

BMP chief seeks continuation of zero-rating, incentives for exporters

Chairman Businessmen Panel (BMP), Mian Anjum Nisar has said exporters now fear that the withdrawal of zero-rating, energy subsidies and other incentives will further squeeze the fiscal space to make new investments for the planned expansion of manufacturing for import substitution and export enhancement.

The government must do itself a favour by continuing the present incentives for exporters of manufactured goods, especially the value-added products, for at least five years to encourage fresh investment. He voiced for 'Made in Pakistan' products, aiming to promote the local industry and elevate the value of Pakistani rupee.

He said decreasing investment in manufacturing in the last one decade is at the heart of the country's present economic woes. The share of manufacturing in the country's GDP dropped to 12.1pc in 2018 from its peak of 14.8pc in 2008, indicating the decline in industrialization and a loss of jobs. "The cost structure of the industry remains one of the major causes that have eroded international competitiveness, discouraged investment in manufacturing and decreased exports". As India has recently announced new rebates of up to 10pc to help its textile industry improve global competitiveness and take advantage of the US-China trade war. Indeed, the fiscal adjustments are necessary to put the economy back on the rails of stability. But the government may be well advised to not ignore the fact that long-term recovery is simply impossible without encouraging manufacturing sector that should be contributing at least 30pc to GDP.

Chairman BMP also said federal and provincial governments must lower the cost of doing business to make it attractive further for exporters to not only produce more efficiently but also attain crucial inputs and capital goods at cheaper rates though Pakistan ranks poorly in terms of cost and time involved in trading across borders.

Further more, Mian Anjum Nisar appreciating federal government's commitment to ensure needed relief to the low income groups in the forthcoming national budget was hopeful that the PTI government in its first budget will also take due stock about the needs of industry as well as common man.

Emphasising again that business community was the backbone of the economy; he said early resolution of issues hampering its performance must be a top priority of government in the coming budget, to be announced in June. Anjum Nisar advised that representatives of trade and industry must be taken on board.

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