



Trade Development Authority of Pakistan

Country Report on Netherlands

Bilateral Trade between Pakistan & Netherlands at Glance

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Executive Summary

Enhanced trade has crucial importance for the rising states by considering the trade liberalization system. With the passage of time Pakistan went for trade liberalization. Last year trade performance remained critical as the trade balance was reported a higher deficit as compared to previous years. In Netherland's context, helping Pakistani firms to develop their exporting capabilities in that market is the main focus.

Pakistan's exports are concentrated mainly in the textile sector. Netherlands market demand is quite diversified. A heavy reliance on textiles makes Pakistan's export basket quite small. Pakistan earns 70% of export revenue from its textile products in Netherlands. Trade analysis shows an increase in Pakistan's imports from Netherlands. There is no significant diversification in export basket over the last couple of years.

Potential products have been identified based on available exportable products. Currently, these products are earning an adequate value against their exports but still have potential to be tapped. Export competitiveness index study shows that only three products lie within the first five of the export competitiveness ranking.

The way forward to enhance Pakistan's export is based on export friendly trade policies, enhancing exporters capacity and building platform for Research & Development. Furthermore, technological advancement, product diversification are the imperatives along with lowering the cost of doing business, sectoral policies, and trade facilitation will pave the way for progression of Pakistan's exports.

Note: Trade Statistics are based on the data acquired from the web portal of trade map accessed on 14-05-2018.

Introduction:

The Netherlands is located in Western Europe, with territories in the Caribbean. It is bordered by Belgium and Germany. The Netherlands is mostly low-lying, located at the mouth of three major European rivers (Rhine, Meuse, and Schelde). The government system is a constitutional monarchy; the chief of the state is the king, and the head of government is the prime minister. The Netherlands has a mixed economic system which includes a variety of private freedom, combined with centralized economic planning and government regulation. Netherlands is a member of the European Union (EU).



Economic Overview of Netherlands

Netherlands, the 6th biggest economic power among European countries and stands at the 5th number in terms of goods exporting. Netherlands has an economic policy of open to trade and it's a reason for its importance in world economic surmise. During last couple of years, economic situation in the Europe made the reason for Netherlands to grow at a healthy pace. According to an economic analysis the healthy ratio of 3.1% reported in 2017 and the future forecasts are also reported handsome for Netherlands.

The country presents handsome per capita income that is equally divided with an identification way. The per Capita on GDP is also higher than the average of whole European Union.

Main Indicators	2015	2016	2017	2018(e)	2019(e)
Population (million)	16.93	17.03	17.08	17.13	17.18
GDP (billions USD)	758.38	777.55	824.48	891.04	921.99
GDP (Constant Prices, Annual % Change)	2.3	2.2	3.1	2.6	1.9
GDP per Capita (USD)	44,777	45,658	48,272	52,016	53,666
Inflation Rate (%)	0.2	0.1	1.3	1.4	1.5
Rate of Unemployment (%)	6.9	5.9	5.1	4.9	4.8
CA (\$ Billions)	65.22	65.71	82.44	89.08	88.91

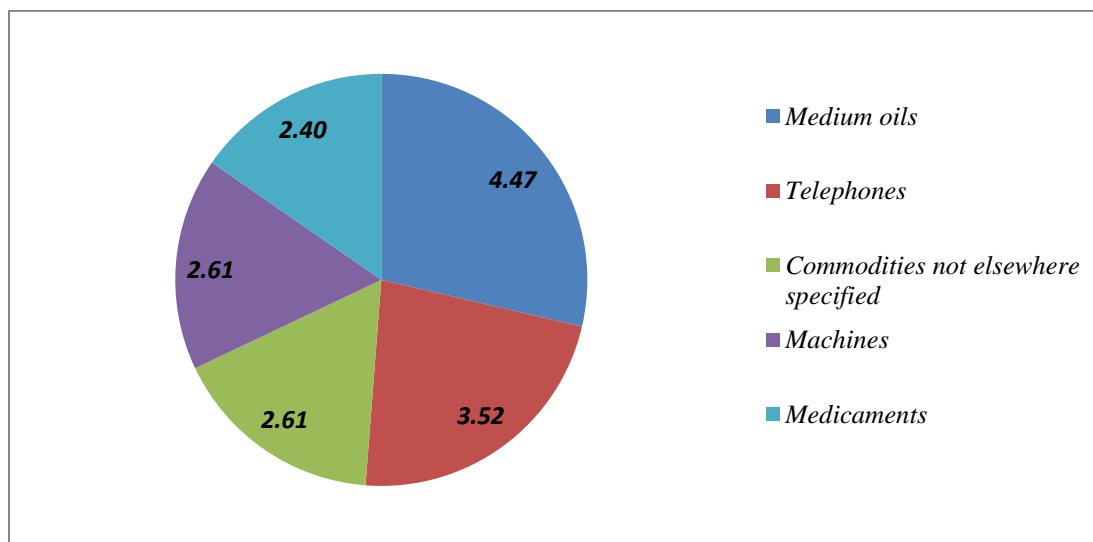
Source: IMF – World Economic Outlook Database, 2017

Note: (e) Estimated Data

The above economic indicators reflect bright economic and trade prospects for Netherlands. There is a controlled increase in population with GDP figures quite healthy as compared to other EU countries. Per Capita GDP depicts that the people of Netherlands are enjoying good life style with healthy income share per individual. Unemployment rate has historically declined which shows sound economic growth as a result of Economic policies. Current Account share is also creeping up historically and the estimations are also indicative of the positive prospects for Netherlands.

Major Export Items of Netherlands:

Top Exporting Commodities of Netherlands		Amount in USD Million	
<i>HS Code</i>	<i>Product Description</i>	<i>2017</i>	<i>%Share</i>
271019	<i>Medium oils</i>	29150.77	4.47
851712	<i>Telephones</i>	22980.74	3.52
999999	<i>Commodities not elsewhere specified</i>	17026.19	2.61
851762	<i>Machines</i>	16992.21	2.61
300490	<i>Medicaments</i>	15632.42	2.40
<i>Total</i>	<i>All Products</i>	652206.44	
Source: Trademap			



Medium Oil and preparations is the leading export commodity with an export share of 4.47% of total exports of Netherlands in the year 2017. The same trend is observed in previous years that Medium oil and preparation is categorized as the leading export product of Netherlands. Telephone for cellular networks and mobile telephones contribution in the exports of Netherlands has a positive trend in recent past. In 2017, it had a share of 3.52% of total exports of Netherlands.

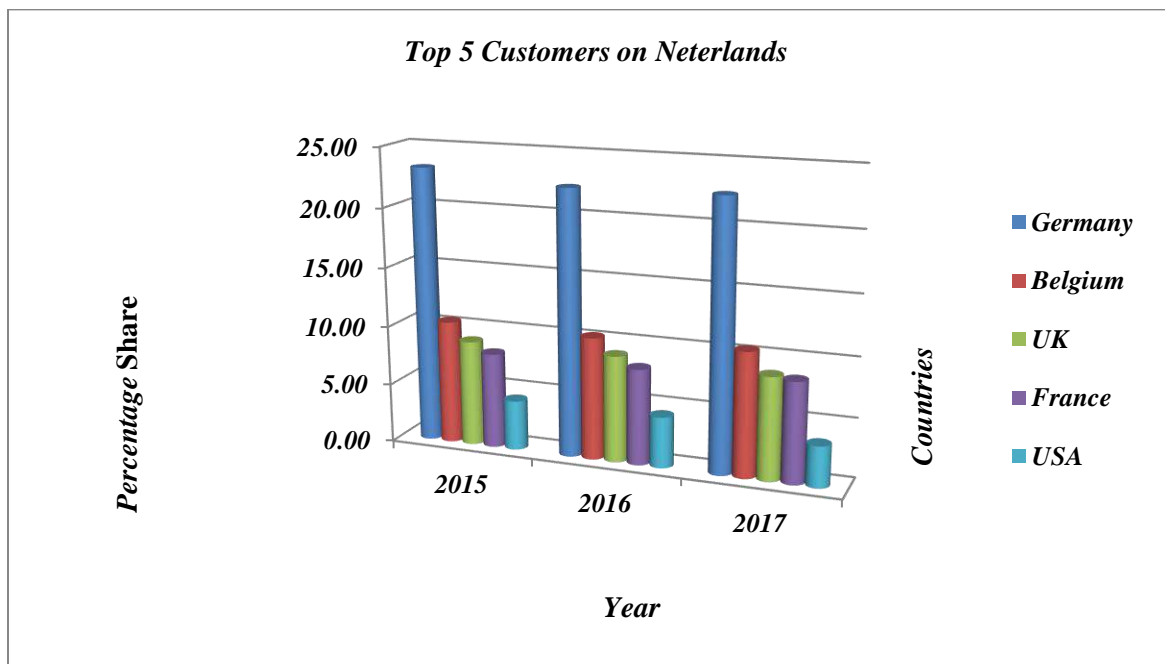
Commodities elsewhere specified also have a major contribution in exports of Netherlands in 2017. The fourth largest exports of Netherlands are the machines for the reception, conversion of images with a share of 2.61% for 2017.

The fifth largest export of Netherlands are Medicaments. Netherlands has specialized industries for value addition of these products and strives to earn a maximum out of it. So, some of the exports are also imports of Netherlands and vice versa because of value addition and the country is equipped with modern infrastructure for product development and value addition.

Major Exporting Destinations

Top 5 Customers of Netherlands		Amount US Dollar Million					
Country/World		2015	2015 (%Share)	2016	2016 (%Share)	2017	2017 (%Share)
Sr. No	World	473,834.28		444,867.36		652,206.44	
1	Germany	110,034.30	23.22	99,296.68	22.32	146,790.17	22.51
2	Belgium	49,440.15	10.43	45,886.48	10.31	68,315.12	10.47
3	UK	42,261.65	8.92	40,015.25	8.99	56,561.56	8.67
4	France	38,172.48	8.06	36,084.27	8.11	55,317.46	8.48
5	USA	20,015.08	4.22	19,239.94	4.32	22,702.31	3.48

Source: Trademap



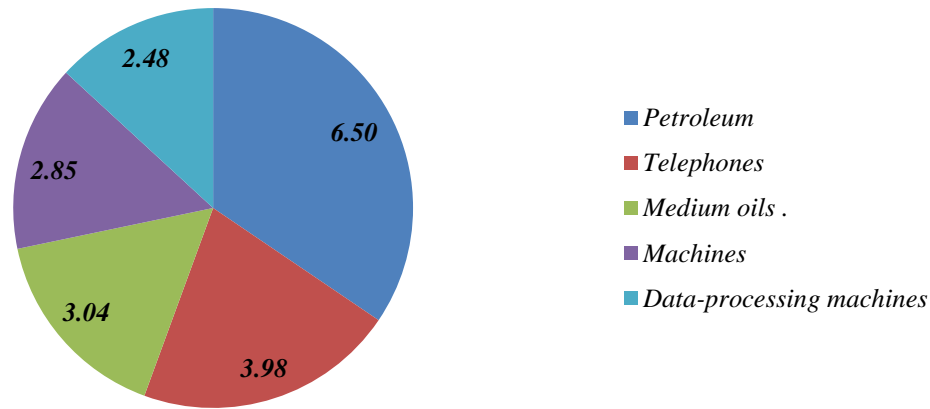
The historic trends of major export destinations depict that since 2015, Germany is retaining its first position as a major export destination with a maximum potential as compared to other countries with a share of 23.22%, 22.32%, 22.51 for 2015, 2016 and 2017, respectively. A slight decline in exports to Germany occurred in 2016 but still the country remained a leading market for Netherlands. Main reason for this is that both the countries are the part of EU with the same currency and common borders which is quite helpful in reducing the transportation cost. Belgium, the second largest export destination for Netherlands again a neighboring country with same currency and EU economic conditions to which Netherlands average share of export remained 10 and half percent during the last 3 years.

UK is the third largest export destination for Netherlands sustaining a share of almost 9% during the last 3 years. France and UK are almost neck to neck with a slight difference as a major export destination for Netherlands. USA is the 5th largest export destination for Netherlands with a slightly decreased share in 2017. Overall, it reflects that the top four major export partners for Netherlands are from the EU and share the maximum trade values because all are from the same region and share the same currency and economic conditions.

Major Imports for Netherlands:

Top 5 Import Commodities of Netherlands		<i>Amount in USD Million</i>	
HS Code	Product Description	2017	%Share
<u>'270900</u>	<i>Petroleum</i>	37335.33	6.50
<u>'851712</u>	<i>Telephones</i>	22852.25	3.98
<u>'271019</u>	<i>Medium oils</i>	17468.53	3.04
<u>'851762</u>	<i>Machines</i>	16367.49	2.85
<u>'847130</u>	<i>Data-processing machines</i>	14248.48	2.48
Total	<i>All Products</i>	574506.59	
<i>Source: Trademap</i>			

Top 5 Import Commodities for Netherlands 2017



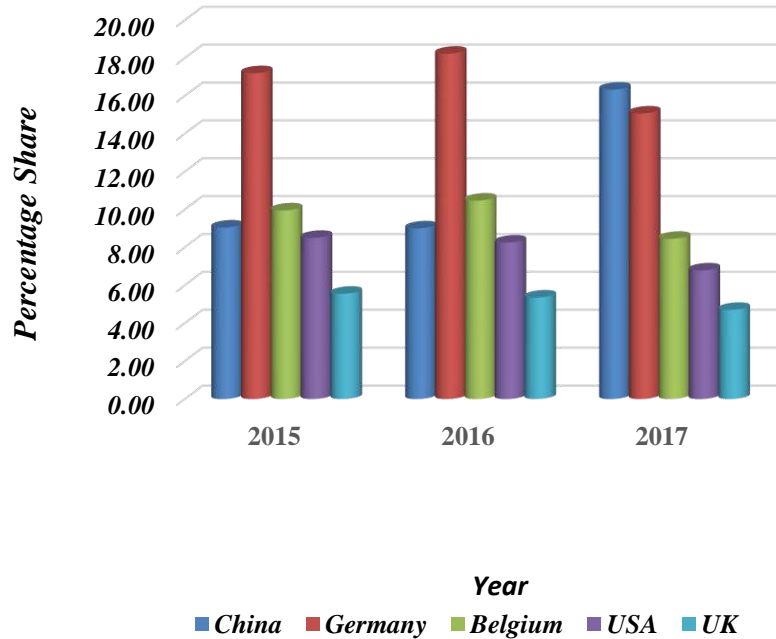
Netherlands is specialized in product development, value addition and technological advancement. Due to these factors, Netherlands major exports and imports match to satisfy value addition requirements. Their top import item is “Petroleum oils and oils obtained from bituminous minerals” with a share of 6.5% among total imports of Netherlands. The second largest import during 2017 was of “Telephone for cellular networks and mobile telephones”. with a share of 3.9%. The product is a major export item for Netherlands as well signifying export of the item after value addition. The third largest import item is “Medium Oils” again the top export item of Netherlands as well because of re-exports after value addition. As shown in the table “Major Imports for Netherlands” percentage share was 3.04. Machines for the Reception and Data Processing machine lie at third and fourth positions in the table, respectively. Overall it shows that Netherlands economic policy features value addition and specialization of industry as main incumbents.

Major Suppliers for Netherlands.

Top 5 Suppliers for Netherlands		Amount US Dollar Million					
Country/World	2015	2015 (%Share)	2016	2016 (%Share)	2017	2017 (%Share)	
Sr. No	World	424,851.38	398,336.34		574,506.59		
1	China	38,433.06	9.05	35,846.32	9.00	93,825.21	16.33
2	Germany	73,077.61	17.20	72,628.73	18.23	86,596.44	15.07
3	Belgium	42,271.65	9.95	41,716.68	10.47	48,550.20	8.45
4	USA	36,110.60	8.50	32,858.39	8.25	38,955.40	6.78
5	UK	23,570.91	5.55	21,328.57	5.35	26,998.41	4.70

Source: Trade map

Top 5 Suppliers of Netherlands



The bar chart reflects the historical trend for major supplying markets for Netherlands from 2015 to 2017. It indicates that China became the leading supplier for Netherlands in 2017 after replacing Germany which was the top supplier for Netherlands during 2016. Chinese economy is witnessing a boom during last couple of years and China has become the world largest exporter and importer in recent times. Belgium's share in Netherlands imports also declined in recent years and the gap has been filled by china. The share of imports from USA and UK also declined in 2017 as compared to previous years because of Chinas' captures of the market. Overall imports by Netherlands rose during 2017. During 2016 Netherlands Imports were the lowest over the last 3 years.

Top Export Destinations and Major Exports of Netherlands

<i>Top 5 Export Destinations with Top Products (2017)</i>									
<i>Country/Products (HS - 06)</i>		<i>Amount in US Dollars Thousand</i>					<i>Total Exports (2017)</i>	<i>%Share</i>	<i>Rank 2017</i>
		<i>Germany</i>	<i>Belgium</i>	<i>UK</i>	<i>France</i>	<i>USA</i>			
851712	Telephones				3584.29		55317.46	6.48	3
271019	Medium oils	5672.88					146790.17	3.86	5
270900	Petroleum oils		9214.99				68315.12	13.49	1
271012	Light oils					1431.86	22702.31	6.31	4
300390	Medicaments			3744.25			56561.56	6.62	2

Source: Trade map

Netherlands is the sixth largest economic power in the euro zone. It has major trading partners among the developed world. Most of them are from the EU and enjoying the benefit of free trade among EU states and the unified currency. Netherlands has a significant trade with the regional countries, specifically its neighboring countries Germany and Belgium. Netherlands specialize in producing Telephones and has an established telephones/mobile telephones industry that enjoyed the highest export volume by product for Netherlands in 2017. France is the major export destination for telephone/mobile telephones with an export value of \$3,584.29 million in 2017. France is ranked as the 3rd largest exporting destination for Netherlands. For Medium Oils and Preparations, Germany an EU state is again the largest importer for Netherlands. Overall, Germany ranked as the 5th largest trading partner/ exporting destination for Netherlands. Petroleum Oils and oils is the top export product for Netherlands for 2017 with an export value of \$ 9214.99 million and Belgium is the top import of this product from Netherlands. The fourth largest exporting destination for Netherlands is USA, which is the world second largest global importer and exporter after China. USA purchases Light Oils and Preparations from Netherlands and the share of export of the product to USA is 6.31% in 2017. The UK ranked as the 2nd largest trading partner for Netherlands imports Medicaments with a share of 6.62%.

Netherland's Top Suppliers along with Top Products - 2017.

Top 5 Suppliers Countries Along with Top Products (2017)									
Country/Products (HS - 06)		Amount in US Dollars Thousand					Total Exports (2017)	%Share	Rank 2017
		Germany	Belgium	UK	China	USA			
300490	Medicaments	2,709,065					86,596.435	3.13	5
271019	Medium oils		2,772,513				48,550.204	5.71	3
270900	Petroleum oils			4,727,514			26,998.406	17.51	2
851712	Telephones				20,294,559		93,825.210	21.63	1
880240	Aeroplanes					1,624,901	38,955.402	4.17	4

Source: Trade map

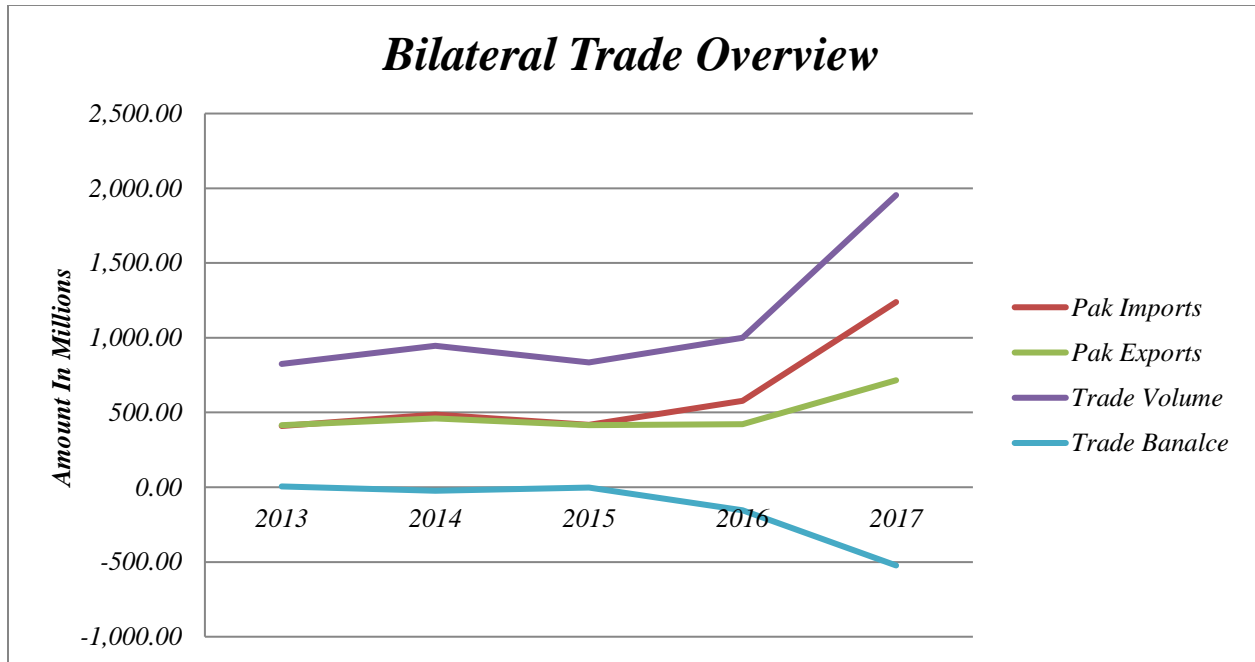
China is the largest supplier of Telephones for Netherlands with a share of 21.63% and ranked as the 1st supplier of this product. Petroleum Oils is the 2nd largest import of Netherlands and UK is the main supplier for this product. Medium Oils with a share of 5.71% is ranked as the 3rd largest import of Netherlands. Belgium is the largest supplier for this product. Aero planes are the 4th largest import of Netherlands with a share of 4.17%. The United States is the largest supplier of this product to Netherlands. Germany exports Medicaments to the Netherlands with a share of 3.13% which is the 5th largest import product of the country.

Bilateral Trade Overview.

Bilateral Trade Overview					Amount in USD Million	
Trade Indicators	2013	2014	2015	2016	2017	% Change
Pak Imports	409.78	485.45	418.41	576.98	1,238.73	114.69
Pak Exports	415.10	461.08	415.53	422.56	715.49	69.32
Trade Volume	824.87	946.52	833.94	999.54	1,954.22	
Trade Balance	5.32	(24.37)	(2.88)	(154.42)	(523.24)	-238.84

Source: Trademap

The trade between Pakistan and Netherlands has passed 1.21 \$Billion mark between 2016 to 2017. During July to April of 2017-18 the volume of trade was recorded 1.54 Billion Dollars. The exports at \$716.18 million and imports at \$831.18 million. Bilateral trade relations have further strengthened with the investment of Euro 420 million by Friesland Campina to acquire 51 per cent share of Engro Foods.



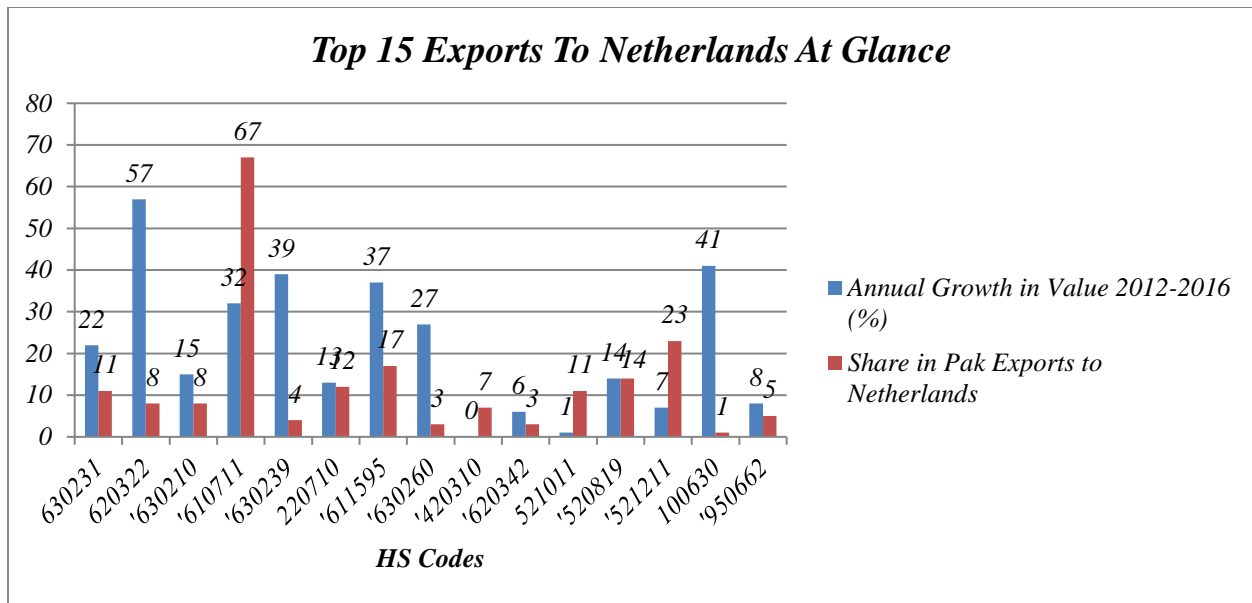
Figures furnished in the above table and chart are based on mirror data to enable statistical analysis till 2017. Pakistan’s exports are on a declining path from last couple of years specifically in 2017. Pakistan’s overall exports registered a decline of up to 4 billion USD since 2013. By and large, Pakistan has failed to improve its market share in the world market. So far as the bilateral trade is concerned, Pakistan heavily relies the textile sector and the major portion of Pakistan’s exports to the EU belong to this sector which have slightly improved after availing the GSP plus status in 2014. Overall Pakistan has a trade deficit with Netherlands. During 2017, a massive trade deficit with Netherlands has been observed as compared to the last 5 years. Again, there are lot more issues to tackle and bring our trade to a healthy path. Pakistan’s major export sectors are textiles, rice and leather. Still Pakistan’s major exports to Netherlands are textile products which again are not up to its potential. Other supplying markets are slowly and gradually replacing Pakistan in Netherlands. In 2012, Netherlands was the 12th largest importer of Pakistani products, while in 2016, the rank changed to 10th. In 2012, Netherlands was the 27th largest exporter to Pakistan while in 2016, this rank changed to 26th.

Thus, Pakistan's export rank to Netherlands improved during 2012 and 2016 from 12th to 10th while Netherlands export rank is improved from 27th to 26th during over the same period.

Potential Trade Scenario:

Major Exports of Pakistan:

Existing and potential trade between Pakistan and Netherlands												
Major 15 Exports of Pakistan To Netherlands										Amount in USD Million		
Product code	Product label	Pak Exports to Netherlands		Netherlands Imports from World		Pak Exports to World		Pak Export Share (%)		Share in Pakistan's exports	CAGR 2012-2016	Annual Growth in value 2012 - 2016 %
		Value in 2012	Value in 2016	Value in 2012	Value in 2016	Value in 2012	Value in 2016	2012	2016			
<i>TOTAL</i>	<i>All products</i>	449.17	650.798	500605.32	398336.34	24613.676	20533.793					
630231	Bedlinen of cotton	37.419	86.312	71.473	98.565	595.128	773.306	52.35	87.57	11	0.18	22
620322	Men's or boys' ensembles	6.814	54.8	5.511	7.092	98.783	708.808	123.64	772.70	8	0.52	57
'630210	Bedlinen, knitted or crocheted	29.927	50.855	38.598	71.956	487.819	606.93	77.54	70.68	8	0.11	15
'610711	Men's or boys' underpants	9.917	29.099	132.253	183.454	30.102	43.337	7.50	15.86	67	0.24	32
'630239	Bedlinen of textile materials	6.466	27.08	1.089	3.771	522.512	651.871	593.76	718.11	4	0.33	39
220710	Undenatured ethyl alcohol	10.769	25.896	644.457	756.658	81.996	221.817	1.67	3.42	12	0.19	13
'611595	Full-length or knee-length stockings	5.91	23.656	174.218	239.049	24.115	143.324	3.39	9.90	17	0.32	37
'630260	Toilet linen and kitchen linen	8.362	23.416	94.14	130.049	738.476	777.086	8.88	18.01	3	0.23	27
'420310	Articles of apparel, of leather	22.054	21.964	137.159	112.91	342.099	297.991	16.08	19.45	7	0.00	0
'620342	Men's or boys' trousers	19.356	18.892	824.95	856.669	611.315	543.874	2.35	2.21	3	0.00	6
521011	Plain woven fabrics of cotton,	10.625	10.872	0.85	0.348	110.111	103.036	1250.00	3124.14	11	0.00	1
'520819	Woven fabrics of cotton	5.764	10.801	2.047	0.571	74.912	77.326	281.58	1891.59	14	0.13	14
'521211	Woven fabrics of cotton	7.366	9.931	0.096	0.049	61.755	43.62	7672.92	20267.35	23	0.06	7
100630	Semi-milled or wholly milled rice,	2.55	9.054	89.276	87.429	1622.309	1418.928	2.86	10.36	1	0.29	41
'950662	Inflatable balls	5.536	7.963	38.308	33.72	149.251	163.574	14.45	23.62	5	0.08	8

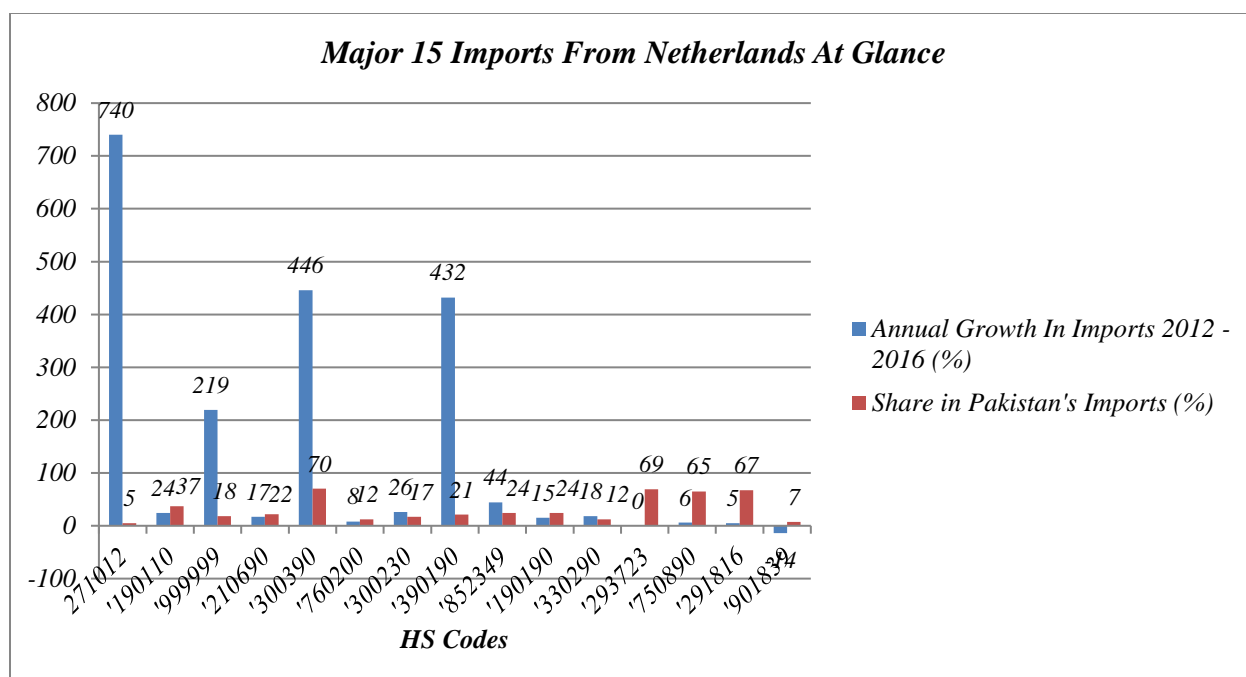


Pakistan's major exports to Netherlands belong to textile sector and among the top fifteen products 60% are textile products. So, in the EU and especially in Netherlands the major contribution of textile product is high as compared to other sectors because of Pakistan's GSP Plus status which has helped to increase Pakistan's exports. Exports to the EU are vital for Asian Countries including Pakistan. There has been a significant increase in the demand for textile products in Netherlands and there is an untapped potential to capture. Though major textile products are contributing to the export revenue of Pakistan with a positive increase in export share and annual growth from 2012 to 2016. In Netherlands, it indicates that still there is lot more space to diversify the export basket of Pakistan. As one of the Nordic Company report suggests, Pakistan needs to focus on exploiting opportunities for exporting other products like surgical and food related items in order to ramp up its export revenue in the region. Though textile remains as the major export sector of Pakistan, there are lot many other products which are exportable with a significant potential. Whereas textile sector has been identified as major sector along with this (Undenatured ethyl alcohol - 220710) is also identified as potential item to export and recent figures suggest that over the last 3 years its export value has increased hundred times. Semi milled or wholly milled rice and inflatable balls are the other two products that lie in the category of prospective and potential products which can give maximum export revenues because for these products Pakistan faces only a marginalized competition. So, there is an opportunity to be tapped in future to increase the export volume of these products.

Major Imports of Pakistan:

Existing and potential trade between Pakistan and Netherlands												
Major 15 Imports from Netherlands										Amount in USD Million		
Product code	Product label	Pak Imports from Netherlands		Netherlands Exports to World		Pak Imports from World		Imports Share		CAGR 2012- 2016	Annual Growth in Value 2012-2016 (%)	Share in Pakistan's Imports (%)
		Value in 2012	Value in 2016	Value in 2012	Value in 2016	Value in 2012	Value in 2016	2012	2016			
'TOTAL	All products	245.134	388.749	552461.794	444867.363	43813.262	46998.269					
271012	Light oils and preparations	0.015	104.34	23908.392	12398.84	1538.079	2217.539	0.001	4.705	4.868	740	5
'190110	Food preparations for infant	15.216	35.819	1351.821	2146.261	45.412	96.626	33.507	37.070	0.187	24	37
'999999	Commodities not elsewhere specified	0.063	14.581	41279.322	1588.881	116.469	82.205	0.054	17.737	1.971	219	18
'210690	Food preparations, n.e.s.	6.365	12.237	2611.363	2926.321	37.101	55.303	17.156	22.127	0.140	17	22
'300390	Medicaments	0.014	8.128	271.642	124.317	3.452	11.68	0.406	69.589	2.571	446	70
'760200	Waste and scrap	7.658	7.776	561.649	443.762	46.431	63.059	16.493	12.331	0.003	8	12
'300230	Vaccines for veterinary medicine	2.600	7.474	27.868	97.526	23.403	43.975	11.110	16.996	0.235	26	17
'390190	Polymers of ethylene	0.056	7.296	1251.905	1105.318	12.945	34.832	0.433	20.946	1.648	432	21
'852349	Optical media for the recording	3.463	6.92	1027.376	682.611	10.324	28.64	33.543	24.162	0.148	44	24
'190190	Malt extract; food preparations	5.932	6.72	497.126	473.25	28.195	27.54	21.039	24.401	0.025	15	24
'330290	Mixtures of odoriferous	2.727	5.723	459.083	487.898	30.464	46.922	8.952	12.197	0.160	18	12
'293723	Oestrogens and progestogens	0	5.463	106.901	69.023	4.805	7.891	0.000	69.231	0.000	0	69
'750890	Articles of nickel, n.e.s.	4.086	5.205	83.492	92.328	6.197	8.055	65.935	64.618	0.050	6	65
'291816	Gluconic acid, its salts and esters	4.142	5.115	12.427	4.097	5.422	7.673	76.392	66.662	0.043	5	67
'901839	Needles, catheters	7.12	5.072	3555.782	3741.873	34.586	71.971	20.586	7.047	-0.066	-14	7

Source: Trade map



During 2012, Netherlands was the 27th largest exporter to Pakistan. During 2016, Netherlands improved its ranking as the 26th largest exporter to Pakistan. Leading import of Pakistan from Netherlands during 2016 was (Light Oils and Preparations). In 2012, the import value for the product was \$ 0.015 million that jumped to \$ 104.34 million in 2016. Annual growth of Netherlands export and its share in Pakistan's imports also increased massively. The export basket of Netherlands is quite diversified. Among major products exported to Pakistan (Medicaments - 300390) is the second highest with an annual growth of 2.57% during 2012 and 2016. In terms of annual growth, the third largest import is (Polymers of Ethylene - 390190). Overall, Pakistan's import volume and value from Netherlands have increased during the last couple of years as shown in the bilateral trade overview table.

Identification of Potential Products:

The mechanism of identifying potential product focuses on Netherlands imports from world ≥ 95 million and Pakistan's exports to the world ≥ 85 million categorized as Potential products which can be export to Netherlands. Further, one more filter/ benchmark applied to pick potential export products for Netherlands is the condition the import share of the item in Netherlands market is below 10%. There is a total of 11 products identified as potential products which are exportable to Netherlands. However, detailed analysis within the report is limited to top 5 potential products of Pakistan

Top 11 Potential Products:

S. No	HS Code	Product Label	Status
1	'630231	Bedlinen of cotton	Potential
2	220710	Undenatured ethyl alcohol,	Potential
3	611595	Full-length or knee-length stockings,	Potential
4	620342	Men's or boys' trousers	Potential
5	620462	Women's or girls' trousers	Potential
6	610910	T-shirts, singlets	Potential
7	901890	Instruments and appliances	Potential
8	610990	T-shirts, singlets	Potential
9	610510	Men's or boys' shirts of cotton	Potential
10	080520	Fresh or dried mandarins	Potential
11	110100	Wheat or Maslin flour	Potential

First 5 Potential Products with Tariff and Non-Tariff Barriers:

Hs Code	Product Description	Status 2016	Share 2012	Share 2016	Avg. Tariff Estimated Applied By Netherlands	Non Tariff Barriers
'630231	Bedlinen of cotton	Potential	52.35%	87.57%	0	4
220710	Undenatured ethyl alcohol	Potential	1.67%	3.42%	0	8
611595	Full-length or knee-length stockings,	Potential	0.33%	9.89%	0	6
620342	Men's or boys' trousers,	Potential	23.46%	2.20%	0	7
620462	Women's or girls' trousers	Potential	1.98%	1.16%	0	7

One leading product with highest share in Netherland's market is **Bedlinen** because the rising demand for this product Netherland's market still marks it as a potential product. Bedlinen had 52% share in 2012 that rose to 87% in 2016 which indicates the significant rise in demand and proves that this product still has potential demand in the Netherlands market. The import value for that product increased a number of times in recent years. **Undenatured Ethyl Alcohol** is the second product identified as potential product for Netherland's market. In the past, this product had no share in Netherland's market but in recent years its demand rose enormously.

Full Length or Knee Length Stockings share in Netherland's market was 0.33% in 2012 that rose to a healthy figure of 9.89% in 2016 indicating a rising demand for this product in Netherland's market. Men or Boy's Trousers share was 23.46% 2012 declined to 2.20% in 2016. Many factors paved the way for decline of this product including both supply and demand side issues along with competitiveness. Women's or Girl's Trousers is identified as another potential product that offers additional market share as competitors are capturing the market. This product sustained its market share up to some extent but still there is a gap to be filled by enhancing the exports of this product as Pakistan is a specialized textile economy.

Value Chain Mapping:

With five products are taken as potential products, the export competitiveness index has been calculated for these along with Pakistan's competitors in Netherlands market. Competitors for the purpose have been identified on the basis of Export Competitiveness Index ranking which indicates the export competitiveness of the potential product in the Netherlands market. The other approach to identify competitors for Pakistan's potential products is identification of countries with closest rankings within the first twenty countries. Pakistan's potential products belong to the textile sector and its competitors are both regional and non-regional countries. Besides this export competitiveness index also provides the product competitiveness index across the globe. The table furnished below is based on key parameters used to assess product's competitiveness and its competitors in the said market. These includes ECI rankings, tariffs, non-tariff barriers, imported value per unit and ease of doing business. Furthermore, the Export Competitiveness Index (ECI) elaborates upon a country's positioning among supplying markets, its product competitiveness which is extracted by applying the indicators like trade indicator and capacity indicator. Following is the methodology of ECI calculation.

$$ECI = (Trade\ Indicator + Capacity\ Indicator) / 2$$

$$Trade\ Indicator\ (TI) = Country's\ export\ of\ commodity\ x / World\ export\ of\ commodity\ x$$

$$Capacity\ Indicator\ (CI) = Country's\ export\ of\ commodity\ x / Country's\ Population$$

Value chain mapping with competitive analysis is narrated in below provided table that comprises of different indicators.

Competitive Analysis

Product Competitive Analysis

(Amount In USD Millia

Country	HS Code	Product Label	Country Export To Netherlands		Netherlands Imports From World		Country Export To World		Country Share (%)		Imported Unit Value (Dollar/Ton)		Ranking		CGAR(%)	Average Tariff Estimated Applied By Netherlands(%)	Non-Tariff Barriers	Ease of Doing Business Ranking
			2012	2016	2012	2016	2012	2016	2012	2016	2012	2016	2012	2016	2012-2016	2016	2016	2016
Pakistan	630231	Bedlinen of cotton (excluding printed, knitted or crocheted)	16.961	40.538	71.473	98.565	595.128	773.306	23.73	41.13	682	6532	1	1	0.19	0	4	144
Germany			16.260	20.076			155.258	209.865	22.75	20.37	1249	10586	2	2	0.04	0	4	17
China			5.823	4.702			1301.114	1154.672	8.15	4.77	6066	735	4	5	-0.04	12	4	78
Bangladesh			7.293	2.894			231.496	113.43	10.20	2.94	7256	631	3	7	-0.17	0	4	176
India			4.652	2.801			276.036	261.888	6.51	2.84	7489	6177	5	8	-0.10	9.6	4	130
Pakistan	220710	Undenatured ethyl alcohol, of actual alcoholic strength of >= 80%	0.049	13.791	644.457	756.658	81.996	221.817	0.01	1.82	831	858	19	11	2.09	0	8	144
Belgium			136.037	136.901			361.357	326.979	21.11	18.09	1385	743	2	1	0.00	0	8	42
Peru			45.552	65.743			88.779	74.373	7.07	8.69	1035	737	5	6	0.08	0	8	54
Sudan			9.958	12.43			9.958	12.43	1.55	1.64	865	582	10	13	0.05	0	8	0
Sweden			0.094	69.344			58.704	117.097	0.01	9.16	832	1351	18	4	2.75	0	8	9
Pakistan	611595	Full-length or knee-length stockings, socks and other hosiery, incl. footwear without applied ...	23.052	22.957	174.218	239.049	24.115	143.324	13.23	9.60	9173	8173	3	3	-0.001	0	6	144
China			56.632	71.234			1917.434	2091.209	32.51	29.80	12695	8963	1	1	0.047	12	6	78
Turkey			28.682	35.748			547.469	629.539	16.46	14.93	16050	12717	2	2	0.045	0	6	69
Indonesia			2.433	5.722			49.626	39.028	1.40	2.39	10054	18399	9	9	0.187	9.6	6	91
Viet Nam			0.047	2.406			3.681	42.500	0.03	1.01	15667	7204	26	12	1.197	9.6	6	82
Pakistan	620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excluding ...	6.463	11.761	824.95	856.669	611.315	543.874	0.78	1.37	16614	15495	18	15	0.13	0	7	144
Bangladesh			77.027	104.432			3796.916	5237.419	9.34	12.19	15542	11950	3	2	0.06	0	7	176
Turkey			74.161	78.639			1079.297	1103.923	8.99	9.18	32441	34274	4	3	0.01	0	7	69
China			105.480	63.260			4743.463	5777.405	12.79	7.38	21966	21709	2	4	-0.10	12	7	78
India			40.063	36.768			468.859	413.507	4.86	4.29	27822	27075	7	9	-0.02	9.6	7	130
Pakistan	620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excluding ...	5.031	3.805	735.876	656.618	430342	366.222	0.67	0.58	19350	14691	19	18	-0.05	0	7	144
Turkey			131.549	81.243			1309.874	1256.977	17.40	12.37	31373	31624	2	2	-0.09	0	7	69
Bangladesh			42.739	67.704			1522.687	3023.073	5.65	10.31	16325	23164	6	3	0.10	0	7	176
China			94.685	51.525			7438.737	7587.574	12.53	7.85	22469	14650	3	4	-0.11	12	7	78
India			32.308	12.158			294.522	184.033	4.27	1.85	35194	29156	10	13	-0.18	9.6	7	130

Competitive Analysis:

Bedlinen of Cotton:

Netherland's import represent 2.8% of world imports for this product. Its ranking in world's imports is 7. Bedlinen of cotton is the top-ranking export product of Pakistan in Netherland's market. Even in 2012, when Pakistan was not awarded with GSP Plus status Pakistan's leading export product was Bedlinen of Cotton. In 2016, this product from Pakistan is still retaining the no.1 ranking. Tariff for this product is almost zero for Pakistan after attaining the GSP Plus status. The export value for this product increased number of times as compared to 2012. Non-Tariff Barriers for the product are unified and similar for all countries including competitors. Imported value per unit also increased a number of times as compared to 2012 along with its impressive export value. Pakistan was the second worst country among competitors in the ease of doing business rankings for the year 2016. On the other hand, Germany, a non-regional competitor of Pakistan remained at the number 2 in ranking both in 2012 and 2016 with an export value half of Pakistan's in the year 2016. Tariff regime for Germany is also similar to Pakistan but its ease of doing business ranking is much better than Pakistan suggesting that Germany is much a better country for business. From regional countries, China, Bangladesh and India are the competitors of Pakistan but their ECI rankings declined in 2016 as compared to 2012 which indicates that the export competitiveness of the said product from these countries is low. Bangladesh and India are amongst countries which have the worst ease of doing business rankings.

Undenatured ethyl alcohol:

The import figures for Netherlands are 15.1% of the global imports for this good. Its ranking in the world imports is 1. Undenatured ethyl alcohol is the second potential item identified which had lowest and equal to zero export value for Pakistan a few years ago but since 2012 this product started growing and was ranked at number 19 for 2012 among the global suppliers to Netherlands. But in 2016, the ranking of this product from Pakistan improved and reached 11th among global suppliers to the Netherlands. Tariff is zero because there is a rising demand for this product in the Netherlands market which pushes Netherlands to liberalize its import policy to meet the growing demand. This indicates that there is a bright potential that Pakistan needs to exploit by enhancing its supplying capacity. Rest of the factors include non-tariff barriers which are again unified and similar for the competitors. Belgium, being a neighboring country of the Netherlands is the largest exporter of this product and jumped from ranking 2nd to 1st rank in 2016. Others are non-regional competitors, especially under-developed countries like Peru and Sudan.

Full Length or Knee Length Stockings:

Netherlands's imports full length, knee length stockings indicates 5.4% of Global imports of full length, knee length stockings. its ranking in world's imports is 6th. Pakistan as supplying market to Netherlands for the product was ranked at 5th in 2016 which declined for 3rd in 2012. There are few reasons in the decline of competitiveness among suppliers for this product to Netherlands.

Some of them relate to the supply side while others are market-based issues. Since 2012, China has been ranking as number 1, being the largest exporter of this product to Netherlands. Other competitors are Turkey, Indonesia and Viet Nam. Compound Annual Growth for Pakistan's product was negative from 2012 to 2016. Tariff for Pakistan is zero because of its GSP Plus status. Despite GSP Plus, Pakistan's share in the market along with its ranking deteriorated due to supply side issues like supplying capacity, high cost of doing business and other sectoral issues. China is ranked number 1 exporting country despite facing MFN duties of 12% on this product. Turkey has signed a Preferential Tariff Agreement (PTA) due to which Turkey is facing zero tariffs on this product. Indonesia and Vietnam also face preferential tariff of 9.6% for GSP countries. All other non-tariff barriers are similar for all supplying markets. Pakistan has a significant potential to enhance its exports of this product to Netherlands.

Men's or Boys Trousers:

The imports of Netherlands are 3.6% of Men's or Boys trousers among world importers. The country is ranked 8 among g. Pakistan's export competitiveness index ranking for the product improved in 2016 to 15th as compared to 2012. Bangladesh ranking improved from 3rd to 2nd in the year 2016 and its export value also increased a number of times from 2012. Turkey's rank also improved. On the other hand, China and India's rank declined in 2016. Pakistan faces zero tariff on the product because of GSP Plus status. Bangladesh is a beneficiary of "Everything But Arms" (EBA) category in which it faces zero tariffs on the export of this product. On the other hand, Turkey has signed a Preferential Tariff Agreement (PTA). Due to which it has zero tariff on the export of this product. China, due to its Tariff agreement faces 12% MFN duties on the export of this product. While India faces a preferential tariff of 9.6% under the GSP category on the export of this product. Except Bangladesh and Turkey, China and India's ranking declined. Ease of doing business ranking is another factor to evaluate a country's economic environment. Since Pakistan has a specialized textile sector. It can move ahead and fill the existing gap by enhancing its exports of this product.

Women's or Girls Trousers:

3.4% of the imports of Women's or Girls Trouser belongs to Netherlands. Netherlands is the 8th largest importer of this product across the world. Pakistan's ranking slightly improved in 2016 as compared to the ranking of 2012. Compound annual growth results indicate that there is a negative growth reported between 2012 to 2016 in the exports of this product from Pakistan. The highest export competitiveness ranking among Pakistan's competitors belongs to Turkey which is on 2nd number among the supplying markets of this product to Netherlands. Bangladesh's ranking improved much during 2012-2016 because it jumped from rank 6 to 3 which shows positive growth of its export to Netherlands. China and India's ranking also deteriorated. Overall, there is decrease in the demand for this product in Netherlands market which is reported during last couple

of years. To maintain and retain the healthy ranking against competitors, Pakistan needs to pursue a market-oriented approach to exploit its potential. Tariff is almost zero for various categories for all competing countries in the table except China and India which fall under GSP. China is facing 12% MFN duties on this product and India is facing 9.6% tariff on this product. Non-Tariff barriers are similar for all supplying markets. There are 7 non-tariff barriers for all supplying markets details of which are furnished under the heading of potential products.

Tariff and Non-Tariff Barriers for Potential Products:

A total of five products have been identified as potential products for export to Netherlands from Pakistan. EU applies tariff and non-tariff barriers to all countries on unified basis. Pakistan is a beneficiary of EU's GSP Plus. It is a mechanism through which countries unilateral tariff concessions to developing states. Under GSP Plus Pakistan's textile sector is almost exempted from import duties in the EU still for Pakistan's exports are well below the benchmark which indicates that there are good prospects for Pakistan to retain the GSP Plus Status for a longer period of time. Among the five potential items identified, four are purely from the textile sector and the remaining one is Undenatured ethyl alcohol which is also a duty free exportable product. Previously, the export volume of this product remarkably increased, still due to zero tariffs for Pakistan this product has much potential to grab in Netherlands market.

On the other side, Non-tariff barriers are unified and apply similarly to all states.

Pakistan faces 4 non-tariff barriers on HS Code-630231 (Bedlinen of Cotton) which include:

- (1) Labeling requirements - (TBT)
- (2) Marking requirements - (TBT)
- (3) Product quality or performance requirement - (TBT)
- (4) Testing requirement - (TBT)

Similarly, these four non-tariff barriers apply to every exporting country.

Pakistan faces 8 Non- Tariff Barriers on (Undenatured ethyl alcohol - 220710). It includes.

- (1) Prohibition for TBT reasons - (TBT)
- (2) Authorization requirement for TBT reasons - (TBT)
- (3) Registration requirement for importers for TBT reasons - (TBT)
- (4) Labeling requirements - (TBT)
- (5) Packaging requirements - (TBT)
- (6) Inspection requirement - (TBT)

(7) *Non-automatic import licensing procedures other than authorizations for SPS or TBT reasons - (E)*

(8) *Advance import deposit - (G)*

Same non-tariff barriers apply to all other exporting countries as well.

HS Code-611595 (Full Length or Knee Length Stockings) is another potential product which is exported by Pakistan to Netherlands. Pakistan faces 6 Non-Tariff-Barriers on the export of this product. These include.

(1) *Labeling requirements - (TBT)*

(2) *Marking requirements - (TBT)*

(3) *Product quality or performance requirement - (TBT)*

(4) *Testing requirement - (TBT)*

(5) *Certification requirement - (TBT)*

(6) *Inspection requirement - (TBT)*

Fourth Product, HS Code- 620342 (Men or Boys Trousers) is another heavily exportable product on which Pakistan faces 7 Non-Tariff Barriers. These NTBs includes.

(1) *Prohibition for TBT reasons - (TBT)*

(2) *Labeling requirements - (TBT)*

(3) *Marking requirements - (TBT)*

(4) *Product quality or performance requirement - (TBT)*

(5) *Testing requirement - (TBT)*

(6) *Certification requirement - (TBT)*

(7) *Inspection requirement - (TBT)*

The last potential product is HS Code – 620462 (Women’s or girls trousers). Pakistan faces total 7 Non-Tariff Barriers on the export of this product. These include.

(1) *Prohibition for TBT reasons - (TBT)*

(2) *Labeling requirements - (TBT)*

- (3) *Marking requirements - (TBT)*
- (4) *Product quality or performance requirement - (TBT)*
- (5) *Testing requirement - (TBT)*
- (6) *Certification requirement - (TBT)*
- (7) *Inspection requirement - (TBT)*

Demand and Supply Issues:

Demand/supply side issues are part and parcel of trade issues. When the world is going towards trade liberalization and open economy at the same time demand and supply issues are major issues for developing countries trade. Pakistan's textile sector is the single largest sector contributing over 8% of GDP. Pakistan the eighth biggest textile exporter in Asia and fourth biggest cotton producer country. After having such explicit figures, the textile industry of Pakistan is still countenancing lot of issues that should be addressed and resolve for enhancing its competitiveness.

Supply Side Issues:

- ✓ *Exporters' information and awareness on terms of the trade agreements relating to textiles and other sectors is very poor. Exporters lack of awareness about available incentives and dumping issues.*
- ✓ *Most of the exporters are unaware of agreements on agriculture, sanitary and phytosanitary (SPS), subsidies and counter measures and other actions.*
- ✓ *Market information and technological investment is still limited in textiles and other trade sectors which is a hindrance in enhancing the capacity of these sectors to assess and fulfill international market demand.*
- ✓ *Adoption of new technologies and systems by textile manufacturers in Pakistan needs to be improved.*
- ✓ *Tariffs, taxes and high cost of production is a hindrance in enhancing the production and export capacity.*
- ✓ *Sector wise noncompliance of NTBs and absence of tariff measures is a major reason for declining exports of Pakistan.*
- ✓ *In a broader sense, political instability and law and order situation affected exports in the past.*
- ✓ *Electricity and gas shortfall along with rising prices created an uncertain situation for the export industry in the past and it was common issue on the supply side.*

- ✓ *Industry issues like child labour, harassment at workplace added fuel to fire in discouraging export enhancement after Pakistan ratified and signed international conventions on trade.*
- ✓ *Strict compliance requirements, weak sectoral structure and absence of comprehensive sectoral policies or their lack of implementation are major issues of the supply side.*
- ✓ *Export basket of Pakistan is quite limited with low level of value addition in export products. These and other constraints need to be overcome before Pakistan is able to meet the heterogeneous demand of international market.*
- ✓ *Laboratory testing facilities of international standards are not available in Pakistan. So, Pakistan relies on the services of foreign laboratories for their product's testing and certification which also incurs more cost in production and weakens the supplying capacity of the product.*

Demand Side Issues:

- ✓ *Changing demand like the demand for manmade fiber or synthetic fiber that is replacing the traditional fiber represents heterogeneous demand and change in demand patterns.*
- ✓ *Small product basket does not meet the varying and heterogeneous demand for textile products.*
- ✓ *Suppliers with less unit price like Bangladesh are replacing and acquiring the market share contributing to declining demand for Pakistan's exports.*
- ✓ *Market access, product availability and effective channels of distribution in the Netherlands market for Pakistan's products are also issues contributing to stagnant demand.*
- ✓ *Overvaluation of exchange rate is another concern due to which our exports are expensive in the global market diverting the demand towards competitor's side.*
- ✓ *Presence of buying houses and their collaboration with Pakistani exporters is relatively weak due to which the demand for Pakistan's product remain low or unchanged.*

Existence of International Brands:

Afroze Textiles Industries (pvt) Ltd.



Afroze was incepted in 1973 and Afroze textile industries (Pvt) ltd. Serving from last four decades in manufacturing and exporting the textile products. This company was found by Mr. Mehboob Alam Lari. The Company's focus on customer satisfaction by making the tag line of innovation and quality products

Afroze has 36 export destinations in Asia, Europe and American Continent. Netherlands is also one of the major export destinations for Afroze.

Source: <http://afrozetextiles.com/public/#home>

Afroze Brands:





Top Ten Pakistani Exporters:

Top Exporters of Pakistan								
Sr. No	Company Name	Speciality	No. of Product/Services Categories Traded	No. of Employees	City	Phone	Fax	Executives
<i>Textile</i>								
1	A. Essak And Sons - A Essak Sons Home Textiles	Textile Goods	6	550	N/A	+92 2136974878	+92 2135206348	Muhammad Yousuf Ismail (Proprietor)
2	Al-Asif Textile Industries	Textile Goods	5	400	Karachi	+92 212437361	+92 212437333	Riaz Ahmed Magood (Proprietor)
3	Al-Karam Towel Industries (Pvt.) Limited - Akti	Textile Goods	5	178	Karachi	+92 2136881389	+92 2136881503	Mehtab Uddin Chawla (Chairman and CEO)
4	Arshad Corporation (Private Limited)	Textile Goods	6	N/A	Faisalabad	+92 3216694854	+92 412624877	Muhammad Arshad Sheikh (Chairman and CEO)
5	United Towel Exporters - Ute	Textile Goods	6	60	Karachi	+92 215832068	+92 2135033028	Mohammad Imran Abdul Wahab (Proprietor)
6	Denim Clothing Company - Dcc	Textile Goods	6	3000	Karachi	+92 2135070663	+92 2135070683	Farhan Hanif Machyara (Proprietor)
7	Gul Ahmed Textile Mills Limited - Gatml	Textile Goods	6	N/A	Karachi	+92 3212444893	+92 2135018838	Iqbal Ali Mohammad (Chief Executive Officer)
8	Nishat Mills Limited - Nml	Textile Goods	6	17738	Faisalabad	+92 42111113333	+92 4235716349	Mian Umer Mansha (Chief Executive Officer)
<i>Undenatured Ethyl</i>								
9	Matol (Pvt) Limited - M/S.Matol (Pvt) Limited	Distilled, blended liquors	2	80	Karachi	+92 2134529698	+92 2134541734	Sayed Shafqat Ali Shah (Chief Executive Officer)
<i>Rice</i>								
10	Ideal Rice Industries Pvt. Ltd	Semi or Wholly Milled	3	1000	Faisalabad	+92 412634901	+92 412626833	Amjad Saeed
11	Ashrafi Food Industries	Semi or Wholly Milled	6	300	Karachi	+92 216682822	+92 216688526	Sheikh Jawed Akhtar (Proprietor)
12	Barkat Rice Mills (Private) Limited - Brm	Semi or Wholly Milled	3	140	Islamabad	+92 3045589999	+92 514445687	Karim Aziz Malik (Chief Executive Officer)

Source: Trademap

In textile sector, there are 212 Pakistan companies which deal in export of different textile products across the globe. Most of them are exporting to Europe and American continent as these are the potential markets for Pakistani exporters to enhance their export value. Faisalabad is considered as the major export hub and Manchester of Pakistan to manufacture the textile products. But majority of the export companies are located in Karachi.

There are 2 exporting companies' dealing in the export of undenatured ethyl alcohol from Pakistan. Few years back, this product did not have much export potential and there were no Pakistani suppliers for this product to the world. Now, there are two major exporters which are exporting this product. The leading one is mentioned in the table.

There are 71 exporting companies of Rice in Pakistan which export the rice and its value additions to different parts of the world. Because of data constraints the exact export destinations for these companies have not been identified. These companies are taken and recorded on the basis of their main products/services traded in different parts of the world. The main production hub of rice is the upper Punjab and the companies are located in various parts of the country from where they operate to trade the rice.

Market Initiatives by TDAP (Exhibition, Meetings, Conferences):

TDAP is the government organization mandated to promote trade and trade related activities. Internationally, the two main avenues for promotion of exports are product development and marketing initiatives.

Expo Pakistan:

Pakistan's signature exhibition is Expo Pakistan which is also the biggest product exhibition platform. It also facilitates foreign exhibitors from neighboring countries to display their products. Through this platform, International buyers and delegates are invited to witness the display of Pakistani products. It is one of the most effective platforms which helps in developing close business relations between suppliers and buyers. This platform covers almost all products which are produced by Pakistan.

Texpo Pakistan:

Texpo Pakistan is a sector specific platform to promote textile product of Pakistan. Through this event international buyers also get information about Pakistan owned brands. Textile products are displayed through this exhibition to cater the attention of international buyers. Textile products like garments, fabric leather etc.

Market Initiatives by TDAP in International Markets (Exhibition, Meetings, Conference):

Pakistan's participation in international fairs/exhibitions, delegations and other promotional events are organized through TDAP's platform. Pakistan does not organize single country exhibitions in Netherlands. However, TDAP arranges participation of Pakistani exporters in international exhibition held there.



PLMA's 2018 "World of Private Label" International trade show

This event is held every year in the month of May. Main features of the event are described below in tabular form:

Exhibition	Tentative Date	Location	Product Display	Pakistan's Participation
PLMA's International Trade Show	29-30 May, 2018	Amsterdam, Netherlands	Foods, Cosmetics, Health & Kitchen Items	Pakistan participates in this event every year

Overall 115 countries participate in this event to promote their products. Though this event does not represent textile products but still it offers opportunity for our food industry to participate in the event and increase its exports.

Source: <https://www.plmainternational.com/trade-show/visiting/general-information>

Apart from this, TDAP facilitates sectoral trade delegations to visit Netherlands to study market conditions and negotiate with the buyers to identify their needs and supply the products accordingly. Our trade missions and commercial counselors abroad are engaged in trade promotion activities. In the past, TDAP has also participated in trade exhibitions for various product sectors including surgical & dental instruments, textiles and food products.

New Trade Leads:

The following trade leads have been identified by Pakistan's commercial wing in Netherlands. Relevant contact details are listed below. The information can be used by TDAP to facilitate our exporters. It can help our exporters in identification of potential buyers'.

S. No	Company	Sector	Name	Contact
1	Just Style It	Garments	Arnoud Posthuma	info@juststyleit.com
2	Ekkelboom Textiel Groothandel	Home Textile	Stephan Piters	info@ekkelboom.nl
3	Hecket & Lane	Bedlinen	Melanie Gusing	info@hecketlane.com
4	Ten Cate	Fabrics	Ivo Spaargaren	protectivefabrics@tencate.com
5	Hesters	Sports Garments	Speerstra	info@hesters.nl
6	Virgin Nuts	Nuts	Diederick Van Merkesijn	info@virginnuts.nl

Source: Quarterly Report (October-December 2017), Commercial Wing The Hague, Netherlands

SWOT Analysis:

Strength:

- ✓ 40% of Workforce engaged in textile sector and 60% are the products of textile exports.
- ✓ Due to textile, Pakistan is the 8th largest exporter of textile goods in Asia. It is the 4th largest cotton producer with third largest spinning capacity in Asia after China and India.
- ✓ Pakistan has competitive edge over China and India due to GSP Plus status in Netherlands market with lowest unit price as compared to China and India.
- ✓ Raw material for surgical industry, textile industry etc. is ample to increase the production and enhance exports.
- ✓ Bedlinen of cotton is the leading export product of Pakistan in Netherlands. Its production for domestic and international markets is excessive in Pakistan which indicates the strength of supply side.
- ✓ Existing fashion industry/institutes are helping to strengthen the textile sector and assist its development on scientific basis by adopting the new world-wide fashion trends which help Pakistani exporters to produce and export products meeting the international demand.

Weakness:

- ✓ *Predominant reliance on a single sector puts a heavy pressure on Pakistan's exports.*
- ✓ *Higher Cost of energy is a crucial concern for textile sector which contributes to increase in cost of production.*
- ✓ *Industrial gas tariffs and electricity tariffs in Pakistan are higher as compared to other regional competitors.*
- ✓ *Technological improvement by production houses is another subject where country lags behind.*
- ✓ *Pakistani products are facing competition from China, Bangladesh and other neighboring countries; however, Pakistani exporters do not make an effective use of e-marketing on social media/internet to promote their products.*
- ✓ *Lack of international level laboratory testing facilities for export products in Pakistan incur additional cost of production causing increase in unit price.*
- ✓ *Lack of value addition and product diversification are the major causes for stagnant export growth.*

Opportunities:

- ✓ *Textile sector of Pakistan is well established. There is much potential for applying the market diversification approach that can ultimately pave the way for export growth and increased market share. Exploring new markets and regions offers greater opportunities to enhance Pakistan's exports.*
- ✓ *Potential products have been identified on the basis of Netherlands imports from world and Pakistan's exports to Netherlands along with market share and tariff considerations. Pakistan is facing lowest tariffs and offering lower import unit prices as compared to its regional competitors like China and India which is a significant advantage to exploit the market by enhancing its supplying capacity.*
- ✓ *Due to an increase in the import share ceiling for GSP Plus eligibility from 2.00% to 6.5%, Pakistan has a long-term opportunity to increase its exports in EU, specifically in Netherlands.*
- ✓ *Cheap labour and domestic raw material availability is an opportunity that can be beneficially exploited for enhancing exports as India and Bangladesh are doing.*

- ✓ *Opening of the regional office of the International Apparel Federation (IAF) in Pakistan at the Pakistan Readymade Garments Association (PRGMEA) in Sialkot with the collaboration of the Dutch National Fashion Textile (MODINT) marks a good beginning. Besides granting domestic membership to garment manufacturers, this office will also help in arranging B2B meetings among importers and exporters of apparel sector across the world. It will have a positive impact on enhancing quality exports from Pakistan, building capacity of local manufacturers, knowledge sharing, assessing market trends and development of modern production techniques that will lead to growth of Pakistan's exports.*

Threats:

- ✓ *One of the basic requirements for continuation of the GSP, GSP Plus status is fulfilment of 27 conventions laid down by World Trade Organization. Pakistan needs to pursue the target aggressively on ongoing basis. EU states there should be unconditionally monitoring from third parties e.g. NGOs regarding ratification of all 27 conventions that have not been implemented yet.*
- ✓ *Brexit could affect our trade volume not only in Netherlands but in EU as a whole if not properly planned and executed by Pakistan.*
- ✓ *Lack of product diversification, value addition will discourage export growth.*
- ✓ *Devaluation of currency is a major threat to our exports.*
- ✓ *Bangladesh might be the biggest threat for Pakistan in Netherlands market as it is enjoying the status of Everything But Arms (EBA) in this market. Due to which it also enjoys almost zero tariff and its exports growth is much higher as compared to Pakistan as Bangladesh Government is giving incentives to its textile sector which lower its cost of production. Furthermore, Bangladesh also enjoys economies of scale that lowers its cost and enhances its supplying capacity.*

Conclusions and Recommendations:

HS Code	Product Label	Netherlands Import Ranking in World	Pakistan's (ECI) Ranking	Status
630231	Bedlinen of Cotton	7	1	Potential
220710	Undenatured ethyl Alcohol	1	11	Potential
611595	Full Length or Knee Length Stockings	6	5	Potential
620342	Men's, Boys Trousers	8	15	Potential
620462	Women's, Girls Trousers	8	18	Potential

The above table reflects that Netherlands is amongst the largest importers of textile products and undenatured ethyl alcohol. Pakistan faces almost zero tariffs on all these products. Non-tariff barriers (NTBs) are quite similar for all the exporters including Sanitary and Phytosanitary standards applied to undenatured ethyl alcohol. Pakistan still lacks in compliance with the labeling and packaging requirements. It needs greater efforts for complying to these standards and improve the exports of Pakistan. Though, Pakistan presently has significant exports of these products. There is still a much bigger potential for the products in Netherlands market.

Recommendations.

- ✓ Undenatured ethyl alcohol had a low export to Netherlands a couple of years ago. However, in recent times, the demand for this product has increased several times and Netherlands now stands as the largest importer of this product. Accordingly, efforts should be made to increase domestic production and enhance its export volume to Netherlands to grab more market share. Though, Pakistan is not yet among the top ten suppliers of this product to Netherlands. Pakistan's export value of this product gradually increasing every year which is reflective of untapped potential.
- ✓ Bedlinen is Pakistan's leading export product in the Netherlands Market and Pakistan is maintaining its first position among the supplying markets to Netherlands. However, due to the GSP Plus advantage, Pakistan has potential to further enhance the export of this product. Accordingly, this aspect warrants serious attention.
- ✓ Pakistan's ranking for the product Full length or knee length stockings has deteriorated. Pakistan needs to address the supply side issues of this product to improve its competitiveness. Though, the demand for this product has declined in Netherlands, still Netherlands is the 6th largest importer of this product. Quality and supply issues need to

be tackled to enhance the exports of this product. Similar approach is needed for other two products.

- ✓ *Effective role and coordination of Business forum can improve and strengthen bilateral trade relations. It deserves greater attention.*
- ✓ *Awareness on NTBs and relevant measures are needed to improve the product access, quality and conformity.*
- ✓ *Innovative approaches and measures need to be identified for sharing of product and market access information.*

Conclusions:

Pakistan is a developing country with a limited export basket and few export destinations. Our economy and trade suffered in the past due to political instability, lack market information, weaker compliance of international trade standards, stagnant production and other domestic factors. Pakistan's economy heavily relies on textile sector which has a major contribution in Pakistan's exports. At the same time, it is the sector which generates bulk of the employment. Sector-specific policies, ease of doing business and other economic and environmental factors make the situation friendly for investment and trade. In 2014, Pakistan was granted the GSP Plus status in EU market which can also be considered as success of Pakistan's trade diplomacy. Still Pakistan has not utilized the GSP Plus status to its potential. The report identifies, Potential products with sufficient room for enhancing the export volume. Among major the 5 potential products identified four are textile products with a handsome share in Netherlands market.

On the basis of above suggestions and recommendation Pakistan needs to strengthen its supplying capacity, adopt updated technological methods, put in place a system for sectoral research and establish economic zones with the collaboration of private sector on public-private partnership basis to will enhance exports and employment opportunities in the country. Pakistan Readymade Garments Association (PRGMEA), All Pakistan Textile Manufacturers Association (APTMA), leading market players and other sectoral associations need to strive for capacity building and achieving compliance to international quality standards with greater focus on marketing and branding will help to generate more revenues both for the businesses and the country.

Market oriented approach, sectoral focus, regular monitoring along with strengthening of the supply side will boost the trade of undenatured ethyl alcohol and enhance export revenues. Product diversification and value addition is another part which will help to increase the export basket of Pakistan.



May Pakistan Progress and Prosper economically and Stand high among nations
