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Lahore Garment City: A Cluster-Based Incubator Model for Scaling Pakistan's Garment Export Sector

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EXECUTE SUMMARY

Pakistan's garment export sector has significant untapped potential. The Lahore Garment City (LGC), operating for over 20 years under the Ministry of Commerce, has established itself as a fully compliant, internationally certified industrial cluster in Sundar Industrial Estate. With 3,500 stitching units already operational, US$ 185 million in exports recorded in 2023-24, and a physical capacity to support over US$ 500 million in annual exports, LGC represents a mature but under-leveraged platform. The most critical bottleneck limiting growth is not infrastructure or compliance — it is a severe dearth of skilled workers and trained supervisors. A structured cluster-based incubator model offers a transformative pathway to close the skills gap and unlock LGC's full export potential.

What We Learned (Key Findings)

- LGC has been operational for 20 years, incorporated in 2004 under the Ministry of Commerce.
- The expert interviewed brings 10 years of direct experience in Pakistan's export sector.
- LGC exclusively focuses on dry production — no wet processing — keeping the facility clean and internationally compliant.
- LGC is compliant with the toughest international standards, including those required by global brands such as Nike.
- 3,500 stitching units are currently installed and operational within the facility.
- A unique social model: LGC hires complete families, providing inclusive employment within a single industrial estate.
- Total exports from LGC reached US$ 185 million in 2023-24, up from US$ 20 million in 2014-15.
- LGC's infrastructure capacity supports over US$ 500 million in annual exports — current utilization is well below potential.
- A severe dearth of skilled workers is the primary constraint on growth.
- Equally critical is a dearth of qualified trainers capable of building workforce capacity at scale.

KEYWORDS

Garment Exports | Skill Development | Industrial Cluster | LGC | Pakistan Textiles | International Compliance

What Needs to Change (Actionable Insights)

- Develop a nationally recognized garment skills certification aligned with international compliance requirements (WRAP, SA8000, Nike vendor standards).
- Promote the family hiring model nationally as a social impact benchmark, and link it to CSR incentives and government labor welfare schemes.
- Invest in a dedicated Training and Productivity Center within LGC, targeting conversion of unskilled to skilled workers within 90 days.
- Engage TDAP, SMEDA, and NAVTTC to co-fund the incubator model, with LGC as lead implementing agency.

SOURCE OF INFORMATION

Sector day discussion and input from the industry by

ORIC
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Opportunities for Social and Economic Impact

“LGC's business model is structurally sound — fully compliant, internationally certified, and physically capable of generating over US$ 500 million in annual exports. Yet it operates at a fraction of capacity. The missing link is not machines or buildings: it is skilled hands and trained minds. A cluster-based incubator, anchored by international trainer partnerships with Sri Lanka and China, is the single highest-impact intervention available today.”