



USAID FIRMS PROJECT

# Tex World USA 2010

July 2010

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# Abstract

The textile industry is one of the most important sectors of Pakistan. It contributes significantly to the country's GDP and exports as well as employment. It is, in fact, the backbone of the Pakistani economy.

The U.S. Trade Representative (USTR) and U.S. Agency for International Development (USAID) were interested in recognizing the textile and apparel trade relationship between Pakistan and the United States. The USTR and USAID, working in collaboration with local professional associations to increase participation and representation of the Pakistani Textile Industry and Apparel Manufacturers, sponsored a Pakistan Open for Business pavillion and a VIP reception at the Tex World USA 2010 trade show in New York held from July 13-15 in 2010. The pavillion showcased Pakistan's fabrics/textiles producers and provided information on opportunities for investment in Pakistan. The directive was given on June 14<sup>th</sup> and the trade show began on July 13, 2010, requiring quick mobilization and support of Pakistani companies exhibiting at the trade show. The USTR and USAID tasked the USAID Pakistan FIRMS project with implementing this activity.



# Acronyms

APTMA	All Pakistan Textile Mills Association
GDP	Gross Domestic Product
GoP	Government of Pakistan
PHMA	Pakistan Hosiery & Exporters Manufacturers Association
PRGMEA	Pakistan Ready-made Garment Manufacturers & Exporters Association
TDAP	Trade Development Authority of Pakistan
USAID	United States Agency for International Development
USTR	United States Trade Representative



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# Executive Summary

According to statistics published on the website of the All Pakistan Textile Mills Association (APTMA), in the year 2006/2007 textiles accounted for 61.1 percent of total exports (USD \$8.92 billion), 46 percent of total manufacturing, 38 percent of the total labor force, 8.5 percent of total GDP, USD \$6.4 billion in total investment, and 5.1 percent of total market capitalization on the Karachi Stock exchange.

Tex World USA is the largest sourcing event in North America for apparel fabric buyers, R&D and product development specialists, designers, merchandisers and overseas sourcing professionals. The event brings buyers together with mills and manufacturers from Asia and around the world showcasing their collections for women, men and children. Tex World USA was held in New York City, July 13-15, 2010 at the Javits Convention Center.

Despite the importance of the industry to Pakistan and the importance of Tex World USA to the textile imports into the USA, Pakistan appeared to have relatively little presence or representation planned for the 2010 show. The Trade Development Authority of Pakistan (TDAP) sponsored a delegation of 10 exhibitors. The U.S. Trade Representative and USAID were interested in supporting greater participation and representation, and asked the project to assist in this regard. The challenge was to rapidly mobilize support in Pakistan and in the U.S. to ensure a successful Pakistan Pavilion and VIP event at Tex World USA in 2010.

To encourage and assist Pakistan's participation in Tex World USA, the project, USTR and USAID provided the following support to a delegation of 12 Pakistani apparel manufacturers, 6 Pakistan handmade companies, and 1 Association:

1. Provided booth registration and 100 percent of costs for 9 square meter booth costs
2. Managed logistics, freight charges (up to 30 kg.) and shipping of exhibitor samples to/from New York via DHL
3. Established Pakistan "Open for Business" Pavilion and Satellite Information Booth
4. Held a VIP reception for Pakistani exhibitors, buyers and officials with USTR
5. Facilitated matchmaking meetings between Pakistani exhibitors and buyers (fix advance meetings with buyers who have confirmed visit to the show) with USTR
6. Organized food/beverages and rental of the Tulip Lounge (one night for the VIP event)
7. Sent special VIP invitations from USTR and Chemonics' Home Office to all Apparel buyers to visit the show and attend VIP reception

8. Supported the USTR facilitated orientation to all Pakistani Exhibitors
9. Purchased VIP gifts for guests attending the reception (75 Kashmiri Pashminas and 75 Swat/Hazara wall hangings)
10. Developed a video featuring and promoting the Textile Industry of Pakistan, produced by Light Scapes
11. Provided invitation letters to all companies participating in Tex World USA
12. Purchased/designed 300 give away totes, produced by [REDACTED]
13. Facilitated Visa processing of representatives from Pakistan Handmade companies with support from U.S. Embassy
14. Developed a database of Pakistani textile and apparel manufacturers
15. Developed a directory/brochure design, printing and shipping of all Pakistani companies exhibiting at Tex World USA
16. Organized audio-visual equipment, laptops, printers, and other peripheral equipment and Internet connectivity in rented booths to convey theme and enable event attendees to obtain information on exhibitors and Pakistan

The company names and categories supported financially and technically by USAID are provided below:

#### Apparel Manufacturers (12)

1. Irfan Textile
2. Unicon
3. Multinational Export Bureau (M.E.B.)
4. Motif Texstyles
5. M.I. Industries
6. Artistic Garment Industries Pvt. Ltd.
7. Sunflower Industries
8. Aims Apparel
9. Nutex International Pvt. Ltd.
10. GIA Associates
11. Balitex
12. Mortex

#### Handmade (6)

1. Looptex
2. KOEL
3. Tareen Tex
4. Rohi Rung

5. Mana's Collection
6. Bareeze (Sefam)

Association (1)

1. Pakistan Hosiery Manufacturers & Exporters Association (PHMA)

Companies with participation financed by the Trade Development Authority of Pakistan (TDAP):

Textile Companies (10)

1. AHS Textiles
2. F.B. Industries
3. Freeway Exports
4. Hantex
5. Pak Denim Limited
6. Parsons
7. Rauf Apparel
8. Recto Sports Pvt. Ltd.
9. S.M. Traders
10. Siddiqsons Denim Mills Ltd.

# 1. Background

## Textile Industry of Pakistan

A textile is a flexible material consisting of a network of natural or artificial fibers often referred to as thread or yarn. Yarn is produced by spinning raw wool fibers, linen, cotton, or other material on a spinning wheel to produce long strands<sup>1</sup>. Textiles are formed by weaving, knitting, crocheting, knotting, or pressing fibers together (felt).

The words fabric and cloth are used in textile assembly trades (such as tailoring and dressmaking) as synonyms for textile; however, there are subtle differences in these terms in specialized usage. Textile refers to any material made of interlacing fibers. Fabric refers to any material made through weaving, knitting, spreading, crocheting, or bonding. Cloth refers to a finished piece of fabric that can be used for a purpose such as covering a bed<sup>2</sup>

Pakistan is the fourth largest cotton producer in the world. Because of its plentiful, indigenous cotton supply, the textile industry is central to the Pakistani economy and is both a source of employment and a source of exports (Fig.1).

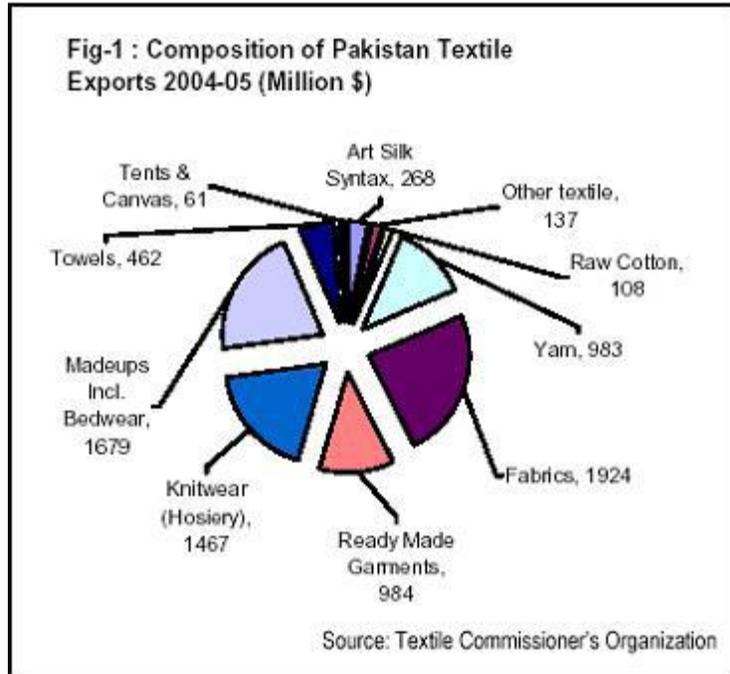
Pakistan's industrialization began in the 1950s with the textile industry at its center. Today, textiles account for 38 percent of total manufacturing and 8 percent of GDP. The textile industry employs almost 40 percent of the industrial workforce. Despite the critical role textiles play in the economy, most textile manufacturers are cottage or small-scale industries. Pakistan relies on outside engineering and manufacturing expertise and must purchase most of its equipment abroad. Recognizing the importance of the textile industry to the nation's economy, the Pakistani government began taking steps in 2005 to rebuild the competitiveness of this critical industry.

The industry depends on domestic agriculture to supply its raw materials, thus the success of the cotton crop is critical to the health of the textile industry. Cotton accounts for 14 percent of land under cultivation in Pakistan. Pakistan has suffered from a number of cotton failures over the years, beginning in the early 1990s. These crop failures drove up the price of cotton, and this coupled with a market recession and tightened finance regulations led to a weakened textile industry.

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<sup>1</sup> An Introduction to Textile Terms" (PDF)

<sup>2</sup> An Introduction to Textile Terms" (PDF)



**Figure 1: Composition of Pakistan Textile Exports 2004-5 (Million \$)**

# Textile Value Chain

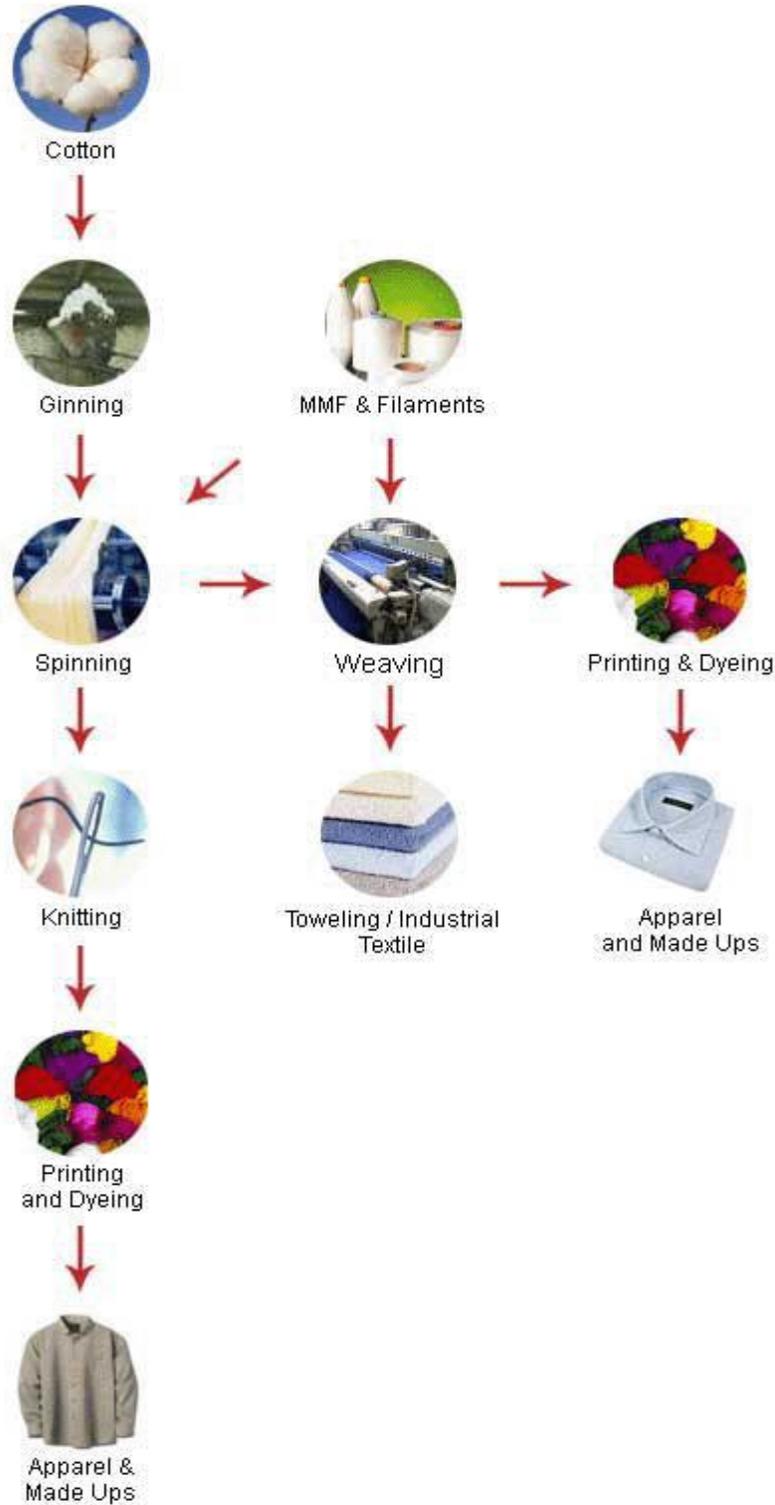


Figure 2: Textile Value Chain

## Industry Sectors

The spinning sector is where the majority of Pakistan's textile industry is concentrated. Over the years, spinning expanded while weaving declined. The rapid expansion of the spinning sector was hastened by access to cheap raw materials—cotton—and cheap labor. This sector's profitability was furthered by a protectionist fiscal policy and export subsidies. In keeping with increased spinning capacity, cotton production has increased tremendously. The textile industry's weaving sector is comprised of towels, bedding and hosiery and has been adversely affected by tariffs and inflation over the years. The garment sector has undergone considerable modernization and has developed great export potential.

### Established Capacity

- Spinning capacity of 15.5 million kg. of yarn
- Weaving capacity of 43.7 million square meters of fabric
- Finishing capacity of 40.0 million square meters
- Production capacity of 670 million units of garments
- Production capacity of 400 million units of knitwear
- Production capacity of 53 million kg. of towels

The industry has a total of 1,221 units engaged in ginning and 442 units engaged in spinning. There are around 124 large units and 425 small units that undertake weaving. There are approximately 20,600 power looms in operation in the industry. The industry also houses approximately 10 large and 625 small finishing units.

Pakistan's textile industry as a whole has approximately 50 large and 2,500 small garment manufacturing units. Moreover, it houses around 600 knitwear producing units and 400 towel producing units.

## Government Initiatives

In 2005, the Pakistani government created a special textile sub-committee in order to formulate new textile strategies and policy in the hopes of revamping the textile industry. The sub-committee submitted a report entitled "Textiles Vision 2005" which included a number of recommendations including improved product quality, equipment upgrade, developing human resources, aggressive targeting of new markets and development of high-powered leadership for the textile sector.

The government is providing support for the local production of textile machinery. A wide ranging campaign to produce contamination free cotton in the country with a view to promoting value addition has already been started. As a result, the cotton prices are now being quoted on a PSCI grade standard basis. To ensure an abundant supply within the country, cotton is allowed to be imported and exported freely. To stabilize prices in the domestic market, the Trading Corporation of Pakistan (TCP) has been intervening as and when required.

In order to prepare the textile industry in the post quota regime the government has set up a high level Federal Textile Board with Textile Commissioner's Organization serving as its Secretariat. The Board has been entrusted the task of looking into the issues of clean cotton, labor, social and environment laws, modernization of ginneries, rationalization of tariffs, facilitation in sales tax issues and developing a package to promote garment sector, especially by improving their competitiveness in international market.

### **Exports**

Cotton and yarn are Pakistan's primary textile exports. The textile industry accounts for over 60 percent of Pakistan's total exports. The All Pakistan Textile Mills Association (APTMA) is the organization that regulates the industry, which is currently facing a number of challenges, including the need to improve quality.

### **Competition**

Pakistan must compete with other producers similar in conditions and comparative advantage. The Pakistani Textile industry's biggest competitors are China, India, Indonesia and Turkey. At the moment China is leading this sector and there is a tough competition in Asian countries for this sector. China is excelling in this field due to its low rate natural and human resources. Then South Korea, India, Bangladesh are some other strong dealers. Most of the textile processing industries are in Asia. The cost of power (electricity/gas) and access to free trade is making it difficult for Pakistan to compete in the industry.

### **Contribution to exports**

According to recent figures, the Pakistan textile industry contributes more than 60 percent to the country's total exports, which amounts to around 5.2 billion U.S. dollars. The industry contributes approximately 46 percent to the total output produced in the country. In Asia, Pakistan is the eighth largest exporter of textile products.

### **Contribution to GDP and employment**

The contribution of this industry to the total GDP is 8.5 percent. It provides employment to 38 percent of the work force in the country, which amounts to a figure of USD \$15 million; however, the proportion of skilled labor is very less as compared to that of unskilled labor.

### **Organizations in the industry**

All Pakistan Textile Mills Association (APTMA) is the chief organization that determines the rules and regulations in the Pakistan textile industry.

## 2. Tex World USA Pre-Event Activities

On June 14, 2010, a directive was received by the project from USTR and USAID to support greater participation and representation of Pakistani exhibitors in the Tex World USA 2010 trade show. In order to convince Pakistani companies to participate at such short notice, an initiative was undertaken to subsidize 100 percent of their booth costs. USAID approved the rental of up to twenty, 9-square meter, exhibitor booths allocated to 10 individual regular textile/apparel firms and up to 10 specialty firms defined as SME's from Pakistan Handmade (PH) and manufacturers of organic/hand-woven fabrics, with the additional rental of one 18-square meter booth (Pakistan "Open for Business" pavilion) and one 9-square meter booth (Pakistan "Open for Business" satellite information booth) space for three days. Approximate cost per 9-square meter booth was USD \$5,500, and the 18-square meter booth was USD \$10,800.

The first step was to develop an action plan. A meeting/conference was held at the project's Islamabad office, on Monday 14 June, lead by [REDACTED] and [REDACTED] and joined by [REDACTED] to identify the tasks, determine an action plan, assign roles and responsibilities, and the time frame to complete the tasks and meet the deadline. The time constraint was the biggest challenge, followed by visa requirements for the Pakistan Handmade companies.

A conference call was held with [REDACTED] to clarify roles, responsibilities, all tasks and action items, as well deciding on what was being sponsored by USTR, USAID and the project. Coordination with Tex World USA began immediately following the conference call of Monday 14 June. Tex World USA provided us the list of TDAP exhibitors that were previously registered so that we could begin the process of including them in all activities and directory. It was also agreed that all USAID sponsored exhibitors and Pakistan: Open for Business booths would be located near the existing TDAP exhibitors. Tex World USA arranged and provided, free of charge, the meeting room for the exhibitor orientation as well as the Tulip Club for the VIP reception. As custom booths by outside contractors were discouraged by Tex World USA we were referred to Metropolitan Exposition Services, the Tex World USA authorized booth provider, for booth customization options and A/V rental. For the reception we were required to use the Javits Center authorized caterer, Centerplate, for the VIP reception food and beverage.

It should be noted that because of [REDACTED] relationship with [REDACTED] we received unusually special accommodating service and patience by the entire Tex World USA team. As a result of the tight time frame, the only difficulties we had with Tex World USA is getting the invoices processed and paid before the beginning of the trade show. Another difficulty was the requirement of a credit card on file for Metropolitan

Exposition Services, Center plate and the Javits Center electrician before services were provided.

On June 17, [REDACTED] had a conference call to discuss responsibilities and tasks to be performed by USTR and the project. It was agreed that USTR would compile the VIP reception invitation list in coordination with Tex World USA, arrange for the VIP speakers and provide a searchable directory of the Pakistani exhibitors. It was agreed that the project would be responsible for all remaining tasks. There was a discussion of inter-agency restrictions on the project's ability to pay for USTR travel expenses. Up until after the trade show had begun there was confusion with USTR as to who would pay for their travel expenses.

On June 30, [REDACTED] delivered the invitation list she had compiled which included about 75 buyers and TDAP invitees. We were informed that [REDACTED] would personally invite 20 more VIP buyers and that Tex World USA would invite about 70 registered buyers that were chosen by [REDACTED]. We had also received contact information for about 85 buyers from the exhibitors of which 80 were added to the invitation list, the remainder did not have email addresses. The invitations were sent out to the approximately 150 on the VIP reception invitation list. Gail Strickler and Tex World USA sent out about another 90 invitations so that a total of about 250 invitations were sent out. We were given final approval by [REDACTED] of the Department of State on July 7 and the invitations were immediately sent.

In cooperation with [REDACTED] wishes to meet with representatives of their companies. A meeting was held with [REDACTED] at the project's Lahore office, on June 15 to determine their capacity and willingness of taking a lead role in "hosting" the event. The project requested that APTMA provide the following information to help facilitate the coordination/planning/logistics process for the event due to the time constraints:

- 1) How many APTMA members were already registered/participating in the event?
- 2) How many Representatives of APTMA would be attending the event?
- 3) Available video footage for use at the event?
- 4) A list of guests/buyers for the VIP reception?
- 5) Any available brochures/flyers of their members for distribution at the event?
- 6) Any promotional materials or giveaway items used in previously attended trade shows?

After several follow up phone calls, the only information provided by APTMA to date is their Member List, Pakistan Hosiery & Exporters Manufacturing Association (PHMA) Member List, Knitwear & Sweaters Exporters Association (KSEA) Member List, and the Pakistan Ready-made Garment Manufacturers & Exporters Association (PRGMEA) Member List, which were used to develop the Pakistani textile and garment manufacturers database.

The criteria used to select the Pakistani companies, due to the time constraint, was that all company representatives wanting to participate in the trade show had to have a valid U.S. Visa or a passport that would allow them Visa free entry into the U.S. The first ten apparel companies who responded, and met the criteria, were signed up.

██████████ played a key role in facilitating the process. Without their experience and prompt action we would not have been able to identify and deliver the ten apparel companies on time. Once the companies were short listed, meetings were held with them to convey the objectives of USTR and USAID and the project's role in facilitating their participation (e.g. document requirements, planning and logistics related to the event). (Annex I: Schedule of Meetings)

The Pakistan Handmade (PH) companies were SMEs and most had not traveled outside of Pakistan, had none or very little experience with trade shows or ever participated in any international trade shows prior to Tex World. Three of the PH companies were forced to drop out the week prior to the event due to their U.S. Visa applications being denied. To fill the booth spaces that had already been paid for, two apparel companies (██████████) and one Association (PHMA) were added to the participant list. (Annex II: Tex World USA – List of Exhibitors.)

Per USTR's request and their interest in linking TDAP's initiative with that of the U.S. Government, a meeting was held with ██████████ TDAP on July 1, followed by meetings with several of the TDAP subsidized companies participating in the trade show. TDAP and their companies were invited to the USTR orientation, VIP reception, included in the Exhibitor Directory (developed by the project), their promotional material was available and distributed at the Pakistan "Open for Business" pavilion and were provided free hangers for displaying their garments.

██████████ took the lead and assigned all available interns in the project's Lahore office the challenging task of inputting, verifying and compiling manufacturer's details in order to develop a database of all Pakistan textiles and garment manufacturers for use in the Pavilion and providing information to interested buyers.

The project contracted Light Scapes to produce a short video promoting and featuring the Textile Industry of Pakistan. Their team led by ██████████, traveled to four cities and filmed three to four textile/garment manufacturing plants, interviewed key players in the industry (APTMA, fashion designer/houses), and provided a brief background of the past and current industry in five days. The video was well produced and on continuous display in the Pavilion and Satellite Information booths. (ANNEX IV: Concept Note Tex World Video)

The project's Karachi and Lahore offices played a major role in facilitating the companies with their document requirements and sample shipments to New York. The Pakistan: Open for Business logo and theme was chosen based on input from USTR and the project. ██████████ designed the logo and all art work for the custom booth panels, VIP reception signage, VIP gift wrappers, CD covers, trade show directory, giveaway bag and name tags.

### 3. Study Methodology Tex World USA 2010 Trade Show

The total number of visitors who attended the Trade Show (data provided by Messe Frankfurt) is as follows:

- International Apparel Sourcing Show: 1000 (includes: buyers, press, guests, non-exhibiting manufacturers, agents)
- Home Textiles Fabric Sourcing Expo: 623 (includes: buyers, press, guests, non-exhibiting manufacturers, agents, Speaker)
- Tex World USA: 3390 (includes: buyers, press, guests, non-exhibiting manufacturers, agents, Speaker)

#### ***July 12, 2010***

The project's consultants Elizabeth Flew (Pakistan Project Leader), Halle Butvin (Pakistan Handmade) and Chad Schoefield (U.S. Project Leader) arrived in New York by 10 July, followed by Shamineh Byramji and Valerie Plesch by July 12. All Pakistani exhibitors arrived in New York on July 11.

The Javits Center was open and available to all exhibitors for booth set-up on July 12 at 9:00 AM. The project teams arrived at Javits Center by 9:00 AM to provide support and assistance to the exhibitors and set-up of the Pakistan "Open for Business" pavilion and information booth. Exhibitor's promotional materials were gathered for availability at the booth and the VIP gifts were wrapped and readied for the reception.

#### ***Pakistan "Open for Business" Pavilion and Information Booth***

The Pakistan Pavilion was sponsored by USAID as a spotlight booth that served to represent all Pakistani Exhibitors and steer potential buyers in the direction of individual booths. The Pavilion included meeting spaces and a reception desk to provide match making services between exhibitors and buyers. A video featuring the Textile Industry of Pakistan was shown in the booth on all three days to promote the industry. Free give away totes, promotional materials and a directory of participants were also available for distribution at the Pavilion.

The project's consultants manned the Pavilion and Information Booth, at all times, during the event to answer questions and steered the buyers in the direction of the Pakistani exhibitor's booths.

#### ***Orientation hosted by USTR***

The orientation took place at the Javits Center on Monday, July 12 from 4:00-5:00 PM EST.

Gail Strickler, Assistant U.S. Trade Representative for Textiles, opened the session with an introduction to USTR and her and Michael Delany's, Assistant U.S. Trade Representative for South and Central Asia, role in supporting the Pakistani textile industry. Gail Strickler handed out a PowerPoint presentation on booth presentation and aesthetics. The exhibitors were briefed on what to expect at the show and how to interact and attract buyers. They also briefed the exhibitors on industry standards and what the U.S. retailer/buyer is looking for. The orientation ended with a brief Q&A session.

### ***July 13, 2010: Day 1***

The event opened its doors on Tuesday, July 13 from 10:00 AM – 6:00 PM. The first day started off slow, with an estimated 152 to 190 buyers (8-10 per booth) visiting the Pakistani exhibitors, of which 19-38 (1-2 per booth) were serious buyers according to the exhibitors.

### ***VIP Reception***

The VIP reception was held on Tuesday, July 13 between 5:00 to 7:00 PM EST. (ANNEX III: VIP Reception Invitation) The opening remarks and introduction were made by Michael Delaney, Assistant U.S. Trade Representative for South and Central Asia, who introduced Gail Strickler, Assistant U.S. Trade Representative for Textiles. Ms. Strickler emphasized that Pakistan is Open for Business. Mr. Delaney then introduced Paul Jones, Deputy Special Representative for Afghanistan and Pakistan, who spoke on behalf of Ambassador Holbrooke, Secretary Clinton and President Obama on the importance of developing and fostering relationships between Pakistan and the U.S. He said there is no reason why both countries should not have better collaboration and develop stronger Reconstruction Opportunity Zones. [REDACTED] then introduced Dr. Mirza Ikhtiar Baig, Federal Advisor on Textile for the Ministry of Textiles, Government of Pakistan, who gave a brief background on the Pakistan Textile Industry. He spoke in great length about his appreciation of the efforts made by USTR and the U.S. Government in supporting the Pakistan Textile Industry. He requested that the U.S. Government should facilitate and relax the U.S. Visa application processes for serious and legitimate companies wanting to do business with the United States. He emphasized that Pakistan does not need aid; it needs fair and free trade and better access to the U.S. markets.

There were approximately six buyers present at the reception, per [REDACTED] which three were directly contacted and invited by the Pakistani Exhibitors during the first day of the show. The reception was attended mainly by U.S. and Pakistan Government officials and the Pakistani Exhibitors. Several buyers slipped in and out early, only speaking with a few of the featured speakers. [REDACTED] Senior Vice President at Polo Ralph Lauren, being a good example. (Annex V: VIP Reception Guest List)

### ***July 14, 2010: Day 2***

The second day, Wednesday, July 14 opened from 10:00 AM to 6:00 PM. Foot traffic improved with an increased number of buyers visiting booths. An estimated 270 buyers

visited the project's sponsored booths (an average of 15 per booth). Of these a total of 54 were serious buyers (an average of 3 per booth).

Per USAID's request, project's consultants conducted interviews with exhibitors, including TDAP exhibitors, for feedback on the orientation, VIP reception, number of buyers visiting booths and TDAP's collaboration for submission to project's COTR, Zachary Orend.

***July 15, 2010: Day 3***

The third day, Thursday, July 15 opened from 10:00 AM to 5:00 PM. Foot traffic again was slow, with an estimated 216 buyers visiting the USAID sponsored booths (an average of 12 per booth). Of these a total of 36 were serious buyers (an average of 2 per booth).

At the end of the final day, the project's consultants conducted exit interviews with all exhibitors and all staff organized and assisted the exhibitors with their return shipments of samples, via DHL.

## 4. TDAP Collaboration

The collaboration and support from the Consul General of Pakistan, in New York, and TDAP of the USAID sponsored Pakistani companies was extremely disappointing. The following meetings and social events were organized by the Consul General and TDAP to facilitate only TDAP sponsored exhibitors to meet with buyers. Unfortunately none of the 19 exhibitors sponsored by USAID were included or invited to any of the below organized events.

1. On Tuesday, July 13, TDAP and Mr. Aamer, Commercial Counselor, Consulate General of Pakistan, on instruction from TDAP in Pakistan arranged a meeting between the 11 TDAP exhibitors and 8 important and large buyers, who did not attend Tex World, followed by a second meeting with the Jewish Buying Cartel.
2. On Wednesday, July 14, the Consul General of Pakistan organized an official dinner for select buyers and TDAP exhibitors at a local restaurant.

Meals were also provided every day, from the Counsel General's office, for TDAP sponsored companies only.

The remaining 19 exhibitors have expressed their disappointment in the lack of collaboration of TDAP, especially by not including them in such important and beneficial meetings. They plan on writing a letter to the Secretary Commerce, with a copy to the project for our information, and to various newspapers regarding this issue. (See ANNEX VI: PHMA letter to Consul General of Pakistan, New York)

## 5. Exhibitor Feedback

In general the exhibitors were satisfied with the orientation and grateful for the efforts USTR and USAID made to support the industry and organize their participation in the event. They said the orientation confirmed what they already know.

The exhibitors were disappointed with the VIP reception turn out as a whole. The exhibitors felt the reception was more bureaucratic and political in nature than a match making and socializing event between buyers and exhibitors. Out of the approximate 150 buyers who were invited to the event, less than 10 attended the event.

The big buying houses that were expected did not attend the reception. From the customers/VIP buyer guest lists submitted by all exhibitors prior to the event, per USTR's request, a total of 79 were invited. About a dozen of the contacts submitted by the exhibitors did not have email addresses. Several of the exhibitors called their customers/VIP buyers as a follow-up reminder and were told they had not received an invitation to the reception which most likely is attributable to either the invitations getting caught in junk mail filters, buyers not realizing what the invitation was for or as an excuse for not being able to attend the reception.

An additional comment regarding the reception was that the space was too small, which made it difficult to move around and network among the guests.

The exhibitors were overall satisfied with the trade show, but due to the low numbers of buyers visiting their booths and slow foot traffic they felt that Tex World USA 2010 had not been adequately or effectively marketed by the organizers of the show. The apparel companies were especially disappointed with the lack of marketing and exposure the event received. The low numbers can be due to the fact that this was the first time that apparels have been featured in the event. Some of the buyers commented that they were not aware that there was an Apparel Zone at the show. Exhibitors were also disappointed that the match making services and meetings with the buyers, that they were told would be organized, did not take place.

Overall, the Pakistani exhibitors felt the event was a success and were glad they participated. They were extremely appreciative of the collaborative efforts of USTR and USAID. They all look forward to participating in future events and hope that USTR and USAID continue their support of the Pakistan Textile Industry.

## 6. Findings and Recommendations

Considering the time restraints, the large number of exhibitors to co-ordinate, a VIP reception to organize and collaborating with several organizations everything went very well. It needs to be noted that exhibitors almost always are disappointed in buyer turnout at trade shows and the exhibitor comments on Tex World USA comes as no surprise. The dearth of buyers at the VIP reception, even with the benefit of the apparel and textile relationships of [REDACTED], is a good example of how hard it is to meet buyers. But because the buyers were not visible it does not mean they weren't present at the trade show or didn't get the message that Pakistan is "open for business".

This is an industry built on long-term relationships and a large brand or retailer will spend several years to move production to a new region. Just moving production to a new manufacturer can take up to a year. It is very common for buyers not to approach an exhibitor until they have seen them at several trade shows and even then they will only ask for a price quote and sample. If the price quote and sample are acceptable the buyer will likely require inspections and then place only a test order. Once a buyer is comfortable, a manufacturer can count on a long-term relationship with the buyer as long as they provide good service, price and quality. Just one buyer met at a trade show can pay for the expense many times over.

It would be a mistake to think that just this one trade show will make a significant impact on the image of Pakistan or its apparel industry. The message that Pakistan is open for business needs to be communicated to buyers continuously, not just twice a year during the trade shows. With a continuous communication strategy for Pakistan, buyers will more likely come to trade shows seeking out the exhibitors rather than the exhibitors seeking out the buyers at the trade shows.

There are only two apparel and textile sourcing trade show in the U.S., Tex World USA and Sourcing at MAGIC. Each has their strengths and weaknesses. Tex World USA's strength comes from its proximity to the garment district where many apparel brands are headquartered, making it easy for most of the staff from sourcing departments to attend, but its weakness is that it is a small trade show since few buyers from other regions of the country attend. Conversely, sourcing at MAGIC's strength is that it is a large, destination trade show with buyers from across the country attending, but its weakness is that only a few staff members from sourcing departments attend.

An ideal strategy is to have a presence at both trade shows and implement a year round communication strategy with buyers to maximize the success of the trade shows for the exhibitors.

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