

PWMA demands incentives for the textile sector

Pakistan Weaving Mills Association (PWMA) Chairman Yousuf Prince has said that the Pakistani economy is in a desperate state because of the structural fluctuations. Addressing a seminar held at PWMA office, he said the new government in Pakistan inherited inflation, income inequality and a lack of spending on infrastructure.



Yousuf Prince, Chairman, Pakistan Weaving Mills Association (PWMA).

The economic stability of any country is a very essential part, which needs to be considered for the growth of any sector, he said, adding textile sector is contributing 70% of Pakistan's GDP. Textile Weaving is like a core ingredient around which all other value-added products of our textiles are revolving.

Chief Guest Ashfaq Tola advisor on Taxation & Financial issues to the Prime Minister, gave a presentation on the mini-budget presented by the Government last week. He talked about the growth of the textile industry in the last six months.

Faraz Parvez, Head of the Subcommittee on Taxation of PWMA mentioned that Pakistan weaving presents a natural interconnection, where science, technology, and innovation meet art, culture and tradition. It is the core and essential part which also is key to inclusivity as it provides a bridge between agriculture and value-added industry.

Yousuf Prince mentioned in the last five years, economic depression is witnessed in our weaving industry. Many Weaving industries have been shut down due to the high cost of production, unskilled labor, gas crisis, labor issue and a decline in exports. He also urged the Government to look into the problems being faced by the small weavers. Mostly who are doing their business/weaving on rented properties are not being benefited from Textile incentives, instead, are being forced to shut down their weaving units.

Pakistan marks its first step towards organic cotton supply chain

The certification of Pakistan's first organic cotton bale has been the major breakthrough event in the country's cotton sector, marking the first step towards the potential development of an organic cotton supply chain in the South Asian country. Pakistan is the fifth largest producer of cotton in the world and the third largest exporter of raw cotton, has achieved this milestone which is the aftermath of an initiative launched in Baluchistan about four years ago by C&A and WWF-Pakistan in partnership with the Directorate of Agriculture Extension of Baluchistan.

WWF-Pakistan with funding support from C&A foundation has been working with Baluchistan's Directorate of Agriculture Extension since 2015 on a programme to promote organic cotton cultivation amongst small and marginal tribal farmers. Through this alliance, around 4000 smallholder farmers have been trained and are now able to see the fruits of their labor.



"This is a landmark moment for the cotton sector in the country and we applaud the farmers in making this happen. While there is still more to be done in addressing the challenges related to non-GMO seeds and certification infrastructure, we believe that this is a promising start to the scale-up of organic cotton in Pakistan." – Anita Chester, Head of Sustainable Raw Materials, C&A Foundation.

It is worth noting that Organic cotton is grown without using any chemical fertilizers or pesticides and is cultivated on land that is detoxified from residues of chemical fertilizers and pesticides over a period of at least three years. Furthermore, the seeds that are used to grow organic cotton are not genetically modified and are kept clean from chemical impurities during processing and packaging. If the cotton crop produced adheres to the standards of organic cotton farming in its initial two years it is known as in conversion cotton. By the third year, the yield is certified as organic cotton.

PTEA demands supplementary grant for payment of textile policy incentives

Pakistan Textile Exporters Association (PTEA) demanded supplementary grant for payment of incentives under textile policies 2009-14 and 2014-19. PTEA Chairman Khurram Mukhtar lauded the government's move for the liquidation of outstanding refunds through promissory notes, but expressed concern over long outstanding liquidity under textile policy incentive schemes, said a statement issued here. He claimed that inadequate liquidation of refunds would result in failure of getting desired results as huge amounts of exporters were still stuck against the textile policy incentive scheme.



Khurram Mukhtar, Chairman, PTEA.

Giving details, he said that exporters' claims of Rs 10,300 million were outstanding against export finance markup support, Rs 1500 million against Markup Rate Support, Rs 19,405 million against Technology Up-gradation Fund,

Rs 434 million against Reimbursement of EOBI & Social Security contribution of women and handicapped employees of textile industry whereas Rs 2500 million were outstanding against Drawback of Taxes & Levies (DLTL) 2009-11.

Moreover, Rs 10 billion were outstanding on account of income tax; whereas Rs 10 billion was pending against income tax credit u/s 65B & 65E. With a huge shortage of funds, the textile industry was unable to tap its potential in accordance with capacity. The government should release supplementary grant for payment of textile policy incentive claims to get maximum industrial growth and a significant increase in exports, he said.

Appreciating government's revolutionary initiatives to provide an enabling environment to the textile export industry, he hoped that supply of energy inputs at subsidized rates, liquidation of refunds through promissory notes and withdrawal of sales tax and customs duty on cotton import would act as a driving force towards an economically stable and prosperous Pakistan.



This is the right time to strike the textile industry as Pakistan is all set to accelerate its economic growth, he added. He demanded payment of incentives under textile policies 2009-14 and 2014-19 with the release of supplementary grant or through promissory notes as a major portion of working capital had been blocked in that respect.

Azerbaijan keen to enhance trade ties with Pakistan

Chingiz Coribhi, Deputy Head of Mission, Embassy of Azerbaijan visited Islamabad Chamber of Commerce & Industry (ICCI) and said that his country was keen to further enhance trade ties

with Pakistan as both countries have tremendous potential to promote trade in many areas. He said that Azerbaijan and Pakistan enjoyed excellent political relations and there was a need to focus on strengthening economic relations for mutual benefit.

He said that the Embassy of Azerbaijan has setup easy visa regime for Pakistan due to which visa applications from Pakistan have witnessed 10 times increase. He said that Pakistan has also announced to provide visa on arrival facility to Azerbaijan which was a very good step. He hoped that this facilitation would help in promoting bilateral trade and people-to-people contacts between Pakistan and Azerbaijan.

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Chingiz Coribhi said that a joint trade exhibition of Pakistan, Azerbaijan, and Turkey would be held in Baku, capital of Azerbaijan in April this year. The exhibition would include pharmacological, medicine, cosmetics, surgical instruments, cutlery, electrical appliances, textile, leather, sports and sportswear, furniture, home-made crafts, crafts, food, and accessories. He said that Pakistani exporters should take an active part in the joint expo to show the potential of their products to Azeri consumers. He said Azerbaijan was also exploring the possibility of launching direct flights with Pakistan that would promote trade relations as well.

Speaking at the occasion, Ahmed Hassan Moughal, President, Islamabad Chamber of Commerce & Industry said that Pakistan could export many products to Azerbaijan including ready-made garments, cotton products, engineering goods, consumer goods, pharmaceuticals, rice, textile fabrics, sports goods, surgical instruments and tents and can import non-ferrous metals, oil and oil products, canned fruit juices, raw cotton, and liquefied petroleum gas from Azerbaijan.

PHMA for countering propaganda against Pakistan textile

Pakistan Hosiery Manufacturers Association (PHMA), while welcoming various government's policy initiatives and schemes at domestic level to achieve sustainable growth, modernization and value addition, urged the government to also direct the embassies and missions abroad to counter the propaganda against Pakistan textile industry, which constitutes more than 60 per cent of Pakistan's total exports.

Chairman PHMA

Adil Butt said in a media statement that authorities concerned should also focus on presenting Pakistan real and soft image to the world that would definitely help enhance

country's exports. He suggested that Pakistan's foreign missions abroad should make all-out efforts to enhance the



Adil Butt, Chairman, PHMA.



country's exports, attract foreign investment and help stop foreign agencies wrong campaign against Pakistan export industry regarding human rights violation.

Rejecting the Human Rights Watch Report, he said that there was no violation of labour laws in Pakistan's garment industry, as these had no child labour but encouraged the women workers, claiming that several garment units constituted over 80 percent women workers.

Adil Butt said it is crystal clear that Generalized System of Preferences Plus (GSP Plus) status by European Union was conditional upon Pakistan to ensure ratification and compliance of 27 International Conventions on human and labour rights, governance and environment; including eight core Labour Standards of International Labour Organization (ILO).

The scheme, he said was extended after the investigation of the state of labour market governance with reference to the core ILO Conventions and related labour laws regime in Pakistan. Meanwhile, PHMA Senior Vice Chairman Kashif Zia said that continuity of GSP Plus benefits hinged on the effective compliance of the ratified ILO Conventions.

Current labour market governance in Pakistan garment industry fully met the terms stipulated by the core labour standards adding that federal and provincial governments had undertaken necessary legislation to remove discrepancies with the ratified ILO Conventions.

He said the PHMA on behalf of the garment industry, rejects the allegations of Human Rights Watch and added that foreign companies would have stopped sourcing from factories if they were not meeting labour standards. Kashif Zia said, "Our members cater to some of the top brands in the world and are compliant

with both labour and environmental regulations of the country and those followed internationally.

Textile exports can double in five years: APTMA head

Pakistan's currency has cumulatively lost about 25 percent of its value against the dollar since the beginning of 2018. Gas and electricity prices for the five export industries have been brought down to the level of average regional prices and textile exporters are now able to import duty-free cotton.

The government is also working on ensuring the early payment of refunds of more than Rs200 billion to improve the exporters' liquidity position. It also announced some incentives to boost investment in greenfield projects.

All these measures have been instituted to boost the country's collapsing exports, especially textiles and clothing, a phenomenon that has significantly contributed to the widening current account deficit and forced the government to accumulate a massive pile of expensive foreign debt over the last five years. And yet textile and clothing exports, which fetched \$13.5bn or almost 60pc of total export earnings last fiscal year, continue to struggle.

The industry's total shipments remain flat at \$6.64bn during the first half of 2018-19 on an annual basis. This raises questions about the rationale for the subsidy worth billions of rupees given to the country's largest manufacturing industry that contributes 8.5pc to GDP and employs 46pc of non-farm labor.



Syed Ali Ahsan, Chairman, APTMA.

"Trade numbers for January will show that we are back on the growth trajectory. Most exporters are fully booked for the next six months' "Do not be impatient," says

Ali Ahsan, chairman the All Pakistan Textile Mills Association (Aptma), during an interview with this correspondent.

"Most pro-industry initiatives announced months ago are being implemented just now. Others will be executed in the next few months. Positive results will start appearing in the next few months. You'll see growth in our shipments when the government releases trade numbers for January," says Mr. Ahsan.

He says it is not possible to turn around exports overnight. In textile trade, he explains, it takes at least six months before the results start coming. "Our exporters have received massive orders at Heimtextil 2019." Mr. Ahsan has a lot of good words for the PTI government for its support for the industry and clean-up of the mess created by the preceding government.

Pakistan enhance the capacity of synthetic filament

Adviser to the Prime Minister on Commerce, Textile, Industries & Production and Investment, Abdul Razak Dawood held meetings with the



Abdul Razak Dawood, Adviser to the Prime Minister on Commerce, Textile, Industries, Production and Investment.

representatives of the entire textiles value chain assured the availability of raw material for the industry as well as fair protection to the domestic industry to attract further investment.

He said internationally cotton is now 30% of the total fiber consumption and manmade fiber and filament is now at 70%, while the situation domestically is quite opposite.

State Bank of Pakistan (SBP) in a recent report observed that with adequate availability of raw materials in the country, Pakistan could have excelled in global synthetic textiles markets such as Vietnam, Bangladesh, and Cambodia, which are leading exporters of synthetic textiles following China.

The Central bank also criticized domestic policies and market conditions

that have hindered the country's foray into this emerging market.

Internationally cotton is now 30% of the total fiber consumption and manmade fiber and filament is now at 70%, while the situation domestically is quite opposite.

PRGMEA for textile sector's bifurcation into three categories

Chief coordinator Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) Ijaz A. Khokhar urged upon the government to take effective steps for making the value-added textile industry competitive and vibrant in the global market.

He said the need for exploring non-conventional international markets could boost the export volume of the country. He assured that PRGMEA will support the government for achieving the target of economic growth and overcome the

trade deficit. However, he suggested that the textile sector should be split into three categories like Raw Material, Home Textile, and Apparel, adding that textile sector comprises various sub-sectors with different functions and activities.

The Central coordinator further stated that value-added garments sector of the textile industry was showing growth of 11.22% in 2017-18 despite internal and external challenges.

The value-added garments sector is a major taxpayer, the largest employment generator in the whole textile chain with exports worth US\$ 5.5 billion. He stressed the need for establishing "Garment Export Promotion Council" including public and private sector to monitor garment activity and policy making for maximizing exports.

Special attention should also be given on encouraging the young male and female entrepreneurship and enabling them to play their instrumental role in strengthening national exchequer. ♦

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