

Towel & Cleaning Cloths

Sector Brief

The objective of this short write-up is to provide the reader with an overview of the sector. The information covers global trade of the product, status of Pakistan's exports and summary of industry structure. Trade information for global comparisons has been obtained from PC-TAS, International Trade Centre's Database. Latest available export data on Pakistan has been obtained from the Federal Bureau of Statistics, Pakistan.

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1. Introduction

Textile made-ups are one of the most valuable and important international trading commodities. In 1999 the international textile made-ups trade value was above US\$ 11 billion which can be divided into six major categories i.e. towel & cleaning cloths, bed wear & bed linen, blankets, curtains and furnishings, canvas products and table linen. Major exporters of textile made-ups include China, Pakistan, Turkey and Portugal exporting nearly 47% of the total international market of textile made-ups. Compared to previous years, the textile made-ups sector has had a slow growth rate of 3% for the last five years and 1999 was the worst year for textile made-ups products (3% decline in international exports) which is the only year with negative growth in last five years.

Pakistan being the second largest exporter of textile made-ups has increased its share in the international market from 6.6% to 10.1% in previous five years by earning a foreign exchange of US\$ 1.18 billion in 1999 and an average growth of 15% per annum. According to Federal Bureau of Statistics data, Pakistan exports for the year 2000-01 were about US\$ 1.3 billion.

2. Global Trade of Towels

The towel is an important product used in everyday life. In made ups, the towels sub-sector is the largest in terms of production and exports and shared 32.9% of total textile made-ups market in 1999. Its share has declined from 33.2% as a sub category but has grown by 3% per annum if total exports are analyzed for the years 1995-99. 1999 was the worst year for towels and cleaning cloths as the market declined considerably by 9%.¹

Table 1:

Value in \$ million					
Towels World Exports					
	1995	1996	1997	1998	1999
WORLD	3469	3753	4216	4196	3839
Growth % age		8%	12%	0%	-9%

Looking at the major products of towels, more than half of the total exports are accounted by just one category which is reported as SITC 65847 and named 'Other Linen of Cotton'. This includes cotton towels made on mill and on hand looms, toilet and kitchen linen of cotton & manmade fibers etc. In 1999, total trade under this category was \$2.28 billion and it accounted for 59% of the total global exports of towels.

¹ World trade of towels is reported under different SITC codes. For the purpose of analysis, all these codes have been summed together to get the overall picture of the world's trade of towels.

Table 2:

Value in \$ million							
World Exports Category-wise							
Commodity	Code	1995	1996	1997	1998	1999	% Share
Towels (Aggregate)		3469	3753	4216	4196	3839	100%
Other linen of cotton	65847	2072	2184	2221	2286	2283	59.47%
Oth.wovn.cotton pile,etc	65215	749	832	1131	1045	678	17.65%
Cleaning cloths	65892	362	433	497	526	576	15.00%
Other		287	304	367	339	302	7.88%

China is the main exporter of towels and cleaning cloth as a whole and exported 23.79% of the towels market in 1999. Next was Pakistan which had 9.76% of the export share and then Portugal, capturing 6.92% of towel and cleaning cloth market.

Table 3:

Value in \$ million						
Major Exporters						
	1995	1996	1997	1998	1999	% Share in 99
CHINA	797	865	1090	989	913	23.79%
PAKISTAN	247	321	305	346	375	9.76%
PORTUGAL	316	302	284	284	265	6.92%
TURKEY	148	172	251	271	252	6.55%
BELGIUM	215	217	238	271	251	6.53%
GERMANY	283	278	260	273	213	5.55%
BRAZIL	161	168	181	156	156	4.07%
Other	1302	1429	1606	1606	1414	36.84%

U.S.A. has been the top importer of towels and cleaning cloth atleast for the last five years and shared 24 % of total imports valued at US\$ 920 million in 1999. USA import value increased by 14.28% in last five years. Japan was second with nearly 9.64% share of world imports of towels and cleaning cloths in 1999.

Table 4:

Value in \$ million						
Major Importers						
	1995	1996	1997	1998	1999	% Share in 99
USA	540	602	715	817	920	23.96%
JAPAN	340	351	390	337	370	9.64%
GERMANY	380	376	317	359	322	8.38%
UNTD KINGDOM	249	263	294	315	277	7.21%
FRANCE	269	256	272	298	274	7.14%
HONG KONG	322	370	422	319	224	5.82%
ITALY	153	146	177	180	134	3.49%

3. Pakistan:

In 1999 towels & cleaning cloths accounted for \$374.5 million in foreign exchange earnings, which was nearly 31.5% of total textile made-ups exports of Pakistan. The share has declined from 36% that shows that Pakistan exports of textile made-ups as a whole has increased by much more than exports of towels & cleaning cloths. In Pakistan, the towel & cleaning

cloths market has increased by an annual average of 12% in last five years, with a negative growth rate in 1997 of 5%. Looking at the international perspective, Pakistan accounted for 9.76 % of the total towel market in 1999, which has increased from 7.11% in 1995.

Table 5:

Value in \$ million					
Pakistan Exports Towels					
Years	1995	1996	1997	1998	1999
Value	246.72	320.91	304.81	345.95	374.55
Growth % (Value)		30%	-5%	14%	8%

For international comparisons the data used is for the year 1999. However, data is also available for Pakistan for the year 2000-2001, which shows that there has been an increase in exports from \$374 million in 1999 to nearly \$420 million in 2000-01 – by more than 12% in last two years.

Some of the leading importers from Pakistan include U.S.A., which imported 60.4% of Pakistan’s towels and cleaning cloths, UK, which imported nearly 5.30% and Germany, which accounted for 4.55% of the Pakistan exports of towels and cleaning cloths in 1999.

Table 6:

Value in \$ million				
Pakistan Major Partner				
Country	1998	% Share	1999	% Share
USA	206.7	59.74%	226.1	60.37%
UNITED KINGDOM	17.9	5.17%	19.9	5.30%
GERMANY	19.1	5.51%	17.0	4.55%
CANADA	9.7	2.80%	11.1	2.95%
ITALY	9.6	2.79%	10.4	2.78%

Looking at the break-up of Pakistani towel exports, it was found that more than half of the total value exported was accounted for by just one category which is ‘Other Linen of Cotton’ i.e. 54% of the total towels and cleaning cloths exports. This is in line with the world trend since this category is the largest category in the global exports with 60% share. Table showing Pakistani exports to 7-digit PSTC codes is at the end of the report.

3.1. Towel Industry in Pakistan

Unlike many of the SME sectors in Pakistan, the towel-manufacturing industry is mostly in the organized sector. According to the industry sources, there are 325 towel manufacturing units in Pakistan out of which 250 (77%) are in organized sector.

The Pakistan towel industry at large is using locally manufactured power looms. There are some 9000 locally manufactured looms being used by the industry. However some units are also equipped with imported auto looms and their number is about 250. Of the total production, 91.5% were from power looms and remaining from imported auto looms.

Pakistan has a strong presence in international towels market and is second only to China. This strong presence can be used to move into next tiers of towel market. Although the international perception of Pakistan is that of a low quality producer, efforts for product

diversification can be started in the markets where the perception of Pakistani products is better. Thus efforts should be started to move into higher end of the markets.

Such an area of high value added products is represented by the towels manufactured from dyed yarn which fetch better prices compared to the piece-dyed towels. The towel industry should concentrate towards this segment of the market. Current facilities of yarn dyeing are limited in Pakistan and investment is required in this area.

Table 7:

Value in \$ million			
Pakistan Export Mix		2000-01	1999-2000
Commodity	PSTC Code	C-Value	C-Value
Cotton Gauze etc. woven	6521		
Cotton Gauze, Bleached or Printed	6521102	5.36	11.25
Towelling,Cotton, Unbleached	6521200	4.14	30.1
Other Terry Towelling,Cotton	6521300	1.33	0.47
Warp Pile Fabric, Eplingle,Uncut	6521402		0.02
Other linen of cotton	65847		
Towels of Cotton Millmade	6584701	241.79	193.1
Towels of Cotton Hand Loom	6584702	1.48	1.77
Toilet & Kitchen Linen Cotton Millmade nes	6584709	12.13	11.97
Toilet & Kitchen Linen Cotton Hand Loom nes	6584719	0.1	0
Other Linen, Other Fibres	65848		
Toilet & Kitchen Linen of Flax	6584801	4.35	4.56
Toilet & Kitchen Linen of MMF	6584802	0.02	0.04
Towels, Other than Cotton	6584803	1.59	0.72
Toilet & Kitchen Linen of Other Fibre nes	6584809		0.04
Cleaning Clothes	65892		
Dish Cloth	6589201	11.03	10.15
Wash Cloth	6589202	82.35	65.23
Dusters	6589203	8.97	10.32
Floor Cloth	6589204	0.38	0.31
Bar Mops	6589205	39.12	40.17
Bath Mats	6589206	1.71	1.92
Other Cleaning Cloth nes	6589209	4.13	4.81
Total		420	386.96
Exchange Rate RS/US\$ 51.8 1999-2000			
Exchange Rate RS/US\$ 58 2000-01			