

# Textile Briefs

## National

- ❖ Federal Minister for Textile Industry Rana Muhammad Farooq Saeed Khan said that the new textile policy is focusing on the resolution of problems being faced by the sector. The government has announced Rs 40 billion Export Support Development Fund for the textile sector as an incentive to promote textile industry for the benefit of the country.
- ❖ A sizable amount of custom duty has been collected from the textile related imports during 2007-08. This is a visible improvement, as there was negative net revenue collection of about Rs. 4 billion in 2004-05, which has gradually changed into positive during FY: 2006-07 and onwards. Therefore, the effective rate which was negative during 2004-05 and 2005-06 both with total and dutiable imports as well, has started improving to 1.7% and 4.6% respectively.
- ❖ Textile exporters could bring \$25 billion from exports in next two years and \$120 billion in next 10 years, if they are provided level playing field. This was claimed by the FPCCI Chairman, Azhar Majeed Sheikh in the Standing Committee on export trade.
- ❖ Cotton production remained 2.7 million bales below the government's target of 14.1 million bales during the outgoing fiscal on account of non-supply of better quality seed, short supply of quality inputs and insufficient water supply. Pakistan Central Cotton Committee, keeping in view the situation, had revised the target to the level of 12.5 million bales in 2008-09, but the production was less than the revised target.
- ❖ Federal Textile Adviser Mirza Ikhtiar Baig said that Pakistan's exports to the European Union may increase three-fold, if Pakistan is offered duty-free status. He said according to a study most of the countries exporting to the EU are given treatment under the Generalised System of Preferences (GSP). The GSP offers a slightly lower rate of duty than the regular duty.
- ❖ The carpet industry business is worth US \$150 million per annum. This trade mostly concentrated in the NWFP, accounts for 70% locally made products and the rest come from neighbouring Afghanistan, as stated by the members of a delegation of the Pakistan Hand Knitted Woolen Carpet Exporters, which called on the NWFP Governor Owais Ahmad Ghani.
- ❖ All Pakistan Textile Mills Association (APTMA) has reacted strongly to the government decision of disconnecting gas supply to textile industry from 9<sup>th</sup> July to 20<sup>th</sup> July 2009, leading to decline in production and exports already tumbled to 30% in quantity terms and 35% closure of production capacity.
- ❖ The Export Processing Zone Authority (EPZA) will set up an export zone at Sukkur in collaboration with the Sindh Ministry of Industries to facilitate export of textiles, dates, rice, fruits and vegetables.
- ❖ Powerful US business companies and chambers, led by American Apparel and Footwear Association, have urged Congress to revamp the Reconstruction Opportunity Zones (ROZs) programme for Pakistan and Afghanistan and extend duty-free treatment to all textile and apparel products.
- ❖ Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) have sought government functionary's intervention for removal of budget irritants confronting textile industry by spurring the cost of doing business.
- ❖ Federal Minister for Food and Agriculture Nazar Muhammad Gondal said that government would intervene if farmers were not paid the fixed procurement price for their cotton crop. The government would procure cotton from the farmers if they were not given right prices by the local buyers.
- ❖ Council of All Pakistan Textile Associations (CAPTA) has urged the Federal Board of Revenue (FBR) to refrain from tarnishing the image of textile sector through misleading assumptions, raising serious apprehensions over the bleak picture, painted by FBR on Textile Industry of Pakistan in its quarterly review of Jan-Mar 2009 released on July 01, 2009.
- ❖ Government has declared year 2009 as the year of industrial revival, but Federal Budget 2009-10 did not spell out any detailed plan to revive industrial sector including textile industry. The government should work out a special package for the quick revival of textile industry, which was the backbone of exports, said Main Shaukat Masud, President, Islamabad Chamber of Commerce & Industry (ICCI).
- ❖ The Textile industry had reached the brink of disaster as a result of forced load shedding of electricity and the recent hike in the prices of Petroleum products. The recent price hike in Petroleum products would escalate the cost of doing business and would push the Textile Industry to the verge of total collapse, said Chairman Pakistan Textile Exporters Association Muhammad Yousaf and Vice Chairman Rehan Naseem Bharara.
- ❖ Federal Adviser on Textiles Dr Mirza Ikhtiar Baig said 67% of the export investment support fund would be spent on textile and clothing industry with a view to moving the sector towards consolidation and value addition. In this budget Federal Excise Duty (FED) on the import and supply of viscose staple fibre is withdrawn and zero tax on exports of textile and clothing items to be made zero-rated in true sense. The government plans to give enhanced duty drawback to the value-added textile exporters in lieu of research and development support.
- ❖ Federal Advisor on Textiles Dr Mirza Ikhtiar Baig said that Chairman FBR has accepted his request for allowing the Sales Tax Collectorate to entertain the existing DTRE applications till the new arrangements are finalized and required staff is provided to the Custom Export Collectorate to avoid the anticipated delay in DTRE approvals. ♦