

Cess imposition of Rs100/MMBTU on textile industries criticised

KARACHI: The imposition of Cess of Rs 100 per MMBTU on the industries (including Captive Power) is indeed a hard hitting step by the government, rendering the textile industries cost of doing business even higher and appears to be one more nail in its coffin, lamented Muhammad Mushtaq, Chairman, Value Added Textile Forum.

He said that during the year 2011-12 as compared to 2010-11 exports of this vital value added textile sector have greatly declined, knitwear by 22.2 percent in quantity terms and 14.37 percent in terms of value, Bedwear by 19.11 percent in quantity terms and 16.30 percent in terms of value, Apparel and Clothing (Readymade Garment) by 25.95 percent in quantity terms and 7.84 percent in terms of value, Towel by 17.18 percent in quantity terms; 10.25 percent in terms of value.

From this it is crystal clear that any increase in cost of manufacturing would further lead to decline in the exports of Pakistan which would result in decline in foreign exchange earnings leading to further imminent shifting of large number of industries abroad causing mass unemployment; worsening law and order situation and chaos.

He said textile industry, more specially the value added textile industries are striving to earn sorely needed foreign

exchange at such crucial times faced by the government and as such the government should make sure that adequate gas at competitive price is made available to the value added textile industry instead of such frequent increase in gas prices.

Given below is the comparison of gas tariff between Bangladesh and Pakistan:

| | Bangladesh | Pakistan |
|---|------------|-------------|
| Gas Tariff per cubic meter | 5.25 TK | 17.28 PKR |
| Dollar Exchange Rate | 81.38 | 94.78 |
| Gas Tariff per cubic meter (in dollars) | 6.45 cents | 18.23 cents |

“If the increased cost is added to the cost of manufacturing, ultimately cost of garment increases because the gas tariff in Pakistan is 182 percent higher than Bangladesh and consequently the end result would be that Bangladesh will be quite competitive and we will be out of competition in the world market. Bangladesh would greatly benefit with increase in their exports to such an extent that would be disastrous for Pakistan.”

It is noteworthy that even in the United States industrial gas price decreased by 52.04 percent in the last four months while here in Pakistan the gas price has skyrocketed.

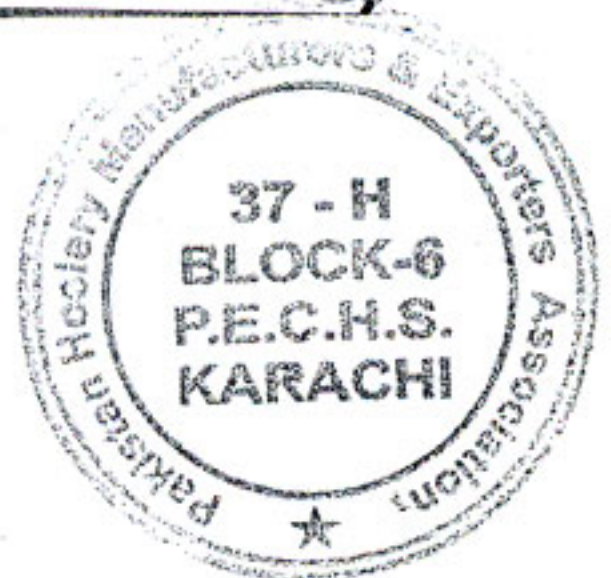
He said that one great blow to the industry was the government sidelining the DLT scheme while huge amount of the previous R&D claims have still been held up from the already burdened exporters who are facing the severest

ever liquidity crunch and finding it most impossible to compete in the global market with neighbouring and other competing countries.

The Textile Policy 2009-14 has not been properly implemented. By taking such harsh steps which lead to high and prohibitive costs of doing business in Pakistan, it looks like

the government surely wants to push this huge foreign exchange earning – value added textile industry, whose contribution of exports is 80 percent of the nation’s exports with 60 percent of the nation’s export earning in foreign exchange and employment generated to the tune of 42 percent, to the wall and drive it away to Bangladesh where gas price is much cheaper than in our country as well as many more attractive incentives as compared to Pakistan.

In view of the above it is requested that the five zero rated sectors should be exempted from payment of the Gas Infrastructure Development Cess and to stop the complete disaster ruin of the exports of the value added textile sector, we demand that the government should declare the value added textile sector as a priority sector and with special tariff to compete against Bangladesh.—PR



Textile seeks relief from gas cess

By Parvaiz Ishfaq Rana

KARACHI, Aug 29: The textile ancillary industry is seeking exemption from proposed gas infrastructure development cess because it will render them uncompetitive against regional countries where gas tariffs are already much lower.

These leaders apprehended that increase in gas cost would make their manufacturing costlier because gas tariff in Pakistan is 182 per cent higher than Bangladesh and minimum wages of labour are also 127 per cent higher.

Naqi Bari, vice chairman, Pakistan Bedwear Exporters Association (PBEA), said that the government is presently consulting industry over imposition of gas infrastructure development cess (GIDC) but has not taken textile ancillary industry into confidence. He regretted that a major segment of textile industry is not being consulted or taken on board on such an important issue which would directly have far-reaching implications on the cost of

manufacturing.

Mr Bari even rejected a proposal of slashing proposed gas infrastructure development cess by 50 per cent from Rs100 to Rs50 per mmbtu and condemned that such important textile sectors, like towel, knitwear, apparel and clothing, bedwear, denim and processing, have not been taken on board on this issue.

Feroz Lari, chairman, Towel Manufacturers Association (TMA), said already exports of almost all value-added textile sectors have gone down between 14 and 22 per cent and if the government resorts to such measures which push up cost of doing business, it would not only bring exports further down but also result in closure of units.

Already there is a flight of capital owing to massive power and gas outages with deteriorating law and order situation and if the government resorts to such measures to enhance its revenue at the cost of industry, he feared it would result in unemployment.

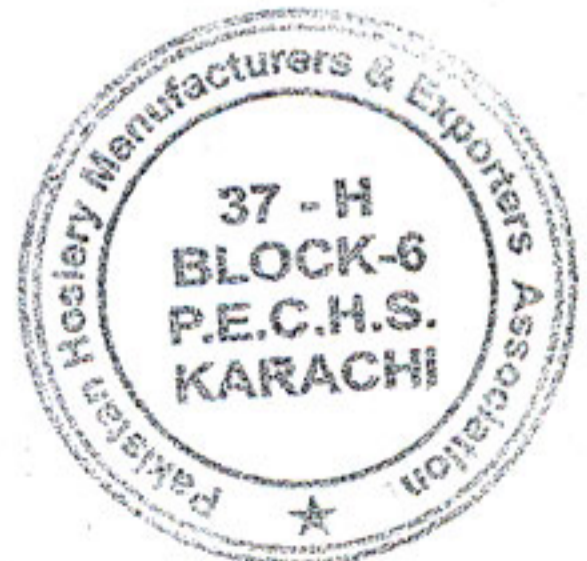
Rauf Petal, chairman, Pakistan Hosiery Manufacturers

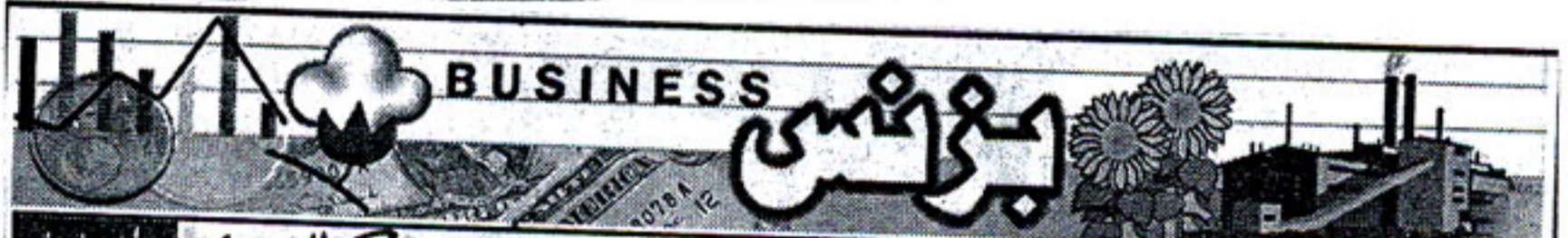
Association (PHMA), said that whereas textile exports of India and Bangladesh have gone up by 16.33 and 5.35 per cent, respectively, our textile exports have gone down by 10.38 per cent.

Mr Petal said that gas tariff per cubic meter in Bangladesh is 5.25TK (6.45 cents) and Pakistan Rs17.28 (18.23 cents), exchange rate is 81.38TK and Rs94.78 to a dollar and minimum labour wage is \$37 in Bangladesh and \$84 in Pakistan.

Kamran Chandna, chairman, Pakistan Knitwear and Sweaters Exporters Association (Paksea), said that export-oriented and value-added textile industry had been on the receiving end for wrong government policies.

Javed Bilwani, chairman, Pakistan Apparel Forum (PAF), urged the government to exempt all the five zero rated export sectors from payment of gas infrastructure development cess so that the industry could not only secure their foreign markets, but also keep contributing towards national economy.





زیر پیدہ ایکسپورٹ سیکٹر کو گیس کی فراہمی کی سہولتیں کیوں نہیں دیا جائے؟

پاکستان میں نرخ زیادہ ہیں، بنگلہ دیش میں گیس ٹیرف فی مکعب فٹ 5.25 ڈالر جبکہ پاکستان میں 17.28 روپے فی مکعب فٹ ہے

شرح مبادلہ 94.78 روپے اور بنگلہ دیش میں 81.38 ڈالر ہے انہوں نے کہا کہ اگر اضافی لاگت کو مینوفیکچرنگ لاگت میں شامل کیا جائے تو گارمنٹس کی لاگت بڑھ جائے گی کیونکہ پاکستان میں گیس کے نرخ بنگلہ دیش کی نسبت 182 فیصد اور ورکرز کی کم از کم اجرت 127 فیصد زیادہ ہے جس کے نتیجے میں بنگلہ دیش کی ٹیکسٹائل مصنوعات سستی ہو جائیں گی۔ بنگلہ دیش کو زبردست فائدہ ہوگا جو پاکستان کی ٹیکسٹائل برآمدات کے لئے تباہ کن ثابت ہوگا انہوں نے کہا کہ امریکا نے پچھلے چار ماہ میں انڈسٹریل گیس کے نرخ 52.04 فیصد کم کئے ہیں جبکہ پاکستان میں گیس کے نرخ آسمان سے باتیں کر رہے ہیں۔ انہوں نے مطالبہ کیا کہ پانچ زیرورینڈ ایکسپورٹ سیکٹرز کو گیس انفراسٹرکچر ڈیولپمنٹ سیس سے مکمل طور پر مستثنیٰ قرار دیا جائے کیونکہ بنگلہ دیش سمیت حریف ممالک کے مقابلے میں کاروبار کرنے کی لاگت زیادہ ہے جس سے ہم عالمی مارکیٹوں میں مسابقت نہیں کر پاتے۔ انہوں نے کہا کہ ایس ایس جی سی اور ایس این جی پی ایل میں پہلے ہی پانچ زیرورینڈ ایکسپورٹ سیکٹرز کے لئے گیس بلز میں زیرورینڈنگ کا سسٹم موجود ہے اور اگر ٹیکسٹائل انڈسٹری کو جی آئی ڈی سی سے مکمل مستثنیٰ کیا جاتا ہے تو اس کیلئے نیا سسٹم وضع کرنے کی ضرورت نہیں پڑے گی۔

کی گئی ہے۔ نٹ ویئر کی برآمدات بالحاظ تعداد 22.2 فیصد، بہ اعتبار قیمت 14.37 فیصد، بیڈ ویئر میں بالحاظ تعداد 19.13 فیصد، بہ اعتبار قیمت 16.30 فیصد، ایپرل اور کلا تھنگ (ریڈی میڈ گارمنٹس) میں بالحاظ تعداد 25.95 فیصد، بہ اعتبار قیمت 7.84 فیصد، ٹاؤلز میں بالحاظ تعداد 17.18 فیصد، بہ اعتبار قیمت 10.25 فیصد کی ہوئی ہے۔ انہوں نے کہا کہ پاکستان کی ٹیکسٹائل برآمدات میں بالحاظ قیمت 10.38 فیصد کی ریکارڈ کی گئی ہے جبکہ حریف ممالک، بھارت کی برآمدات 16.33 فیصد اور بنگلہ دیش کی 5.35 فیصد بڑھی ہیں۔ انہوں نے کہا کہ پاکستان اور بنگلہ دیش میں گیس ٹیرف کا موازنہ کیا جائے تو بنگلہ دیش میں گیس ٹیرف فی مکعب فٹ 5.25 ڈالر جبکہ پاکستان میں 17.28 روپے فی مکعب فٹ ہے جبکہ پاکستان میں ڈالر کی

کراچی (اسٹاف رپورٹر) ویلیو ایڈڈ ٹیکسٹائل فورم کے چیئرمین محمد مشتاق نے گیس انفراسٹرکچر ڈیولپمنٹ سیس (جی آئی ڈی سی) کے نرخ 100 روپے سے کم کر کے 50 روپے فی ایم ایم پی ٹی یو کرنے سے متعلق پوری ٹیکسٹائل انڈسٹری کی 10 فیصد اسٹیک ہولڈرز کی حامل صرف ایک ٹیکسٹائل ایسوسی ایشن سے مذاکرات کرنے کے حکم پر کڑی تنقید کرتے ہوئے کہا ہے کہ اس معاملے میں حکومت کو 90 فیصد اسٹیک ہولڈرز پر مشتمل ویلیو ایڈڈ ٹیکسٹائل ایکسپورٹ سیکٹر کو بھی اعتماد میں لینا چاہئے۔ جونٹ ویئر، ایپرل، کلا تھنگ، ٹاؤلز، بیڈ ویئر، ڈنیم اور ٹیکسٹائل پروسیسنگ وغیرہ پر مشتمل ہے۔ انہوں نے کہا کہ سال 2010-11ء کے مقابلے میں سال 2011-12ء میں ویلیو ایڈڈ ٹیکسٹائل مصنوعات کی برآمدات میں نمایاں کمی ریکارڈ

