

PTA for removal of irritants affecting leather export

In the backdrop of continuously diminishing export of leather and leather garments, the Pakistan Tanners Association (PTA) highlighted the irritants hampering exports and requested the Prime Minister to intervene in the situation in the larger interest of economy. The leather export registered a decline of 14.06 percent to US \$103.63 million during the period of July-October 2018 against the corresponding period of 2017. Similarly, export of leather garments also descended by 15.40 percent to US \$104.519 million during the same period.

PTA Chairman Agha Saiddain, in a letter to the Prime Minister, pointed out that the 18th Amendment is also one of the factors pushing cost of production up. Moreover, because of inappropriate policies of the previous regimes, the country's exports remained no more competitive in the international market. A number of direct and indirect taxes and levies have increased the cost of production and thus played negative role. As a result, the country's exports in general and leather in particular have been contracting for the last few years, he said.

Agha quoted the Indian former commerce minister's policy statement that "Indian government has decided that any product leaving the country's boarder will shed all duties, taxes, levies, direct or indirect taxes within the boarder" which led the Indian exports very high. He said the export policy of India still holds this policy statement. Later, Bangladesh also adopted the same policy that yielded positive results and their exports increased beyond their expectations.

He suggested the government to immediately unload different taxes and duties. He said all imports of raw materials, chemicals, machinery and spares are made through Karachi Port. After the 18th Amendment, the Sindh government is charging 1.15 percent on all imports as infrastructure cess, while taxes being charged by the excise and taxation department are also making our inputs expensive resulting in higher cost of production.

Like the Sindh government, Punjab is also charging 0.90 percent on import of inputs direct to Punjab. This is another burden on our export which needs to be removed immediately to bring the cost of production down, he said.

At present, 0.25 percent is deducted from export proceeds at source on account of export development surcharge. The collection of EDS was made mandatory for all commercial banks under SRO 10 (1) 2003 dated 01.04.2003. The EDS is being deducted purely for development of exports but unfortunately previous governments misused it and funds were not transferred to the ministry of commerce for export development. The EDS, therefore, has become unnecessary burden on exporters which is also increasing the cost of production. The PTA chairman appealed the Prime Minister to review the ground realities and the factors causing decline in exports. He said the government should immediately take measures to bring down the input cost to enable our products to become competitive in the international market.

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