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Pakistan's Textile Export Policies: Past Performance and Future Strategy

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Abstract

Pakistan's textile sector is the backbone of its export economy, accounting for over 60% of total export earnings, yet its share in global textile trade remains disproportionately low. This study investigates the research question: To what extent have export promotion policies been effective in increasing Pakistan's textile exports? Focusing on the period from 2018 to 2022, the paper evaluates three major policy interventions: the Regionally Competitive Energy Tariff (RCET), the removal of tariffs on imported raw cotton, and concessional financing schemes under the Long-Term Financing Facility (LTFF) and Temporary Economic Refinance Facility (TERF).

Using a mixed-methods approach, the research combines secondary data from government reports, industry publications, and academic studies with primary qualitative insights from a senior executive at Din Textile Mills Limited. The findings indicate that RCET significantly reduced production costs, improved export competitiveness, and attracted new investment, contributing to a 54% increase in textile exports between FY2018–19 and FY2021–22. Similarly, the removal of import tariffs on raw cotton lowered input costs and enhanced product quality, although it adversely affected domestic cotton producers and government tariff revenues. Meanwhile, LTFF and TERF played a crucial role in facilitating technological upgradation and capacity expansion, adding an estimated $5 billion annually to export potential.

Despite their effectiveness, these policies faced structural limitations, including fiscal costs, implementation inefficiencies, currency depreciation, and policy inconsistency. Drawing lessons from this experience, the study argues that for Pakistan to sustainably expand textile exports beyond 2030, future policy must emphasize long-term consistency, energy sector reforms, investment in domestic cotton quality, and stable export-oriented financing. Overall, while export promotion policies have been largely effective in boosting textile exports, their long-term success depends on institutional reform, macroeconomic stability, and sustained policy commitment.

Keywords: Pakistan, Economis, Textile, Policies, SouthAsia