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RECORDER REPORT

PTEA hails significant drop in trade deficit

FAISALABAD: Pakistan Textile Exporters Association has appreciated 33 percent significant drop in trade deficit, however urged for measures to steam up industrialization and boost exports as growth in exports has remained tepid during July-November period.

Talking to newsmen, PTEA Chairman Sohail Pasha hailed the sharp fall in trade deficit during July-November to $9.496 billion from $14.47 billion in the same period last fiscal year. However, he pointed out that this decline in trade deficit is mainly contributed by import side not from exports, as growth in exports remained tepid.

Quoting the official figures he said that exports have fallen by 0.67 percent in November over the preceding month while average rise in exports in first five months is less than 5 percent, indicating that achieving the export target will again be toughest this year.

For the first time in last 15 years, imports are decreasing but low export volumes are still the issue for the country's economic growth. Lack of diversification of export destinations and products and high cost of doing business are among the key factors behind low exports, he added.

PTEA Chairman expressed that despite extreme crisis, textile industry remained the most export-oriented sector of the economy in last decade with its 60 percent share in country's export revenues; however, stagnating textiles exports have been a consistent source of concern for the economy.

Challenges like stuck up liquidity, high priced energy inputs and imposition of duties & taxes on inputs/raw materials are adversely impacting production, employment and exports. Although Government has taken exemplary drives to address the issue of outstanding refunds by liquidation of sales tax refund claims; however still huge amounts are stuck in income tax, custom duty drawback and textile policy incentive regime.

Appreciating the launch of FASTER module for expeditious payment of sales tax refunds to exporters, he stressed for immediate simplification of Annexure H. He said that in order to promote investment in export oriented sectors and turn Pakistan into an export-led economy, the State Bank of Pakistan had announced to enhance financing limits for exporters under subsidized loan schemes including Export Finance Scheme (EFS) and Long Term Finance Facility (LTFF); however, the same has not yet been implemented.

Similarly in order to cut down the production cost of export goods, a special tariff for energy supply to zero rated industries (Gas / RLNG @ $6.5 per mmbtu & electricity @ 7.5 cent per kwh) was allowed in October 2018 which has been discontinued since June 2019 and exporters are being charged on normal tariffs.

New notification has not yet been issued even approval of the Prime Minister and exporters are compelled to get relief from the Court every month.

He demanded immediate liquidation of refunds, implementation of energy package in true spirit and increase in financing limits for exporters under subsidized loan schemes to accelerate export growth.

PTEA's Vice Chairman Haris Yousaf was of the view that global markets are wide open and Pakistan can achieve significant increase in exports by encouraging investment in addition to enhancing competitiveness. It is the right time to facilitate the export sectors as we direly need to stabilize the economy because only export sector has the ability to put country's economy on track and steer Pakistan towards economic prosperity.