A comparative study on distribution channels of textile and garment industry in Pakistan and Vietnam: The roles of Intermediaries

Datum/Termín: 2010/05/20
Handledare: Lars Haglund
# Table of Contents

1. Introduction ................................................................................................................................. 5

2. Background .................................................................................................................................. 5
   2.1 Why Pakistan ............................................................................................................................. 5
   2.2 Why textile industry in Pakistan ................................................................................................. 6
   2.3 Pakistan Competitive Advantages .......................................................................................... 6
   2.4 Why Vietnam ............................................................................................................................ 6
   2.5 Why middle man ........................................................................................................................ 6
   2.6 Purpose .................................................................................................................................. 11
   2.7 Limitations ............................................................................................................................... 11
   2.8 Disposition ............................................................................................................................... 11

3. Literature review ......................................................................................................................... 12
   3.1. Distribution channels ............................................................................................................. 12
   3.2. Channel structure .................................................................................................................. 13
   3.3. The intermediaries ................................................................................................................. 14
      Role of intermediary: .................................................................................................................. 15
      Types of intermediaries: ............................................................................................................. 15
      Intermediaries’ services .............................................................................................................. 16
   Figure 5 Export Intermediaries (Balabanis, 2003) ....................................................................... 17
   3.4. Channel management ............................................................................................................ 19
   3.5. Supply chain Management .................................................................................................... 20
      Continuously improvement ......................................................................................................... 21
   Figure 6 Components of Supply chain management (Robinson, 2005) .................................... 21

4. Problem Discussion and Research Question .............................................................................. 22
   4.1. Problem Discussion ................................................................................................................. 22
   4.2 Methodology of research ......................................................................................................... 22
      Type of Research ....................................................................................................................... 22
   4.3 Sample Selection ...................................................................................................................... 23
   4.5 Data Collection process ........................................................................................................... 24
4.6 Analysis of Data ........................................................................................................................................ 25
4.7 Research Questions .................................................................................................................................. 26

5. Empirical data ............................................................................................................................................ 26
5.1 Pakistan Case ......................................................................................................................................... 26
5.1.1 Pakistani Textile Industry .................................................................................................................. 26
Source: (Pakistan Economic Survey, 2006-07) ............................................................................................ 27
5.1.2 Different types of textile industry in Pakistan ...................................................................................... 27
Figure 7 Structure of Pakistan Textile Industry ............................................................................................ 27
5.1.3 Distribution channel in Pakistan ........................................................................................................ 27
Figure 8 (Khan, 2010) .................................................................................................................................. 28
5.1.5 APTMA ................................................................................................................................................ 29
Figure 9 (Khan, Structure of Aptma, 2010) ................................................................................................... 29
Artist mills manager comments on role of Aptma ....................................................................................... 30
5.1.6 Chamber of commerce in Pakistan .................................................................................................... 30
Figure 10 (Khan, Comparative Study between of Textile Industry, 2011) ................................................... 30
Artistic mills Manager Mr Ahsan Raza on Chamber of commerce ............................................................... 30
5.1.7 Trade development authority Pakistan .............................................................................................. 30
For Importers .................................................................................................................................................. 31
5.1.8 Ministry of Textile (Government of Pakistan) ..................................................................................... 31
Figure 11 (Pakistan, (19th may 2010)) .......................................................................................................... 31
Roles of ministry of Textile Government of Pakistan .................................................................................. 32
5.1.9 Other Associations: ............................................................................................................................ 32
5.2 Private Companies ................................................................................................................................... 32
5.2.1 Artistic Mills Pakistan .......................................................................................................................... 33
Figure working of Artistic Textile mills (Usman Tariq bhatti 2010) ................................................................. 34
5.2.2 Sadaqat Textile mills Faisalabad Pakistan ............................................................................................ 34
5.3 Case of Vietnam textile and garment industry ....................................................................................... 35
Distribution channel of textile industry in Vietnam ....................................................................................... 36
5.3.1 VINATEX – The Viet Nam National Textile & Garment Group .......................................................... 37
5.3.2 VITAS - Vietnam Textile & Apparel Association ............................................................................... 37
5.3.2 AGTEK - Association of Garments, Textiles, Embroidery and Knitting ............................................. 37
5.3.3 Textile Chains management ................................................................................................................ 37
5.3.4 Role of Vinatex in developing the global chains ................................................................................ 40
5.4 Common Intermediaries ......................................................................................................................... 42
5.4.1 Shipping lines and Air cargo ................................................................. 42
5.4.2 Clearing Agents .................................................................................... 42
5.4.3 Insurance agencies ............................................................................... 42
5.4.4 Manufactures Representatives .............................................................. 42
5.4.5 Consulting companies ......................................................................... 42
5.4.6 International brand out sourcing .......................................................... 43

6. Analysis ......................................................................................................... Error! Bookmark not defined.
6.1 Research Question 1 Comparison between Pakistan and Vietnamese Textile Industry Intermediaries ................................................................. 43
6.2 Research question 2 Analysis and impact of Common intermediaries ................. 46
6.3 Research Question 3 Analysis and Impact of Ministry of textile on Sidaqqat Textile mills and Artistic Mills cases ......................................................... 47

7. Conclusion .................................................................................................... 47
7.1 Recommendations ...................................................................................... 49
7.2 Implication .................................................................................................. 49

7.3 Further Research Questions ....................................................................... 49
Interview with Mr Salman Ahmad Manager in Sadaqat Textile Mills Faisalabad Pakistan ...... 53
The interview with manager exports Of Artistic Mills Ahsan Raza ........................................ 54
Pakistan export of raw material ........................................................................ 55
1. Introduction
The textile and garment industry is the basic tool for most developing countries to enter the road of industrialization. This typical light industry sector which need less capital intensive and require low technology are the open door for developing country to enter into this field. In addition, the high wages in developed countries have created favourable conditions for the manufacturing and the exportation of textile and garment products. Furthermore, on January 1, 2006, WTO put an end to the worldwide system of textile and apparel quotas, created a leap for the textile and garment industry in Asian countries (Kilduff & Chi, 2006) in which there are Vietnam and Pakistan.

On the other hand, the industry cost of textile and garment in South America, Caribbean, and Eastern European are high, therefore, it tend to decrease and shift to Asian, where have cheap labour cost and other costs. Together with the safety quality problems that the Chinese firm involved recently, foreign customer are seeking the substitute in Vietnam and Pakistan, with can also provide cheap price and meet the quality requirement.

However, in 2009, 52% of the EU’s garment import is provided from developing countries, in which China found 28% market which make it became the market leader, only 24% are market share for all other countries (Nathan, 2009). The reasons for the lower market share of some other developing countries in which there are Vietnam and Pakistan compare to China are the production inefficiency related to both access to financing, infrastructure services (e.g. power supplied, modern information technology...) and managerial problem (Chaffai, Kinda, & Plane, 2009). In this paper we described the global chains management of the textile and garment industry in two countries, Vietnam and Pakistan, to examine how the model work as well as to examine the efficiency of using the distribution channel, especially focus on the role of intermediaries in the channel.

2. Background

2.1 Why Pakistan
In my research I choose Pakistan because it is one of biggest source cotton and yarn. As Pakistan is 4rth biggest cotton grower and agricultural country it means have its own raw material. Textile is Pakistan core industry and the major Portion of the country exports.
2.2 Why textile industry in Pakistan
If anyone thinks about Pakistani exports the first thing comes in the mind is the Pakistani textile products. According to the economic survey of Pakistan Textile industry is core industry in Pakistan it contributes about 61% of export and 46% of total manufacturing in the country. Pakistan is the 4th largest producer raw cotton in the world and it becomes source for the domestic consumption of the country’s agricultural outcome which is major part of its GDP.

2.3 Pakistan Competitive Advantages
Pakistan has two distinctive competitive advantages in comparison to Vietnamese industry.

- Low labor costs
- Domestic production of raw material

But the questions how Vietnam can manage to export literally same amount of textile products then Pakistan as they are importing the raw material from other countries like Pakistan? I will try to get answer of this question in this report.

2.3 Why Vietnam
Vietnam is also developing country like Pakistan, they do not have any domestic raw material it means they have to import it when they have to import it and have to pay an extra cost. They have comparatively higher labor costs in comparison to other competitors in the region. They are not located geographically in any place near high end markets like Europe or USA for instance some northern African countries have advantage of their geographical location as it take couple hours to ship to European countries and same as for Mexico to USA and Canada.

Vietnam is the good Case to analysis with Pakistani textile industry because Pakistani textile industry has to increase its exports with the help of technology and value addition. The technology and value is main Strength of Vietnamese textile industry by using their example Pakistani Textile industry future direction draw map of future and competition.

Other textile goods producing countries like China, India and Bangladesh they all have domestic raw material and comparative labor wages then Pakistan (Except China) but Vietnam do not have any one them but still competitive in the International market.

2.4 Why middle man
I decided to learn about role and importance of intermediaries which are helping the manufactures to go global. The intermediaries are playing prime role the in the
businesses these days. If we see any big chain clothes retailer like H&M or Zara they are price competitiveness is one of their big competitive advantage. How they manage to sell cheap with profits one of reason is that they introduces new practices in the supply chain and they integrated services and smartly uses the competitive advantages of different countries all together in one. For instance Gap buys raw material from Pakistan finishing in China, Vietnamese and other countries. The business in china Vietnam and Pakistan is not as simple as in the developed countries although they are trying to organize the system but still the investor need a lot of local knowledge to approach the right quality.

2.5 International Distribution channel in Connection with Pakistani and Vietnamese distribution channel

Exports are not only contribute to the major part of the economy but also the main source of getting the foreign exchange more you export Governments are always busy to making export oriented policies and there are several public intermediaries which are helping the exporters to increase their international presence. Some time these strategies bring some conflicts like long term American blame undervalued Chinese currency. If china undervalued its currency only reason is doing is to make their exports cheaper. As national markets expand and a new opportunities arise for satisfying consumer demand, greater specialization in distribution is evident both in level of distribution and in goods and services handled (Mallen, 1996) Moreover, as the global marketplace expands, many multinational firms have influenced by mounting pressures to develop a worldwide communication, distribution and information network that facilities the free flow of information and goods across national boundaries (Min & Eom, 1994).

According to economic survey of Pakistan is exporting about 9 billion of garments and raw material exports every year and its accounts it’s more than half of total country exports. On the other hand Vietnamese is exporting more value addition products, in the garments industry the value additions are the finished products on the other hand they need different types of raw material and Pakistan exporting more raw cotton or cotton yarn. The Vietnamese garments industry is using more technology in comparison Pakistani industry. This lack of technology force Pakistani industry to export raw materials.

The international distribution channels is links towards the local distribution channels of Pakistan and Vietnam through different channels and intermediaries like governments organizations, private pressure groups or selling intermediaries
Exporting and importing from different countries need certain knowledge about the products, and a lot authentication to seller and buyer too. Like Nimage a Swedish IT Company using different intermediaries to produce certain quality of Software’s. Each Intermediary is specialized in its field.

In the export market the manufactures from the developing countries reach to the high end market like Europe and America with the help of different intermediaries. Some of these intermediaries enhance the performance of the Manufacture and make it more competitive and cost effective (Like state own organizations and private consultants) and other help them to reach to the international markets. We selected some of these intermediaries from both countries and compare with the theory like supply chain management, channel management etc. We compare the role of both countries and especially in Pakistan case we have to export oriented textile manufactures Artistic Mills and Sidaqqat Mills evaluate that how different intermediaries are affecting them.

This model explains the structure of the global outsourcing of the brands in to cost effective developing counties. This shows how company from United Kingdom outsources its operation in different small countries. This model explains how they outsourced their manufacturing and how they manage to link domestic and global value chains.

**Figure 1** Global Supply Chain Structure: Domestic and Global Sourcing
Source: (Bruce, M., Daly, L., & Towers, N, 2004)
In this model The Company 3 is the main company which is delivering the finished products to the end user and business to business customers. On the back of it there number of ways to get customers like trade fairs or from any marketing expert. On productions end it have different suppliers and those suppliers also backed up their raw material suppliers to complete this chain.

Explain more about how this figure

Figure 2 Global Supply Chain Structure – Sourcing Directly with Offshore Manufacturer or Sourcing Agent.
(Source: Bruce, M., Daly, L., & Towers, N., 2004)

This Model show the concept of multi sourcing the process for instance many companies outsourcing their different steps of the process to the different specialized manufacturers around the world.

In this model the Company 1 is directly sourcing the manufacturing to the outsource production units. This kind supply chain model need strong communication and strong relationship other it creates problems regarding to production time, quality issues and distribution problems.
Dickerson K.G comprehensively explains the supply chain of the global textile industry from raw cotton to the retails. These models also explain that how different activities of textile production are interrelated with each other.

**Global Supply Chain:** A network of factories and material sourcing on a worldwide Basis (Klassen, 1994)

**Supply Chain Management:** Every effort involved in producing and delivering a final product, from the supplier’s supplier to the customer’s customer (Council, 1997)

**Sourcing** is the process of determining how and where manufactured goods or components will be obtained (Dickerson, 1999)
2.6 Purpose
The purpose of this paper is to find the export potential of textile products of Pakistani and Vietnamese Textile Industry. Textile industry is main industry in Pakistan and one of the main and fast growing industries in Vietnam. Vietnam is exporting more value added products (For instance: Artistic Mills Pakistan Exporting Jeans fiber to Vietnam for value addition) how Vietnam get advantage in the Value addition. In what Vietnam is good in marketing, Technology, or other skills? What factors help them to be more competitive? If they are good what are reasons to being good? One of the main motivations of this study is to find answers to these questions. In this study I search for the reasons in the working, structure and visions of intermediaries in both countries. In this study with the help comparison makes a conclusion to see that intermediary’s performance matter in the overall performance of the industry eventually increase in the export of the country.

2.7 Limitations
We are analyzing Pakistani and Vietnamese distribution channels with focusing on the intermediaries so we are limited our research to the intermediaries which help and increase the capability of export.

2.8 Disposition
After presenting the introduction we present the literature review in that the literature review we will present the Channel management, International distribution channels and supply chain management. Chapter 3 presents research questions, problem definition and the conceptual frame work. Chapter 4 presents the methodology used to for obtaining the data and the way to analysis the data. Chapter 5 explains empirical studies which included the cases of distribution channels of Pakistan and Vietnam Textile industry. Chapter six consists of the analysis of the case and the comparative study of both cases. The last chapter is 7 and it describes the results of the research paper and the implementation of the theory and the future prospective of this research.

- Chapter 2 Literature Review
- Chapter 3 Research question and Problem identification
- Chapter 4 Methodology
- Chapter 5 Empirical Data
- Chapter 6 Analysis
- Chapter 7 Conclusion and implication
3. Literature review

3.1. Distribution channels

Making distribution decisions are pretty difficult in domestic marketing; they are even more complicated in international marketing where the channel are more complicated and diversified. The problem of selecting the right channels is simply multiplied by as many countries as one wishes to serve. Therefore it is essential for companies which bring their products to the world market to be able to find their way through the maze of channels that are available or can be developed in each market. Choosing the right channel is more challenge for firm in developing countries such as Vietnam and Pakistan, where their domestic distribution channels are not fully develop yet.

“A channel of distribution should be seen as more than a sequence of marketing institutions connecting producers and consumers; it should be a team working toward a common goal” (Czinkota & Ronkainen, 2007).

In today’s marketing environment, being close to the customers, be they the final consumer or intermediary, and solving their problems are vital to bringing about success. Structuring the distribution channel is becoming an importance task since most marketers cannot or do not want to control the distribution function completely. It’s also an importance factor that affected long-term strategy, once it is established, it is not easily to change. In export marketing, there is addition job to the task that is making the export channel decision. The exporter might choose to control the distribution channel and perform all the tasks itself. For that, they are responsible for the information collection and adaptation cost. On the other hand, the infrequent exporter is dependent on the intermediaries to distribute its product to the market. (Czinkota & Ronkainen, 2007)

Optimal distribution systems are flexible and are able to adjust to market conditions over both the short and long terms. In general companies use one or more of the following distribution systems:

- The firm sell directly to customer through its own field sales force or through electronic commerce
- The company operates through independent intermediaries, usually at the local level
- The business depends on an outside distribution system that may have regional or global coverage.
3.2. Channel structure

According to Czinkota and Ronkainen, the general distribution channel is described in Figure 1 below.

The size of the market and their geographic distribution, income, habits and their reaction to different selling methods are all related factors that influence the
channels approach. Together with customer characteristics are the features of the product such as degree of standardization perishability, bulk, service requirement and price also are factors that drive the channel type (Keegan & Green, 2008).

Type of channel can be direct from the producer – to – customer or elaborate, multilevel channels employing many intermediaries such as opening their own sale offices, entering into cooperative arrangements with other exporters, using a local distributor, piggybacking.

Selling direct from producer to customer usually via the internet, mail order, different types of door-to-door selling, or manufacturer-owned retail outlets is the first alternative in the channel. Internet exporting and the related form of media are changing the dominant of distribution landscape, successful cases using internet channel can be listed as EBay and Amazon. Door-to-door selling using direct sale forces are popular in mid 1990s, which is quite effective for low cost, mass-market nondurable products and certain services such as cosmetics (Avon, Amway) or insurances. Manufacturer-owned store or independent franchise store, company opened a worldwide chain of company-owned and company – operated to sell their products or services. (Keegan & Green, 2008)

Foreign sale offices, cooperative arrangements or using local distributor are other channel structure alternatives which combine various manufacturers’ sale forces and wholesalers, retailers, play as an intermediary bringing product to customers.

Piggybacking are a recently growth in popularity distribution channel. In this channel, manufacturers enter the market by using other company’s distribution channels. This channel approach can be an effective way of fully utilizing a global channel system to the advantage of both parties. Using other company’s distribution channels help manufacturers to save the cost of direct establishing the distribution channel. The active distribution partner maker more used of their distribution system capacity and thereby increase revenue generated by the channel members (Keegan & Green, 2008).

3.3. The intermediaries
The intermediary is one part in distribution channel which connect the producers and buyers, export intermediary is another branch of intermediary that connected domestic manufacturers and foreign buyers. Rote (Peng & Ilinitch, Export Intermediary Firms: A Note on Export development research, 1998) defined that export intermediaries are “specialist firms that function as the export department of several manufacturers in noncompetitive lines‘. Also being called as the Traders, they
are a group of services firms that connecting the domestic manufacturer and foreign buyer (Peng & Ilinitch, Export Intermediary Firms: A Note on Export development research, 1998).

**Role of intermediary:** Intermediaries are often mistakenly perceived as temporary market entry vehicle and not the partners which whom marketing effort are planned and implemented. The intermediary is often the de facto marketing arm of the producers.

The connections made by intermediaries are not only for the physical movement of goods, they also help with the transaction title flows and information communication flows. Communication with intermediary may be needed to coordinate advertising campaigns instituted by a manufacturer, furthermore, they providing information of customer to the manufacture. Language and culture separation, plus geographical barrier are the addition reason for using intermediary in exporting (Czinkota & Ronkainen, 2007).

**Types of intermediaries:**
- **Distributor:** are types of intermediary that will purchase products from manufacture, organized along product line and provide complete marketing services. Therefore distributors are working more independent than Agents.
- **Agents:** do not purchase product but get commission from manufacturers, and usually do not cover the logistic. Due to that the agents have less freedom of movement than distributors. The advantages of using agents are that manufacturers control the price and the recent and appropriate products version.

Intermediaries are needed when marketers decided to enter international market by direct or indirect exporting. By direct exporting, marketers are either selling it directly to foreign customers or using a local representative to bring the products into the market. Direct distributors can be dealers, import jobbers, wholesalers/retailers. And direct agents are brokers, manufacturer’s representatives, managing agents, purchasing agents. Marketers indirectly export when they find a domestic firm that acts as a sale intermediary for the manufacturer. Intermediaries take over the international side of the channel. In a short term, indirect export are faster and cheaper, usually be using by the early stage of company exporting process. With integrated exporting, firms set up the channel by open their sale offices, distribution hub or even the assembly operation in foreign countries in which the firm own and take control of their marketing channel. This exporting strategy requires higher investment and R&D then other, will usually be used by the firm that
is committed to the market and have purpose to open broadly in the market (Czinkota & Ronkainen, 2007).

**Intermediaries’ services**
(Harris, 2001) Was agreed that the two main factors of outsourcing production, reducing costs and quick response, are actually contradicting the success factors in today’s retail environment. “Cost reduction is no longer necessarily the end game strategy” (Harris, 2001)

Intermediaries provide services from business to business. The B2B services are expanding day by day and companies are like to outsource their different operations to other companies and they just want to focus and invest one particular capability. There are many way B2B businesses are take place and internet is now one of the main source of providing services. There are many firms which are providing services to buyers and sellers many famous web portals like www.alibaba.com, ecplaza.com etc. Many other companies which have their personal contacts from buyers and seller and they arrange businesses from them get their share from the deals.

The export intermediates perform many different services for manufacture and the buyer and now a days they re enhancing their service range. Like

- Research for the product
- International Market Research
- Marketing plan Solutions
- Customer Relationship Services
- Export Documentation
- Taxation solutions
- Help in the negotiation process in the buyers and sellers
- Ware housing
- Freight Forwarding Services
- Give financial solutions
- Training and development
- Packaging
- Help in finding a good Distributor
- After sales Services

This model explains which factor can help the customers to analysis in the selection of the intermediary.
**Why choosing intermediary:** According to (Peng M., 1998) there are five reasons are usually being considered when selecting intermediary. Those criteria are based on cost perspective in relation to strategic management.

Firstly, Peng suggested that “the more distant and unfamiliar the markets are, the more likely that export intermediaries will be selected by manufacturers”. He claimed that manufacturers’ export channel choice is primarily driven by a transaction cost consideration. In which they have three alternatives: direct exporting, indirect exporting or integrated exporting. For that reason, manufacturers choosing intermediary that can lower their export transaction cost which includes search and negotiation cost, and the cost of monitoring and enforcing export contract. (Peng & Ilinitch, Export Intermediary Firms: A Note on Export development research, 1998)

Secondly, “the higher the commodities contend of the products, the more likely that export intermediary will be selected by manufacturers” (Peng & Ilinitch, Export Intermediary Firms: A Note on Export development research, 1998). Peng and Ilinitch emphasis on export monitoring and enforcement costs, which being showed that it is higher for complex and differentiate products (Peng, Zhou, & York, 2006). Williamson in Peng, Zhou, & York (2006) stated that the distribution of complex products is more
likely require significant asset, specific investments such as specialized salesforce training and post-sale services. These products require integrated channel.

Thirdly, “The more knowledgeable about foreign markets and export processes and thus the lower search costs, the stronger the performance of the export intermediary” (Peng & Ilinitch, 1998). Firm’s primary performance measurement would be the percentage of total exports that a nation’s intermediaries contribute. For more detail, they could be measured by each task’s performance name as how intermediaries (i) can attract business from manufacturing exporters (ii) can achieve greater sale volumes and higher profitability (iii) can establish better cooperation with domestic manufacturers and foreign buyers. Based on the task performance, manufacturers are more likely to select export intermediaries with extensive knowledge about foreign market and export process. Barney (in Peng & Ilinitch 1998) illustrated that the best intermediary are already know the market and products in which they specialized, will already have a list of customer and a good connections and networks within those markets.

Fourthly, “the greater the ability to handle export negotiations and thus to lower negotiation costs, the stronger the performance of the export intermediaries.” The costs included not only logistic cost, but also other negotiation related costs when dealing with unfamiliar foreign negotiators. For inexperience exporters, they usually find it complex, frustrating and troublesome to negotiate with foreign negotiators, especially when the exporter are lack of knowledge about foreign market. Intermediaries must be able to provide services which lower negotiation costs and with their expertise in foreign negotiation, they would be able to prevent and resolve all the culture gap and language barriers (Peng & Ilinitch, 1998).

Finally, “the greater the willingness to take title to goods and thus to low monitoring and enforcement cost, the stronger the performance of the intermediary.” (Peng & Ilinitch, 1998) Bergen et al. pointed out that intermediary take title of the goods solving a major agency problem inherent in the principal-agent relationship: it achieves the alignment of the interests of principal and agents (Peng & Ilinitch, 1998). For manufacturers, the exporting job now as simple as domoestic selling to intermediary. However, not all intermediaries are willing to, or financial strong to risk, taking title of the good.

All proposals listed above was studied by Peng et al. are not only the reason for choosing intermediary, they are also the criteria for evaluate intermediary’s performance and thus, for manufacturer to select the right channel. However, those
creteria showing above are purely qualitative creatiria, there are more quantitative creteria should be take in to consideration.

3.4. Channel management
The channel management in the distribution is how the company works with its distribution channels and relationship with them. Companies deal with their suppliers with different ways sometimes they give them incentives when they are in trouble and sometimes they cut margins when sales are high. Some companies do not pay much to distributors but they rely on their marketing and product and some pay a lot to distributors then distributors work as their marketers. In the textile industry prospective outsourcing, global sourcing are now very common concepts around the world. If the textile industry wants to outsource their production units, they must able to manage that production channels to ensure quality and on time delivery.

“Channel management is the process by which a marketer ensures the effectiveness of its middlemen in terms of product knowledge, sales volume, and profitability. Marketers must provide their middlemen with the tools they need to promote and sell the product effectively as well as adequate incentives to do so. The middleman is not an employee of the marketer and will not share the same objectives unless given some incentive to do so. (www.allbusiness.com, 1987)

There are different models of the channel management one is models of jobber 2001 models which deals with the Selection motivation, training, evaluation and managing conflicts.

This model is focusing the relationship of the Manufactures with the intermediaries companies and how over geographical and cross cultural barriers.

- Owner ship -- Geographical or cultural
- Economic Distance
- Different Rules of law
<table>
<thead>
<tr>
<th>High Export Performance Inhibitors</th>
<th>Bring</th>
<th>Remedy Lies in</th>
</tr>
</thead>
<tbody>
<tr>
<td>Separate ownership</td>
<td>• Divided Loyalties</td>
<td>Offering good incentives, help full support schemes, discussing plan frankly, and interacting in a mutually beneficial way</td>
</tr>
<tr>
<td>• Seller-Buyer Atmosphere</td>
<td>• Unclear Future</td>
<td></td>
</tr>
<tr>
<td>• Intentions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Geographic, Economic, and Cultural Separation</td>
<td>• Communication Blocks</td>
<td>Making judicious use of two-way visits, establishing a well-manages communication program, including distributor advisory council</td>
</tr>
<tr>
<td>• Negative Attitudes</td>
<td>• Towards Foreigners</td>
<td></td>
</tr>
<tr>
<td>• Physical Distribution</td>
<td>• Strains</td>
<td></td>
</tr>
<tr>
<td>Different rules of Law</td>
<td>• Vertical trading restrictions</td>
<td>Full compliance with the law drafting a strong distributor agreement</td>
</tr>
<tr>
<td>• Dismissal Difficulties</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: (Rosson, 1984)

### 3.5. Supply chain Management

Supply chain management deal with all the stake holders from the production to the end users, all these support activities like, Logistics, retailers and distributors, government agencies, services firms, suppliers or production units, research and development firms etc.

All the stake holders depend on each other and the company has to manage all the stake holders otherwise whole chain will be in trouble. Supply chain also deals with relationships with the suppliers and distributors. This kind of relationships is the competitive advantage of many companies around the world.

SCM is defined (Kaminsky, 2004) as a set of approaches used to efficiently integrate suppliers, manufacturers, warehouses, and stores so that merchandise is produced and distributed at the right quantities, to the right locations, and at the right time in order to minimize system wide costs while satisfying service-level requirements. Supply is not only just to maintain the chain but also that if they things are happening in the right way and trying to cut costs and making the process more efficient.
There are eight components of supply chain management.

- Competitive strategy
- Product development strategy
- Marketing and sale strategy
- Supply chain strategy
- Strategic fit
- Customer focus strategy
- Strategic sourcing

These all strategies circle around the supply chain management process. The competitive strategy enables to build a model which suits the customers and they see a clear advantage to buy product from this company. The new product development strategy deals with the procedure which needed for the new product and the infrastructure of supply chain. This strategy specifies how market should be segmented, for what product, at what price and how should be promoted. Dell’s strategies of direct sales and build-to-order production have been successful in minimizing inventory and bringing new products to market quickly (Schniederjans, 2002).

The supply chain strategy deals with purchase of the raw materials and the transportsations of supplies in and supplies out. Strategic fit the meaning of this strategy is that both competitive and SC strategies have the same goal. There are three basic steps for achieving strategic fits:
1. Customer understanding.
2. SC understanding.
3. Achieving strategic fits. (Mehrjerdi, 2009)

The freight management strategy deals with managing the freight and also with the 
costs cuts in the freight transportation. Strategic sourcing is less about finding the 
lowest cost supplier and more about aligning (Shah, 2002). The customer Focus 
strategy deals with customer especially in the ecommerce business.

4. Problem Discussion and Research Question

This chapter describes the research questions and the area of research. I try to 
explain my choices of research and how these choices lead me to the better results.

4.1. Problem Discussion

This is a comparative study which helps to evaluate the distribution channel of the 
textile industries of Pakistan and Vietnam with the focus on the intermediates 
operations. Pakistan and Vietnam both are developing are mainly relying on the 
agriculture and their production facilities. The developing countries are 
manufacturing more than developed countries since 1990. However, most 
manufacturing firms in developing countries posses limited recourses and need 
support when they initiate export activities. Consequently, the export promotion 
services offered by public and private organizations may provide ready means, in 
particular for SMEs, to acquire or enhance the skills that are needed to become an 
effective competitor in foreign market. (Goitom Tesfom, 2009) The most 
manufacturers are unable to approach specially SME their buyers in the international 
market.

4.2 Methodology of research

This chapter consists of our research strategy and we will defend our research 
methodology choice and with reason theory explain our research plan.

Type of Research

According to (Yin, 2003) there are three commonly used approaches in scientific 
research, namely exploratory, descriptive and explanatory research.

Descriptive research aims to portray an accurate profile of persons, events or 
situations. This may be an extension of a piece of exploratory research. It is necessary 
to have a clear picture of the phenomenon on which you wish to collect data prior to 
the collection of the data. Project tutors are often cautious of work that is too 
descriptive. They want you to go further and to draw conclusions from your data.
They encourage you to develop the skills of evaluating data and creating ideas. These are higher-order skills than those of accurate description. Description in management and business research has a very clear place. However, it should be thought of as a means to an end rather an end in itself. (Saunders, 2000)

My research is the descriptive research as we are analysis the current structure of distribution system and roles of different intermediates with context with Pakistani and Vietnamese textile industry.

4.3 Sample Selection

According to (Saunders, 2000) sampling techniques provide a range of methods that enable you to reduce the amount of data you need to collect by considering only data from a sub-group rather than all possible cases or elements. The sampling techniques available can be divided into two types which are probability or representative sampling and non-probability or judgmental sampling. With probability samples the probability of each case being selected from the population is known and is usually equal for all cases. This means that it is possible to answer research questions and to achieve objectives that require you to estimate statistically the characteristics of the population from the sample.

Consequently, probability sampling is often associated with surveys and to a lesser extent experiment research. For non-probability samples, the probability of each case being selected from the total population is not known and it is impossible to answer research questions or to address objectives that require you to make statistical inferences about the characteristics of the population. (ibid)

Our research is based on the qualitative research method that means I am unable to give statistically evidence to my sample selection and its hard to give select sample using probability technique. I used no probability method to select my sample because the nature of my research does not allow me to use probability method when I am looking solve my research questions.

I have selected two Public sector companies which are helping the Textile Industry in Pakistan and Vietnam. My Second selection is two export orientated companies in Pakistani Textile industry with two different focuses. One is focusing on the jeans fiber and readymade garments and other is on the home textile. Artist Mills and Sadaqat textile mill both dealing with the world most renowned brands in the market we conducted interview from their export managers. We developed the case study from the secondary data of two public sector organizations Vintex from Vietnam and Ministry of Textile in Pakistan.
4.5 Data Collection process

According to (Yin, 2003) there are six different data collection methods for case studies: 
*documentation, archival records, interviews, direct observation, participant observation and physical artifacts.* When gathering information for case studies a major strength is the opportunity to use many different sources of evidence. The use of several sources of evidence means that the researcher has the opportunity to obtain multiple measures of the same phenomenon that adds validity to the scientific study. Any findings or conclusions in a case study are likely to be much more convincing and accurate if it is based on several different sources of information following a supporting form. No single source mentioned has a complete advantage over all the others. The various sources are complementary, and therefore should a good case study use as many sources as possible? (ibid)

I also used techniques like looking into statically data, interviews, and observations even looking in to physical response during the interviews

An archival record can be as follows: service records, organizational records, personal records, maps and lists. This method of data collection is usually more appropriate in quantitative studies and is therefore not used in this study. Direct- and participant observations are used when the intention is to study more human behavioral situations and therefore are excluded from this study since purpose is not to study such situations artifacts are used when the aim is to study more cultural and/or technological features and even this method is irrelevant for this study. (Yin, 2003)

This study uses primarily two data collection methods, namely documentation and interviews.

*Documentation* is applicable to almost every case study since it is a stable method that can be reviewed frequently. This type of information can take many forms and should be the object of explicit data collection plans. There are a variety of documents: letters, agendas, formal studies, newspaper clippings, articles etc. (Yin, 2003).

*Interviews* mean that data is collected directly from respondents and it is one of the most important sources of case study information. There are three common interview methods: open-minded, focused and structured. Interviews appear to be guided conversations rather than structured queries as in surveys. The actual stream of questions in a case study interview is likely to be fluid rather than strict. Most commonly, case study interviews are of an *open-minded nature*, which are not so structured, and the respondents are allowed to discuss the subjects more freely and can also express opinions and thoughts. Focused interviews contain a more informal discussion within certain boundaries of predetermined subjects. In structured interviews, the respondent is asked predetermined questions from an interview guide. (Yin, 2003)

I conducted interviews with export manager in Artistic mills and Sadaqat Textile mills. Mr Ahsan Raza is export manager for Artistic mills he has three years experience in the export market he deals with many internationals brand for instance Swedish giant H & M. He represented his company in different international forums including
Munich International trade Festival. He has the University degree from the Ministry of textile owned national textile institute. He gives me good information about all about export process role of different intermediaries local, governmental and international. He also explains in his interview about export process with the Vietnamese textile Industry. My Second Interview is with Mr Salman Ahmad who is Export manager of Sadaqat Textile Mills holds university degree in marketing. He is responsible of dealing of supplies for the internationals brands in the home textile industry.

4.6 Analysis of Data

The data Analysis process is based on different techniques one way is seeing things is by (Eriksson, 1999) he mentioned three different techniques of process of analysis the analysis of the case study evidence is one of the least developed and most difficult aspects of doing case studies. There are no clear guidelines on how to analyze the material from a case study. However, every case study should start with a general analytic strategy and there are in general three strategies.

- **Relying on theoretical propositions** is the most common and used one. The result of it is the collection of data based on research questions taken from previous studies. When using this strategy the findings of the study will be compared to previous Studies.
- **Thinking about rival explanations** tries to define and test rival explanations and can be related to the first strategy, in that the original theoretical propositions might have included rival hypotheses. It is relevant even in the absence of such theoretical Propositions and is especially useful in doing case study evaluations.
- **Developing a case description** can be used as a strategy as well, but this is less favorable and it should only be used when little previous research has been done. A researcher can analyze data in two analytic ways, namely **within-case analysis** and/or **cross case analysis**. **Within-case analysis** means that the collected data from the case study is compared with existing theories and a cross-case analysis is appropriate if data are collected from more than one case. In the cross-case analysis data are not only compared to theory.

Data analysis consists of three concurrent flows of activity according to (Miles, 1994) They are:

1. **Data reduction:**
   Data reduction should be considered to be a part of the analysis and not separate from it. The reduction is analysis that helps to sharpen, sort, focus, discard, and organize the data in a way that allows for final conclusions to be drawn and verified.
   Data can be reduced and transformed through such means as selection, summary, paraphrasing, or through being subsumed in a larger pattern. I used the data analysis method to reduce my data in my research, by focusing on my empirical findings and targeted the variables that could be compared to the existing theory.
2. Data display:
Data Display is the second major activity, which the researcher should go through, and it means taking the reduced data and displaying it in an organized, compressed way so that conclusions can be more easily drawn. As with data reduction, the creation and use of displays is a part of the analysis. In my study I used the data analysis to display our data in my research. I did this by conducting a comparative analysis of two companies.

3. Conclusion drawing and verification:
Conclusion drawing and verification is the final analytical activity for the qualitative researcher. It is here that the researcher begins to decide what things mean. Noting regularities, patterns, explanations, possible configurations, casual flows and propositions does this. I did this in my conclusion chapter because at that time I could use the data Analysis to express my findings and from that draw our own conclusions.

4.7 Research Questions
- Q1 Comparison of Pakistan and Vietnamese textile industry.
- Q2 Impact of common intermediaries in the export.

5. Empirical data

5.1. Pakistan Case

5.1.1 Pakistani Textile Industry
Textile is the one most important industry of Pakistan not only exporting readymade garments but also exporting cotton yarn. This industry has another importance According to the Nation master Pakistan is 4rth biggest grower of the cotton. Pakistani textile industry utilizes all of the cotton and adds value and export to other countries.

Pakistan currently produces around 8.5 per cent of the world's total yarn production and accounts for 30 per cent of total world trade in yarn. Both these figures relate to quantity. The present installed capacities are 7 million spindles and 27000 looms of which 15000 are shuttle less looms, additionally over 250,000 looms are in the unorganized non-mill sector. The exact capacity and statistics of units involved in Bleaching, Dyeing, Printing as well as other ancillary sectors are not available. There are 700 knitwear units and 4000 garment units with 200,000 sewing machines. This
industry provides employment to 42 per cent of the large scale manufacturing sector. Present Scenario and Future Direction. (Zamindar, 1994)

<table>
<thead>
<tr>
<th>Exports</th>
<th>61.1% of total exports (US $ 8.92 Billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>46% of total manufacturing</td>
</tr>
<tr>
<td>Employment</td>
<td>38% of total labor force</td>
</tr>
<tr>
<td>GDP</td>
<td>8.5% of total GDP</td>
</tr>
<tr>
<td>Investment</td>
<td>US $ 6.4 Billion</td>
</tr>
<tr>
<td><strong>Market Capitalization (Listed companies)</strong></td>
<td>5.1% of total market capitalization</td>
</tr>
</tbody>
</table>

Table 1 Textile industry’s economic contribution 2006–07

Source: (Pakistan Economic Survey, 2006-07)

### 5.1.2 Different types of textile industry in Pakistan

In Pakistan there are different types of textile units working. In the first we can divide Pakistani textile industry in three major portions.

1. Cotton Spinning Sector
2. Cotton Weaving Sector
3. Garments and hand Made sector
4. Cotton Spinning Sector in Pakistan:

![Structure of Pakistan Textile Industry](Pakistan, (19th May 2010))

**Figure 6 Structure of Pakistan Textile Industry**

(Pakistan, (19th May 2010))

### 5.1.3 Distribution channel in Pakistan

Pakistani Textile industry using multiple channels to export their products in some case they approach buyers and in some cases sellers approaches buyers. There are
many middle companies are the part of this channel like freight forwarder, clearing agent, marketing and sales agents, and many other intermediaries. There are many international companies outsourced production units in Pakistan so they follow less complicated production system but most of them relies on the international buyers orders. Pakistan export large quantity of yarn around the world but its value addition sector is under development procedure.

Pakistani textile industry is encountering competition in the international market with help of these intermediaries. These intermediaries in other words help in the competitiveness of the companies in the international market.

5.1.4 Intermediaries in Pakistan
This is the general structure of intermediaries in Pakistan.

![Diagram of intermediaries in Pakistan](image)

A manufacturer needs a lot of efforts and resources to export in the international market. In this era a product can not alone generate profits for the company a lot of services and facilities which customers expect from the seller. The Sellers are well aware of the production process and have their expertise in different fields. Companies are trying to ensure their best performance focusing on one or two expertise and other things they use to outsource. Government of Pakistan and
private sector have many organizations which help exporters in the country some providing helping regarding to the legal, technical and exporting issues within country and outside country. Some help in reaching the international market and maintaining good relationship with the customers.

There four main source of intermediaries services in Pakistan which are as follows

1. APTMA (All Pakistan Textile mills association)
2. Chamber of Commerce
3. Private companies
4. Minister for Textile (Government of Pakistan)

5.1.5 APTMA
APTMA is All Pakistan Textile Mills association which owned by the private sector which deals with different problems to the textile mills and work with governments, foreign companies and foreign envoys. All the textile mills owners are the members of Aptma and they work together to fight for mutual goals. Aptma defines themselves like this

All Pakistan Textile Mills Association (APTAMA) is the premier national trade association of the textile spinning, weaving, and composite mills representing the organized sector in Pakistan. APTAMA emerges as the largest association of the country as it represents 396 textile mills out of which 315 are spinning, 44 weaving and 37 composite units” (Aptama, 2010)

Roles of Aptma

- Aptma make sure that all members cooperate with each other
- Aptma is also helping their members with the useful statistics which can beneficial in their business
- Aptma deals with government on the legal and issues relating to the taxation.
- Another responsibility of the Aptma is to protect the rights of its members.

Figure 7 (Khan, Structure of Aptma, 2010)
**Artist mills manager comments on role of Aptma**
Aptma represents all the textile mills and textile associated organization in Pakistan, it plays vital roles in the development of the industry. It is operating different projects which directly and indirectly increase the capability of the industry.

**5.1.6 Chamber of commerce in Pakistan**
“Chamber of commerce is an association of businessmen to protect and promote business interests”

(http://wordnetweb.princeton.edu/perl/webwn?s=chamber%20of%20commerce, 2011)

The basic difference from APTAMA and the chamber of commerce is the APTAMA mainly focus on the textile sector and the chamber of commerce deals with all other industries including the textile industry.

There are different types chamber of commerce are working in Pakistan at different levels at national level federal Chamber of commerce then it goes at district and different regional levels.

![Figure 8](Khan, Comparative Study between of Textile Industry, 2011)

**Artistic mills Manager Mr Ahsan Raza on Chamber of commerce**
The chamber of commerce in their case help them to do the documentations related to the exports. It keeps all data regarding to the exports and keep the record. The purpose of having this record to make statistics of the exports and deals any problem which may occur on any side on the export cycle.

**5.1.7 Trade development authority Pakistan**
The trade development authority is state owned organization which helps the exporter in the international market. This Organization is more focus on the export and it promotions they start from the registration of the exporter and finishes on the finding of the importer. What TDAP do for the exporters

- Register the exporter
- Organize trade show and events
- Help in building the Pakistan trade policy in light of benefits of the exporters.
• Provide database and statistics
• Announce tenders
• Contact with Pakistani Embassies around the world

For Importers
• Provide buyers Data base
• Provide Products database
• Bridging between buyers and sellers
• Get feedback

Mr ahsan raza comments on TDAP
It provides data to the exporters for example every product have a code and if an exporter need any record of exports he just put the item code on this web link [http://www.epb.gov.pk/v1/index.php](http://www.epb.gov.pk/v1/index.php) and he will get the results.

5.1.8 Ministry of Textile (Government of Pakistan)
As textile is one main production of the country government has special ministry which deals only with the textile sector. This ministry has different institutions which work under ministry of textile which help the producers to improve the quality of the production.
Roles of ministry of Textile Government of Pakistan

- Ministry of textile deals with other countries regarding to the textile quotas and other issues regarding to textile exports.
- Ministry of Textile develop the nationwide textile policy in which they define taxes and facilities to the textile sector.
- The Textile ministry introduces necessary laws to for the protection of the textile industry in the country.
- In order to ensure the skilled labour force Ministry of textile established National Textile University.
- Ministry of Textile has also doing and supporting the research and development in the textile sector.

Artistic mills manager Mr. Ahsan Raza comment on role of ministry of textile Ministry of textile takes important decisions which effect the industry and they allocate o the financial resources and different types rebates and incentives .They negotiate exports and import duties which effects our exports. They are also monitoring social compliance and environmental compliance along with the help of other organizations.

5.1.9 Other Associations:
There are many other associations and different interest groups other then these big associations working for the textile industry to help them and also for their rights. These names of some other companies which are making big or more impact on the textile industry

- All Pakistan ginners association
- Small and medium Enterprise Development
- Pakistan hosiery manufacturing association
- Pakistan Textile exporters association
- Pakistan leather manufactures and export association

These organizations mostly work with in the textile industry and deals with internal conflicts of different stake holders of the industry.

5.2 Private Companies
There are a lot private companies in Pakistan which are providing export relating services to the exporters. These companies provide now wide range of services like a Pakistan. For instance they provide legal advice, new researches, new market search, and improving the Quality Etc.
5.2.1 Artistic Mills Pakistan

“Artistic Milliners (AM) is one of the leading manufacturers of Textiles and Apparel Industry Established in 1949. They specialize in Jeans manufacturing and has there working all around the world with most reputed brands in the market. It is completely B2B Company and does not offer any product to Consumers directly. AM provides special customized package deals such as product development at source, design support, shorter lead times, on-time deliveries and warehousing facilities”.

(Mills)

IS having the vertically integrated setup takes edge on other local suppliers. They have their own in-house yarn spinning, fabric weaving and garment stitching and laundry facilities. With the capacity of 3 million meters of fabric per month and 300,000 pieces of garments per month the main focus is on innovation and quality.
5.2.2 Sadaqat Textile mills Faisalabad Pakistan

Half a century ago, a textile trading family, known as the Sadaqat family started their textile business, in a small suburb; Chiniot, near Pakistan's famous textile city “Faisalabad”. The newly established business was based on the core values of honesty and quality in business. (Textile)

The sadaqat Textile mills is an export oriented company of home textile in the textile city of Faisalabad. Their main products are

- Comforter
- Bed sets
- Drapes
- Shell

The interview with one of the export manager of Sadaqat Textile mills in the appendix. The manufactures use the companies to achieve their multiple goals which they probably cannot achieve by their or skills and especially resources. The concept is the buy a solution rather than to investing money to make a new solution and then apply that. These companies have readymade solution which is tested and working well in the market and their selling it because they are not yet invest on that solution.

5.3 Case of Vietnam textile and garment industry the textile industry in Vietnam in general

Textile and garment is the key industry in Vietnamese export products which emerge in the world market as number 18 in percentage of value added in textile and garment manufacturing ranking (Nation Master, 2000), and the second Textile and Garment exporting country in the American market after China. Textiles and garment are account for 15% of the country’s total exports, becoming the second largest export sector after crude oil. Textiles and garment contributed more than 20% of Vietnam’s industrial output and 45% of the country’s total manufacturing export 2001 (Thomsen, 2007). Export turnover in 2006 was 5.834 billion USD, in 2007 was 7.794 billion USD, and in 2008, export turnover of textile industry was 9.120 billion USD, increasing 16.7% against 2007. In 2009, affected by the world finance crises, export turnover decreased but remain at 9 billion USD (Statistics Data, 2010). Textile and garment not only brought a large amount of revenue in the country, this industry also provides direct employment to around 1.6 million workers mainly in clothing (Vietnam - US trade, 2008) which is a solution to decrease the unemployment rate in Vietnam.

In 2003, there is estimated 1.167 textile and garment enterprises in Vietnam, including 187 State-owned enterprises (SOEs) of which 70 textile and 117 garment enterprises; 180 foreign invest enterprises and 800 private enterprises of which 200 textile and 600 garment enterprises (Thinh, 2004). Private garment enterprises account for about 68% of the total number of the enterprises. While there is some integration between textile and garment production in SOEs (in which the finish textile are, however of low quality), is very limited in foreign or private own sectors. While private garment sector contribute around 20% of the clothing sector total sales, it account for less than 10% in the textile sector in 2000 (Thomsen, 2007). Due
to low quality of textile and fabric that produce by domestic manufacturers, Vietnamese garment manufacturers only used 25% of locally produce material for exporting item. At this point, there is the distance between suppliers and producers which need to be connected more effectively in the Vietnamese textile and garment distribution channel.

Differ from Pakistan which export mainly cotton and fabric, most of the clothes export from Vietnam is produced on cut-make-trim (CMT) contract, where the buyers provide fabric, accessories and designs. Sometime, even cutting is done overseas, only simpler and low value – adding assembly work is done in Vietnam (Thomsen, 2007). This manufacturing added only 20% to the value of the finished product, giving low profit margin (only 25% of the value added), while Free on board (F.O.B) production are popular for Chinese manufacturers, the producer makes the complete garment, source the fabric and trim. In some case they contribute to the pattern design. This type of manufacture is more complex and skilful employees are needed, although it generates significantly high margin, it is too challenge and risky for most private producer in Vietnam. They may get cancellation of orders or rejection of shipment due to delay or other reasons (Thomsen, 2007).

Contact with buyers is another barrier for Vietnamese Textile and Garment enterprises, especially for private enterprises, due to language barrier, infrastructure barrier and information barrier and enterprises limited knowledge about international market. State owner enterprises are usually get contact easier through state institutions, bureaucracy and relationship with the state make it harder for private enterprises (Thomsen, 2007).

**Distribution channel of textile industry in Vietnam**

![Distribution channel of textile industry in Vietnam](image)
As we mentioned above, SOEs are usually receive contract from state institute, which play role as an intermediary agent. State institute includes

5.3.1 VINATEX – The Viet Nam National Textile & Garment Group
is currently a state-owned “general corporation” that oversees the operation of 7 state-owned textile and garment companies, 9 private garment companies, 41 joint stock companies, 38 joint venture companies, 9 textile and garment research and education institutions (Vinatex, 2010). In the past, Vinatex plays several different roles as manufacturer, exporter, importer as well as distributor for textile and garment in wholesale and retail basis. Recently, Vinatex is undergoing transformation, from State-owned into “profit oriented joint stock company”, however government still holding the largest shares and do not decrease the holding capital in Vinatex, instead they issue more share to sell for private investors to attract new capital. Due to the transforming, the authority of Vinatex over manufacturers was limited.

5.3.2 VITAS - Vietnam Textile & Apparel Association
is a non-governmental and non-profit organization representing the interests of all textile and apparel enterprises in Vietnam, foreign and domestic with the Government of Vietnam, and international organizations (Amcham, 2010)? Vitas’ objectives are to promote Vietnamese textile and garment products in the world markets, and advise the Government and other relevant bodies, on its capacity as a representative of the whole industry for a successful integration into the international economy, and act as a bridge between textile - garment enterprises in Vietnam and the outside world (Amcham, 2010).

5.3.2 AGTEK - Association of Garments, Textiles, Embroidery and Knitting
Was founded in 1993, has about 170 members in the HCM City and surrounding provinces areas, and accounts for about 20 percent of Vietnam’s apparel exports. AGTEK plays significant roles in garments and textiles industry, its providing constantly update new technology and adviser in exporter, importer, also offer advice and training AGTEK’s member (Amcham, 2010).

5.3.3 Textile Chains management
Vietnam has inserted itself into the global chains of textile and garment industry naturally after 1990s with remarked a shift in global textile and garment supplier and market. As mentioned by Gary Gereffi (Gereffi, Outsourcing and changing patterns of International competition in the Apparel commodity chain, 2002), global garment chain is typical example of buyer-driven commodity chain
in which the larger retailers, marketers and branded manufacturers play the pivotal roles in setting up decentralized production networks. He stated that buyer-driven commodity chains are highly competitive, decentralized manufacturing, frequently involving multiple countries. The retailers, marketers and branded manufacturers control over the actual garment manufacturing by controlling product design and brand names. Consequently, they take over most of the profit of this industry.

The chain showed in table below is the flow of garment from raw materials to retailers’ sale. In the case of Vietnam textile and garment, the major retailers are control both the design and the marketing of the final garment items, sometime they also control the material. The wholesalers and the exporters play as other intermediaries who contract with retailers to source garment from garment manufacturers network. Garment manufacturers sometime get textile material from retailers, or they may subcontract with the textile companies to get material needed for producing (Martin, 2007).

Intermediaries in the textile and garment industry are changing their roles as well as realignment of profit between intermediaries and manufacturers. Retailers are actively involved in the chain by offshore sourcing, they were domestic manufacturer’s main customer in the past, but recently they become the competitors, where retailers increasingly turn to import garment (Gereffi, 2001). Marketers are those called manufacturers without factories, where most of their sourcing are done abroad. They are working to shorten their chain by using fewer but capable manufacturers, provide them with pattern, sample making. The branded manufacturers on the other hand, provide manufacturers (or subcontract factories) with cut fabric, thread, bottom and other trim and manufactures only assembling product offshore. Complete product then being import with low tariff charge on value added by foreign labour (Gereffi, 2001).

<table>
<thead>
<tr>
<th>Raw material suppliers</th>
<th>Textiles companies</th>
<th>Garment manufacturers</th>
<th>Wholesalers and exporters</th>
<th>Retailers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Natural Fibbers</td>
<td>Cotton, wool, Silk, Hemp</td>
<td>Thread, yarn, fabric</td>
<td>Cutting, assembly, finishing</td>
<td>Labelling, packaging, shipping</td>
</tr>
<tr>
<td>Synthetic Fibbers</td>
<td>Oil, natural gas</td>
<td>Polymers, synthetic fibbers, cloth</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2 Garment commodity chain – Source: (Martin, 2007)
Vietnam’s textile and garment industry are restricted into the centre of this commodity chain, where analysts call it the “triangle manufacturing”. The triangle manufacturing involves three key parties – retailers, producers and traders. The retailers make a very detail specific contract with the traders, the traders then subcontract the manufacturing of the garment items to the network of manufacturers that they know, trust and monitor. The garment manufacturers produce complete product items and then ship products directly to the retailers. When the retailers received and checking products standard, they pay the traders, and the traders then pay the producers (Martin, 2007).

Retailers sourcing from Vietnam are supermarkets, department stores, discount stores and online store from EU, Japan and the US market. Producers are Vietnamese or some international or region (Hong Kong) garment manufacturers who source from Vietnam. Traders are international buyers; include leading global buyers form EU, US, Japan and Hong Kong, recently traders from Taiwan and South Korea are play role as intermediaries connect Vietnam Textile and garment with the world market. (Nadvi, Thoburn, Thang, & Ha, 2004) Some retailers are not go through traders but they source directly from Vietnamese firms, using local representative offices in Hanoi or Ho Chi Minh City. Other retailers place their orders in Hong Kong - the hub that connects the garment industry triangle and the world garment and textile industry - where many of the manufacturers have headquartered include Vietnamese manufacturers. On the other hand, the Hong Kong manufacture organization gets the contract and place to Vietnam producers by their own FDI or Joint venture in Vietnam, or they may subcontract with Vietnam manufacturers.

The other two elements of the chain – raw material suppliers, retailers and traders - are the two main problems that Vietnamese textile and garment industry have to
face with recently. They lack of the capable domestic retailers and traders that can be the connection between manufacturers and customers, most retailers are firms from The U.S., EU, Japan and traders are from Hong Kong or Taiwan, South Korea. (Vietnam - US trade, 2008). Vietnamese intermediaries are mostly agents, who “do not purchase product but get commission from manufacturers, and usually do not cover the logistic”. They are mainly acting on information flow and clearing services. Raw materials for garment industry are lacking despite the fact that Vietnam’s climate and soil conditions are suit for growing cotton. The country’s total output of the raw material is currently not enough to supply the domestic textile and garment industry, which lead to the fact that Vietnamese annually import 70% of the needed material, mainly from China, India and Pakistan (Saigon, 2010). Recently, both India and Pakistan lowered the amount of cotton exporting to protect their own textile and garment sector and they may stop exporting cotton in the near future. That causing problem for the Vietnamese textile and garment industry when they import are huge amount of cotton from those countries every year. The Vietnamese firms may face with difficulties in filling orders due to the insufficient and increasing price of raw materials. Moreover, Vietnamese textile industry is still young and low capacity, therefore there is a large number of the garment firms import fabrics from outside such as China which have better quality or cheaper fabrics. Consequently, in 2009 Vietnam earned 9 billion USD in total turnover from exporting garment and textile, but spent 5.4 billion USD on importing cotton, fibre and fabric (Saigon, 2010).

5.3.4 Role of Vinatex in developing the global chains
Vinatex take a mission from the government and its members to improve the overall profitability of Vietnam textile - garment industry and reduce its dependency on the major retailers, traders and raw materials suppliers. With the shift away from manufacturing, Vinatex tasks are now focus on six major areas in macroeconomic vision for its members and or whole industry.

First of all, Vinatex will invest, produce, supply, distribute, import and export in the field of textile and garment (Vinatex, 2010). Vinatex will concentrate on specialization and modernization to make the leap for the added value of textile garment products. It will do this by implementing decisive programs for the sustainable, stable and long-term development of the Vietnamese textile garment industry; these are first, cotton planting; second, high-quality spinning fabrics. Apparently Vinatex had decided to focus its efforts on up chain development by increasing investments into its domestic raw material suppliers and it also put more effort on developing the textile company in the chain to improve both quantitative and qualitative of the output (fabric).
Second, it will set up joint ventures with domestic and foreign investors. Vinatex emphasis on opening joint-venture business co-operations – both domestically and internationally – in order to build large and stable markets and call for investment capital form strategic investors for long-term cooperation for mutual benefits. It has had connection with more than 400 corporations and companies from 65 countries and territorial regions.

Third, Vinatex will develop and expand both domestic and overseas markets as well as assign it members companies to penetrate into potential markets. It has expanded its supermarket chain to 16 cities and provinces across the country. Starting from a retail shop in Ho Chi Minh City in 2001, the chain, known as Vinatex mart, on January 22 this year, they open total 55 Vinatex marks in several big cities in Vietnam. Vinatex mark has developed at an average growth rate of 60% per year. Vinatex plans to open 25 more supermarkets and trade centres by the end of 2011, raising the total number to 80 (Vinatex, 2010). Building up its brand name that can be recognized first in domestic market and then international market is the step of developing its down chain strategy.

Fourth, it will conduct research and improve technological applications in Vietnam textile and garment industry. The members of Vinatex are equipped with new model technology machines import from Japan, Germany and such model equipment firms in developed countries. In two years recently, Vinatex has been putting more investment technology for spinning and textile machinery in order to obtain stable quality raw materials and fabric, and environmentally friendly (Grips, 2010). Releasing that the dying outputs of the dying sector are low quality, they are either the lacking or severely outdated equipment. Vinatex plan to build two industrial parks for the textile and dying sector in this year which was estimated to produce 200 million m² dyed fabric per year per each park (Vinatex, 2010).

Fifth, it will provide training for both workers and management in Vietnam textile and garment industry. Although its members’ factories being equipped by model equipment, the used capacity of those machines is only 50%. This is the signs of shortage in its labour force and managerial problems. With 9 textile and garment research and education institutions, Vinatex recently invest more on training project for weavers, dyers, branch managers and engineers. Using textbooks and literature from developed countries, especially in the field of weaving and dying, elaborate it to suit with Vietnam situation. Employ right and qualified researchers and teacher to improve quality of the research institute, as well as the train centre. The education
institutes should also integrate more practical work in the training process to give both trainee and managers the practical working experience.

Sixth, they will provide finance assistance services for textile and garment enterprises. Vinatex has submitted its proposal to establish Industrial Development Bank in which Vinatex hold 14% capital, Hanoi Beer - Alcohol and Beverage Corporation hold 12%, Vietnam Steel Corporation 10%, Vietnam International Bank 5% (Quyet, 2007)

5.4 Common Intermediaries

5.4.1 Shipping lines and Air cargo
The shipping lines are the mode of transportation of goods from one country to another. It is most economical and it accounts for the most of transportation of the goods. Although this is the cheapest way of transportation but it takes longer time. Air cargo is expensive and but fast way of transportation of goods. DHL, Shenker, FedEx are one of the world biggest good transportations firms.

This intermediary is use all over the world so Pakistani and Vietnamese traders both use this type intermediary.

5.4.2 Clearing Agents
The clearing agents perform the roll to clear the products from the customs, they are specialized in customs law and all legal requirements and documentation regarding to goods and transportation. This is also a common Intermediary all over the world

5.4.3 Insurance agencies
The insurance agencies are used by every supplier around world. These companies take responsibility of the goods during travel.

5.4.4 Manufactures Representatives
The manufactures representatives play very important role in the export markets these people are specialized with the connection the customer’s overseas. These intermediaries are one of main source of their exports for many manufactures. These intermediaries are use to take commission from both side in return of the successful deal.

5.4.5 Consulting companies
The consulting companies are specialized in the different areas like marketing, research and development, Market research etc. According to Ahsan Raza they use to hire these consultants for marketing and research and development purpose. There
companies usually show up their selves in the international trade fairs for instance Munich Fair.

5.4.6 International brand out sourcing
The international brands are dependent on the out sourcing its operations to the low cost developing countries. There are different steps in this whole processes and different manufacturers are specialized in different fields. Even some countries are specialized in some raw material or steps in manufacturing for instance in this case Pakistan are specialized in the raw materials and Vietnam is specialized in the value added and finished products.

The Artistic mills Pakistan is also exporting it fabric to Vietnam. But the question which how this trade is performed who is the intermediary in this case. Now in the international textile industry international brands are outsourcing its operations to many different countries and to many different manufactures which are doing separately different steps in manufacturing to get the ultimate quality. In this Gap an international jeans brand want to a Vietnamese Manufactures to produces jeans but using fabric from Artistic Mills in Pakistan.

6. Analysis

6.1 Research Question 1 Comparison between Pakistan and Vietnamese Textile Industry Intermediaries
In the first part of the analysis we will evaluate the different intermediaries which help the manufactures to export and be more competitive in the international market. In the Case Of Vietnam Vinatex is the government transforming now in semi government organization somehow same role play in Pakistan is Ministry of Textile supported with Aptma (All Pakistan Textile Mills Association).

The Vinatex is the main support organization for Textile industry in the Vietnam and Ministry of Textile is main source in Pakistan.
<table>
<thead>
<tr>
<th>Roles</th>
<th>Vinatex</th>
<th>Ministry of Textile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invest in Raw Material</td>
<td>Defined they are on the sixth part Agenda. The Vision and mission is clear and their practical steps are well Coordinated with overall their Vision. Vinatex Invest A lot in the raw materials in terms of value additions. They keep on investing and modernization of the raw material. They have also tried to maintain the supply chain for the industry.</td>
<td>The Vision and mission is clear but the practical steps do not follow up the vision and mission. The gap between execution and plan exits.</td>
</tr>
<tr>
<td>Joint Ventures</td>
<td>Vinatex directly involve in the export market it have connections with more than 400 corporations around the world. Vinatex also invested money in different projects.</td>
<td>Ministry of textile also focus of modernization of the raw material they have a research and development institution to improve the raw materials. The plan of improvement of the raw material is not as comprehensive and effective. They do not invest directly in the raw material or in the supply chain.</td>
</tr>
<tr>
<td>Own brand</td>
<td>Vinatex has developed its own brand. It has 16 super markets till and it planned to open 25 more super markets at the end of the 2011.</td>
<td>Ministry of Textile does not have any long term joint ventures with companies.</td>
</tr>
<tr>
<td>Research and Development</td>
<td>Vinatex is increasing the research and development and they continuously</td>
<td>Ministry of textile does not have any brand and do not have any plan to start its own brand yet.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ministry of textile is investing on research and development but the scope of their work is limited.</td>
</tr>
<tr>
<td>Training and education</td>
<td>importing high tech equipment from the technology oriented countries like Japan, Germany. Vinatex have different training and education programs for the textile industry.</td>
<td></td>
</tr>
<tr>
<td>------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Direct Investment</td>
<td>Vinatex is investing directly in different projects.</td>
<td></td>
</tr>
<tr>
<td>Law Policy making</td>
<td>Vinatex do not involve in law making processes for the textile industry.</td>
<td></td>
</tr>
<tr>
<td>Dealing with Other countries</td>
<td>Vinatex do not deal with other countries governments.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ministry of textile has also many programs of training and development. They are running National textile intuition to educate textile oriented professionals.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ministry of Textile is not investing directly in different projects.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ministry of textile involve in making law for the textile industry.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ministry of textile is dealing with other countries for special textile quota for Pakistan textile exports.</td>
<td></td>
</tr>
</tbody>
</table>

This is some basic differences in operations of Ministry of Textile Pakistan and Vinatex Vietnam. Although the vision and mission for both organizations is to enhance the exports, both want to invest in the research and development and get more revenue through value additions. Their plan cover different parts of the supply chain management, channel management and distribution channels. In the supply chain management they are working on the making a perfect strategic fit. Vinatex covers more parts of supply chain management although is investing to ensure the supply chain. According to theory of Supply china Vinatex is deeply involved in different parts of supply chain like raw material and research and development. If we look in to the structure, working, targets markets, goals and objectives of these two organizations is pretty apparently same and the results are much different. The Vinatex adopted its self to value added market it is helping the textile in many
different ways for instance in technology, accessing foreign market. According to theory if we see in the context of channel management Vinatex is trying to become the part of the whole channel its self to have more grip on the activities in the industry and also in the export market.

In comparison to Pakistani Ministry of textile its roles is restricted and they are not much involved in the practical steps. On the other hand Vinatex to reduce the dependence international retailing giants by introducing its own store and brand to increase the bargaining power of the local manufacturing. Pakistani Ministry of textile is giving limited facilities of the research and development and also running some institutes which provide textile professional equipment to the industry.

6.2 Research question 2 Analysis and impact of Common intermediaries

In the context of the theory of the supply chain management these common intermediaries perform different roles in the chain. There are some common intermediaries for the function more or less in the same both countries like shipping lines or clearing agents. The shipping lines and cargo services perform major roles in the logistics factor. The clearing agent and the insurance companies are also parts of the logistics.

The manufacturer’s representatives are one of the main connecting sources between manufacture and the retailer especially for the new and small manufacturers. These people perform roles of marketing and relationship building in the supply chain. In the case of Artistic mills they have their representative’s different parts of the Europe and America and through these people they obtain orders from big retailers and also Swedish retailing giant H&M.

There are some consulting companies which have different specialized areas they working they contribute to the part of the research and development and continuous improvement. These companies actually sell the experience and knowledge of the market and help to close gap between the markets demands and the manufacture ability.

The difference between consulting companies and manufacturing agents is that they will help the companies with the marketing or research and development process and give its suggestions. But the manufacturer representatives physically participates in the marketing and act as a part of the company for specific period of time.
The International brands outsourcing is established a process to combine expertise of different companies probably located in different parts of world. Pakistani textile industry takes advantage of its local production of cotton and yarn and become the source of the raw material. On the other hand Vietnamese industry has expertise in their value addition so the international brands buy raw material from Pakistan and they ship to Vietnam to the completion of their orders.

6.3 Research Question 3 Analysis and Impact of Ministry of textile on Sidaqqat Textile mills and Artistic Mills cases

After analyzing the Interview from Mr. Ahsan Raza Export Artist mills and Mr. Salman Ahmad Awan both give a pretty similar opinion about the Ministry of textile operations. They have an opinion that ministry of textile do not have any significant role in the export. Although they in have role taking useful steps to impose duty or reduce duty of any product which is short or available in market in larger number. For instance in 2009 there was big issue of cotton fiber in Pakistan industry have to pay more and it was also hard to buy from local market despite Pakistan is the producer of cotton fiber. The private unions of Textile industry put pressure on the Ministry of textile so they impose duty on the export of cotton fiber which makes it available for local market and prices also reduced.

Artistic mill is producer of denim jeans raw material and also finished products and they have different marketing and distribution channels to market them. They use both direct and indirect channels to market to reach their target customers. In Direct marketing they call their customers directly, they market their selves in the trade show, send their target customers their free samples and prices. The other way they introduce their selves to the customers is the indirect channels the manufacturer representatives are one source to get orders indirectly.

Shafaqat textile I mills is the manufacturer of the home textile products and they are working in this market over the years and they mostly relay on the personal marketing. They have clients around the world and they working with their customers their current customers are ICA, Target Stores, Wal-Mart, K-Mart, Sears and Tchibo. They are not much dependant on marketing they are working with their current customers right now and try to maintain their quality.

7. Conclusion

This study focused on opportunities for increasing exports of the textile products of Pakistan and Vietnam. One way of doing this is too improve the performance of
intermediaries which are involved in the different parts of the supply chain processes. The answer of my first research question is the Intermediaries exits in both countries in the private and governmental sectors. They have same vision and mission similar types of activities and services they promise. Although there is difference in some services but intermediaries governmental or private in both countries claim to get similar types of the goals. But the question is why the results are different why Pakistan with a lot competitive advantages with cheap labor and domestic production of raw material forced to export its raw material to other countries and unable to add value by its own self. Pakistani industry has to give the big pieces of the cake to other countries.

Our next comparison of both countries pretty similar organization in terms of vision and mission can answer this million dollar question. On comparing both organizations despite of very similar written vision and mission there is big gap exists in the execution of services and also in the results too. In the comparison I noticed that Vinatex is more active and more practical in its services and they are very much aware of the international markets and its upcoming trends. They are helping in raw material and they know that international brands are getting its strength every day and their bargaining power is increasing. They are driving Vietnamese Textile Industry not with the one tire they put number of fishing lines for the best and worst cases. On the other hand Ministry of Textile Pakistan Lacking some of basic steps and also problems in the execution of exiting plan. Although Ministry textile of Pakistan is also controlling and directly dealing with the policy matters it is more effective in that case.

We conducted interviews of the export managers of both companies and both agreed with the fact that Ministry of Textile Pakistan is not much effective in relationship of its export. Despite of this fact both companies are getting some indirect advantages from the Ministry of the Textile. There are several other intermediaries which are private they usually become a pressure group on the government in time of need.

The role of intermediaries is vital and after this report we can see that these intermediaries can produce totally different results. I am sold to the fact that if governments put more effort in the intermediaries they will get results. The future is competition, innovation, state of art methodology and unique marketing strategies if industries fail in to understand the upcoming trends regardless whatever competitive advantages in low cost or domestic production of raw material they have to give the big piece of cake to other countries.
7.1 Recommendations
In the light of my analysis I would like to give some of recommendations to in context to the intermediaries of both Pakistan and Vietnamese textile industry.

1. Ministry of textile should evaluate its performance and its role in the textile industry in Pakistan.
2. Ministry of textile Pakistan should close the gaps between vision and practical steps.
3. Ministry of textile could possibly use the example of Vinatex Vietnam to reorganize its performance.
4. Ministry of textile Pakistan should exploits Pakistani Competitive Advantage of growth of domestic raw material and cheap labor.
5. Vinatex should increase its role in the policy matter and also dealing with other countries governments.

7.2 Implication
This study gives an overview of the gaps in Pakistani Textile intermediaries; this study can be very useful for the Pakistani textile Industry, intermediaries, Government of Pakistan, Government of Vietnam and Vietnamese Textile Industry. In the Pakistani context they can easily see the opportunity of increasing their export the way Vietnam did with strong and proactive intermediaries. On the Vietnamese side they can anticipate the possible threat to its industry and the counter strategy for sit highly raw material dependence on the other countries.

7.3 Further Research Questions
- Impact of intermediaries on Vietnamese Industry Comparison with Vietnam Prospective.
- How much Vietnamese textile industry dependant on the import of the raw material.
- How to improve Pakistan intermediaries’ performance.
- How to reduce gaps between vision mission and practical steps
References


Nation Master. (2000). Hämtat från Nation Master:


Appendix

Interview with Mr. Salman Ahmad Manager in Sadaqat Textile Mills
Faisalabad Pakistan

Question 1. Which countries you are exporting

USA, Canada, Germany, Sweden& Turkey.

Question 2. What are your different ways of exporting?

By Sea Cargo, By Air Cargo,

Question 3. How you define your business

Manufacturers & Exporters of Home textile products

Question 4. What you think is most important in exporting.

Trust on your customers, Meeting the Level of Quality required. Payments, Relations with intermediaries if required.

Question 5. What intermediaries you use for exporting.

Buying houses for sales and shipping lines for transportation. Had own warehouse in UK.

Question 6. Do you think exporting directly can be more profitable.

Yes of course, intermediaries cost a lot of money, can increase profit margin by cutting these intermediaries. In future company is contacting directly where it is possible. In some areas it is difficult to go directly due to the barriers such as trust, cultural differences, language and way of doing business.

Question 7. In what ways these intermediaries become helpful

Buying houses play very important roles in export orders. Mainly they have close connections with the customers and they are specialized in their relevant areas so exporters can benefit from buying houses to cater specific countries. Secondly, they usually order in bulk and sometimes they provide projection orders for future in advance and it helps manufacturing company to produce in bulk and minimize the costs.
Question 8. What about government intermediaries can help you

Not really. Just need permissions from chamber of commerce, export promotion bureau and state bank.

How other association helps you

Banks helps us in managing our accounts and LC related issues, logistics company’s helps in providing by air or sea transportation, Chemical manufacturers providing range of chemicals, trims and accessory manufacturer, testing laboratories for testing our products, cotton sellers and travel agents for managing trips abroad.

Question 9. What is your process to select the intermediary?

Most preferred way is to judge by their business level and their loyalty with the organization, our organization’s share in their total purchasing, then selection comes from meeting in fairs, reliability is a must, goodwill and credibility in the industry, visit to see their physical setups, sample runs.

Question 1. *Which countries you are exporting*

USA, Italy, Turkey, Tunisia, India, Bangladesh, Srilanka, China, Indonesia, Philippines, Vietnam, Iran, Hong Kong, Korea.

Question 2. What are your different ways of exporting?

By Sea Cargo, By Air Cargo,

Question 3. How you define your business

Manufacturers & Exporters of Denim Fabric and Denim Bottoms (Jeans),

Question 4. What you think is most important in exporting.

Trust on your customers, Level of Quality required. Payments, Relations with intermediaries if required.
Question 5. What intermediaries you use for exporting

Manufacturer’s reps for sales and shipping lines for transportation. Had own warehouse in US. Wholesalers in Turkey.

Question 6. Do you think exporting directly can be more profitable?

Yes of course, intermediaries cost a lot of money, can inc profit by cutting these intermediaries. In future company is contacting directly where it is possible. In some areas it is difficult to go directly due to the barriers such as trust, cultural differences, language and way of doing business.

Question 7. In what ways these intermediaries become helpful

For wholesalers, they are helpful to deliver your product in the hands of your customer. They have close connections with buyers. They are stable and buy in bulk which is feasible for our production system. Direct customers sometimes places small orders, and even cancel orders which is a loss, however wholesalers places big orders and cancelation is minimal.

Question 8. What about government intermediaries can help you.

Not really Just need permissions from chamber of commerce, export promotion bureau and state bank.

How other association help you, Banks helps us in keeping our accounts, logistics companies helps in providing by air of sea transportation, Chemical manufacturers providing range of chemicals, trims and accessory manufacturer, testing laboratories for testing our products, cotton sellers. Travel agents.

Question 9. What is your process to select the intermediary Meet in fairs, they must be reliable, good name and credibility in the industry, visits to see their physical setups, sample runs.

### Pakistan export of raw material

<table>
<thead>
<tr>
<th>Period</th>
<th>Quantity 000 Kg.</th>
<th>Value 000 US $</th>
<th>Value 000 Rs.</th>
<th>Unit Value $/Kg.</th>
<th>Rs/Kg.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1971-72</td>
<td>260,412</td>
<td>200,493</td>
<td>954,747</td>
<td>0.77</td>
<td>3.67</td>
</tr>
<tr>
<td>1972-73</td>
<td>216,074</td>
<td>106,089</td>
<td>1,166,975</td>
<td>0.49</td>
<td>5.40</td>
</tr>
<tr>
<td>1973-74</td>
<td>36,122</td>
<td>34,192</td>
<td>376,111</td>
<td>0.95</td>
<td>10.41</td>
</tr>
<tr>
<td>1974-75</td>
<td>201,550</td>
<td>157,934</td>
<td>1,553,900</td>
<td>0.78</td>
<td>7.71</td>
</tr>
<tr>
<td>Year</td>
<td>Total</td>
<td>Domestic</td>
<td>Total</td>
<td>Domestic</td>
<td></td>
</tr>
<tr>
<td>--------</td>
<td>-------</td>
<td>----------</td>
<td>-------</td>
<td>----------</td>
<td></td>
</tr>
<tr>
<td>1975-76</td>
<td>109,132</td>
<td>96,602</td>
<td>950,462</td>
<td>0.89</td>
<td>8.71</td>
</tr>
<tr>
<td>1977-78</td>
<td>100,460</td>
<td>112,351</td>
<td>1,105,413</td>
<td>1.12</td>
<td>11.00</td>
</tr>
<tr>
<td>1978-79</td>
<td>54,830</td>
<td>66,593</td>
<td>655,200</td>
<td>1.21</td>
<td>11.95</td>
</tr>
<tr>
<td>1979-80</td>
<td>250,770</td>
<td>337,538</td>
<td>3,221,000</td>
<td>1.35</td>
<td>13.24</td>
</tr>
<tr>
<td>1980-81</td>
<td>325,316</td>
<td>525,599</td>
<td>5,203,400</td>
<td>1.62</td>
<td>15.99</td>
</tr>
<tr>
<td>1981-82</td>
<td>231,413</td>
<td>278,501</td>
<td>2,938,200</td>
<td>1.12</td>
<td>12.70</td>
</tr>
<tr>
<td>1982-83</td>
<td>254,920</td>
<td>306,339</td>
<td>3,896,600</td>
<td>1.20</td>
<td>15.29</td>
</tr>
<tr>
<td>1983-84</td>
<td>98,222</td>
<td>132,355</td>
<td>1,771,800</td>
<td>1.35</td>
<td>18.04</td>
</tr>
<tr>
<td>1984-85</td>
<td>262,989</td>
<td>279,229</td>
<td>4,368,000</td>
<td>1.06</td>
<td>16.61</td>
</tr>
<tr>
<td>1985-86</td>
<td>638,510</td>
<td>513,271</td>
<td>8,290,500</td>
<td>0.80</td>
<td>12.98</td>
</tr>
<tr>
<td>1986-87</td>
<td>640,964</td>
<td>446,493</td>
<td>7,675,800</td>
<td>0.70</td>
<td>11.98</td>
</tr>
<tr>
<td>1987-88</td>
<td>501,977</td>
<td>609,967</td>
<td>10,758,600</td>
<td>1.22</td>
<td>21.43</td>
</tr>
<tr>
<td>1988-89</td>
<td>840,268</td>
<td>929,567</td>
<td>18,032,500</td>
<td>1.11</td>
<td>21.46</td>
</tr>
<tr>
<td>1989-90</td>
<td>294,519</td>
<td>442,995</td>
<td>9,550,000</td>
<td>1.50</td>
<td>32.43</td>
</tr>
<tr>
<td>1990-91</td>
<td>281,731</td>
<td>411,812</td>
<td>9,553,400</td>
<td>1.46</td>
<td>45.94</td>
</tr>
<tr>
<td>1991-92</td>
<td>455,217</td>
<td>518,302</td>
<td>12,943,900</td>
<td>1.14</td>
<td>28.43</td>
</tr>
<tr>
<td>1992-93</td>
<td>262,918</td>
<td>270,813</td>
<td>7,000,700</td>
<td>1.03</td>
<td>26.63</td>
</tr>
<tr>
<td>1993-94</td>
<td>74,899</td>
<td>79,461</td>
<td>2,383,200</td>
<td>1.06</td>
<td>31.82</td>
</tr>
<tr>
<td>1994-95</td>
<td>31,009</td>
<td>62,082</td>
<td>1,924,331</td>
<td>2.00</td>
<td>62.06</td>
</tr>
<tr>
<td>1995-96</td>
<td>310,930</td>
<td>506,765</td>
<td>17,421,321</td>
<td>1.63</td>
<td>56.03</td>
</tr>
<tr>
<td>1996-97</td>
<td>20,958</td>
<td>30,749</td>
<td>1,239,834</td>
<td>1.47</td>
<td>59.14</td>
</tr>
<tr>
<td>1997-98</td>
<td>88,650</td>
<td>126,139</td>
<td>5,482,631</td>
<td>1.42</td>
<td>61.85</td>
</tr>
<tr>
<td>1998-99</td>
<td>1,748</td>
<td>2,327</td>
<td>116,354</td>
<td>1.33</td>
<td>66.56</td>
</tr>
<tr>
<td>1999-00</td>
<td>82,959</td>
<td>72,560</td>
<td>3,760,760</td>
<td>0.87</td>
<td>45.33</td>
</tr>
<tr>
<td>2000-01</td>
<td>135,094</td>
<td>138,139</td>
<td>8,072,481</td>
<td>1.02</td>
<td>59.75</td>
</tr>
<tr>
<td>2001-02</td>
<td>34,926</td>
<td>24,581</td>
<td>1,493,295</td>
<td>0.70</td>
<td>42.76</td>
</tr>
<tr>
<td>2002-03</td>
<td>55,100</td>
<td>49,016</td>
<td>2,875,000</td>
<td>0.89</td>
<td>52.18</td>
</tr>
<tr>
<td>2003-04</td>
<td>37,307</td>
<td>47,671</td>
<td>2,744,419</td>
<td>1.28</td>
<td>73.56</td>
</tr>
<tr>
<td>2004-05</td>
<td>117,084</td>
<td>109,957</td>
<td>6,545,740</td>
<td>0.94</td>
<td>55.91</td>
</tr>
<tr>
<td>2005-06</td>
<td>62,658</td>
<td>68,151</td>
<td>4,080,000</td>
<td>1.09</td>
<td>65.12</td>
</tr>
<tr>
<td>2006-07</td>
<td>45,065</td>
<td>50,226</td>
<td>3,045,202</td>
<td>1.11</td>
<td>67.57</td>
</tr>
<tr>
<td>2007-08</td>
<td>57,124</td>
<td>70,122</td>
<td>4,386,131</td>
<td>1.23</td>
<td>76.78</td>
</tr>
<tr>
<td>2008-09</td>
<td>78,241</td>
<td>87,328</td>
<td>6,826,000</td>
<td>1.12</td>
<td>87.24</td>
</tr>
</tbody>
</table>

Source: TDAP