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Government urged to revive SRO-1125 to ease business problems



The former five zero-rated exports sectors on Monday expressed their doubts whether the manufacturing units will be able to stay operational in the face of 'too high' sales tax, saying the country has begun losing its foreign contracts for slowdown in productions and delays in their subsequent shipments to the world markets.

Speaking a joint press conference of the five zero-rated export sectors held at the PHMA House, Chairman Pakistan Hosiery Manufacturers and Exporters Association, Muhammad Javed Bilwani said that the industrials units are galloping towards ultimate closures following the government's 17 percent sales tax imposition.

"The industries were struck suddenly to lose international orders," he said, adding that the businesses are at halt with growing economic uncertainties and every rising value of dollar against the rupee. "Buyers are visiting Pakistan but going without striking deals with the local exporters," he showed concerns, asking the government to revive the SRO-1125 to ease the business tension at least until the industries problems are solved.

"Between 900 and 1000 industrial units have either closed down their production or relocated to any other country," Bilwani claimed, saying that the export sectors are in a dire trouble. He reminded that the PTI government's exports policy guarantees protection to the small and medium sized manufacturing units, strengthen SMEs, reduce the cost of production and ease the business prospects.

"Processing units have been shut down for the last nine days," he said, adding that the manufacturing halt is feared to prolong the exports' consignments to be delayed. "Either the consignments will be exported through air shipments, which are much costlier, or face cancellation of the orders," from the global market buyers, he said, adding that the country is feared to face the contracts cancellations as well. "Once the buyers go away then never return," he observed, adding the revoke of SRO-1125 has widely discredited Pakistan globally for delay in shipments because of production halt.

The five zero-rated sectors' exports stand at Rs .5 billion per a day, he maintained,

adding that the suspension for the last nine days in production has caused heavy losses to the national exchequer. These sectors, the PHMA chairman claimed, have been employing urban workers more than the public sector, saying that the exporters still seek a safeguard to their production units. He said, "On one hand, the government invites foreign investments but on the other, it has widely neglected the local investments. This government is also failing to understand the export sectors' problems."

He feared that the country may lose about 25 percent of its exports this fiscal year in the wake of growing gas tariffs by 31 percent and dollar value against the rupee by 27 percent, saying "Devaluation only helps the raw material exports not the value-added exports that are widely depended on the imported raw material".

He said that the industry is short of raw material even the yarn is unavailable despite on cash, adding that the local industry is losing ground on the world market for failing to make timely shipments. Bilwani also offered the government to help it with a plan to increase the tax base enrolling more commercial retailers but the SRO that divested them of zero rating status should first be suspended. "The government is arm-twisting those who are already paying taxes," he said, adding that the government should make the FBR's enforcement department accountable, which has failed to bring the commercial retailers into the tax net. "The FBR should step up to tax the retail sector," Bilwani added.

Investments into the BMR have stopped with dollar value rise against the rupee, he said, adding that the SMEs sector will vanish if the sale tax continues haunting them. He warned the government of delay in sales tax suspension decision will cost the country 'too heavy', advising that the FBR should make mandatory the transition in 'plastic money' - credit and debit cards- to accumulate maximum sales tax from big shopping malls and restaurants. The premier is meeting with the business community on July 11, where he said, the exporters will present their issues after the budgetary taxation has struck industrial output.

Those attended the joint press conference were: Shaikh Shafiq, Chief Coordinator, Pakistan Readymade Garment Manufacturers & Exporter Association, Moin A Razzak, Chairman, Towel Manufacturers Association of Pakistan, Kamran Chandna, Former Chairman, Pakistan Knitwear and Sweater Exporters Association, Khawaja Usman, Former Chairman, Pakistan Cotton Fashion Apparels Manufacturers & Exporters Association, Abdus Samad, Chairman, Pakistan Cloth Merchant Association, besides representatives of Pakistan Denim Manufacturers & Exporters Association, All Pakistan Bedsheets & Upholstery Manufacturers Association and Pakistan Weaving Mills Association.

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