

## Government releases amount of Rs 3 billion for refund claims

The Federal government has released Rs 3 billion for immediate payment of refund claims to textile exporters whereas more funds are being arranged to resolve the issue completely, said Hasan Iqbal, Federal Secretary for Textile Industry.



Hasan Iqbal, Federal Secretary for Textile Industry.

Addressing a meeting of Pakistan Hosiery Manufacturers and Exporters

(PHMEA), he highlighted the importance of the textile sector and said the government was fully aware of its problems.

He said that textile sector was not only playing a dynamic role in strengthening national economy but it is also providing job opportunities to millions of people. Therefore, sincere efforts are being made to resolve its genuine issues on a permanent basis.

He said that zero-rating facility was available on textile machinery, if you are facing some other problems in this connection, then you should inform me in writing and I will try to resolve the same on a priority basis.

Textile sector is very important for national economy; therefore, we are striving hard to provide maximum facilities to this sector.

Textile sector was based on 12 sub-sectors. Therefore, we have to contact with various departments including Ministry of Finance, Ministry of Water and Power, OGRA, NEPRA, etc. for redress of the problems.

Hasan Iqbal further said that the government was fully concentrating on the textile industry. That's why new industries are being established in Pakistan besides providing them cheap electricity round the clock.

Earlier, Senior Vice Chairman PHMEA Muhammad Amjad Khawaja in his welcome address highlighted various issues and problems being faced by the textile sector and appealed to resolve the same on war-footings.

## FTA with Turkey at an impasse

The negotiations over a Free Trade Agreement with Turkey have hit an impasse after the seventh round was



Kanwar Usman, Director Ministry of Textile.

concluded early June 2017, and the Secretary level talks have ended without a breakthrough. Hopes are now riding on the Ministerial level talks, for which no date has yet been announced.

Sources said despite Pakistan's generous favours including opening up the auto sector, Turkey has shown reluctance to reduce duties on textile products, an important demand from Pakistan.

Director Ministry of Textile Kanwar Usman said the Turk side offered 20% margin of preference on tariff lines of Pakistan's interest, with majority of these for the textile sector at the 7<sup>th</sup> round of Pakistan Turkey Free Trade Agreement held in Ankara during June. He said the rules of origin offered by the Turkish side for Pakistani products were more restrictive than those applied by the EU.

Turkey is not letting the textile sector enter its market easily and has offered to reduce duty by 25% on textile items in five years, with the remaining 75% duty

to be revisited after this period. The country has also agreed to reduce the duration of the FTA one to three years instead of five years.

## Cotton industry appeals to government for crop protection

The cotton industry has requested the Ministry of Textile and Cotton Crop Assessment Committee to protect the cotton crop from possible damage due to rain and virus attack. The representatives from the industry have sought technical support for the growers. They have also asked for a supply of certified cotton seeds for improved production of quality crops.

For 2017-18, cotton was sown over 2.950 million hectares, which is lower than the target set at 13.75 cotton bales for the year. However, the expectation was to produce around 10.18 million bales in the province of Punjab while Sindh has the viability to produce nearly 3.69 million bales.

There are chances that cotton crops in several areas of Punjab and Sindh stations could get affected due to rains. Further, there is also a risk of a virus attack on the crops, according to crop reporting service department, Punjab.

The cotton industry has asked for a team of officials for proper investigation



of standing crops in the provinces of Sindh and Punjab. The industry is focusing on increasing yield of high-quality cotton crops to help the farmers and boost the country's exports.

### PRGMEA, CCCT to promote textile trade

The Pakistan Readymade Garments Manufacturers & Exporters Association (PRGMEA) and China Chamber of Commerce for Import and Export of Textile and Apparel (CCCT) will promote trade between textile and apparel companies in Pakistan and China. The two organisations had signed a memorandum of understanding (MoU) to this effect back in March 2016.



Khurram Dastgir,  
Commerce  
Minister.

The delegation of CCCT led by Wang Vu, Vice Chairman of the Association, visited Pakistan to discuss the implementation of the MoU. The decision to promote trade between the two nations was taken at a meeting held between the two organisations in the presence of Commerce Minister Khurram Dastgir and Board of Investment (BOI) Chairman Dr Miftah Ismail.

Dastgir briefed the Chinese delegation about the garment and textile sector of Pakistan and urged them to invest in various sectors in Pakistan for mutual benefit. Ismail said that Pakistan provides a level-playing field to local as well as foreign investors and all sectors are open to investment.

The meeting between PRGMEA and CCCT will help build mutually beneficial dimensions, said Ijaz Khokhar, PRGMEA Central chairman. He said that this is the first of its kind agreement for the Pakistan garment sector association with overseas stakeholders.

Vu said that Pakistan, one of the top five cotton producers in the world has growth potential for value-added garments and apparel sector. As per the MoU, CCCT cooperated with the E-commerce Gateway from Pakistan and was the co-organiser of Textile Asia and CFT Asia in China.

### PTEA stresses continuation of duty drawback of taxes incentive




Ajmal Farooq,  
Chairman PTEA.


Pakistan Textile Exporters Association (PTEA) has stressed for the continuation of duty drawback of taxes incentive allowed under Prime Minister's package without any bar of 10% increase in exports.


It was of the view that end of incentive would not only increase the cost effectiveness of 7% in the manufacturing of export goods but would also jeopardize government's initiatives to boost the exports.

Chairman PTEA Ajmal Farooq has said that textile industry has lost its viability as our textile exports are at a comparative disadvantage in respect of production costs in the region.


Exports of yarn and fabric were eligible for a rebate of 3% and 4% respectively; whereas, in the value-added sector, the rate of the rebate was 6% on exports of readymade garments and 5% on home textiles. The incentive somehow impacted


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positively and cushioned the declining exports but unfortunately, this scheme was only for six months which had ended on 30th of June.

Ajmal Farooq demanded the continuation of duty drawback of taxes for the next year to support the ailing textile industry and to retain our hard-earned export markets.

He further demanded immediate payment of exporter's stuck up liquidity in refund regime as funds blockage has caused a continuous drop in exports and textile industry is unable to tap its potential in accordance with capacity.

### Hosiery sector holds government responsible for export woes



Adil Butt,  
Chairman, PHMA.

Pakistan Hosiery Manufacturers and Exporters Association (PHMA) Chairman Adil Butt has expressed concern over the decline in textile exports, which have dropped 1.98% in the first 11 months of the current fiscal year. Along with the fall in textile exports, Pakistan's trade deficit has swelled 42.12% to about \$30 billion compared to \$21.1 billion in the same period of the previous fiscal year.

Adil Butt held the government responsible for the constant decline in textile exports because of delay in the release of tax refunds of exporters and demands an immediate release all the pending sales tax refund and Customs rebate claims as well as withholding tax claims.

The drop in textile exports comes during a turbulent period for textile manufacturers as they await the promised government incentives for the export sector including disbursement of an export promotion package worth Rs180 billion and smooth receipt of sales tax refunds.

The year-on-year growth in exports of most of the textile products was negative including towels, cotton clothing and bed wear, which showed double-digit declines.

Out of the Rs 180 billion promised in the incentive package for the export



sector, just Rs 4 billion has been released, despite the news of the release of Rs 24 billion. The package is aimed at making the industry cost-effective by removing duties on raw material (cotton and man-made fibres) among other measures.

### APTMA demands early implementation on PM's package

The office bearers of All Pakistan Textile Mills Association (APTMA) have demanded early implementation of the package of Rs. 180 billion announced by the Prime Minister for boosting the industrial sector particularly the textile industry.

They demanded saving of domestic industry from increasing imports from China and India, fixation of electricity and gas tariff as Rs. 7 per unit electricity and Rs. 400 MMBTU gas.

They said that the textile industry is under crisis as numbers of units have been closed due to the negligence of the government. They demanded the preparation of effective policy for providing relief to textile industry and maintained that their protest would continue till the acceptance of their demands.

### ICCI appeals Pakistan government to revive textile industry

In its effort to revive the textile industry, Islamabad Chamber of Commerce and Industry (ICCI) have requested the government to address the issues faced by the industry. Further, it has asked the government to take initiatives to improve the exports of textiles and apparel sector which contribute majorly in the country's revenue generation.

Implementation of Rs 180 billion export incentive package announced by the Prime Minister will be a boost for the textile industry, said ICCI President Khalid Iqbal Malik in a statement.



Khalid Iqbal  
Malik, ICCI  
President.

For efficient working of the textile industry in the country, ICCI has requested the government for financial support and infrastructure. The textile industry is facing a financial crisis due to delay in the release of a tax refund of around Rs 300 billion from the Federal Board of Revenue (FBR). Implementation of the zero-rating facility will help the exporters from a liquidity crisis. Continuity of the zero-rated sales tax policy is a boost to export-oriented

The government should take measures to ease the cost of doing business for the efficient functioning of the textile industry. Availability of infrastructure facilities at an affordable rate will boost the textile business. ICCI has asked for a reduction in tax duty on gas from Rs 600 per MMBTU to Rs 400 per MMBTU and electricity supply at Rs 7 per unit inclusive of all taxes, levies and surcharges.

### FCCI President wants new airport in Faisalabad

The new civilian airport is imperative to cater to the future needs of Faisalabad and the incumbent government should immediately approve the project on an emergency basis, said Engineer Muhammad Saeed Sheikh, President Faisalabad Chamber of Commerce and Industry (FCCI).

He said that Faisalabad is one of the most important industrial, business and commercial hubs of the country. It is



Engineer  
Muhammad Saeed  
Sheikh, President,  
FCCI.

exporting textile products worth \$13 billion, which are 55% of the total textile exports of Pakistan.

He said that increase in textile volume had paved the way for export of other non-traditional items which would increase manifold after the completion of China-Pakistan Economic Corridor (CPEC) project.

Similarly, presently our textile export is restricted to cotton, fabrics, knitwear bed-sheets and home textiles, but we are expecting that Pakistan would start export of technical textile products within the next couple of years.

Pakistani exporters are regularly visiting different countries of the world. Similarly, a sizeable increase in air cargo is also expected with an increase in the export volume. Moreover, the expatriates working in different countries are also regularly visiting Faisalabad airport.

During 2016-17 approximately 299,296 passengers used Faisalabad airport. It is quite insufficient to accommodate further passenger load whereas it is expected to jump to 5 lakh within the next 2-3 years.

Regarding air cargo, he said that the PIA, Emirates, Gulf Air, Etihad, Oman Air, Turkish Air and Saudi Airlines are managing a total of 25 flights a week with hardly 40 tonnes of cargo capacity. He said that increase in export activity would also help these airlines to increase their cargo capacity, which is now 8,320 tonnes per annum.

### Value-added textile sector is backbone of economy: PBIF

President Pakistan Businessmen and Intellectuals Forum (PBIF), Mian Zahid Hussain said the value-added textile sector is the backbone of the economy which deserves attention of the government. This sector is providing employment to millions of the people after agriculture, have the largest share in exports and paying taxes, therefore, its problems should be resolved immediately.



Mian Zahid  
Hussain, President,  
PBIF.

He said that energy crisis, stuck-up refund claims, rising input costs, the burden of taxes, infrastructure issues, lack of enabling rules and regulations, has increased the cost of doing business.

He said that instead of moving forward with the value addition, the country is going backwards by exporting more of the raw materials like cotton and yarn. The business leader said that all the regional countries are following good practices, paying hidden subsidies while India allows export of surplus cotton, he said. A proper regulatory policy for cotton and yarn exports can save one of the most important small scale industries from losing its share to Bangladesh, Sri Lanka, China, Vietnam and India. The government should introduce the liberal import policy for raw materials for re-export like duty-free import of fabrics and accessories which are not being manufactured in Pakistan. ♦

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