PRGMEA urges government to declare 'Export Emergency'

Attributing Pakistan's growing trade deficit to low exports, the Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) has urged Prime Minister Imran Khan to declare an 'export emergency' in the country to tackle the decline in the exports sector. Pakistan's current account deficit rose by more than 40% in fiscal 2018-19 to US$ 18 billion.

The value-added textile exporters want the government to formulate separate policies for various sub-sectors to resolve their sector-specific issues, PRGMEA Senior Vice Chairman Sheikh Luqman Amin stated. He hoped that the new government would initiate dialogue with the textile sector representatives to receive their inputs for policy formulation.

Outstanding refunds, high cost of business, issues of market access and exchange rate are hindering the country's exports growth.

Textile sector seeks new package to compete in world market

Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) have said textile value added sector is facing serious economic hardships due to volatile exchange rate.

PRGMEA Chief has said that presently, Pakistan is facing multiple economic challenges, including Pak rupee devaluation, slow foreign inflows, depleting foreign exchange reserves and higher inflation. The new government will need a competent team to address the economic issues and economic problems that are due to lower exports and higher imports.

He said that despite massive efforts, Pakistan's total exports could hardly reach US$ 23.22 billion mark as against the import of over US$ 60.8 billion by end of fiscal year 2018. He said among overall exports, textile share is US$ 14 billion.

Under prevailing circumstances, new economic managers would be required to adopt remedial measures for smooth and long term economic growth. The country needs long term economic policies for sustainable growth.

The PRGMEA Chief said that the new government would also have to face the challenge of lower export growth. Increase in exports, particularly textiles, will be one of major economic challenges for the new government and concrete steps need to be undertaken in order to boost exports to earn sufficient foreign exchange to reduce pressure on external account.

He further said that the textile value added sector is facing serious economic hardships due to volatile exchange rate and devaluation of Pak rupee versus US dollar, as the prices of raw material have been increased manifold.

Textile industry facing cash-flow crisis

With a share of 57% in Pakistan's total exports and 8.5% in national economy, the giant textile industry is pressing the government to continue with its zero-rated tax facility and provide the incentives offered in the export package.


Mr. Zubair Motiwala.

The industry is going through a cash-flow crisis as it has already extended the incentives promised by the government in its export package to overseas buyers in order to ramp up exports, said textile tycoon Zubair Motiwala.

The textile manufacturers have been pushing the government to release the huge pending tax refund claims so that they could deal with liquidity challenges. Of the Rs 180-billion Prime Minister's incentive package for export industries, mainly the textile sector, the State Bank of Pakistan has processed Rs 50 billion worth of claims, but the industry has received just Rs18 billion.

PTEA stresses DDT continuation for three years

The Pakistan Textile Exporters Association (PTEA) has stressed for the continuation of Duty Drawback of Taxes (DDT) incentive for a further three years to boost the value-added textile exports and uplift the economy.

The total textile sector exports reached US$12.336 billion value-wise in July-May 2018 versus US$ 11.232 billion in the corresponding period of last year, reflecting an increase of 9.8%.

The chairman termed the positive growth in exports as a welcome sign for the economy, which is struggling to contain falling foreign exchange reserves; however, he underlined the need for continuity of DDT scheme allowed under the Prime Minister Export package.

He urged the government to continue the DDT scheme for further three years. This will generate approximately 10% cent annual growth in value-added textile exports and would add $1.5 billion each year to the economy.

Efforts under way to address textile sector's issues

The federal government is endeavouring to resolve problems confronted by textile sector on top priority bases and many steps have already been taken in this regard, said Secretary Textile. He said that the government had already cleared outstanding duty drawback claims amounting to Rs 35 billion adding that government was making adequate efforts for clearing the remaining duty drawback claims. The government was keen to facilitate the business community to keep the production wheel in full motion.

Senior Vice Chairman PRGMEA, Sheikh Luqman Amin said that it is encouraging that the government has identified textile as a key priority area and is endeavouring to set the right policies and incentives that encourage the private sector investment in value addition and expansion in a bid to gain wider access to the international markets. It is a known fact that industrialization may contribute towards alleviating poverty, by generating opportunities for employment and contributing towards GDP growth.

FBR grilled for delaying clearance of textile machinery by the Senate

The Senate Standing Committee on Commerce and Textile directed the Federal Board of Revenue (FBR) to explain reasons for withholding clearance of textile machinery at Karachi ports despite cabinet's approval.

The committee meeting chaired by Shibli Faraz was surprised when Textile Division Secretary Shahrukh Nusrat informed the committee that Customs Department had blocked the imported machinery at ports. Nusrat said that the cabinet on May 31 had already granted exemption on import of textile machinery.

FBR Chairperson Rukhsana Yasmin was asked to provide the reasons for withholding clearance of the machinery. The committee gave a deadline of 10 days.

Commerce Secretary, Younus Dagha informed the committee that his division is working on a plan suggesting enhanced regulatory duties on luxury items.

Mr. Younus Dagha, Commerce Secretary.

On an issue of revising free trade agreements with China, Dagha said the two governments have already held several rounds of talks. He said that the trade deficit with China has reached to $12.7 billion.

He also claimed that China has given more concessions in duties to the Association of Southeast Asian Nations, adding that the association have asked for similar concessions under the revised treaty.

He went on to say that local industries were facing the threat of under-invoicing and blamed the importers for this crime. He pointed to better enforcement as the solution to this issue.

Shibli Faraz said that new government will have to evolve fresh trade and economic policies as the existing policies are not producing the desired results.

It was agreed unanimously that there is a need for a coordinated and integrated institutional approach to boost exports from the country.

FPCCI identifies problems being faced by textile sector

Research and Development Department of Federation of Pakistan Chambers of Commerce and Industry (FPCCI) has identified various problems being faced by textile sector including high cost of doing business, approximately 11% multiple taxes and surcharges. This has been pointed out in a detailed document prepared by the research department of FPCCI on the issues of Pakistan's 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. Low production of cotton, limited implementation of government announced support in STPF and textile Package, in competitive utility and raw materials to the textile sector.

The report contains issues of the export oriented sectors including the 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 far behind them.

APTMA demands zero-rating facility for machinery imports

The All Pakistan Textile Mills Association (APTMA) urged the government to immediately notify the zero-rating facility of sales tax on import of machinery that expired on June 30 and, as a result, machinery imported for balancing, modernisation and replacement (BMR) and for investing in Greenfield projects is stranded at ports.

The statutory regulatory order issued was approved by the outgoing Cabinet and only notification of the same is pending, said APTMA Chairman Aamir Fayyaz Sheikh. He urged the Finance and Commerce ministers to take stock of the situation to act immediately in this regard.

Pakistan must invest in entire value chain of textile sector

The significance of textile sector in Pakistan's economy can hardly be debated. Punjab Board of Investment & Trade (PBIT) convened a roundtable, bringing together notable textile sector stakeholders including prominent members from APTMA.

In terms of strategy towards the sector, Punjab should prioritise the growth and dvelopment of the value-added garment industry within the province. It is a relatively low-energy consuming industry, and has great potential to create employment opportunities. In this regard, exploring linkages with China, especially with industry on China's west coast that is closer to Pakistan in terms of physical distance, in the form of contract manufacturing of garments could be an interesting avenue to explore. This strategy could be very important given the context of rising domestic consumption in China. The government of Punjab may work with the large textile players in the country to implement this strategy through its Special Economic Zones, such as Quaid-e-Azam Apparel park (QAAP).

Mr. Aamir Fayyaz Sheikh, APTMA Chairman.

There are certain urgent issues that must be addressed urgently. Specifically the issue of energy price differential between the provinces and rebates that the government owes to the industry must be given top priority. It must be emphasized that textile sector is the largest employer of industrial labor in the country and accounts for over 60% of the exports of Pakistan.

In the backdrop of a competitive regional landscape, with countries like Bangladesh and Vietnam having emerged as sizable players on the global stage, Pakistan must defend and invest in the entire value chain of the textile sector on a priority basis, including innovative solutions for enhancing cotton yields. Backward linkages, whereby large industrial players integrate into corporate farming for cotton could be a potential model to explore in this regard.

Another key area of focus must be to check the undocumented import of textile/apparel products from China. The undocumented or under-valued import of such products distorts the local market dynamics making it difficult for local players across the whole value-chain to compete in the long run. The participants at the roundtable emphasized that the industry needs to see credible commitment and follow-up from federal and provincial governments, and reassured that they are willing to make further investments if they receive the right governmental support, including simplification of cumbersome processes and procedures through effective one-window facilitation.

Proposed gas tariff hike worries textile millers

All Pakistan Textiles Mills Association (APTMA) expressed concerns over the government's expected move to increase the gas tariffs by around 46 percent.

A delegation of APTMA, led by Aamir Fayyaz Sheikh, has called on Finance Minister, Asad Umar. Abdul Razak Dawood, the Advisor to Prime Minister on Textile, Commerce, Industry and Production, and Investment, was also present on the occasion.

Sources informed that APTMA has expressed concerns over the government decision to enhance the gas prices. They have asked the government to reduce the electricity and gas prices to reduce the cost of doing business. Similarly, the representatives of textile sector have also demanded the release of the pending exporters' refunds. The Federal Board of Revenue (FBR) has reportedly withheld around Rs100 billion of exporters as tax refunds, which is one of the reasons behind decline in exports of the country during last few years.

APTMA discussed various issues regarding gas and electricity pricing, proposed withdrawal of customs duty and sales tax on import of raw materials, sales tax refunds, extension of duty drawback scheme for five years and maintaining market based exchange rate.

The Finance Minister assured the delegation of his full support to uplift the export oriented sector on the condition that the sector will fulfill its obligations for increasing exports bringing in much needed foreign exchange and will not in any case be helpful to anyone involved in tax evasion. The Minister said that the news relating to increase in gas and electricity tariff has been misreported in the media and so far no such decision has been taken by the government. The minister stated that the Ministry of Finance will fully support the recommendations of Advisor Textile and Commerce in all industry related matters.

The representatives of the fertilizer industry briefed the minister on the production capacity of the fertilizer units and made the proposals for ensuring smooth supply in the market. The Minister said that the availability of sufficient quantities of fertilizer to the farmers on affordable rates was a priority of the government and all necessary measures will be taken to that end.◆