Pakistan likely to allow cotton imports from India

Pakistan is likely to allow cotton imports from India to meet the demand of key textile industry, but with tough conditions for consignments from the neighbouring country. Pakistan is likely to start issuing the permit for import of cotton from India through land route under new tough conditions that may not fully ease already imposed restrictions on trade.

According to the report, Pakistan, which is the world's fourth-largest cotton producing country, falls short of around 4.0 million bales a year to meet the local demand of nearly 16 million bales.

As per officials, a permit from the Department of Plant Protection of Pakistan's food ministry is mandatory, under the new phytosanitary conditions, for import of unprocessed cotton, including raw or seed cotton from India.

The consignments would be inspected and tested by the National Plant Protection Organisation according to appropriate procedures and to ensure the goods are free from biosecurity pests.

The government of Pakistan had suspended the import of cotton from India last year after its Department of Plant Protection had put forward some objections. Earlier in the past, Pakistan used to import 0.5 to 2.8 million cotton bales from India.

Textile exports likely to touch $13 billion this year

Textile exports have been going up steadily, in the first five months (July to November) of the current fiscal year textile shipment jumped 7.66% year-on-year to $5.51 billion driven primarily by a surge in value-added textile exports. This positive sign raises expectations that full-year proceeds likely to touch $13 billion after a hiatus of two years.

In a review of the industry's performance in the outgoing year 2017, Pakistan Textile Exporters Association (PTEA) Chairman Shaiq Jawed said that textile shipments had been on an upsurge since the start of 2017-18 in July following a continued fall in the previous fiscal year.

After hitting the peak at $13.73 billion in 2013-14, textile exports dropped to $13.47 billion in 2014-15 and $12.44 billion in 2015-16. Afterwards, they inched up 0.04% at $12.45 billion in 2016-17, but were still lower by more than a billion dollars than the peak.

In Pakistan, the industrial gas tariff was almost 100% higher and electricity price was about 50% higher compared to regional competitors.

The liquidity stuck in the tax refund system is another stumbling block; exporters are waiting for the release of billions of rupees blocked in sales tax, income tax and customs duty rebate claims, which has sparked severe liquidity crunch. If these payments are released, the exporters can utilize the money on trade expansion.

The Pakistani textile industry has not made enough investment in technology because of which productive capacity of the sector has remained stagnant. Technological advancement is another area where textile industry has trailed its competitors.

PTEA demands restoration of system gas for textile industry

Punjab based textile industry is already facing a serious blow of non-viability due to the high cost of doing business. Moreover switching of system gas to high priced RLNG supply would also cripple the textile industry which is presently at a comparative disadvantage in respect of production costs in the region.

Pakistan Textile Exporters Association (PTEA) has expressed severe concern over the suspension of system gas under quota regime and supply of high priced RLNG to export-oriented textile industries in Punjab as it would further add to the high cost of doing business and would hamper the export pace.

Mr. Muhammad Ammar Saeed, Vice Chairman, PTEA.

Vice Chairman Ammar Saeed is of the view that the rising cost of doing business over last several years has not only stalled fresh investment in textile industry but has also hampered the export growth and turnover.

The Punjab-based textile industry would be unable to compete even in the domestic and international market in case the irritants are not removed. PTEA urged the economic managers of the country to come forward and support the industry in regaining the phase of bringing back viability in the textile industry and economic prosperity of the country.

Rs 11.44 billion disbursed for textile sector

The government has disbursed Rs 11.44 billion among the textile sector against claims for Rs 20 billion through the State Bank of Pakistan under the Prime Minister's Trade Enhancement Package till November 22, 2017. The Rs 162 billion Trade Enhancement Package was aimed at helping the textile sector to gain competitiveness in the international market in order to enhance the country's exports.

The government wants to revive confidence of the textile sector through the package. The official said that with this package cost of doing business would come down in the country.

PCGA warns against duty-free cotton import

The Pakistan Cotton Ginners Association (PCGA) has opposed the duty-free import of cotton from India and warned that it will ruin cotton growing and growers in Pakistan.

They stressed the need for continuation of the ban on the imports from India on hold through Wagah and Karachi port. They strongly opposed any relaxation in cotton import. Farmers have also expressed concern over the lifting of the ban on the import of cotton from India by the government.

They added that they were expecting a bumper crop this year and import from India would destroy the local cotton growers.

The PCGA leaders expressed concern on the import of cotton from India at this stage when the country has unsold stock of 2 million bales. Total 960 ginning factories are operational in the country, of them 666 in Punjab and 294 in Sindh.

Textile mills in Pakistan have been the long demanding restoration of cotton import from India, the world's second-biggest cotton producer, to meet the shortfall in local production.

All Pakistan Textile Mills Association (Aptma) also urged the government to immediately notify withdrawal of 4% customs duty and 5% sales tax and other non-tariff restrictions on the import of cotton to enable the industry to meet its export commitments.

Cotton imports: Government turns to non-tariff barriers

The government's policy to appease legislators of the ruling party by discouraging agriculture-related imports has come to haunt textile exporters who are now facing new curbs on their raw material imports due to the introduction of non-tariff barriers.

The textile sector had recently won some concessions from the government but it is again knocking the door of cabinet members. The importers face a new challenge in the shape of restrictions on the import of cotton their basic raw material that is in shortage in the country.

For the last many years, the country is meeting cotton needs by importing the commodity from India and Brazil, as local production is not sufficient to meet total requirements. For the current fiscal year 2017-18, the Federal government has estimated cotton production at 13.6 million bales against a total requirement of around 14.3 million bales.

But cotton cultivation remained at only 6.8 million acres, which is 88% of the target and would result in farmers missing the production target by at least one million bales. Despite the deficiency, the Ministry of Commerce issued a notification that placed new restrictions on cotton imports along with 580 other items. This time, the government has chosen a time-tested technique to discourage millers from importing cotton, after imposition of duties and taxes could not stop the cotton imports.

In the name of containing the growing import bill, the government has heavily targeted agriculture-related imports by introducing non-tariff barriers (NTBs). The import of cotton linters will be subject to valid import permit, valid phytosanitary certificate and plant protection release order of Department of Plant Protection of the Ministry of National Food, Security and Research.

As per the new restrictions, the Plant Production Department will issue import permits that will allow only one shipment and will not cover partial shipments under one permit, according to a complaint that Diamond International Corporation Limited registered with All Pakistan Textile Mills Association (Aptma).

Before introduction of the NTB, the millers were allowed to import the commodity in more than one shipment against one permit, depending upon the availability of cargo and better prices.

The millers want the government to continue with the old arrangement of issuing import permits for cotton imports covering partial shipments to avoid unnecessary delays that will also increase costs.

Pakistan an emerging market for UK businessmen: UK trade delegation

UK Prime Minister's Trade Envoy Rehman Chishti said that considering Pakistan as an important emerging market, British businessmen are ready to grow further trade and economic ties with their Pakistani counterparts to avail the available opportunities.

He said that all aspects of trade with Pakistan are focused. Pakistan and United Kingdom enjoy strong bilateral relations and share the history and deep cultural linkages. He said that this visit will further enhance and strengthen Pakistan-UK relations and up-scale existing co-operation in various fields, particularly in the areas of common interest.

LCCI Acting President Zeshan Khalil said that exchange of delegations and participation in each other's exhibitions are a useful tool to know more about each other. Such interactions with the counterparts and other stakeholders allow embarking upon new areas of cooperation.

Zeshan Khalil said that the UK is one of the top five exporting markets in the world for Pakistan. The UK is ranked at 3rd and 16th places among the top exporting and importing countries respectively for Pakistan. It is encouraging to see that balance of trade is in favour of Pakistan and both countries are maintaining overall trade above the US $ 2 billion from the last three years.

Mr. Zeshan Khalil, LCCI Acting President.

Pakistan's major exports to the UK consist of made-up textile articles, cotton, articles of leather, surgical instruments and cereals etc. Pakistan's major imports from the UK are iron and steel, machinery, chemical products, made-up staple fibres, and pharmaceutical products etc.

Cotton production recorded rise of 17.07%

The cotton production has so far reached 1.186 million more cotton bales than the production recorded up to November last year. This makes the target of 12.6 million bales achievable for 2017-18. The latest report by the ginners' shows the annual increase of 17.07% only, while the last two fortnightly reports recorded the year-on-year growth in cotton production at 50.88% and 36.79%.

The early maturity of cotton plants is seen due to excessive heat in Punjab may possibly have increased phutti (seed cotton) arrivals for a short period, directly impacting the production of cotton.

According to Adil Naseem, director of the Karachi Cotton Association, who recently visited cotton fields in Punjab, cotton bolls opened up earlier than usual due to the heat wave, thereby adversely impacting the growth and quality of lint. Although it can hurt the overall production, higher acreage brought under cotton cultivation this season may help growers achieve the production target.

About 723 ginning units are currently operating in Punjab against 736 a year ago. In Sindh, however, the number of active ginning units is 294 compared to 272 units last year.

PYMA criticises NTC for levying anti-dumping duties on PFY

National Tariff Commission (NTC) has been criticised by the Pakistan Yarn Merchants Association (PYMA) for imposing anti-dumping duties between 3.25% and 11.35% on import of polyester filament yarn (PFY) from China and 6.35% from Malaysia. Three-fourths of the domestic requirement of such yarn is met through imports.

The total annual requirement of such yarn of small and medium-sized units manufacturing art silk fabric is more than 220,000 million tonnes (MT). The anti-dumping duties are unjustified as the domestic industry in Pakistan is incapable of meeting the yarn demand, said PYMA Chairman Muhammad Usman.

According to the association, anti-dumping duties on PFY imports is the result of mal administration and mismanagement in the commission and shows that decisions are not taken keeping in view the impact on downstream user industry. Art silk fabric is used by Pakistani women of middle and low-income classes and these duties impact their buying capacity.

PM exports enhancement package revised

Ministry of Textile Industry has revised "Prime Minister Exports Enhancement Package" of incentives for textile sector exporters under which 50% of the rate of the drawback of local taxes and levies shall be provided without the condition of increment.

The textile division has notified that duty drawbacks under this order shall be allowed for exports goods declaration (GDs) filed on or after July 1st, 2017 to 30th June, 2018 at the rate of 7% for garments, 6% for made-ups, 5% for processed fabrics, 4% for greige fabric and yarn.

ECC approved the incentives in order to provide duty drawback of taxes collected from garments, home textiles, processed fabric, greige fabric and yarn manufacturing cum-exporter units. Duty drawback of taxes order 2016-17, textile division make the order, namely: "Duty Drawback of Taxes Order 2017-18" It extends to the whole of Pakistan including export processing zones and shall come into force at once.

Government committed to promote trade liberalisation

Minister of Commerce and Textile Industry is committed for evolving competitive environment to provide ease of doing business for local traders to enhance the country's exports.

Priority of the government was to promote trade liberalisation for searching new potential markets in different region of the world to increase the country's trade, said Commerce and Textiles Industry Secretary Younas Dhaga. He said that Pakistan has started initial negotiation for proposed Free Trade Agreement (FTA) with Vietnam and Indonesia to explore the potential market of South East Asia.

He said both sides had exchanged the final offer lists of items for free trade, including automobile and textile sectors in order to remove the reservations of both sectors. Pakistan wants concession on 100 products on textiles, agro products, plastic and pharmaceuticals as same Thailand granted to other FTA partners in these products. ◆