APTPMA demands exemption from paying WHT

All Pakistan Textile Processing Mills Association (APTPMA) has demanded that textile exporters fall under final tax regime u/s 143(b) and should be exempted from payment of WHT and be given exemption certificates.

Commenting over budget proposals 2020-21, APTPMA Chairman Muhammad Pervaiz Lala said the exemption would yield benefit for export boosting and also lower workload on FBR who were busy in a futile exercise. They will also be getting more time to focus on the broadening of tax base which was a dire need of the time, he added. Pervaiz Lala mentioned that that exemption would also help textile exporters in using the cash liquidity for enhancement of the exports of the nation.

Muhammad Pervaiz Lala, Chairman, APTPMA.

He demanded that CNIC conditions for the domestic market should be abolished, and permanent solution of that critical problem must be adopted in the forthcoming budget enabling exporters and manufacturing processing units to run business activities smoothly. "Despite all clarification issued by the FBR and its policy we have witnessed that the problem is still there as the traders/buyers are still not ready to register themselves and until and unless they do not get them register or they are not willing to furnish the CNIC the manufactures will be in problems as we are registered and we have always been abiding by the laws and regulation of the country," he added.

Chairman, APTPMA demanded that Withholding Tax should be reduced from one percent to 0.50 percent, while Turnover Tax 1.5 percent should be reduced to 0.5 percent.

KCA Chairman demands rescue package to save the textile industry

Khawaja M. Zubair, Chairman, the Karachi Cotton Association expressed serious concern on the extremely negative impact placed on Pakistan's economy especially on Textile Industry due to Covid-19 Pandemic. He appreciated all necessary steps of the government to control the spread of the Covid-19 Pandemic and assured full cooperation and support to the efforts and measures taken by the Government.

Khawaja M. Zubair, Chairman, KCA.

KCA Chairman said that the export-oriented textile industry was facing a worst-ever liquidity crisis due to the drastic slow down of domestic as well as international markets and delay in payments from them, in addition to the cancellation of export orders even from

Pakistan's garment sector receives inquiries for PPE

Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) Chief Coordinator Ijaz A Khokhar has said that the garment industry is receiving international inquires about the production of masks and personal protective equipment (PPE). He said: "It is high time that we switch over our production to PPE to capture the demanding market share."

The PRGMEA chief coordinator suggested that the government should adopt an aggressive approach and open the export of PPE in both nonwoven and woven sectors and different colors mainly white, light blue, and light green. "There was a huge demand for coveralls, gowns for doctors, patients, nurses, cleaning staff uniforms as well as another disposable wearable garments.

He was of the view that if the government allowed the export of these products, "we can fetch more than $1 billion easily". Under the prevailing situation, he stressed, the government should allow the duty-free import of raw material to enable exporters to play a vibrant role in capturing a significant share in the global market. "We are motivating our members to pay attention to this sector as it will open new vistas of industrial development and generate employment opportunities for female industrial workers."

Khokhar added that more than 800 exporting units of different sectors would soon start operation after thorough inspection by the district administration in the export hub of the country.◆

big organizations and large scale buying houses.

He also stated that severe situation needs urgent/special measures to save the export-oriented textile industry from the negative economic impact of Covid-19 pandemic, otherwise, the export-oriented textile industry would be collapsed due to severe liquidity crunch, resulting in loss of much needed foreign exchange for the country and create massive unemployment as in such situation, the local textile mills cannot retain the workers and pay utility bills.

Chairman, the KCA stated that to resolve the problems and difficulties of the local textile industry, the Government should announce immediately the following rescue measures to save the textile industry from total collapse due to negative impact of COVID-19 Pandemic: (i) Defer the payment of gas and electricity bills by the textile industry for at least three months. (ii) Defer the payment of interest on short term loans for at least three months. (iii) Bring-down the rate of interest to five percent or below. (iv) Allow running of those textile mills which have labor residing within their residential colonies, as well as, those export-oriented units which have current export orders.

The Chairman also stated that all the industries/workplaces which will be allowed by the government to open and operate should adhere strictly to the compliance of the SOPs stipulated by the government from time to time during this Covid-19 Pandemic.

Exports value to remain at $22bn in FY 2019-20

Adviser to the Prime Minister on Commerce Abdul Razak Dawood has said that the country's export target of US $ 25 billion could not be achieved due to the ongoing situation of lockdown in the country and it could decline to more or less to the US $ 22 billion.

Abdul Razak Dawood, Advisor to Prime Minister on Commerce, Textile, Industries, and Production.

The exports and home remittances declined by 50 per cent during the month of April 2020. Abdul Razzak Dawood stated that Pakistan could get benefits from low oil prices in the current evolving situation in the international market and there would be the no larger impact of current account deficit (CoD) because of the decline in petroleum prices.

He also vowed to open the industrial sector in the coming months to provide opportunities to the local exporters to get more benefits in the current scenario and major shift in the international trade market. He urged the exporters to get orders freely from all countries including the textile industry to tap the new opportunities in the world market. Replying to a question on the impact of the current situation on the country's Gross Domestic Product (GDP), he forecast that it would contract by 0.5 percent during the current fiscal year.

He said even in recent challenging situations Pakistan has opened various sectors including information technology and other sectors which attracted the world to the product in these sectors.

To a question on textile sector export, he said Pakistan was receiving big orders of face masks and sanitizers. "We have also received huge demand of Hydroxychloroquine and Pakistan has exported raw material to Germany and Turkey and 1000,000 tablets to Saudi Arabia," he concluded.

ECC urged to revise its cotton support price decision

Growers and industrialists have appealed to the Economic Coordination Committee (ECC) of the cabinet to revisit the decision of turning the down support price of cotton.

Stakeholders said growers in upper Sindh and Punjab were considering sowing other cash crops instead of cotton, as they were not receiving the due rates. Cotton sowing in lower parts of Sindh was almost complete.

Khalid Khokhar, President, Pakistan Kissan Ittehad.

Pakistan Kissan Ittehad President Khalid Khokhar criticized the decision of the ECC and said the industry had won against the growers in this decision. Since 2010, the cotton cultivation area has declined by 20 percent in the country, while corn and sugarcane production has increased instead of cotton. Federal Committee on Agriculture (FCA) has not announced the cotton production target in the country and growers were hopeful it would announce the next meeting.

Federation of Pakistan Chambers of Commerce and Industry (FPCCI) Standing Committee on Agriculture former chairman, Ahmad Jawad said turning down the summary of the Ministry of National Food Security by the ECC was unjustified regarding support price of cotton. He said the demand was essential at this point to promote the crop so that imports could be discouraged.

In 2019, Pakistan imported cotton worth $831.78 million, according to the United Nations COMTRADE database on international trade.

On May 7, 2020, ECC rejected a proposal of the Ministry of National Food Security and Research in which

intervention price of seed cotton (Phutti) was proposed at Rs 4,224 per mound.

Jawad said farmers would not grow cotton if there were no incentives. It was a provincial subject, however, right now the country needed good cotton production, for which growers should be encouraged to cultivate. This would also ensure prompt supply to the textile industry, and promote the concept of Made in Pakistan. He pointed out that the world had learned from this pandemic that food security and agriculture were important, but Pakistanis were yet to understand sustainability.

Jawad also stated that the adviser to PM on commerce should understand that the revival of textile exports could not be achieved with the current quantity and quality of cotton produced in Pakistan. "For the financial year 2020, about 15 million bales of cotton are required, but only half of that amount is being produced locally."

ECC approves multi-billion package to boost agriculture, support farmers

The ECC package includes subsidy on fertilizers, cottonseed, and whitefly pesticides; reduced bank markup on Agri loans; sales tax subsidy on local tractors. The Economic Coordination Committee (ECC) recently approved a multi-billion agriculture package to provide the farmers with subsidy on fertilizers, cottonseed, and whitefly pesticides; reduce bank markup on agricultural loans, besides giving sales tax subsidy on locally manufactured tractors.

The ECC meeting was chaired by Advisor to Prime Minister on Finance and Revenue Dr. Abdul Hafeez Shaikh. The agriculture package is the part of the Rs100 billion funds earmarked for the Small and Medium Enterprises (SMEs) and the agriculture sector under the Rs 1,200 billion coronavirus relief package, said a statement issued by the Finance Ministry.

Under the agriculture package, as prepared by the Ministry of NFS&R in consultation with the stakeholders, subsidy to the tune of approximately Rs 37 billion would be offered to farmers on the purchase of fertilizers.

The amount would include a subsidy of Rs 925 per bag on DAP and other phosphatic fertilizers and Rs 243 per bag on urea and other nitrogen fertilizers. The ECC was told that the estimated urea offtake would be around 3.04 million tonnes while DAP was estimated at 0.95 million tonnes for the Kharif season.

The subsidy scheme would be implemented by the provinces and the amount would be disbursed through the scratch card scheme already being implemented by the Punjab government.

The committee was informed that the fertilizer share in the cost of production for major crops was around 10pc to 15pc and the provision of subsidy would reduce the cost of production for farmers and increase their affordability to adopt the recommended level of fertilizer nutrient use and best agricultural management practices.

Similarly, under the agriculture package, reduction in the markup of agriculture loans to farmers at the total cost of Rs 8.8 billion and subsidy on cottonseed for Rs 2.3 billion and white fly pesticides at Rs 6 billion were approved. The package would also include Rs 2.5 billion subsidy on sales tax on the locally-manufactured tractors for one year.

Pakistan's textile exports plummet 65% in April 2020

Textile enterprises have demanded that the government reopen all the textile industries along with the restoration of the zero-rated sales tax status as textile exports have been severely affected. In April 2020, textile exports declined 65% to $404 million against exports of $1,138.35 million in the same month of the previous year. “This should set off alarm bells for the official quarters concerned,” remarked All Pakistan Textile Mills Association (Aptma) Punjab Zone Chairman Adil Bashir.

In the wake of a heavy fall in exports as well as domestic sales of textile products, Bashir demanded the restoration of the zero-rated status for the five major export-oriented sectors to give a boost to the textile industry in its endeavors to increase local production and exports and save millions of jobs. He urged the government to take serious measures to overcome the liquidity issues of the textile industry.

Adil Bashir, Chairman, APTMA Punjab Zone.

Sales of all major textile categories plummeted in April, with garments being the most affected. Cumulatively, textile exports dropped 3% year-on-year in the first 10 months of the current fiscal year to $10.82 billion, said Research analyst Ahmed Lakhani.

Some improvement is expected in May as shipping delays have been reduced. Moreover, buying countries were also gradually easing the lockdown, which should support demand recovery, he added.

In the prevailing situation, it is pertinent to see what special incentives can be offered to the export-oriented sectors. On the other hand, “the risk remains that despite the incentives, a potentially severe second and third wave of Covid-19 can neutralize any impact from the government incentives,” commented the analyst.

The Aptma chairman said the trend of exports in April 2020 was very frightening as Pakistan’s annual shipments to EU countries and the US, exceeding $10 billion, were fraught with risks due to delay and cancellation of export orders after the coronavirus lockdown and liquidation or closure of many retail chains. Pakistan Cloth Merchants Association Secretary-General Arif Ismail urged the Sindh government to allow all textile and allied industries to resume operations and comply with the prescribed SOPs.

The Aptma chairman stressed that the textile industry was the backbone of the country with more than 60% of total exports and the largest employer with widespread employment for professionals, skilled and unskilled workers.

He said the zero-rated regime was introduced in 2005-06 with declared objectives of eliminating cash liquidity issues, wiping out refunds of billions of rupees stuck for long, avoiding unproductive waste of man-hours in chasing tax refunds and eliminating the additional cost borne on the filing and follow-up of refund claims.◆