

Global Quality Requirements and their Compliance and Gaps within Pakistan's Export Sector

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*Salman Ehsan - Assistant Professor – Faculty of
Business Administration, Lahore School of Economics*

*Ayesha Khanum - Assistant Editor – Lahore
Journal of Economics, Lahore School of Economics*

Outline

- ▶ Introduction
 - ▶ Top export categories (textiles and rice)
 - ▶ Key dimensions of international quality standards
 - ▶ Standards and requirements for textiles and rice
 - ▶ Quality assurance infrastructure in Pakistan
 - ▶ Identification of major issues and gaps
 - ▶ Policy recommendations
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Introduction

- ▶ Global trade has increased many folds in recent years (World Bank, World Development Indicators Database 2012).
 - ▶ Pakistan's exports – important source of foreign exchange and employment.
 - ▶ Quality and Compliance – A challenge for exporters and pre-requisite for global customers.
 - ▶ Nature of the Challenges – Not only technical and product specific but multi dimensional.
 - ▶ Main focus – To review the quality related requirements, issues and gaps, and policy recommendations for textiles and rice.
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Textile Industry's Economic Contribution 2011-12

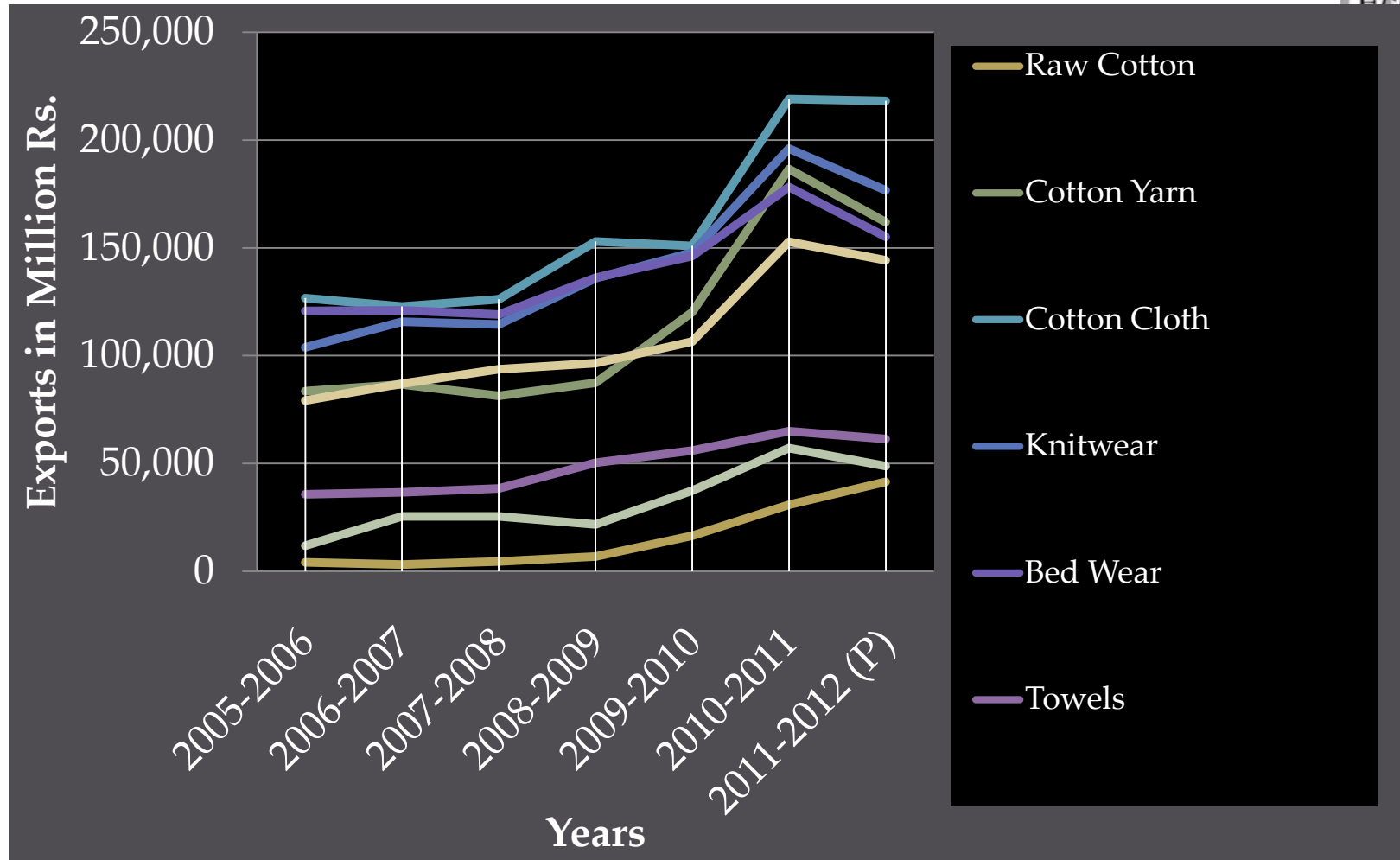
Exports	52% Of Total Exports (Us \$ 12.36 Billion)
Manufacturing	46% Of Total Manufacturing
Employment	40% Of Total Labor Force
GDP	8.5% Of Total GDP
Market Capitalization (Listed Companies)	5.0% Of Total Market Capitalization

Source: Pakistan Economic Survey, SBP,TDAP.

Given at: http://www.aptna.org.pk/Pak_Textile_Statistics/repo.asp



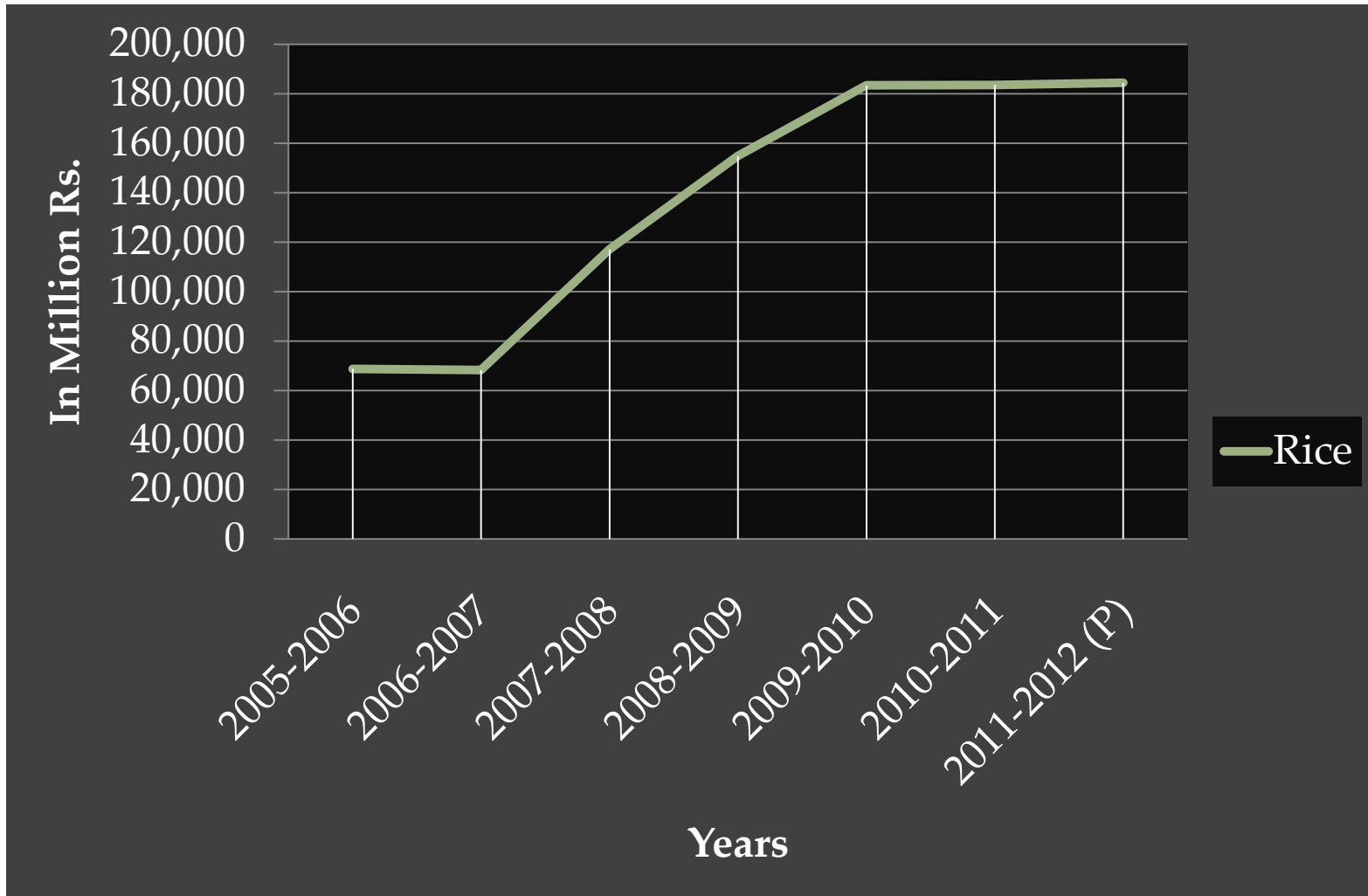
Trend of Textile Export Categories of Pakistan from 2005-2012 (P)



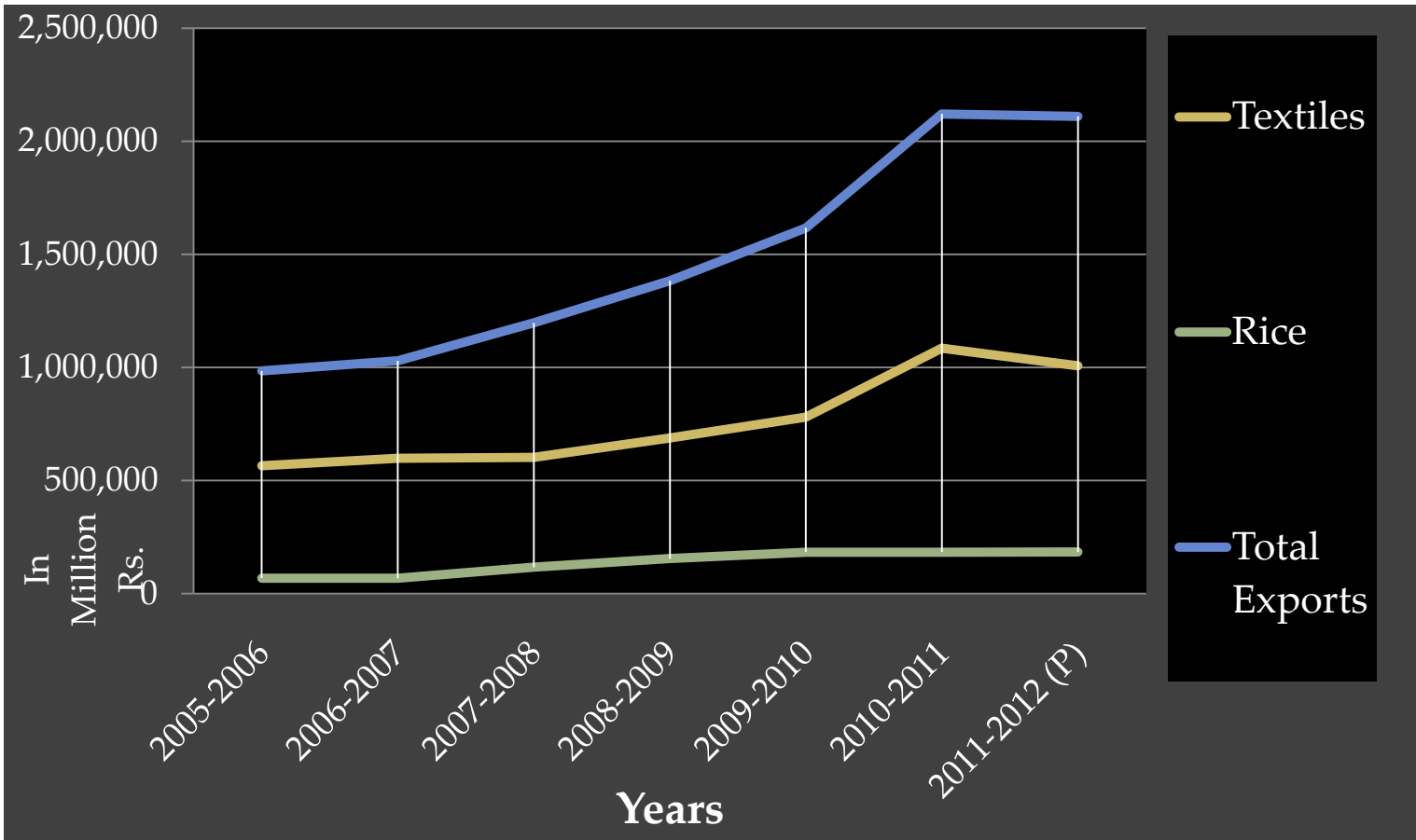
Source: Pakistan Bureau of Statistics, EA Wing, Finance Division.

P: Provisional

Rice Exports Trend 2005-2012(P)



Major Exports of Pakistan from 2005-2012



Note: P stands for Provisional.

Source: Pakistan Economic Survey, 2011-2012 and 2012-2013.



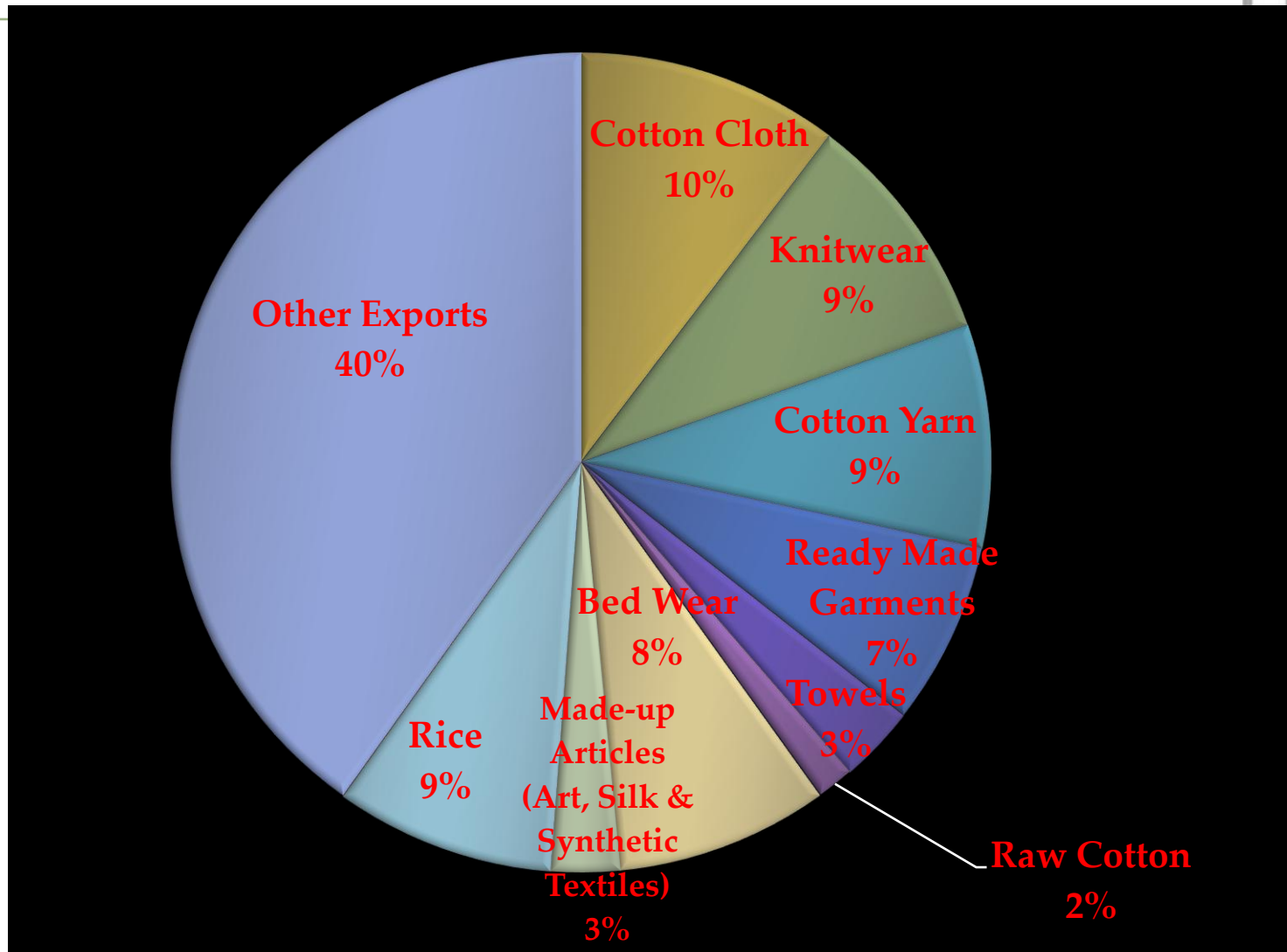
Textiles, Rice, & Total Exports of Pakistan in Million Rs.

Years	Exports of Textiles								Export of Rice	Total Exports
	Cotton Cloth	Knitwear	Cotton Yarn	Ready Made Garments	Towels	Raw Cotton	Bed Wear	Made-up Articles (Art, Silk & Synthetic Textiles)		
2005 - 2006	126,674	103,876	83,490	79,131	35,699	4,038	120,750	11,847	68,786	984,839
2006 - 2007	122,864	115,865	86,588	86,965	36,546	3,048	121,005	25,464	68,286	1,029,312
2007 - 2008	126,172	114,481	81,321	93,703	38,453	4,425	119,030	25,494	117,088	1,196,638
2008 - 2009	153,039	135,998	87,354	96,483	50,387	6,827	136,105	21,740	154,762	1,383,718
2009 - 2010	150,937	147,866	120,069	106,446	56,012	16,367	146,195	37,422	183,371	1,617,458
2010 - 2011	219,065	196,110	186,601	152,858	64,978	30,734	178,290	57,103	183,557	2,120,847
2011 - 2012 (P)	218,160	176,681	162,003	144,268	61,326	41,392	155,109	48,816	184,405	2,110,606

--- *Source: Pakistan Bureau of Statistics, EA Wing, Finance Division.* ---

► *P: Provisional*

Overall Exports of Textiles, Rice and Other 2010-2011



► Note: Pakistan Economic Survey, 2012-2013 had provisional exports
Source: Pakistan Economic Survey, 2012-2013.

Key Dimensions of International Quality Requirements

Textiles

- ▶ **Regulatory** - (safety, labeling, origin or other).
 - ▶ **Product specific** - (durability, performance appearance), customer specific (physical, chemical, or other).
 - ▶ **Social** - (labor, facility and work environment).
 - ▶ **Environmental** - (water treatment, solid waste, recycling, energy conservation).
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Key Dimensions of International Quality Requirements

Rice

- ▶ Rice quality factors include:
general, specific, contaminants, hygiene, packaging, and labeling related requirements.
- ▶ For consumers:

Quality encompasses a complete range of visual, sensory and palatability criteria that include impressive appearance of raw as well as cooked rice texture in terms of stickiness/flakiness and appealing aroma”.



Major Issues and Gaps of Textile Sector

- ▶ Lack of quality orientation and commitment.
 - ▶ Poor in-process handling.
 - ▶ Consistency in product quality.
 - ▶ Quality pattern making and stitching capabilities exist.
 - ▶ Labor development and human resource development.
 - ▶ High quality raw materials and inputs.
 - ▶ Packaging material quality and labeling (barcodes, RFID, etc.) related issues.
 - ▶ IT infrastructure such as ERP and EDI at supplier level.
 - ▶ Law and order situation.
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Major Issues and Gaps of Rice Sector

- ▶ Research in grain development & new varieties.
 - ▶ Poor handling of pre-harvest and post-harvest paddy.
 - ▶ Accredited local testing facilities for critical lab testing.
 - ▶ Control of QRC.
 - ▶ Quality and compliance orientation at grower level.
 - ▶ Effective body representing the interest of the whole supply chain.
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Testing Standards and Requirements for Textiles

- ▶ ASTM (American Society for Testing and Materials).
 - ▶ AATCC (American Association of Textile Chemists and Colorists).
 - ▶ BS (British Standards Institute).
 - ▶ ISO (International Organization for Standardization).
 - ▶ EN (European Committee for Standardization) .
 - ▶ IEC (Electrotechnical Commission).
 - ▶ TAPPI (The leading association for the worldwide pulp, paper, packaging and converting industries).
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Inspection Requirements and Certification for Textiles

- ▶ AQL.
 - ▶ ANSI.
 - ▶ ISO.
 - ▶ ISO 9000.
 - ▶ Customer specific.
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Testing Standards and Requirements for Rice

- ▶ Aflatoxin.
- ▶ DNA.
- ▶ Heavy metals.
- ▶ GMO (Genetically modified organisms).
- ▶ Pesticide residues.



Inspection Criteria for Rice

- ▶ Percentage of moisture.
 - ▶ Broken grains (checked through grain scanners).
 - ▶ Purity level.
 - ▶ Basmati and non-basmati mixing (DNA).
 - ▶ Shriveled (immature grain).
 - ▶ Damaged grain (discolored, field damage, fungus and foreign content like insects, stones etc.).
 - ▶ Red rice.
 - ▶ Tip breakage.
 - ▶ Whiteness (under milled).
 - ▶ Average grain length (AGL).
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Major Players in Textile Quality Assurance Pakistan

ORGANIZATION	CAPABILITY			ORIGIN
	TESTING	INSPECTION	CERTIFICATION	
SGS (Consumer Testing Services)	✓	✓	✓	INTERNATIONAL
INTERTEK Pakistan Pvt Ltd	✓	✓	✓	INTERNATIONAL
BV Consumer Product Services	✓	✓	✓	INTERNATIONAL
Textile Testing International	✓	✓	☒	NATIONAL
Pakistan Testing Lab (PTTF) Faisalabad	✓	✓	✓	NATIONAL
PCSIR (Pakistan Council of Scientific and Industrial Research)	✓	✓	☒	NATIONAL
In-House Labs	✓	☒	☒	NATIONAL

Source: Pakistan Standards and Quality Control Authority, Ministry of Science & Technology, Government of Pakistan)
<http://www.psqca.com.pk/NEP/%5B10%5D%20Laboratories%20in%20Pakistan%20i.htm>

Major Players in Rice Quality Assurance in Pakistan

ORGANIZATION	CAPABILITY			ORIGIN
	TESTING	INSPECTION	CERTIFICATION	
SGS	✓	✓	✓	INTERNATIONAL
INTERTEK	✓	✓	✓	INTERNATIONAL
BV	✓	✓	✓	INTERNATIONAL
EUROFINS	✓	✓	☒	INTERNATIONAL
AGRICULTURE - INDUSTRY - MARINE (AIM) Survey and Inspection Group	✓	✓	✓	INTERNATIONAL
E-RICE-LAB (Rice Analysis and Inspection Services)	✓	✓	✓	NATIONAL
NIBGE (National Institute for Biotechnology and Genetic Engineering)	✓	✓	☒	NATIONAL
PCSIR (Pakistan Council of Scientific and Industrial Research)	✓	✓	✓	NATIONAL
NIAB (Nuclear Institute for Agriculture and Biology)	✓	☒	☒	NATIONAL
In-House Labs	✓	☒	☒	NATIONAL

Source: Pakistan Standards and Quality Control Authority, Ministry of Science & Technology, Government of Pakistan
<http://www.psqca.com.pk/NEP/%5B10%5D%20Laboratories%20in%20Pakistan%20i.htm>

Policy Recommendations

Textile Sector

- ▶ Invest in R&D of cotton crop.
- ▶ Invest in human resource development at all levels.
- ▶ Joint ventures with technically advanced and mature players such as China, Sri Lanka and Turkey.
- ▶ Government should facilitate and encourage hiring, training and development of women for garments and knitwear production.



Textile Sector

- ▶ Facilitate travel of foreign buyers.
- ▶ Big players across different sectors of industry can come forward to form strategic partnership (holding companies) to reach a certain size / scale of operations comparable to regional competitors.
- ▶ Effective public private partnership to improve Pakistan's image.
- ▶ Introduction of a national quality award in Pakistan along the lines of Malcolm Baldrige National Quality Award in the US.



Rice Sector

- ▶ Focus on result oriented R&D in grain development and new varieties of rice.
- ▶ Enactment of law.
- ▶ Government should offer soft loans.
- ▶ Need for globally recognized accreditations for national and local testing and inspection facilities.
- ▶ QRC (Quality Review Committee) should be an independent body instead of being under control of TDAP (Trade Development Authority of Pakistan).

Policy Recommendations

Rice Sector

- ▶ For pre-shipment inspections, third party recognized names such as SGS. should be added to the approved service provider list in addition to QRC.
- ▶ Government should encourage export of branded rice by offering soft loans and other incentives.
- ▶ Establishment of an effective body representing the interest of the whole sector with global reach that can facilitate research and development of new varieties, registration of new varieties, work in coordination with public sector to improve awareness at farmer level, and contribute towards formulation of a comprehensive code of conduct and/or regulations for the entire supply chain within the rice sector.

Thank You

