

Pakistan Knitwear & Sweater Exporters Association

1014-16, Park Avenue, PECHS Block 6,
Shahrah-e-Faisal, Karachi-75350

Tel: 34544035-36 SG: 34544039, email: info@paksea.com

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**Bilwani writes letter
PM urged to broaden export policy spectrum**



Pakistan Hosiery Manufacturers and Exporters Association (PHMA) has approached Prime Minister to resolve issues that are causing uncertainty among exporters regarding export orders.

PHMA central chairman Muhammad Jawed Bilwani, in a letter sent to Prime Minister Imran Khan, has pointed out that despite their demand for continuation of zero-rating (no-payment & no-refund mechanism) for five export sectors, some 17 percent Sales Tax has been imposed on those sectors under the federal budget passed by National Assembly on 28th June 2019.

He said it has created chaos and unrest amongst the exporters as it would immensely disturb their financial liquidity and it is absolutely not possible for them to absorb and sustain.

“The exporters who are earning valuable foreign exchange for Pakistan have been penalised due to sheer inefficiency and incompetence on part of the FBR enforcement staff who actually responsible to broaden the tax base,” he said.

Bilwani said that the retail sector remains scot-free to evade taxes as the FBR enforcement department has miserably failed to register them in the tax-net.

Bilwani said that giving priority to export sectors, government introduced separate tariffs of gas and electricity to enable them to enhance the export efficiency. The Power Tariffs for five zero-rated sectors were notified and fixed to 7.5 cents per kwh. In the first EDF meeting, exporters had appraised regarding deliberate and continued violations by K-Electric of the government’s policy by deplorably overcharging beyond 7.5 cents/kwh. Other utility providers across Pakistan have ensured compliance with the said notification. PHMA head reminded Prime Minister that the latter instantly had given directives to the Secretary Finance to ensure immediate implementation of the agreed tariff by K-Electric.

He said K-Electric is responsible to supply electricity to consumers of Karachi and approximately 54 percent of the total exports is from Karachi which means that 54 percent of the export industries of Pakistan have been denied the government’s revised tariff.

“Measures in the budget such as Sales Tax on zero rated industries, abrupt and continuous devaluation of rupee against dollar, sudden hike in the utilities tariffs almost every month are proving to be counterproductive and detrimental to the confidence of the export sector as the exporters are totally reluctant to commit to long term export contracts due to the underlying uncertainty and exorbitant cost of manufacturing.”

He said that now exporters are forced to voice their fear that if current irritants are not addressed on war footing then exporters might not be able even to hold on to their current share in the global markets.

Bilwani appealed to Prime Minister Imran Khan to take measures to broaden spectrum of export policy and create new paradigms for export industries such as long-term fixation of exchange rate for rupee against US dollar, uninterrupted utility tariffs, continuation of sales tax policy on ‘no payment no refund basis’ and revise the rate of incentives and subsidies at par with the regional competitors.

Bilwani said these measures would provide Pakistani exporters a competitive edge in the global arena and would enable exporters in five big export sectors: textile, leather, sports goods, surgical and carpets, to proactively finalise long term export contracts with higher level of confidence and peace of mind.

M. Siddique,
Secretary General
0320-8364130