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COMPETITIVE TEXTILE EXPORTS: A COMPARATIVE STUDY OF PAKISTAN AND CHINA IN THE UNITED STATES OF AMERICA MARKET

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ABSTRACT

The clothing and textile industry is crucial to Pakistan's economy, significantly contributing to GDP and employment. Pakistan, with its strong expertise in cotton manufacturing, faces intense competition from China in the lucrative United States market. This study aims to evaluate Pakistan's textile and clothing exports to the United States and analyze its competitive advantages against China. Utilizing two analytical techniques, the Trade Competitiveness Index and Revealed Comparative Advantage (RCA), this research assesses Pakistan's positioning in the US market relative to China. Secondary data from authoritative sources such as WITS and UN Comtrade, along with scholarly articles, serve as the basis for the analysis. The study focuses on three key textile divisions (SITC 26, SITC 65, and SITC 84) and examines their impact on US imports. Key findings indicate that while Pakistan has demonstrated growth in textile exports, particularly in textile fabrics (SITC 26) and clothing (SITC 84), it still lags behind China in overall export volume and market share. The RCA analysis reveals that Pakistan possesses a comparative advantage in specific textile categories, though China's market dominance remains unchallenged. The research identifies several challenges for Pakistan, including inefficient resource use, energy supply issues, high production costs, and outdated equipment. However, opportunities for improvement lie in enhancing quality standards, compliance with international trade requirements, and strategic policy enhancements. The study provides actionable recommendations to strengthen Pakistan's competitiveness, such as modernizing production equipment, optimizing resource use, and exploring new markets. The findings of this study are crucial for policymakers, industry stakeholders, and businesses aiming to strengthen Pakistan's textile exports and navigate the highly competitive global textile landscape.

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INTRODUCTION

It is now a well-known truth that exports contribute significantly to the growth of the economy. A single nation could be the most knowledgeable in every field in this period of globalization, as technologies improve and our dependence on one another grows. By using the proceeds from their exports, nations like Pakistan invest in their rapidly expanding imports (Baldwin, 2021). Over the past two decades, global trade volume has dramatically increased. Due to trade liberalization, advancements in technology, and rising incomes, export-import procedures are now simple and accessible (Milner, 2017). Textile is the largest part of the manufacturing sector in Pakistan and has the greatest production chain, with natural potential for value addition at every stage, ginning, spinning, material, dyeing, made-ups, and clothing. Pakistan is the 8th largest exporter of textile products in Asia. It is 4th largest producer and 3rd largest consumer of cotton. It comprises 46 percent of the total manufacturing sector and provides employment to 40 percent of the total labor force. (GOP, 2022). This industry accounts for 40 percent of all bank credit, accounting for almost 60 percent of all exports, 8.5 percent of the overall GDP, and 5 percent of market capitalization, or about 12.36 billion US dollars, or 52 percent of all exports. It also employs 40 percent of the workforce, according to the All Pakistan Textile Mills Association (APTMA) (Junaid and Ali, 2020). Textile spinner (yam), textile weaving (cloth), cotton yarn, fabric manufacturing, and towels are only a few of the products that Pakistan's textile sector specializes in creating (Ahmad and Akhtar, 2017).

The US textile and clothing import market with Pakistan is governed by the United States-Pakistan Trade and Investment Framework Agreement (TIFA), which aims to promote bilateral trade and investment between the two countries. Under this agreement, the United States has granted Pakistan preferential access to its markets through the Generalized System of Preferences (GSP) program (Jones, 2017). The strategic geographic location of Pakistan, which shares boundaries with China in the north, India in the east, Afghanistan and Iran in the west, and the Arabian Sea in the south, renders it a very desirable place for international trade (Akhter, 2022).

Pakistani Private Sector of Textile manufacturing enterprises face the challenge of remaining competitive in the context of the elimination of the Multi-Fiber Agreement (MFA) quotas on textile and apparel trade under the World Trade Organization (WTO), the emergence of China as a huge textile and apparel exporter, and new and potential intraregional trade agreements (Dikshit *et al.,* 2023). Continued competitive rivalry for international market share, the removal of quotas from the General Tariff and Trade Agreement (GATT), and the international buyers demanding

compliance with quality methods and processes were the main factors for this adjustment (Nuzzo, 2024). Pakistan is at the top of the list of nations exporting textiles, surpassing its neighboring countries, India and Bangladesh. Despite the challenges posed by the COVID-19 pandemic, Pakistan has emerged as a top-performing country among textile and clothing exporters. In particular, Pakistan's exceptional performance among countries exporting clothing highlights its competitiveness in the global market (Shahriar et al., 2021). Despite the United States experiencing a decline of 8.7 percent year-on-year in apparel import value, reaching 5.39 billion dollars in February 2021. The USA (United States of America) is one of the world's largest markets for apparel and textiles. The country imports a lot of clothing and textiles from many countries across the world (Khanzada et al., 2020). As shown in Table 1, Pakistan's textile export values have fluctuated in these sectors but after COVID-19 it has continuously increased. Competitiveness has been widely researched throughout the world, but no detailed survey study has ever been carried out on the Pakistani textile sector in terms of rivalry at the group level of the business (Khan et al., 2017). In the global competitiveness rating for 2022–2023, Pakistan is ranked 110th out of 140 countries, whereas Bangladesh, India, and China are ranked 105th, 40th, and 40th, respectively. To improve export performance and grow its market share in international markets, Pakistan needs to be more competitive (Naqvi, 2016). The market shares of the Asian nations have all grown in the United States. In recent times, China and Bangladesh have done well in American markets, but so have India, Sri Lanka, and Pakistan (Xu et al., 2018). Year after year, India, Sri Lanka, and Pakistan's export value and market share in the United States have changed. In Table 2, Comparative Export Volumes to the USA (2003-2021), China consistently outperforms Pakistan in textile exports to the USA, highlighting a significant competitive gap. Table 2 illustrates the comparative export volumes of some selected Asian country's textile markets in the USA.

Table 1. Share of Pakistan in the textile market of the USA (Unit: millions of USD).

Years	SITC 26 (Textile Fabrics)			SITC 65 (Textile Yarn)			SITC 84 (Clothing)		
	U.S Values	Pakistan Value	% Share in U.S Market	U.S Values	Pakistan Value	% Share in U.S Market	U.S Values	Pakistan Value	% Share in U.S Market
2014	1,530	32.2	2.10	28,268	1,621	5.73	93,176	1,652	1.77
2016	1,388	30.9	2.23	28,722	1,503	5.23	91,095	1,442	1.58
2018	1,506	49.8	3.31	31,883	1,534	4.81	95,090	1,565	1.65
2020	1,249	52.03	4.12	45,165	1,624	3.60	82,416	1,616	1.96
2022	1,777	97.4	5.48	39,222	2,155	5.49	116,058	3,159	2.72

Source: UN Comtrade SITC Rev, 3 (UN Comtrade, 2023).

Table 2. Share of Pakistan and other selected Asian countries' textile market in the USA (In Percentage).

Years	SITC 26 (Textile Fabrics)				SITC 65 (Textile Yarn)				SITC 84 (Clothing)			
	China	India	Bangladesh	Pakistan	China	India	Bangladesh	Pakistan	China	India	Bangladesh	Pakistan
2014	20.43	7.00	0.47	2.10	39.55	13.07	0.75	5.73	38.11	4.06	5.38	1.77
2016	23.36	9.42	0.68	2.23	40.66	13.83	0.81	5.23	36.01	4.38	6.03	1.58
2018	21.03	8.68	0.67	3.31	42.30	13.63	0.78	4.81	34.37	4.43	5.91	1.65
2020	10.63	8.28	0.86	4.12	55.70	9.54	0.62	3.60	29.79	4.08	6.66	1.96
2022	7.91	10.28	0.64	5.48	36.13	16.03	0.95	5.49	23.72	5.42	8.91	2.72

Source: UN Comtrade SITC Rev, 3 (UN Comtrade, 2023).

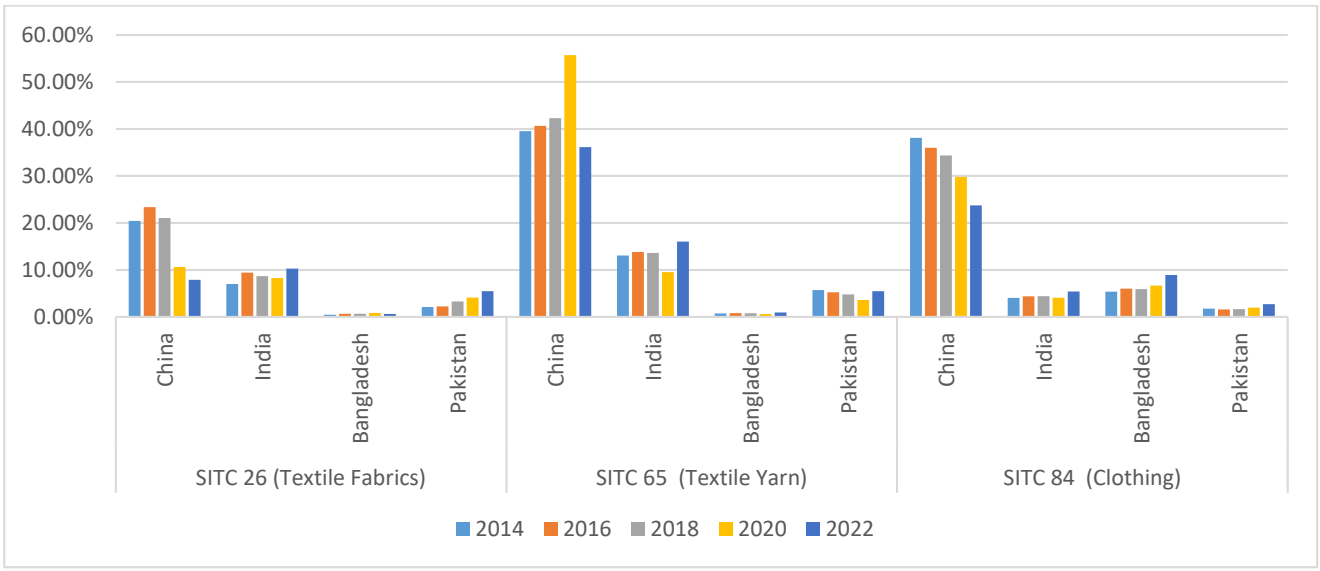

Figure 1. Share of Pakistan and other selected Asian countries textile market in the USA (In Percentage); Source: Data derived from UN Comtrade (2023).

Figure 1 illustrates the comparative export volumes have had multiple ups and downs, according to data on exports over the past two to three decades. Importers from other countries may become interested in Pakistan's close rivals, such as India, Bangladesh, and China if they have a comparative advantage in the manufacture of textile items (WTO, 2021). The problems include the inefficient use of resources, the insufficient supply of gas and electricity, the lack of cooperation between research and development organizations, the high cost of production, the devaluation of the Pakistani rupee, out-of-date equipment, textile-related policies, and the country's law and order situation (Azeem et al., 2017).

To many South Asian nations, the textile and apparel industry has been a vital manufacturing industry for a long time, contributing to their output, employment, and trade. Even some of the less developed nations were able to progress in their economic development, thanks to their textile and clothing industries, which served as the backbone of today's developed and newly industrialized nations (ESCAP, 2008). This study identifies the strategies to increase market share and improve competitiveness and also assesses Pakistan's competitiveness in the textile trade with the United States of America and selected Asian countries. To evaluate and determine the value of products and the impact of Pakistan in the US market. The findings from the study should provide insights into the potential opportunities and challenges of importing goods from Pakistan to the U.S. market.

METHODOLOGY

The scope of the study will be outlined, defining the population or entities that are included in the analysis, such as the specific industries, exporters, or regions relevant to Pakistan's textile exports to the USA. Since this research describes the specific time frame (2000-2023) the data was collected and analyzed for the comparative analysis of Pakistan's textile export to the USA. Data Sources for Textile Export Analysis are given in Table 3.

Nature of Data

For this analysis, the study utilized the data from the Standard International Trade Classification, Revision 3 (SITC, Rev.3). Three specific sectors within this classification system, SITC 26, SITC 65, and SITC 84, represent crucial components of global trade in Figure 2.

Table 3. Data Sources for textile export analysis.

Data source Name	Website Link
UN Comtrade	http://comtrade.un.org
WITS	https://wits.worldbank.org/
APTMA	www.aptma.org
APTEA	http://www.aptea.org
TDAP,	http://www.tdap.gov.pk/tdap-statistics.php
Economic Survey of Pakistan, Ministry of Finance, GOP	www.finance.gov.pk
Pakistan Bureau of Statistics, GOP	www.pbs.gov.pk
Ministry of Textiles, GOP	http://www.textile.gov.pk
State Bank of Pakistan	www.sbp.org.pk

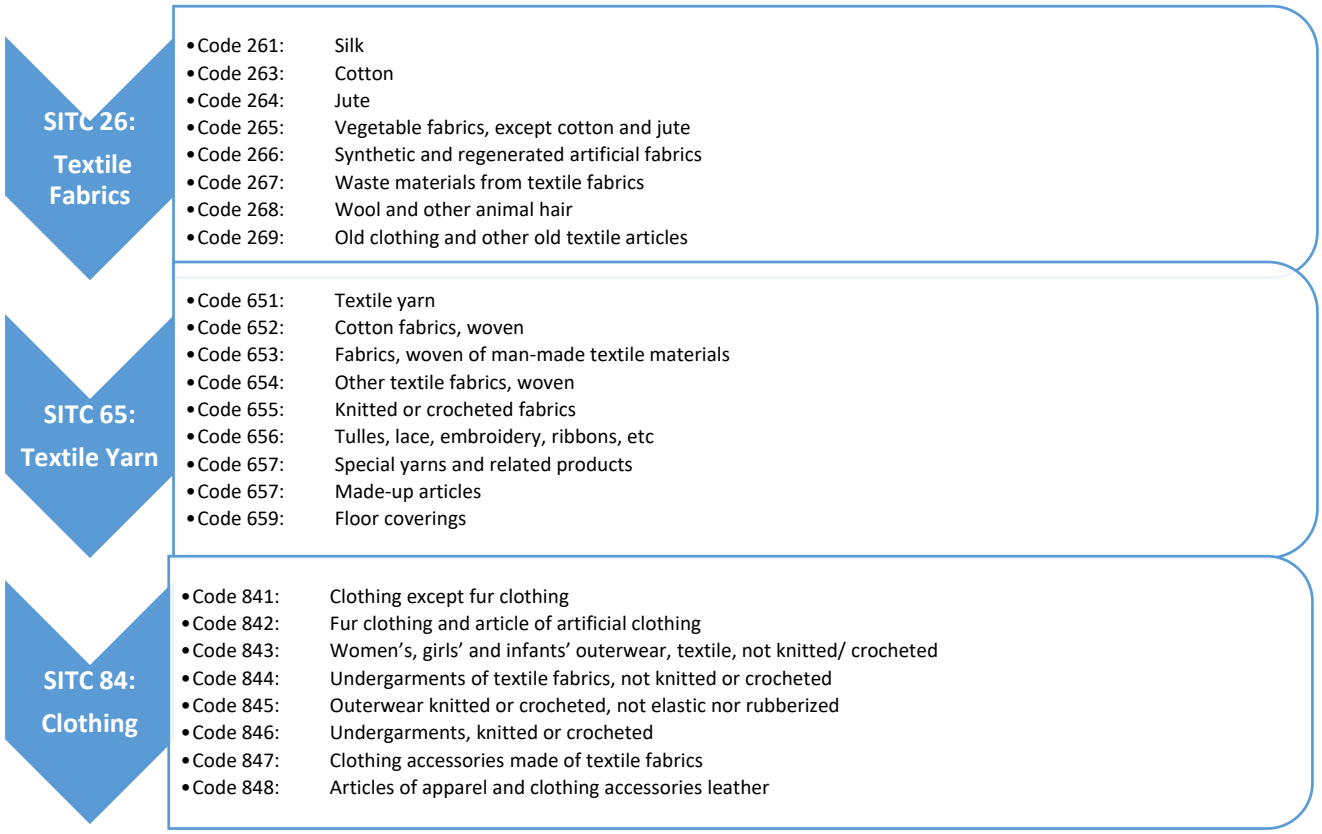

Figure 2. Classification of Textile Products by SITC Codes; Source: Created by the author using data from WITS.

Description of Variables

The technical framework encompasses the total textile exports from Pakistan to the USA, alongside variables like USA world Import, total textile imports from the USA, Pakistan world export, Pakistan textile export to the USA, USA textile import from Pakistan, total textile imports from Pakistan, and Divisions 26, 65, and 84. These factors have been extensively examined in various empirical studies.

Analytical Techniques

This study uses analytical techniques to evaluate the competitiveness and comparative advantage of industries and countries. The study utilizes the Trade Competitiveness Index and Revealed Comparative Advantage (RCA) methodologies (Balassa, 1965; Vollrath, 1991) to evaluate the competitive position of Pakistan's textile exports. These techniques allow us to quantitatively analyze trade patterns and economic performance.

Competition Index

A competition index in the textile industry might be used to assess the level of competition between different countries' textile products in specific markets, considering factors like pricing, quality, market share, etc. However, the specific formula for this index would depend on how it is defined in the specific context of the analysis. (Xu *et al.*, 2018)

$$\text{Competition Index} = \frac{Xi - Mi}{Xi - Mi} \quad \text{(I)}$$

Here, in this equation

X_i = Pakistan's textile exports to the USA

M_i = Pakistan's textile imports from the USA

Revealed Comparative Advantage (RCA)

To break it down, the four components are denoted as Xi, X, Xwi, and Xw. The formula to calculate or ascertain this sector's Revealed Comparative Advantage (RCA) is as follows

RCA = (Country's Export of Product / Country's Total Export) / (World's Export of Product / World's Total Export)

As indicated by Xu et al. (2018) in equation 2, RCA signifies the Revealed Comparative Advantage for a specific product.

$$\text{RCA} = \frac{\text{Xi} / \text{X}}{\text{Xwi} / \text{Xw}} \quad (2)$$

A value greater than 1 indicates that the country has a revealed comparative advantage in that particular product, meaning it is exporting more of that product compared to the world average. Conversely, a value less than 1 suggests a revealed comparative disadvantage in that product.

RESULTS AND DISCUSSIONS

The major objective of this research was to acquire dependable results for evaluating Pakistan's competitiveness in comparison with selected Asian countries. For a considerable period, the USA has served as the primary importer of textiles from Pakistan, leading most research efforts in the country to focus on textile exports to the United States. The study explored various dimensions, including the impact of macro-level variables on textile exports in the USA region.

Comparison of Textile Market Values of Pakistan and China in the USA

Table 4, reveals the comparative analysis of Pakistan and China's total exports to the USA over the past two decades, from 2000 to 2022. It offers valuable insights into the trade relationship between these two Asian countries with the United States and highlights their export trends during this period.

Table 4. Comparative analysis of Pakistan and China's total exports to United States of America (Unit: USD million).

Years	Pakistan's total exports to USA	China's total export to USA
2000	227	5216
2001	224	5440
2002	240	7005
2003	275	9263
2004	291	12510
2005	397	16318
2006	434	20380
2007	380	23317
2008	363	25284
2009	318	22130
2010	364	28378
2011	382	32501
2012	370	35244
2013	374	36906
2014	360	39710
2015	364	40998
2016	340	38568
2017	350	43033
2018	378	47928
2019	401	41932
2020	412	45249
2021	607	57713
2022	617	58276

Note: The data originates from WITS SITC Rev. 3., 2023.

From 2000 to 2002, Pakistan's total exports to the USA remained relatively stable, ranging from 227 to 240 USD million while China started with a substantial export value of 5216 USD million in 2000 and consistently increased its exports to the USA each year. The subsequent years saw steady growth in Pakistan's exports, with the figures gradually climbing to 382 USD million by 2011 where by 2011, China's exports to the USA had already reached 32,501 USD million, solidifying its position as one of the USA's major trading partners. However, Pakistan experienced fluctuations in its export values over the next few years, with the lowest export value being 340 USD million in 2016 and the highest being 607 USD million in 2021 and China's export values continued to rise, peaking at an impressive 57,713 USD million in 2021. The data for 2022 indicates further growth, with China's exports to the USA amounting to 58,276 USD million.

China's exports experienced rapid and continuous growth While Pakistan's export values fluctuated with some periods of moderate growth. This comparison highlights China's significant dominance in the global market and its strong position in trade relations with the USA. Figure 3 provides an overview of Pakistan and China's export trends to the USA, emphasizing China's consistent growth and Pakistan's more modest performance. As the global trade landscape continues to evolve, both countries must focus on enhancing their export competitiveness, diversifying their product offerings, and leveraging their respective strengths to maintain and strengthen their positions in international trade.

USA Textile Imports: Trends and Analysis

During the period (2003-2021), USA's world imports experienced steady growth, increasing from 1,302,834 million USD in 2003 to 2,017,121 million USD in 2007. The textile imports also showed an

upward trend, with the sum of the USA's world textile imports growing from 90,247 million USD in 2003 to 110,331 million USD in 2007. Amidst the global financial crisis, both total world imports and textile imports saw a dip in 2009. However, the figures rebounded in the subsequent years. By 2012, the USA's total world imports reached 2,334,678 million USD, while the sum of USA's world textile imports remained relatively stable at 115,407 million USD. During these years, the USA's total world imports continued to increase gradually, reaching 2,405,277 million USD in 2017. Textile imports, as shown in the sum of USA's world textile imports, also experienced consistent growth, reaching 122,252 million USD in 2017. Figure 4 indicates continued growth in the USA's total world imports, reaching 2,932,976 million USD in 2021. Notably, the sum of the USA's world textile imports saw significant growth, soaring to 147,454 million USD in 2021, indicating a substantial expansion in the textile trade.

Figure 4 provides an in-depth overview of the USA's textile imports over the past two decades. It highlights the growth in total world imports and the remarkable expansion of textile imports, especially in recent years. The data indicates the resilience of the textile industry and its significance in the USA's international trade. The consistent growth in textile imports reflects the nation's continued demand for textile products, which serves as an essential economic indicator and provides valuable information for policymakers, businesses, and industry stakeholders in the textile sector. Figure 5 shows the United States of America textile import values in world textile import SITC 26, 65, and 84, with the unit being USD million.

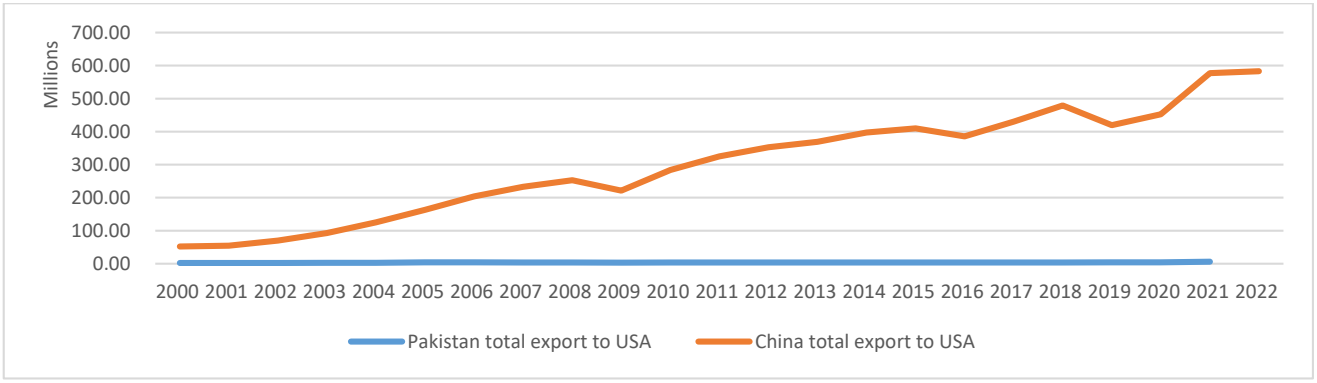

Figure 3. Comparative analysis of Pakistan and China's total exports to United States of America (Unit: USD million).

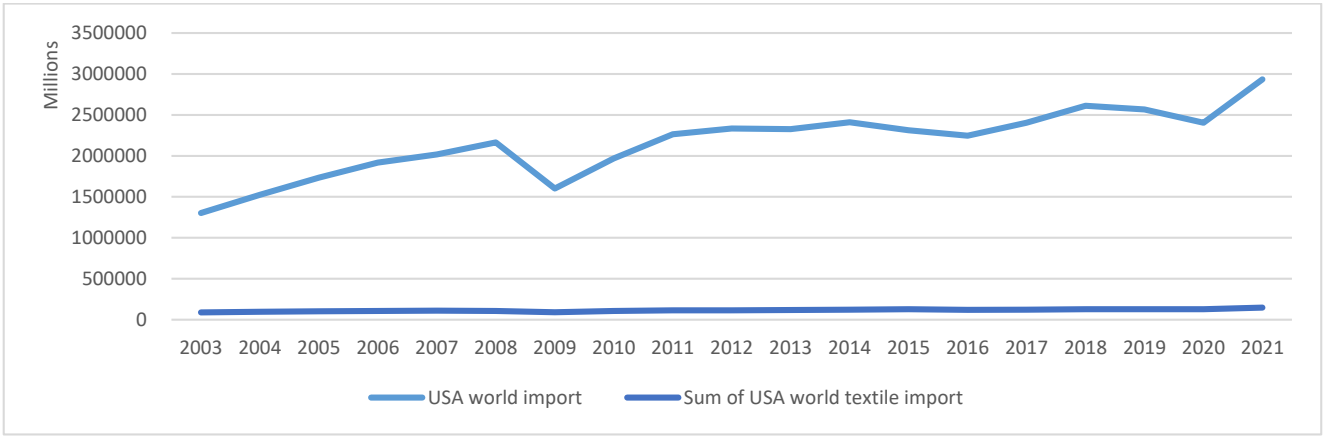

Figure 4. United States of America Textile import: Values in world textile import (Unit: USD million).

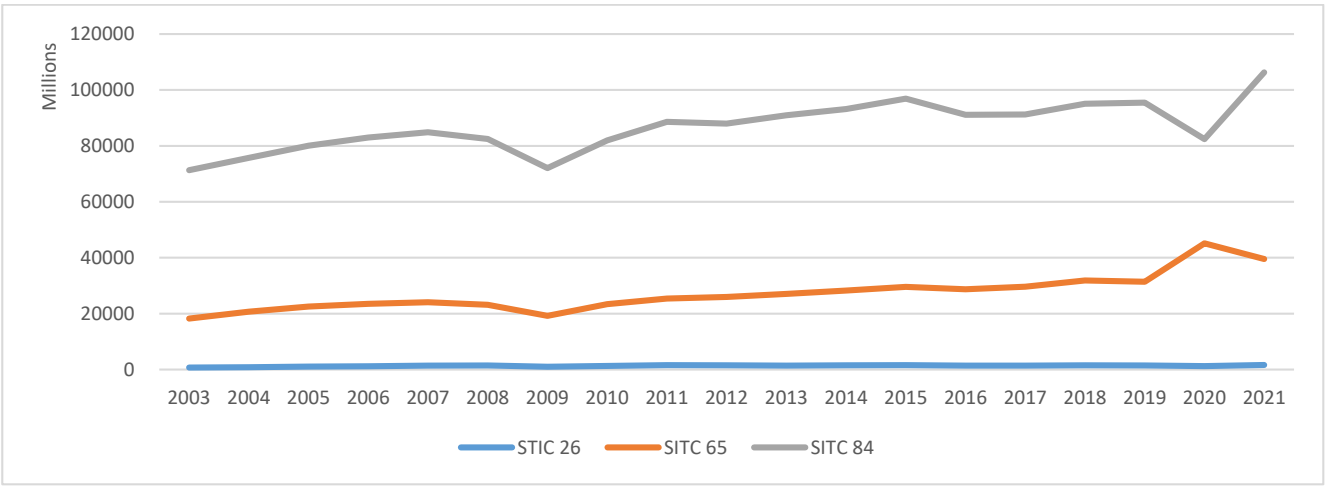

Figure 5. United States of America Textile import: Values in world textile import SITC 26, 65, 84 (Unit: USD million).

STIC 26 (Textile Fabrics): This category shows moderate fluctuations, but overall, it remained relatively stable throughout the years, with 2016 having the highest import value of 1,389 million USD.
SITC 65 (Textile Yarn): This category exhibited a steady increase in imports over the years, reaching its peak in 2021 with 106,287 million USD.
SITC 84 (Clothing): The import value for woven fabrics fluctuated during this period, with 2018 having the highest import value of 95,091 million USD.

Pakistan's Textile Export Growth: An Analysis of Two Decades

During this period, Pakistan's world exports gradually increased from 11,930 million USD in 2003 to 17,838 million USD in 2007. The textile sector played a significant role in this growth, with the sum of Pakistan's world textile exports rising from 8,658 million USD in 2003 to 11,321 million USD in 2007. Despite global economic challenges, Pakistan's world exports continued to grow, reaching 20,279 million USD in 2008. However, the sum of Pakistan's world textile exports experienced a slight decline, reaching 11,287 million USD in 2008. In the subsequent years, both world exports and textile exports remained relatively stable. From 2013 to 2017, Pakistan's world exports witnessed modest growth, reaching 21,878 million USD in 2017. In the recent years leading up to 2021, Pakistan's world exports experienced a consistent growth trend, reaching 28,795 million USD. The textile sector played a pivotal role in this remarkable growth, with the sum of Pakistan's world textile exports soaring to 18,043 million USD in 2021.

Figure 6 showcases the steady growth of Pakistan's textile industry and its significance in the nation's overall export growth. The data highlights the resilience and competitiveness of Pakistan's textile sector in the global market. The remarkable surge in the sum of Pakistan's world textile exports in recent years indicates the textile industry's potential to drive economic growth and create employment opportunities. Policymakers and industry stakeholders must continue to support and promote this crucial sector to sustain its growth momentum and further enhance Pakistan's position in the international textile market.

Figure 7 shows Pakistan's textile export values in world textile export SITC 26, 65, and 84, with the unit being USD million.

STIC 26 (Textile Fabrics): This category showed fluctuations over the years, with a peak in 2011 (489 million USD) and a dip in 2016 (127 million USD).
SITC 65 (Textile Yarn): The export value for woven cotton fabrics gradually increased throughout the entire period, peaking at 9,188 million USD in 2021.
SITC 84 (Clothing): The export value for knitted fabrics also exhibited steady growth, reaching 8,456 million USD in 2021.

Figure 6. Pakistan Textile Export: Values in world textile export (Unit: USD million).

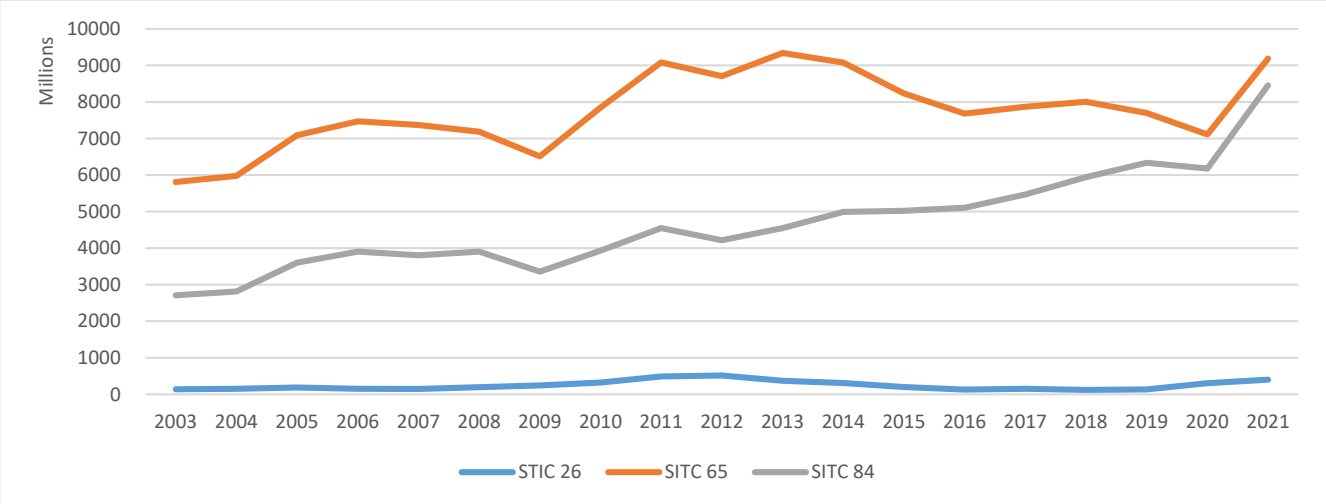

Figure 7. Pakistan Textile export: Values in world textile export SITC 26, 65, 84 (Unit: USD million).

Competitiveness of Pakistan and China in the US Textile Market

The examination of the Competition Index (CI) for China and Pakistan across multiple SITC categories and years elucidates distinctive patterns in their competitiveness in international trade. China consistently exhibits a formidable competitive advantage over Pakistan, as evidenced by significantly higher CI values across various SITC categories. In 2000, the most CI values of China across SITC categories 26, 65, and 84 are above 1, indicating a comparative advantage in exporting those textile products to the USA, while in Pakistan, the RCA values vary with some categories showing advantages (values > 1) and others disadvantages (values < 1). In 2005 to 2022, similar patterns can be observed over the years, with both China and Pakistan maintaining advantages in certain textile categories while facing disadvantages in others.

Latest 2022, China's CI values in critical categories such as SITC 26, 65, and 84 are notably elevated compared to Pakistan. For instance, in SITC 26, which encompasses textiles and textile articles, China boasts a CI value of 2.182, signifying its substantial dominance and competitiveness in this sector. Contrastingly, Pakistan's CI value for the same category stands at -0.927, indicating a weaker competitive position relative to China (As shown in Table 5). Similarly, in SITC 65, which includes textile yarn and fabrics, China maintains a commanding lead with a CI value of 0.999, underlining its strong foothold in this market segment. Conversely, Pakistan's CI value in SITC 65 is comparatively lower at 0.939, reflecting a lesser degree of competitiveness. Furthermore, in SITC 84, encompassing miscellaneous manufactured articles, China's CI value of 0.999 underscores its robust competitiveness in this category. In contrast, Pakistan lags behind with a CI value of 0.994, highlighting a notable discrepancy in competitive strength between the two countries.

These findings underscore China's sustained dominance and competitive prowess across diverse product categories relative to Pakistan. While fluctuations in CI values may occur over time and across different sectors, China consistently maintains a superior competitive edge, reflecting its status as a global economic powerhouse. Nonetheless, the dynamics of their trade relationship may vary depending on various factors such as market conditions, trade policies, and sector-specific strengths and weaknesses.

Table 5. Competition Index of Pakistan and China in the US market - SITC 26, 65, 84.

Years		2000		2005		2010		2015		2020		2022	
Country/Code		China	Pakistan	China	Pakistan	China	Pakistan	China	Pakistan	China	Pakistan	China	Pakistan
SITC 26	26	-0.806	-0.876	-0.867	-0.899	-0.847	-0.916	-0.582	-0.789	-0.877	-0.924	-0.927	2.182
	261	-0.156		-0.656		0.421		-0.395		-0.094		0.984	
	263	-0.997	-0.984		-0.988	-0.994	-0.988		-0.985	-1	-0.997		2.081
	264												
	265	-0.074		-0.706		-0.831		-0.945		-0.346			
	266	-0.351	0.541	0.601	0.312	0.523	-0.814	0.703		0.445	-0.429	0.209	0.3116
	267	-0.952	-0.928	-0.931		-0.773		-0.513		0.82		0.581	0.737
	268	0.416		-0.198		-0.493		-0.188		0.253		-0.082	
	269	-0.151	-0.476	0.344	0.254	-0.186	-0.302	0.567	0.139	0.181	0.213	0.52	-0.789
SITC 65	65	0.83	0.991	0.867	0.989	0.871	0.974	0.906	0.988	0.963	0.995	0.939	0.999
	651	-0.039	0.964	0.46	0.914	0.337	0.697	0.386	0.57	0.564	0.876	0.686	0.992
	652	0.943	0.999	0.951	0.999	0.973	0.816	0.98	0.995	0.982	0.997	0.919	0.996
	653	0.63	0.992	0.905	0.996	0.888	0.995	0.89	0.971	0.895	0.854	0.859	0.997
	654	0.761		0.781	0.984	0.611	0.945	0.655	0.857	0.538	0.89	0.904	0.999
	655	-0.43	0.993	0.895	0.979	0.954	0.281	0.957		0.951	0.986	0.943	0.999
	656	0.46	0.935	0.541	0.609	0.883	0.267	0.946	0.662	0.95	0.997	0.947	0.999
	657	0.261	0.805	0.063	0.68	0.426	0.606	0.682	-0.477	0.639	0.675	0.652	0.998
	658	0.99	0.999	0.991	0.998	0.993	0.998	0.994	0.999	0.997	0.999	0.997	0.999
	659	0.948	0.994	0.969	0.995	0.883	0.99	0.936	0.99	0.987	0.978	0.991	0.999
SITC 84	84	0.997	0.998	0.996	0.994	0.997	0.996	0.996	0.998	0.993	0.998	0.994	0.999
	841	0.998	0.993	0.998	0.999	0.998	0.996	0.998	0.999	0.988	0.999	0.992	0.999
	842	0.998		0.998		0.999	0.988	0.997	0.999	0.996	0.999	0.991	
	843	0.995	0.999	0.998	0.999	0.999	0.999	0.993	0.999	0.995	0.999	0.988	0.999
	844	0.998		0.991	0.998	0.997	0.999	0.996		0.996	0.999	0.996	
	845	0.997	0.999	0.996	0.999	0.997	0.999	0.997	0.998	0.992	0.998	0.996	0.999
	846	0.98	0.999	0.991	0.999	0.998	0.998	0.994	0.999	0.997	0.999	0.995	0.999
	848	0.996	0.995	0.994	0.892	0.993	0.967	0.992	0.986	0.991	0.993	0.991	0.999

Note: The data originates from WITS SITC Rev. 3., 2023; the author calculates the results. The competitiveness index consensus yields a statistical result of 1 or -1, attributed to incomplete import/export data or solely exports/imports.

Table 6. Comparative analysis of RCA in textile trading between Pakistan and China in the United States market - SITC 26, 65, 84.

Years		2000		2005		2010		2015		2020		2021	
Country/Code		China	Pakistan	China	Pakistan	China	Pakistan	China	Pakistan	China	Pakistan	China	Pakistan
SITC 26	26	0.721	0.415	0.464	0.176	0.515	0.138	0.531	0.493	0.258	0.554	0.219	0.524
	261	0.931		0.242		0.593		0.149		0.282		0.357	
	263	0.122	0.424		0.263	5.26	0.162		0.361	0.835	0.886		0.149
	264	0.332											4.679
	265	0.127		0.655	3.124	0.645		0.158		0.124		0.184	
	266	0.966	1.298	1.473	0.529	1.446	0.484	0.946	0.132	0.391	2.162	0.339	1.618
	267	1.586	0.911	1.166		1.272		1.553		0.495		0.538	
	268	0.772		0.487	0.989	0.397	0.612	0.557	0.864	0.424	0.446	0.264	0.731
	269	0.278	1.134	1.762	1.926	0.462	1.887	0.641	2.443	0.137	0.647	0.652	0.556
SITC 65	65	0.365	0.889	0.559	1.185	0.612	1.172	0.605	1.145	0.934	1.223	0.672	1.083
	651	0.056	0.306	0.153	0.381	0.212	0.113	0.259	0.072	0.179	0.149	0.163	0.157
	652	0.222	0.73	0.144	0.593	0.141	0.261	0.136	0.244	0.118	0.525	0.063	0.364
	653	0.128	0.439	0.222	0.36	0.198	0.283	0.159	0.175	0.141	0.195	0.122	0.173
	654	0.213	0.253	0.234	1.393	0.207	0.086	0.229	1.134	0.183	0.248	0.209	0.165
	655	0.011	0.325	0.173	0.643	0.29	0.021	0.279	0.227	0.152	0.459	0.132	0.449
	656	0.187	1.368	0.394	0.543	0.359	0.431	0.413	0.457	0.335	0.726	0.298	0.945
	657	0.326	1.465	0.385	1.789	0.486	1.666	0.563	0.045	0.501	0.637	0.479	0.369
	658	0.912	1.548	1.488	1.945	1.594	2.45	1.585	2.242	1.649	1.832	1.819	1.676
	659	2.074	1.636	1.573	1.649	0.933	1.864	1.094	3.085	1.068	2.711	1.122	2.468
SITC 84	84	0.633	1.979	0.862	1.823	1.079	2.543	1.136	1.922	1.217	1.626	1.361	1.752
	841		2.033	0.665	1.93	0.965	1.73	0.884	1.348	0.779	1.375	0.989	1.523
	842	0.731	2.009	1.076	1.379	1.405	1.767	1.105	1.389	0.966	1.249	1.035	1.301
	843	0.131	3.078	0.453	2.946	0.559	3.741	0.716	2.6	0.885	1.913	1.169	2.058
	844	0.154	2.604	0.678	2.3	0.864	3.491	1.103	2.616	1.305	1.641	1.432	1.716
	845	0.541	1.879	0.847	2.008	1.116	3.85	1.338	2.9	1.316	1.969	1.49	2.089
	846	0.38	0.853	0.872	1.286	0.997	2.6	1.156	2.244	1.4	2.035	1.421	1.961
	848	1.824	0.804	1.114	0.489	1.47	0.692	1.376	0.972	1.6	1.001	1.913	1.078

Note: The data originates from WITS SITC Rev. 3., 2023; the author calculates the results.

The Revealed Comparative Advantage (RCA) analysis provides valuable insights into the competitive dynamics between China and Pakistan across various SITC categories and years in Table 6. Examining the RCA values from 2000 to 2021 reveals nuanced patterns in each country's comparative advantage in international trade. In the category of SITC 26, encompassing textiles and textile articles, both China and Pakistan demonstrate fluctuating RCA values over the years. China's RCA values in this category range from 0.219 to 0.554, indicating a varying but generally modest comparative advantage in textile trade with the United States. Conversely, Pakistan's RCA values in SITC 26 fluctuate between 0.138 and 0.721, suggesting a comparable but slightly less consistent comparative advantage compared to China. Moving to SITC 65, which includes textile yarn and fabrics, both countries exhibit similarly fluctuating RCA values. China's RCA values in this category vary from 0.672 to 1.223, reflecting a modest to moderate comparative advantage over the years. In contrast, Pakistan's RCA values in SITC 65 range from 0.365 to 1.185, indicating a comparable but slightly less consistent comparative advantage relative to China. In SITC 84, covering miscellaneous manufactured articles, both China and Pakistan display fluctuating RCA values indicative of varying comparative advantages. China's RCA values in this category range from 1.361 to 1.979, suggesting a moderate to strong comparative advantage in the trade of miscellaneous manufactured articles. On the other hand, Pakistan's RCA values in SITC 84 fluctuate between 0.633 and 3.741, reflecting a comparable but more variable comparative advantage compared to China. The RCA analysis highlights the evolving competitive dynamics between China and Pakistan in international trade across different product categories. While both countries demonstrate varying degrees of comparative advantage over the years, China generally maintains a slightly stronger and more consistent competitive position across multiple sectors. However, fluctuations in RCA values underscore the complex and dynamic nature of international trade relationships, influenced by factors such as market conditions, trade policies, and sector-specific strengths and weaknesses.

CONCLUSION AND RECOMMENDATIONS

The findings suggest that Pakistan needs to adopt a multi-faceted approach to enhance its textile export competitiveness. Policymakers should focus on modernizing the textile sector, improving supply chain efficiency, and negotiating better trade terms with the USA. In conclusion, this study provides a comprehensive comparative analysis of textile exports to the USA, revealing significant competitive challenges and opportunities for Pakistan. By addressing these issues, Pakistan can significantly enhance its export performance and economic growth. Both China and Pakistan exhibit competitive strengths in certain trade categories, China generally maintains a stronger and more diversified comparative advantage across various product sectors. RCA analysis indicates China's consistent advantage over Pakistan in textiles and miscellaneous manufactured articles. The RCA analysis of China and Pakistan's trade dynamics across various

SITC categories from 2000 to 2021 reveals that in SITC 26 and 65 China generally maintains a modest to moderate comparative advantage over Pakistan in textile-related trade categories. While both countries exhibit fluctuating RCA values over the years, China's values consistently remain slightly higher, indicating a relatively stronger competitive position in textile yarn, fabrics, and textile articles. SITC 84 China demonstrates a stronger and more consistent comparative advantage compared to Pakistan in the trade of miscellaneous manufactured articles. With RCA values ranging from moderate to strong over the years, China's competitive position in this category appears relatively stable and robust. Understanding the dynamics of comparative advantage can inform strategic decision-making and policy formulation to enhance trade competitiveness and promote sustainable economic growth.

In this study, policy recommendations to enhance Pakistan's textile export competitiveness, including investment in advanced textile technologies, fostering innovation in product design, and strengthening trade relations with the USA through strategic negotiations. Pakistan's textile industry can enhance its competitiveness in the US market through strategic policy measures. Negotiating favorable trade agreements with the USA and investing in skill development and quality compliance are vital. Improving infrastructure, providing financial support, and streamlining trade procedures can further boost export capabilities. Close collaboration between the government and industry stakeholders is essential for effective policy formulation. Additionally, addressing funding challenges for machinery modernization is crucial for sustainable growth in the sector. Additionally, addressing the issue of funding for BMR projects in the textile sector, as highlighted in the BMR project financing section, is crucial for modernizing machinery and enhancing productivity. Future research could explore the impact of emerging trade policies on textile exports or analyze the competitive dynamics in other key markets, such as the European Union.

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