

Move to drop 5pc duty exemption on import of cotton yarn

# Bilwani apprehends huge fall in value-added textile exports to EU

## RECORDER REPORT

KARACHI: Pakistan Apparel Forum (PAF) has warned the government of Economic Coordination Committee's (ECC) move to drop five percent duty exemption on import of cotton yarn will cause a huge fall in value-added textile export under the GSP plus facility.

"The recent decision of the Cabinet's ECC to withdraw 5 percent duty exemption on import of cotton yarn has sounded alarm bells," opined the Forum's Chairman Muhammad Jawed Bilwani.

He said the value-added textile sector continued to suffer huge financial losses since the rupee began appreciating against the dollar. "Now it is strongly felt that the withdrawal of 5 percent duty exemption on import of cotton yarn will push the entire sector to undergo acute cotton yarn shortage," he added.

He feared the shortage of cotton yarn is likely to spur its prices upward on the local market that will, ultimately, leave the entire value-added textile sector uncompetitive against international competitors. "Several adverse factors like rising business cost, energy shortage, poor infrastructure, deteriorating law and order situation will have a negative impact on textile export to the EU under GSP Plus regime," Bilwani said.

He said the government's decision to drop its exemption on import of cotton yarn is largely externally influenced within the textile sector. "Value-added textile export sector strongly feels that the government has been influenced by the spinning sector which contributes only 20 percent of the total textile exports while, the value-added textile export sector contributes 80 percent of the

total textile exports is against the withdrawal of five percent duty exemption on import of cotton yarn," he said.

He warned the government of the monopoly of spinning sector so as to control the local market which, he added, was likely to create shortage of cotton yarn or set prices of the raw material, irrationally. "Now if the government withdraws the five percent duty exemption on import of cotton yarn, the spinners will have a monopoly and, as such, it will be detrimental to the value-added textile sector," he added.

He said the government has to review the ECC decision as it was going to affect the textile export to the EU and elsewhere in the world. He said the government should also impose duty on export of cotton yarn so as to create a balance market for the value-added textile exporters.

