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Value-added sector slams govt for giving no relief

By Parvaiz Ishfaq Rana

KARACHI: Different segments of the value-added textile sector have criticised the government for providing relief only to the spinning and weaving industry and demanded immediate announcement of incentives to help them prop up falling exports and compete with regional peers.

Leaders of different segments of the sector agreed that the government was not fair to the industry which contributed up to 80 per cent in exports.

The sector also opposes regulatory duty on import of cotton yarn which, they say, will increase their cost of production by three to four per cent and make them uncompetitive on the world markets.

Even incentives like reduction in long-term finance (LTF) and export refinance only supported the spinning sector because the value-added sector was mostly operated by small and medium enterprises, they argued.

Exports cannot go up if huge refunds towards duty drawback and sales tax remained stuck up with the Federal Board of Revenue (FBR), lamented the leaders of eight value-added segments.

They urged the government to give 5pc duty drawback on exports and immediately withdraw cess of 0.25pc which is charged on all exports and around Rs5 billion is collected on this account. They reiterated their demand of zero-rating for all export-oriented industries and reduction in the rates of utilities like gas, electricity and water.

They urged the government to withdraw Gas Infrastructure Development Cess (GIDC) or at least bring the rates at par with the regional countries.

These stakeholders were also highly critical of the trade officers and the procedure of their appointment. They demanded that the government should introduce reforms to improve the level of civil servants which has deteriorated over the years.

Pakistan Bedwear Exporters Association (PBEA) Chairman Asif Javed said bedwear exports have been falling consistently since 2006 when they were $2.1bn.

Pakistan Readymade Garments Manufacturers and Exporters Association (Prgmea), Towel Manufacturers Association (TMA), Pakistan Hosiery Manufacturers Association (PHMA) and Pakistan Knitwear and Sweater Exporters Association (Paksea) said they were also facing the same situation.

However, All Pakistan Textile Mills Association (Aptma) Central Chairman Tariq Saud appreciated Finance Minister Muhammad Ishaq Dar and his team for their decision of protecting the domestic market from the dumping of highly subsidised imports of textile products.

"Unchecked dumping of textile products was hurting the sector and could have resulted in a large-scale shutdown of industries," he maintained.

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Imposition of RD on import of cotton yarn opposed

KARACHI: A joint meeting of Chairmen, of all Value-added Textile Associations, PHMA PAK-SEA; PRGMEA; PCFAMEA, TMA, APBUMA, PCMA, APTPMA etc was held at PHMA House Karachi on Monday.

The meeting called after the last week's announcement of imposition of Regulatory Duty on import of cotton yarn by Finance Minister, Ishaq Dar, Advisor to the Prime Minister Haroon Akhtar and Chairman, FBR were also present on the occasion. The joint meeting held on Monday strongly opposed the imposition of Regulatory Duty on import of Cotton Yarn. The participants took a serious note of the announcement by the government, which painted a picture of non- existence of Value-added Sector and it was portrayed that the only All Pakistan Textile Mills Association (APTMA) had a meeting with government.

It was further noted that Value-added Textile Sector participated in the meeting to get some relief for the Value-added Sector as the exports were going down drastically and government was well aware of. It was surprisingly observed that the announcement except the reduction in LTF and Refinance supported the Spinning Sector only which does not support the Value Added Sector at all rather it enhances the cost of goods produced by the Value Added Textile Sector.

It was further noted that the biggest crisis is in Value Added Sector which exports 80 percent of Textiles in monitory terms, their point of view, argument and deliberation were completely overlooked. In fact Saturday's meeting enhance the cost of Value Added products by 3-4 percent as yarn prices would subsequently increase market similar to the percentage of Regulatory Duty imposed. Here they also did not agree that DTRE would help as DTRE is not possible for Medium and Small Enterprise, which is backbone of Textile.

While appreciating the gesture of the Finance Minister and its team of the Value-added Sector and agree to its point of view and understanding that reduction in cost of manufacturing is inevitable to sustain in the international market, they also understood that orders by the foreign buyers are shifting to the regional competitors as these countries are supporting their Textile Industry by giving host of incentives in cash and also with the reduced input cost specially in term of rate of utilities.

Meeting unanimously decided to appeal to the Honourable Finance Minister and Honourable Advisor to relook into the decision of imposition of Regulatory Duty and they strongly felt that few very urgent steps are required to be taken such as, zero rating of Sales Tax, Withdrawal of GIDC and reduction in Tariff of Gas, Reduction in the Tariff of Electricity. Utility rates must be at par with competing countries.

They further appealed that there are several problems faced by the Value Added Textile Sector like imposition of Sales Tax on machinery; Imposition of Duty on import of Generators; payment of pending DLTL Claims; Positive amendments in Sales Tax and Income Tax Laws; doing away with EDF; Reduction in rate of Withholding Tax; Duty also be imposed on export of Cotton Yarn and over and above change of mindset of tax authorities to become business friendly. Meeting was of the opinion that the worthy Finance Minister do understand the pathetic condition of Value Added Textile Sector today and he also understand that in spite of GSP plus overall exports are going down and all this reflects the entire story of higher inputs lesser incentives and non conducive environment; energy crisis; high cost of utilities which are the basic ailments of the Sector. The Honourable Finance Minister also understands that supporting Value Added Textile Sector fetches much more Foreign Exchange than supporting the Raw Material manufacturing (Yarn) as Value Added Sector.

Export of 1 pound of cotton yarn fetches US $1.65. While export of Value Added Textile converted from 1 pound of yarn fetches US $4.04.

They were sure that being a Political Government and in accordance to their manifesto they have promised the people of Pakistan with creation of jobs and this can only be achieved with the support of Value Added Sector specially Garment and Apparel Manufactures as today one sewing machine costs one thousand dollars and creates 3 jobs which is impossible in any other sector plus highest foreign exchange earning. In conclusion they appealed that the partial announcement made on Saturday may be put in abeyance and once the entire package which the Honourable Finance Minister and the Honourable Advisor promised to announce after another round of meeting with Value Added Sector after their return from U.S trip, as this would be in the larger interest of justice and would save the Value Added Textile Sector and its sense of deprivation.—PR

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Textile sector calls for withdrawal of duty on yarn

By Shahid Shah

KARACHI: Value-added textile sector on Monday called the 10 percent regulatory duty slapped on cotton yarn import from India as its death warrant, demanding of the government to withdraw it.

Chairmen of all value-added textile associations, in a joint meeting at the Pakistan Hosiery Manufacturers Association, opposed the duty, which they said will increase their cost of doing business.

The federal government imposed the regulatory duty on yarn import from India on Saturday last week after the All Pakistan Textile Mills Association (Aptma) announced a countrywide strike to close its 400 member spinning mills.

The meeting said that the government's decisions, except the reduction in long-term financing facility and export refinancing rates, only supported the spinning sector.

The duty decision will jack up the cost of goods produced by the value- added textile sector.

It was noted, in the meeting that the biggest crisis is in the value-added sector, which exports 80 percent of total textile exports in monetary terms. The participants said their viewpoints were completely overlooked.

In fact, the Saturday's meeting will enhance the cost of value-added products by three to four percent as yarn prices go up in proportion to the rise in duty. The meeting appealed to the finance minister to review its decision of the regulatory duty imposition.

Meanwhile, Chairman Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) Sindh-Balochistan zone Irfan Ali sent letters against the duty to the prime minister, finance minister and chairman of Federal Board of Revenue.

Reacting over the government's decision, Ali said exports are already declining and an additional input cost will be a death warrant for the most important foreign exchange earning sector.

He appealed to the government not to make any decision in isolation or just to meet the demands of Aptma.

Ali of Aptma demanded of the government to reimburse refund claims to the tune of Rs12 billion of garments exporters stuck with the government against DLTL (drawbacks of local taxes and levies), sales tax and duty drawbacks.

He said the garment exporters are facing multiple issues despite being the largest exporting industry and highest employment provider.

First and foremost is the issue of pending DLTL claims jeopardising the key initiatives of the textile and trade policies, he added.

Ali said currently around Rs12 billion of exporters' claims are pending with the government, but none of the concerned authorities have settled a single penny despite an outlay in the current budget.

He said PRGMEA's officials had met with the member sales tax and customs several times but to no avail.

He said instead of resolving their energy crisis, the government entangles exporters into meaningless administrative procedures, which divert them attention from the main activity exports.

"The government should play a role of business facilitator instead of a regulator," he said.

He warned the government to mend its ways as all the economic indicators are showing negative trends.

"The government should provide a level-playing field by reducing gas and power supply rates to the industry to help exporters cut their energy costs and release billions of rupees stuck in sales tax refunds," he said.

Mills are not processing their fabric and the sewing units could not guarantee timely deliveries of export shipments due to gas shortages.

"We cannot compete with Bangladesh let alone India or China with this productivity level," he said.

The government envisaged to increase Pakistan's exports annually by one billion dollar after getting generalised scheme of preference plus status. However, exports plunged during the last several months mainly due to the ongoing energy shortage.