

Statistical Correlation between Global Issues in Textile Industry of Pakistan

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Abstract:

This research investigates the Statistical Correlation between Global Issues in Textile Industry of Pakistan. Data were collected from Primary as well as secondary sources. It is a statistical research technique in decision making that is used for the selection of a limited number of tasks that produce significant overall effect. It separates the few major problems from the many possible problems. It is named after Vilfredo Pareto, a 19th-century Italian economist. It can summarize all types of data. It can be applied to almost anything.

It was revealed that Global issues from 22 to 16. In this way the total issue that were initially 62 are reduced to about 45 by performing Pareto analysis as presented in table 6-13. Furthermore, the explored issues of textile industry of Pakistan before Pareto analysis are presented in figure 6-13 and the reduced Issues of Textile Industry of Pakistan after Pareto analysis are presented in figure 6-18 below:

Introduction

Pakistan was the world's largest exporter of yarn followed by India. Pakistan was the second largest exporter of textile made-ups, with Pakistan's bed wear exports having acquired a 6 per cent share in the global trade of textile made-ups in 1999 (Kazmi, 2003). Globally, the bed wear and linens sub sectors were the second largest in terms of production and exports, with 28 per cent share of the total textile made-ups market in 1999 (SMEDA, 2002). Pakistan was the second largest exporter, after China, of bed wear and linen with a 20.89 per cent share of this sub sector in 1999, up from 13.65 per cent in 1995 (Fatima M., Ahmed E., 2006).

In 1999-00 there were about 443 textile units, 8,477,000 spindles, 149,780 rotors and 9944 looms. In 2003-04 the number of units increased to about 456, Spindles to 9,590,000 rotors to 146,640 and looms to 10,646. In 2005-06 again an increase in textile units 461, spindles 10,437,000, rotors 155,104 and looms 8747. Furthermore, in 2006-07 there were 567 units, 11,980,000 spindles, 11,809,000 rotors and 9000 looms (Mirza R. B., 2009). Furthermore, the table 2.1 below describes the contribution of textile industry in Pakistan's economy

Pakistan's economy depends upon its various sectors out of which textile is the most important sector because it contributes about 65 percent of our national exports, 46 percent of Industrial production, 38 percent of employed Industrial work force and 9 percent of Gross National Product (GNP), (Liaquat & Hassan, 2005). This sector has now gone through transition, moved from Multi-Fiber Agreement (MFA) to the quota free regime governed by WTO, effective from 2005. There are tremendous opportunities for countries that have prepared themselves for this eventuality. The move to free trade means that only those countries that have comparative advantage in textile will be significant players in international textile market. In Pakistan, substantial investment has been made in this sector over the last few years to capture these opportunities. Textile manufacturers and exporters of Pakistan should be geared up to face challenges of quota free environment, (MTDF Medium term development Framework 2005-10). Therefore it was found necessary to eliminate the weaknesses and highlight the ways to improve the performance of our textile industry to compete in the international market. In this connection this research is aimed at finding the issues associated with textile industry of Pakistan in the era of trade liberalization.

Statistical Correlation between Global Issues

Statistical Correlations was performed by using SPSS on the reduced Global Issues as shown in table 6-11 below:

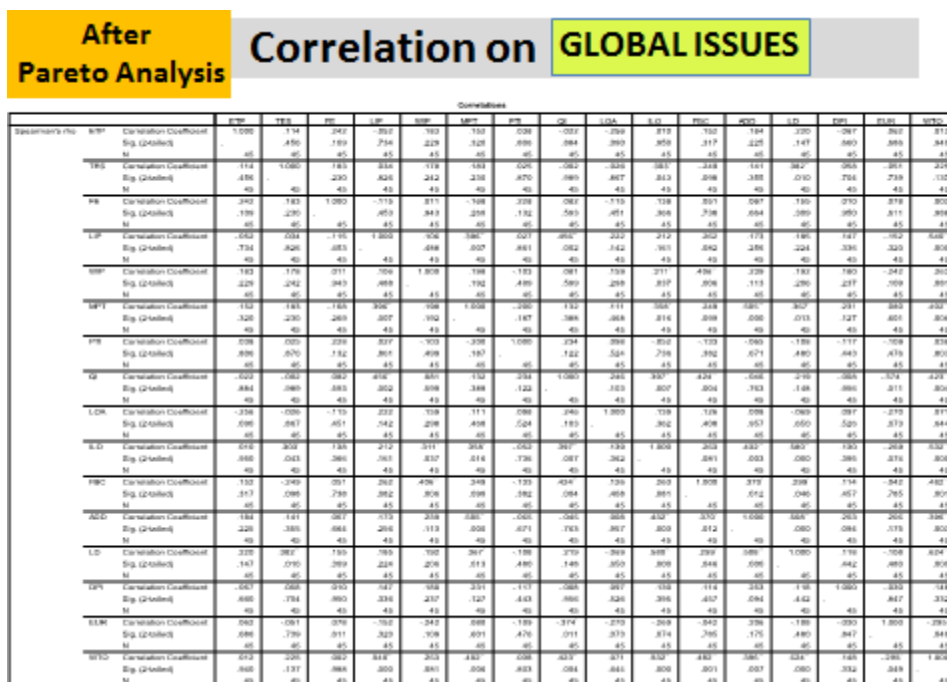


Table 6-11: Output of Statistical Correlation on the Global Issues

6.6.6.2 Result of Correlation between the Global Issues

After performing statistical correlations on Global Issues there are about eight correlations selected among the Global issues. The selected correlations among the Global issues are highlighted and shown in the table 6-12 below:

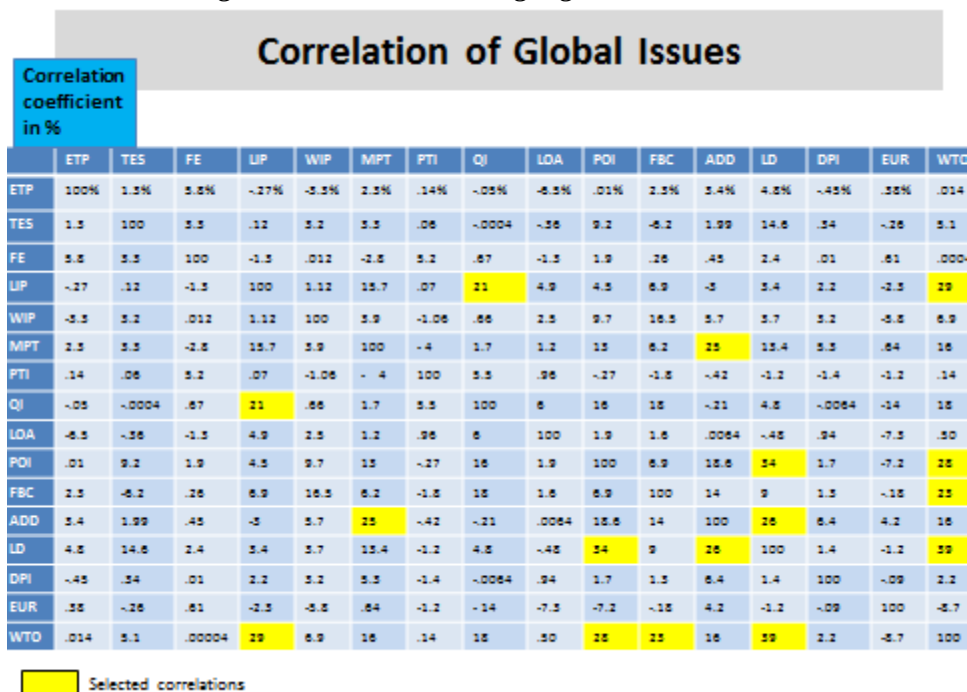


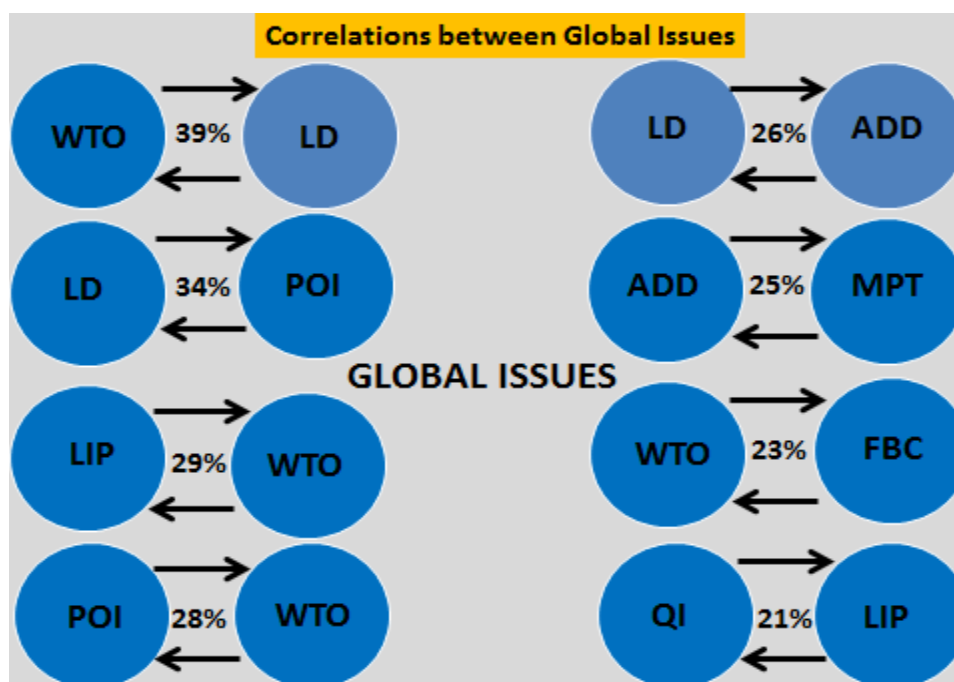
Table:3: Output of Correlation coefficient expressed in percentage**Correlation on the Global issues**

Here the maximum correlation is between WTO (still not understood what is globalization and WTO) and LD (lack of diversification in the direction of trade) that is 39%. It implies that by properly educating the industrialists about the upcoming challenges of WTO and techniques to cope up with such challenges in the era of trade liberalization we may realize that now it is necessary to change the direction of trade by diversifying, i.e. by exporting to some other countries also. In this way textile exports may be enhanced which may serve as the basis for the prosperity of Pakistan's economy.

A 29% correlation between WTO and LIP (highly labor-intensive production) means that by realizing the implications of WTO, textile industry may be able to solve one of the major issues of highly labor-intensive production. As after the implementation of WTO those countries engaged in the highly labor-intensive production are prohibited to export in the potential markets of the world.

A 28% correlation between POI (Not in a position to Protect Our Interest & get relief from the competent courts of law in case of problems) and WTO reflects that to be in a position for protecting our interest in the competent court of WTO it is necessary to educate the industrialists regarding the challenges of WTO even by focusing on the strategies applied by the competing countries like China and India.

Then a correlation of 26% between LD and ADD (anti-dumping duties) means the problem of anti-dumping duty on Pakistan's exports can be overcome through diversifying the direction of trade, by exporting to other countries where there is no need to sell at such a lower price that the textile exports will no longer become the victim of anti-dumping duties. The correlated Global Issues are presented in Figure 6-20 below:

**Figure 6-20: Correlations between Global Issues****CONCLUSIONS**

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