SECTORAL SNAPSHOT

PAKISTAN'S TEXTILE SECTOR

Energy, Exports & Structural Outlook

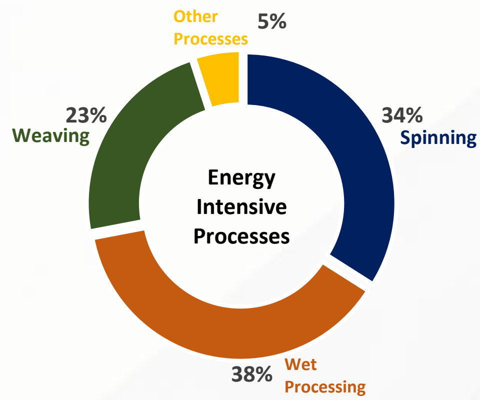
Alternate Development Services

RE-UPTAKE • CLEAN ENERGY • INDUSTRIAL DECARBONIZATION

Sectoral Snapshot

Pakistan's Textile Sector

Pakistan's textile sector leads the economy's export engine, making up about 55-60% of total exports. The industry operates across the entire value chain, from cotton ginning to finished garments, with key industrial hubs located in Faisalabad, Karachi, Lahore, and Multan. The textile sector is a major source of employment, engaging around 45% of the country's total labor force and nearly 38% of its manufacturing workforce. Pakistan ranks as the fourth-largest producer of cotton globally and possesses the third-largest spinning capacity in Asia, following China and India, contributing 5% to global spinning capacity.



The sector's industrial base is extensive and diversified:

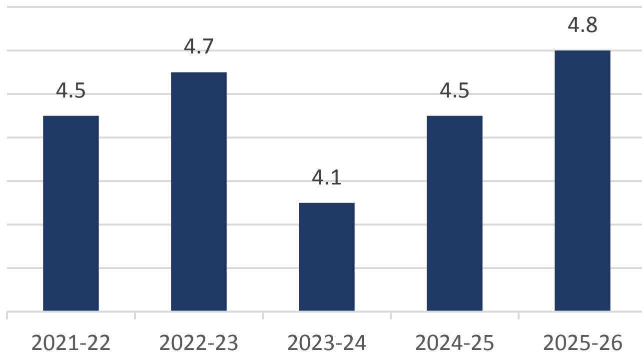
- **Ginning Units:** ~1,221 units
- **Spinning Units:** ~442 units (including ~368 spinning mills + ~40 composite/vertically integrated); APTMA members represent a large organized share with ~9.5+ million spindles out of national ~13.4 million installed spindles).
- **Dyeing & Processing units:** ~600–650 units (processing capacity ~5.2 billion sq meters historically)

Fuel	Estimated Share	Note
Grid	28%	Primarily thermal-based
Natural Gas/RLNG	28.6%	A major fuel for boilers and captive power plants.
Solar	10-24%	National share hit 24% in early 2025 due to duty-free imports.
HFO	5.1%	Used for high-pressure steam and backup generation.

Pakistan's textile exports reached $17.88 billion in FY 2024–25, reflecting a growth of 7.22% compared to $16.68 billion in the previous fiscal year. Pakistan's textile and apparel exports stood at $4.79 billion during Q1 FY26, reflecting an increase of 5.7% from $4.53 billion in the same period of FY25.

Sectoral Snapshot

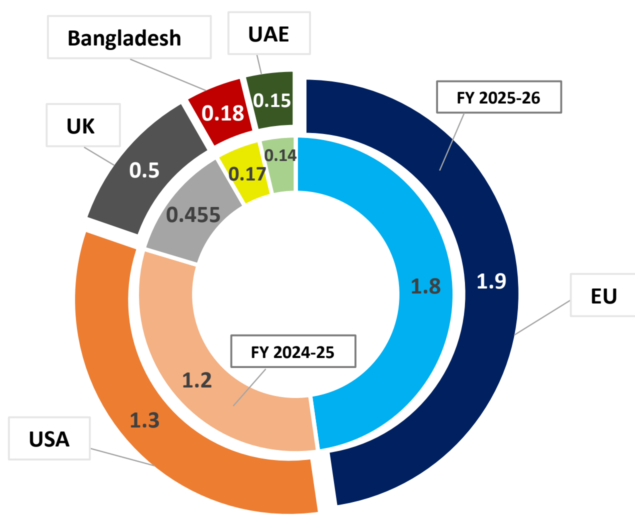
Pakistan's Textile Sector



Export Trend of Textile Sector in Billion USD

At product level, growth is observed in man-made staple fibers ($95.02m, +5.6%), special woven fabrics ($10.35m, +18.5%), and coated/impregnated fabrics ($2.60m, +46.63%). In Apparel and Other Made-Up Textiles exports, growth was driven by all three categories collectively: knitwear ($1,424m, +12.2%), non-knit apparel ($1,057m, +6.07%), other made-up articles ($1,517m, +6.87%). Together, these value-added segments collectively increased from $3.69 billion in 2024–25 to $3.9 billion in 2025–26, reflecting an overall growth of 8.5%, and highlighting the central role of apparel and made-up articles in sustaining Pakistan's textile export expansion.

Pakistan's leading textile export destinations demonstrated modest growth in early FY 2025–26, with the European Union remaining the largest market. Exports to the EU increased from $1.81 billion to $1.91 billion during this period. However, this concentration also presents a strategic risk, as the EU continues to tighten regulatory and compliance requirements. The potential expiration of preferential trade arrangements such as GSP+ further heightens the need for the industry to adapt to evolving standards in order to sustain market access.



Textile Exports in Billion USD by Destination