

APTMA decries making taxes, surcharges part of tariff for export industry

ISLAMABAD: All Pakistan Textile Mills Association (APTMA) has told the government that its decision to include taxes, surcharges and positive fuel adjustment in the industrial tariff for export-oriented sectors will ruin the efforts to increase exports of the country.

Textile industry urged the Commerce Ministry to submit an urgent summary to the ECC or cabinet requesting the implementation of SRO 12 issued on January 1, 2019 in letter and spirit and withdrawal of the letter of Power Division dated January 13, 2020 asking for inclusion of taxes, surcharges and positive fuel adjustment in the industrial tariff for export oriented sector.

In its letter written on January 15, 2020 addressed to Abdul Razak Dawood, Adviser to PM on Commerce, Textile, Industries and Production and Investment, of which copy is available with The News, the APTMA clearly said while referring to the Power Division's letter written in January 13, 2020 that export-oriented sector will also be exposed to inclusion of taxes, surcharges and increase in tariff because of fuel adjustment in the billing. This will swell electricity price from Rs11.70 per unit to Rs20 per unit.

Earlier financial cost surcharge, Neelum-Jhelum surcharge, taxes, fixed charges and positive fuel adjustment was not part of the tariff set by PTI government for export-oriented sectors. Now the government has made them part of the tariff which was 7.5 cents per unit.

Energy constitutes 35 percent of the conversion cost of products which will result in an increase of 24 percent in the operating cost of textile sector. This will render our products uncompetitive in the international market. Comparative electricity prices from authentic sources put the industrial electricity tariff at 8 cents per unit in India, China and Vietnam.

Withdrawal of regionally competitive energy would be disastrous at this stage as the confidence of the businessmen will be shaken very badly. The textile sector is already investing in new plants and up gradation as our order books for exports are already full and the need for expansion and modernisation is being actually felt. However, these orders and the exports are based on costing of regionally competitive tariff of 7.5 cents per unit.

Under these circumstances withdrawing the commitments of regionally competitive energy of 7.5 cents per unit inclusive would nullify all excellent work done by the government and the commerce minister over the last 18 months which has resulted in a substantial quantitative increase in exports.

The APTMA letter also mentioned that the country's economy dictates that exports are the only sustainable solution to Pakistan's economic woes. The SBP Governor Reza Baqir has very eloquently presented the case for supporting exports in a presentation made by him on January 13, 2020.