investment.³⁷

GSP 38

Pakistan has GSP+ status and thus it enjoys duty-free access to the European market.³⁹ GSP+ is an even more beneficial trading scheme with the EU than GSP. GSP+ means full removal of tariffs and it is only granted to countries that ratify and implement international labour conventions and human rights standards. The scheme aims at sustainable development and good governance since the countries it is granted to can lose this preferential status when they do not ratify and implement human rights and labour law conventions anymore. The body monitoring this is the European Commission. About 20% of Pakistan's global exports are covered by GSP+.⁴⁰

Cotton

Pakistan produces and consumes cotton to almost equal terms. It is the 4th largest producer and the 3rd largest consumer of the raw material.⁴¹ Pakistan produced about 115.9 bales of cotton in 2010 and produced only 102.9 bales (*no more recent figures found*).⁴² One of Pakistan's major sources of cotton imports is India; others are the US and Brazil.⁴³

Handloom/Powerloom

There are at least 396 textile mills in Pakistan⁴⁴ (some sources say there are over 500 mills).⁴⁵ 315 of them are spinning, 44 weaving and 37 composite units.⁴⁶ The workers in this sector produce spun and open-end yarn,



³³ http://www.xe.com/currencyconverter/convert/?Amount=140500000&From=USD&To=EUR

³⁴ http://tribune.com.pk/story/457787/garment-exports-rise-26-but-exporters-displeased/

³⁵ http://www.businessweek.com/articles/2012-04-26/pakistans-textile-industry-is-dangerously-fragile

³⁶ http://www.pk.undp.org/content/pakistan/en/home/operations/projects/poverty_reduction/promoting-employment-and-productivity-in-the-garment-industry/

³⁷ https://www.kpmg.com/PK/en/IssuesAndInsights/ArticlesPublications/Documents/Investment-in-Pakistan2013.pdf

³⁸ http://www.strongandherd.co.uk/news/2013-11-06/eu-gsp-scheme-from-january-2014/

³⁹ http://www.dawn.com/news/1072051

⁴⁰ http://ec.europa.eu/trade/policy/countries-and-regions/countries/pakistan/

⁴¹ http://www.ukessays.com/essays/business/understanding-the-textile-industry-of-pakistan-business-essay.php

⁴² http://online.wsi.com/articles/SB10001424052748703565804575238103271699066

⁴³ http://www.mydigitalfc.com/commodities/indian-cotton-exports-look-bright-pakistan-demand-313

⁴⁴ http://aptma.org.pk/Aboutus.asp

⁴⁵ http://www.ukessays.com/essays/economics/analysing-the-garment-industry-of-pakistan-business-essay.php

⁴⁶ http://aptma.org.pk/Aboutus.asp

grey, printed dyed fabrics and bed linen.

Workers:

- **Textile workers:** make up 20% of the employed workforce⁴⁷
- **Garment workers:** about 15 million;⁴⁸ however, it is unclear if this number also includes textile workers.
- **Garment workers as percentage of total workforce:** Garment workers make up 38% of the manufacturing workforce⁴⁹

Trade Unions

Many workers enjoy limited trade union rights, and the right to strike is circumscribed by excessive restrictions. In practice, trade union rights are often violated. Several trade union activists were arrested, detained or discriminated as observed in last few years.⁵⁰

For the textile sector, APTMA is an important trade association. It represents workers of the textile spinning, weaving, and mills sectors.⁵¹ It works together with the government and foreign firms and investors.

Working Conditions

"The government of the province told us that we should show our papers in order to get our salary. Which papers are they talking about? We never got any."⁵²

Historic disasters

- 2012: fire in a textile factory in Karachi (factory of Ali Enterprises); 259 people died⁵³
- 2012: fire in a shoe factory in Lahore; 25 people died⁵⁴

Overview of relevant labour laws, international law and implementation:

Area	International	Ratified?	Pakistani Law	Implementation
	Law			
General	There are several	These	Rights and obligations	The rights granted and the
	International	instruments	also derive from	reality is not always the
	treaties as well as	oblige	national legislation.	same; eventually, the

⁴⁷ http://www.businessweek.com/articles/2012-04-26/pakistans-textile-industry-is-dangerously-fragile



⁴⁸ http://www.horizonpak.com/db/Reports/research.pdf

⁴⁹ http://www.textileasia.com.pk/pakistan_textile.htm

⁵⁰ http://labourwatchpakistan.com/?p=2543

⁵¹ http://www.diva-portal.org/smash/get/diva2:410035/FULLTEXT01.pdf

⁵² http://www.spiegel.de/international/world/criticism-over-damages-offered-by-german-discounter-for-pakistani-dead-a-862918.html

⁵³ http://www.industriall-union.org/unsafe-garment-industry-needs-trade-unions

⁵⁴ http://www.industriall-union.org/horror-in-pakistan-after-300-workers-die

	International	Dalzietan +-		situation depends on the
	International	Pakistan to		situation depends on the
	Labour	comply only		implementation.
	Organisation	if it has		
	(ILO)	ratified them.		
	Conventions that			
	grant individual			
	rights and			
	obligations.			
	The treaties that			
	will be regarded			
	are:			
	<i>ICCPR</i>			
	(International			
	Covenant on Civil			
	and Political			
	Rights); ICESCR			
	(International			
	Covenant on			
	Economic, Social			
	and Cultural			
	Rights); CEDAW			
	(Convention on			
	the Elimination of			
	Discrimination			
	against Women);			
	CRC (Convention			
	on the Rights of			
	the Child).			
Forced Labour	ILO Conventions	Ratified	Art 11 of the	Bonded labour is an issue
	29 (1930)	(1957 and	constitution prohibits	in Pakistan; especially in
	105 (1957)	1960)	forced labour. Bonded	the textile sector. ⁵⁶
			labour is prohibited by	
			the BLSA Act. 55	
	ICCPR, Arts 7,8	Ratified		
	(1966)	(2008)		
Non-	ILO Conventions	Ratified	Discrimination is	Discrimination of women is
Discriminatio	100 (1951)	(2001 and	prohibited by Art 25	commonplace. ⁵⁷
n	111 (1958)	1961)	and Art 38 of the	
	,	, ,		

⁵⁵ http://www.dol.gov/ilab/reports/child-labor/pakistan.htm



⁵⁶ http://www.ilo.org/global/topics/forced-labour/publications/WCMS_096991/lang--en/index.htm

⁵⁷ http://www.equaltimes.org/women-workers-in-pakistan-an?lang=en#.U84t1fl_vTA

			Constitution.	
Women	ICCPR, Arts 2, 26 (1966) ICESCR, Art 2(2) (1966) CRC, Art 2 (1989) CEDAW, Art 1 (1979)	Ratified (2010) Ratified (2008) Ratified (1990) Ratified (1996) Ratified	Discrimination on basis of sex is prohibited by Art 25 (2) of the Constitution.	Women often get lower wages than men for the same jobs and maternity leave is often not granted. Also, many unions are only led by men without female
Child Labour	ILO Conventions 138 182 (1999)	Ratified (2001)	Employment below 14 years of age is prohibited by Art 11 (3) of the Constitution. The 18 th Amendment of the Constitution puts the obligation on the provinces to care for child welfare. In relation to the textile industry, only carpet weaving is declared prohibited for children. ⁵⁹	Child labour exists in Pakistan, especially related to the textile industry when it comes to cotton picking and working in mills and power looms. 60 Bonded child labour exists i.a. in carpet weaving. 61
	CRC, Art 32	Ratified		
Freedom of Association/C ollective Bargaining	ILO Conventions 87 (1948) 98 (1949)	Ratified (1951 and 1952)	Art 17 of the constitution grants the right to form and join trade unions.	Often there are restrictions on joining unions, the unions are weak, and there is a lack of a leading cadre.

⁵⁸ http://www.equaltimes.org/women-workers-in-pakistan-an?lang=en#.U84t1fl_vTA



⁵⁹ http://www.dol.gov/ilab/reports/child-labor/pakistan.htm

⁶⁰ http://somo.nl/publications-en/Publication 4058

⁶¹ http://www.dol.gov/ilab/reports/child-labor/pakistan.htm

	ICCPR, Art 22	Ratified		
	ICESCR, Art 8	Ratified		
Living Wage	ILO Conventions		The minimum wage is	Sometimes, factories vary
	26		set at 10,000 Rs per	the wages depending on the
	131		month for unskilled	size of the order. This can
			workers. ⁶²	lead to lower payments. ⁶³
	ICESCR, Art 7	Ratified		
Reasonable	ILO Convention	Ratified	Prescribed by the	It occurs that workers have
Working	1 (1919)	(1921)	Factories Act of 1934,	to work 10 or more hours a
Hours			no more than 9 hours	day. ⁶⁵
			per day and 48 hours	
			per week are allowed.	
			For workers under 18	
			the maximum is 42	
			hours per week. ⁶⁴	
	ICESCR, Art 7	Ratified		
Safe Working	ILO Convention		The state has to	Often, factories are cheaply
Conditions	155		promote just and	built or not well
			humane conditions of	maintained. The danger of
			work (Art 37).	fires is high.
	ICESCR, Art 7	ICESCR, Art		
		7		

Other regulations on Living Conditions of Workers:

The Social Insurance law

- Maternity benefit is granted by Art 37 (e) of the constitution.
- The state has to promote just and humane conditions of work (Art 37).

Housing

Housing arrangements for workers are not common; in fact, there are workers' protests demanding housing.⁶⁶

Medical facilities



⁶² http://www.paycheck.pk/main/salary/minimum-wages

 $^{^{63}\,\}underline{\text{http://www.spiegel.de/international/world/criticism-over-damages-offered-by-german-discounter-for-pakistanidead-a-862918.html}$

⁶⁴ http://www.ilo.org/ifpdial/information-resources/national-labour-law-profiles/WCMS 158916/lang--en/index.htm

⁶⁵ http://www.equaltimes.org/women-workers-in-pakistan-an#.U8410fl_vTA

⁶⁶ http://www.industriall-union.org/tags/pakistan

No data found

Food arrangements

Some factories have food arrangements for the workers, others do not. There is no consistent arrangement.

Living Wage vs Minimum Wage:

Area	Minimum Wage	Context	Living Wage
All over Pakistan	The minimum wage is set	Buying food that makes	For Pakistan there is no
	at 10,000 Rs (100 USD;	for the recommended	living wage calculated by
	76 EUR) ⁶⁷ per month for	2,000 calories per	Clean Clothes Campaign.
	unskilled workers.68	month costs about	
		10,200 Rs. ⁶⁹	



⁶⁷ http://www.xe.com/currencyconverter/convert/?Amount=10000&From=PKR&To=EUR

⁶⁸ http://www.paycheck.pk/main/salary/minimum-wages

⁶⁹ http://www.numbeo.com/food-prices/country_result.jsp?country=Pakistan