## APTMA submits budgetary proposals

The All Pakistan Textile Mills Association (APTMA), in its budgetary proposals urged the government to boost the textile sector by focussing on exports through three-pronged strategy making available affordable electricity and gas, rationalising tariffs in the textile value-chain and encouraging investment to create an export surplus.

Export-driven growth is imperative for creating jobs, reducing current account deficit and attracting local and foreign direct investment. Electricity cost at Rs.11.40/kWh is at present unrealistically high and is inflated due to elements of cross-subsidy and theft in the system, according to the association.

Electricity should also be made available at the same rate across the country, APTMA observed. Punjab, the prime textile hub, gets gas at Rs 1300/MMBtu, whereas, for the rest of the country, it is available at Rs 600/MMBtu.

As domestic cotton production is not enough to meet local demand, imposing duty on cotton imports makes little sense. Incentives should also be offered to farmers to enhance cotton productivity.

The increasing trend in the import of synthetic yarn is adversely affecting its local production. Imposing 15% regulatory duty on its import will provide some breathing space for its local production.

Facilities like refunds and long-term financing facility (LTFF) available to exporters should be extended to local manufacturers that sell goods directly to exporters. This is the standard practice even in developed countries and will encourage sale within the value-chain for producing textile goods for export.

## Textile exports up

Country's textile exports have started showing an upward trend and have registered 7.2% upward growth to US$ 8.79 billion in first eight months of the current financial year July 2017 to February 2018.

Textile exports, which account for around 60% of the country's total exports accounting to US$ 8.21 billion during the corresponding period of the last fiscal year.

During the period under review, knitwear exports recorded the highest 13.3%, readymade garments rose by 13.1%, bed wear exports increased by 4.5%while cotton cloth exports remained flat.

It is a matter of bitter record that the country's exports have been showing downward trend during the last four years but exports package of Rs 180 billion announced by the Federal government in January 2017 comprising rebates and tax concessions have encouraged the exporters to view for additional shares in the international market for Pakistani goods.

## Ginners assured of resolving grievances

State Minister for Commerce and Textile Akram Ansari said the textile sector in Pakistan had an overwhelming impact on the economy, contributing 57% to the country's exports.

*Mr. Akram Ansari, State Minister for Commerce and Textile.*

He was talking to a delegation of Pakistan Cotton Ginners Association (PCGA). He said today's highly competitive global environment, the textile sector needs to upgrade its supply chain, improve productivity, and maximise value-addition for its survival.

The Minister assured the PCGA of resolving the problems of ginning industry and hoped that ginners would help supply contamination free cotton to the spinners and the textile millers. Ansari said the ginners and the spinners were the two wheels of a carriage and both should cooperate with each other. The objectives of the textile industry division are to formulate strategies to enable the textile sector and all stakeholders to meet these challenges and attain global competitiveness.

PCGA chairman M Akram apprised the Minister of their grievances, including stuck-up refund claims of withholding tax and unjust and embarrassing notices of FBR to the ginners. He demanded exemption of ginning industry from sales tax on electricity bills and withdrawal of cotton standardisation fee. He assured that his ministry would refer their grievances to the concerned ministries.

He said the textile division also assists the sector in acquiring benchmarks and compliance standards, specialised trainings, skill development, enhancing productivity and carrying out research for better technologies to make it progressive.

Pakistan is the fourth largest producer of cotton with the third largest spinning capacity in Asia after China and India. The country contributes 5% to the global spinning capacity. At present, there are 1,221 ginning units, 442 spinning units, 124 large spinning units and 425 small units.

## PRGMEA submits budget proposals on 'ease of doing business'

The Pakistan Readymade Garments Manufacturers & Exporters Association (PRGMEA) has submitted its budget proposals for 2018-19 to the Federal government

PRGMEA Senior Vice Chairman

Sheikh Luqman Amin appealed the Finance ministry to release the funds without any further delay, as more than 30% cash flow was blocked since long in the shape of sales tax refund and Customs rebate, which is adversely damaging cash liquidity.

The Ministry has not yet released the major amount of the previous Rs180 billion PM packages to be processed from January 2017. The government should take steps for the removal of hurdles hindering exports of textile sector.

Moreover, in this situation of financial crunch, the textile value-added products are unable to fetch high value due to poor packaging. He suggested that under these circumstances there is also need to set up a product and packaging centre for ensuring better packaging.

The association has also decided to devise a long-term strategy in response to the lack of interest showed by the government. He observed that the industry has been competing in the global market without support or a proper plan while major competitors like India and China are utilising all channels and resources.

The PRGMEA Chief suggested that formulation of sector-wise policies can also control decline and stabilise the exports. He said that due to unavailability of required fabrics locally, the garment sector currently has a limited product line for the export market, adding that foreign buyers are demanding new garments on G3, G4 and technical fabric raw material, which are not available nor produced by the Pakistani weavers.

Terming funds blockage as the main cause of continuous drop in exports, he said that export industry was unable to tap its potential in accordance with capacity.

He said if the government initiative is timely implemented it will surely provide relief to the exporters who are presently facing severe liquidity crunch.

## Value addition in textile industry stressed

The Pakistan Textile Exporters Association (PTEA) has stressed focus on value-addition in the textile industry as sustainable growth hinges upon it. Conducive policies are imperative for immediate revival and uplift of the economy, said officials.

*Mian Shaiq Jawed, PTEA Chairperson.*

PTEA Chairperson Mian Shaiq Jawed said value-addition is the key to success and the government must focus on capturing a greater share in regional and international trade through it.

He stressed to facilitate the import of cheaper raw materials and export finished products after adding value. Countries all over the world encourage value addition to earn more foreign exchange, he said, adding that textile exports of Bangladesh are touching US$ 30 billion despite the fact that they do not grow cotton and produce finished textile products with the imported raw material.

He said all emerging economies have implemented reforms by removing impediments, which have helped them increase their exports. We need to follow their footsteps and take our industry into the right direction to achieve our national goal.

He lamented that the textile industry is unable to tap its potential in accordance with its capacity while regional peers are multiplying their exports owing to the low cost of doing business. High production cost is a major hurdle in export growth.

Appreciating the government's efforts, the PTEA official said that duty drawbacks under the Prime minister's package helped increase textile exports, as figures have been gradually increasing since June. However, complete implementation of the scheme is still needed.

## Pak reviewing FTA with China, in view of the textile policy

Pakistan's export target of $23 billion for 2017-18 will be achieved and the commerce ministry is working on a five-year trade policy that will be announced soon, said Commerce Secretary Muhammad Younas Dagha. He said Pakistan is reviewing its free trade agreement (FTA) with China and the second phase of talks would be held next month.

Realising that Pakistani products faced the problem of high cost of production and doing business, the government is considering reduction of gas and water tariffs. Favouring devaluation of the Pakistani rupee, he said the value of local currency would set a pattern of future exports growth.

Due to rising interest of China in ASEAN countries, Pakistan could not avail of the benefits of the FTA. The country is also trying to overcome the massive under-invoiced imports from China.

## Textile policy 2014-19 fails to achieve goals

Aimed at doubling value addition from US$ 1 billion per million bales to US$ 2 billion per million bales during five years and double textile exports from US$ 13.1 billion to US$ 26 billion, besides facilitating investment of additional US$ 5 billion in machinery and technology, the

textile policy 2014-19 has failed to achieve desired targets. This was stated by representatives of the Pakistan Textile Association and other textile organisations.

They said that the policy failed to yield any fruitful outcome during this mentioned period in the policy due to lack of will and poor approach.

Textile policy 2014-19 adopted a five-pronged strategy to make textile sector competitive and sustainable. Budgetary support, drawback of local taxes and levies, easy finance, sales tax regime, duty free import of machinery, policy interventions, tariff rationalisation, fibre diversification, product diversification, small and medium enterprises development, enactment of domestic labour laws, revival of sick units, marketing strategies, technology up gradation, establishment of world textile centre and model cotton trading houses, revitalisation of projects like Pakistan Textile City, garment cities and capacity building of the Ministry and related organisations were the salient features of textile policy.

Ghulam Rabbani of the Pakistan Yarn Merchants Association, Rana Abdul Sattar of the Pakistan Cotton Ginners Association and other stakeholders were of the view that lack of determination of government's textile, Commerce and Finance custodians and failing in coordinating real stakeholders for a positive result had resulted in failure of desired goals given in five years policy.

Textile policy 2014-19 could not be implemented in its true spirit, and resultantly it could not meet even near to target objectives like last textile policy.

## PHMA wants an end to polyester yarn import duties

The Pakistan Hosiery Manufacturers and Exporters Association (PHMA) has expressed concern over increasing taxes on the import of polyester yarn, saying the step has directly affected the sportswear industry of Sialkot. The government had recently imposed a 5% regulatory duty on such import with an average 7% anti-dumping duty.

*Dr. Khurram Anwar Khawaja, PHMEA Central Chairman.*

The total duties and taxes, including anti-dumping duty, account for 30% that makes it difficult for the polyester-based sportswear industry to compete in the international market, said PHMEA Central Chairman Khurram Anwar Khawaja.

Anti-dumping duty is also imposed on the polyester fully drawn yarn that is not locally manufactured, which is against laws. Khawaja demanded that the government should abolish all duties and taxes imposed on the polyester yarn so that sportswear manufacturers and exporters can compete in global markets.

## Textile buying houses propose compliance centre in Pakistan

The Government has been advised by foreign textile buying houses to set up a central compliance centre in the country to improve manufacturers' compliance with social standards, a critical factor in apparel sourcing decisions. The government may consider setting up sourcing parks to ensure a single-window facility, they suggested.

The country's first buying and sourcing houses symposium was recently organised by the Commerce Division of the Commerce Ministry and the Trade Development Authority.

It was attended by representatives from a large number of foreign buying houses, including Ikea, H&M, Marks and Spencer and Inditex.  Many buying houses that relocated out of Pakistan due to the security situation in the past may come back if offered incentives like subsidised office space, the representatives felt.

Two US companies, Character World and Disney, had shifted buying orders to Bangladesh and other regional countries in the recent past.

The buyers said a national compliance centre may be set up which coordinates the improvement of compliances on cooperative model to improve social compliances by the manufacturers, which are increasingly becoming an important critical determinant of sourcing decisions.

The commerce ministry has been in the process of formulating a strategic trade policy framework for the 2018-23 periods and the symposium aimed at gathering inputs from the buying and sourcing houses in that regard, said Commerce Secretary Younus Dagha.

## FPCCI prepares report over issues facing Pakistan's Textile Industry

The Research & Development Department of FPCCI has prepared a detailed document on the declining exports.  The study was conducted with the consultation of Export Advisory Committee of FPCCI which was formed in compliance of Prime Minister Directives to submit proposals for enhancing export from Pakistan.

The report contains issues of the export-oriented sectors including textile sector which has largest share in Pakistan's exports.

The report in textile section highlighted the area of concern that is Pakistan's competitors have set targets for textile exports while Pakistan has remained far behind them. Bangladesh set its target to achieve textile exports of US$ 60 billion, India set the target to increase exports to U$30 billion, while Pakistan's total exports has decrease from US$25 billion to US$20 billion nearly in which textile sector share remains 61%.

The report also identifies various problems being faced by the textile sector including high cost of doing business , multiple taxes and surcharges, low production of cotton, limited implementation of government announced support and the Textile Package, in competitive cost utilities and raw materials.

The report explored that the China's export of textile products share is 36%, Vietnam contributes 12.4% similarly Pakistan's share 7%, therefore a trilateral products specific agreement between China, Pakistan and Vietnam can acquire 50% share of the Global Textile market.◆