

Restoration of zero-rating regime, Sialkot's exporters reiterate demand

LAHORE: The export-oriented industry of Sialkot, including the apparel sector, has reiterated its demand for restoring zero-rating regime for the five exporting sectors, expressing fear that \$2.5 billion foreign exchange earning industry may suffer a 25 to 30 percent dent in exports in the absence of this facility.

The representatives of five zero-rated export sector's bodies, including the Pakistan Sports Goods Manufacturers and Exporters Association, Pakistan Gloves Manufacturers and Exporters Association, Surgical Instruments Manufacturing Association of Pakistan, Pakistan Leather Garments Manufacturers and Exporters Association, Pakistan Hosiery Manufacturers and Exporters Association and the Sialkot Chamber of Commerce and Industry held a meeting with the Pakistan Readymade Garments Manufacturers and Exporters Association chief coordinator Ijaz Khokhar and regional chairman Soahil A. Sheikh.

They expressed their serious concerns over severe liquidity crunch owing to non-payment by the international buyers amidst worldwide lockdown due to the pandemic.

The export industry leadership unanimously asked Prime Minister Imran Khan to announce the previous system of "No Payment No Refund" at least for one year to save the export industry as FBR's claim of instant refunds release had totally failed, especially in the challenging time of the global pandemic when foreign buyers had also held payments for an indefinite time.

PRGMEA regional chairman Soahil A. Sheikh and chief coordinator Ijaz Khokhar observed that the country's export target of \$25 billion would not be achieved particularly when authorities were not ready to facilitate the exporters.

They said the country's exports decreased by almost 50 percent while home remittances also declined significantly due to closure of global markets while another 25 percent decline in exports was expected.

"Payments of already shipped goods in Jan, Feb and March from foreign buyers have been held for an indefinite period. We don't have liquidity in hand to run the industry in the coming months so we are seeking restoration of zero-rating regime to run the wheel of industry," the PRGMEA chief coordinator observed.

He said small and medium apparel export industry was continuously complaining of running out of cash to pay wages to their workers, pay utility bills and run industries, which could be handled only if the government restored previous system of zero-rating.

“There is no condition from the IMF or the World Bank to withdraw the zero-rated regime especially in the present circumstances as Pakistan is not the only country which has been suffering from the coronavirus. But the whole world is facing this economic crisis. Therefore we need a bold step from the Ministry of Finance to restore this regime so that we could sustain our exports.”

Sohail A. Sheikh observed that Sialkot was the second-largest source of foreign exchange earnings for Pakistan because of its exports and remittances from overseas manpower. He said amid global economic slowdown, financial losses to the textile export industries were multiplying every day, and exporters were facing severe liquidity crisis.

He said that restoration of zero-rating regime would help revive exports and earn the much-needed foreign exchange.

“It is being apprehended that thousands of SMEs may close down in the next few months with drastic downfall in the country’s exports and foreign exchange earnings, resulting in unemployment of hundreds of thousands of workers,” he said.