Export package termed short-term solution

Value-added textile export associations have welcomed the approval of the export package for 2017-18, but suggest it is a short-term solution to a long-term problem. The long-term solution is to reduce the cost of inputs like electricity, gas and water tariffs.

The Economic Coordination Committee (ECC) of the Cabinet approved the export package in a bid to give a boost to shrinking exports of the country.

Under the package, 50% of the incentive will be offered to eligible textile and non-textile exporters on the same terms as given for the period January to June 2017 without the condition of 10% increase in shipments. The remaining 50% of the incentive will be provided if an exporter achieves an increase of 10% or more in shipments compared to the corresponding period of previous year.

In the statement, Pakistan Apparel Forum, Pakistan Hosiery Manufacturers Association and others said an additional 2% duty drawback on exports to non-traditional markets like Africa, Latin America, non-EU countries, Commonwealth of Independent States (CIS) and Oceania as well as the expeditious settlement of payment claims were great initiatives of the government.

The incentive amount should be credited to the exporter account at the time of realisation of export proceeds as all export-related information were submitted online and available to the government.

They urged the government to take on board the stakeholders while drafting and finalising the Duty Drawback of Taxes Order 2017-18 and share the draft for review.

SME sector has potential to grow at much faster pace

SME Sector of Pakistan has potential to grow at a much faster pace and internationalization of its products with their own brand names can help Pakistan to earn billions of dollars, stated Michael Fisher Reinhard, Chief Executive Officer of the Expandeers Global Network Germany. He was addressing a meeting of the members of Faisalabad Chamber of Commerce & Industry (FCCI).

He said that Europe is the third biggest and sustainable economy in the world of 741 million people and a GDP of 10,745 million Euros. Its industrial sector is consists of fashion garments, food, chemicals, automotive and biotechnology, despite these advancement, the imports of European Union (EU) are US$ 1.69 trillion with a sizeable share of textile and clothing.

Mr. Michael Fisher, while, presenting statistics, said that an overall volume of international textile is around US$ 3,000 trillion while Europe and America are major importers of these commodities.

He said that China is catering to the 54% of the world requirements. Pakistan should also encourage its SME sector to contribute not only in the domestic, but also in the international markets. Mr. Fisher said that Pakistani SME sector should switch to E-Commerce and digital marketing instead of selling their products at a low profit to the major international buyers. Expandeers is an organization of international experts that can give expert opinion to Pakistani SME sector to penetrate into the untapped markets of Europe. Although, having already started in August 2017, we now officially launched Expandeers (Pakistan) in Lahore by setting up and opening our office at Aziz Avenue.

He said that recently he has established a digital marketing company with its head office in Hamburg. It could also facilitate SME sector of Pakistan to make their exports direct to the customers of EU.

Textile, clothing exports grew by 8% in the first quarter of 2017-18

Exports of textile and clothing products posted nearly 8% growth year-on-year to $3.25 billion in the first quarter of 2017-18, the Pakistan Bureau of Statistics (PBS) reported.

One of the reasons for the revival in textile and clothing exports is the cash subsidy offered under the Prime Minister's exports enhancement package. The release of pending refunds and better energy supplies also contributed towards increasing exports.

The main driver of growth was the value-added textile sector. Exports of readymade garments went up 16% in the first quarter in value and 19% in quantity. Similarly, exports of knitwear edged up 9% in value and 15% in quantity during the period under review.

Exports of bed wear went up 7.1% in value and 1.8% in quantity while those of towels posted a paltry growth of 0.91% in value. In the category of primary commodities, exports of cotton yarn witnessed a year-on-year increase of 4.5% while those of yarn other than cotton recorded a rise of 7.67%.

Exports of made-up articles excluding towels increased 8.64%. Art, silk and synthetic textile exports grew 88.8% during the period under review. However, exports of tents, canvas and tarpaulin dipped over 32%. Proceeds from raw cotton exports recorded a year-on-year increase of 69.7%.◆

APTMA for implementation of PM's package in 'true spirit'

All Pakistan Textiles Mills Association (APTMA) has called for implementing the "Prime Minister Export Enhancement Package" in its true letter and spirit besides making steps for ensuring ease of doing business in order to make Pakistan's exports competitive in the international markets.


Aamir Fayyaz Sheikh, APTMA Chairman.

While addressing a press conference, APTMA Chairman Aamir Fayyaz Sheikh flanked by APTMA Punjab Chairman Ali Pervaiz also called upon the government for ensuring uninterrupted energy supply to the textile sector in order to attain competitiveness besides enhancing exports for the socio-economic development of the country.

The Chairman said that Pakistan requires export-led for economic growth and stability of the country. Textile industry contributes 60% in total exports of the country, which is considered the backbone of the economy. He said that textile sectors provided 15 million direct and indirect employment in all four provinces of the country, which has a huge contribution to the country's economy.

He stressed the need for evolving an export-led policy for economic turned around and growth in all sectors of the country's economy. High energy prices are a major problem for the textile industry especially the spinning, weaving and processing industries. He said that availability of energy at regionally competitive prices is also important.

Apparel makers seek help under Textile Policy 2009-14

The apparel makers have sought the PM's help for attaining financial share from already allocated funds of Rs 42.5 billion under Textile Policy 2009-2014 to upgrade their manufacturing plants. In a letter to the Prime Minister, Chairman, Pakistan Apparel Forum, Javed Bilwani said that the Federal Textile Ministry's Technology Up gradation Scheme under the Textile Policy 2009-14 was aimed at helping the manufacturing sector financially to improve its machinery and plants.


Javed Bilwani, Chairman, PAF.

The said scheme aimed to improve the overall technological configuration of the sector; remove critical imbalances in the value chain; achieve compliance with international standards and increase overall investment through support with special provisions for supporting the SME Sector.

It said that the SBP still awaits funds from the government to disburse to the exporters, who have already invested in plants up gradations. The Textile Ministry has also carried out inspections of upgraded plants through National Textile University.

SBP devise plan to disburse export incentives

Ministry of Finance and State Bank of Pakistan (SBP) have jointly devised a mechanism to timely compensate the exporters under the Prime Minister Incentives package to boost exports.

The official said the SBP will transfer the amount into the bank accounts of exporters on the basis of consignments and it will simultaneously share the relevant information with the finance ministry. We have ensured that there will be no delay in payments now.

The official further said the Finance ministry has already cleared Rs14 billion on account of exporters package since January against the total due amount of Rs19 billion. The remaining payment of Rs5 billion is in the pipeline, which will be cleared soon in a bid to incentivize exports.

In January 2017 former Prime Minister Nawaz Sharif announced Rs180 billion incentives package to boost exports. Officials said the confidence-building measures, approved by Prime Minister Khaqan Abbasi, are aimed at yielding desired results for the export sector.

An agreement to launch a pilot project for payment of taxes/duties on cross-border trade and an agreement for payment of domestic taxes were also recently signed. The alternate delivery channels payment system will help the State Bank of Pakistan save billions of rupees, which are currently paid as annual service charges for revenue collection.

Pakistan, Vietnam agree to remove trade barriers

Younis Dagha, Commerce Secretary.

Pakistan and Vietnam agreed to remove the trade barriers in the process of expanding trade ties between the two countries. Both the countries showed the agreement in the fourth meeting of the Joint Trade Commission held at Islamabad. The Vietnamese delegation was led by Cao Quoc Hung, Vice Minister of Industry and Trade of the Socialist Republic of Viet Nam, and the Pakistani delegation was headed by Younus Dagha, Secretary Ministry of Commerce.

Both sides affirmed their determination to cooperate in sectors such as Energy (electricity, oil and gas, transmission tower, utility pole and other electrical construction), textile & garment, chemical, leather & footwear, IT & telecom, auto & machinery (Engine & industrial equipment, instruments & agricultural machinery, auto & motorbike), cutlery and surgical goods, pharmaceuticals, sports goods, gems and jewellery, food processing and infrastructure development.

Both sides agreed to explore the possibilities of cooperation in the seafood sector such as setting up joint ventures in shrimp farming and seafood processing sector.

During the meeting, the heads of the two delegations deliberated on each country's social and economic developments, reviewed the bilateral trade relations, identified obstacles and impediments to trade and set forth lines of actions to further develop and promote trade relations between the two countries.

Pakistan eyes on Central Asian Republics, African markets to boost exports

In order to boost exports from the country, Pakistan is exploring new markets in resource-rich regions of Central Asia and Africa. We are working to enhance our economic ties with these potential markets of Pakistan products, which would help boost country's trade, said Director Trade Development Authority of Pakistan (TDAP), Khalid Rasool.

Exploring the regional market was the top priority of the government; he said adding efforts were on to promote trade and economic relations with Africa, Central Asian economies and Afghanistan.

Pakistan had potential to enhance the country's exports in pharmaceutical, surgical instruments, including variety of textiles items such as synthetic textile products, raw cotton, cotton yarn, leather and sports goods, electronics, Seafood, furniture, cement, apparel, marble and agro-based industry like rice, beef, sugar, poultry chicken, potatoes, fruits and vegetables.

Pakistan was looking for easy access of neighbouring partners to bigger markets of the region, technology sharing focussing on collective regional prosperity. Khalid Rasool said that Central Asian States presented a consolidated market of 289 million consumers, with GDP of US$ 593.56 billion, which offered a huge reservoir of untapped economies.

He said Pakistan/Central Asian Republics relations were based on geographical proximity, common history, religion, culture, traditions, values and destiny. Pakistan and these states could work together in areas of trade, economic stability and development of the region, the Director TDAP said.

Traders want 1% cut in interest rates

The majority of export-oriented sectors and industrial units in the country were of the view that State Bank of Pakistan (SBP) should have considered at least 1% downward change in basis point system (Bps) in the policy rate.

The SBP in view of high cost of doing business and delayed government initiatives in relief packages to exporters could reduce discount rates by one bps to 4.75% for a period of next two months.

Earlier, the SBP had kept the policy rate unchanged at 5.75% for another two months. Downward correction in bps could have provided the tonic to the grappling economy to some extent and better prospects for investment climate besides providing financial relief to industrialists especially exporters.

Representatives of almost all associations said downward revision in policy rate provides more liquidity prospects to the industry, which was already braving high cost of energy and production. Policy rate cut could provide relief to textile, leather, surgical and other major exporters in the competitive international market where India, Bangladesh, Sri Lanka and Thailand remained leading competitors.

It would help to increase productivity, controlling inflation, besides discourage government, as it was a major borrower of commercial banks and would provide industry and exporters borrowing money on lower rates, said Agha Saiddain, Senior Executive Member of PTA.

He said surplus liquidity in the market is always important and one of the prime reasons behind investment in the industrial sector. Reduced bank mark-up rate encourages fresh investment in the industry particularly in leading exporting textile and leather industry. SBP's change policy rate helps keep the cost of living, cost of doing business and rate of defaults and unemployment within control limits.

Value-added textile sector seeks technology upgrade funds

Value-added textile sector urged the government to clear billions of rupees in refund claims under technology up-gradation fund (TUF) stuck for the past two years, said Jawed Bilwani, Coordinator of Pakistan Hosiery Manufacturers and Exporters Association (PHMA). He said Ministry of Textile Industry had allocated Rs42.5 billion worth of markup support and other incentives in April 2010 to improve the sector's technological configuration, remove critical imbalances in the value-chain and help it achieve compliance with international standards.

TUF was announced under the textile policy 2009-14, while the industry was asked to submit refund claims until 31 August 2015. Upon TUF's scheme announcement, exporters had made further investments to upgrade their industrial units. Nevertheless, the government has not honoured its promises since no amount under the said scheme has been paid till date, which discouraged exporters and industrialists to make future investments. He said the exporters had timely submitted their claims to the State Bank of Pakistan (SBP) for markup and investment supports. The industry's reluctance to modernise production lines has long been biting the country's exports. Textile industry accounts for 60% of the country's total annual exports of US$ 12 billion. Knitwear, bed wear and readymade garments are the key exports revenue spinners.

He urged the government to direct the textile ministry to revise up the application period of the current TUF scheme to five years from three years. ◆