

Textile industry seeks incentives to boost exports

ISLAMABAD: Textile sector is gearing up to boost its exports in next financial year by \$3 billion as the industry is on the way to achieve 80-90 percent capacity utilisation in the next quarter as order books are filling up.

But the boost is conditional as the industry wants assurance from the government to extend competitively priced energy in the region, lower sales tax and quick refunds and reduction of turnover tax to 0.5 percent from existing 1.5 percent.

All Pakistan Textile Mills Association (APTMA), in a letter written on Tuesday to Abdul Razak Dawood, Adviser to PM on Commerce, Textile and Investment, says that the textile industry will try to achieve \$17.5 billion exports so that the trade deficit of Pakistan is completely covered for next financial year and no further foreign currency borrowing is required.

It urged the government to resolve the issues that include the extension of competitive priced energy, lowering of sales tax and quick refunds and slicing down the turnover tax to 0.5 percent while deliberating the proposed budget for 2020-21 tabled in the Parliament. The letter mentions saying that enhanced exports are the only sustainable way in which Pakistan can sustain the economy as debt burden is already unsustainable otherwise.

APTMA letter says, the country's total export in the outgoing financial year 2019-20 will stand at \$21.60 billion and the remittances will be hovering at \$22.54 billion whereas the estimated export target has been set for 2020-21 at \$27 billion with remittances at \$18 billion. However, import in the outgoing financial year will be at \$44.49 billion whereas the sum of exports and remittances in 2019-20 will be \$44.14 showing the net trade deficit at - 0.45 billion US dollars.

The letter signed by executive director Shahid Sattar, APTMA also projected the import for next financial year at \$45 billion whereas the exports are projected at \$27 billion with 20 percent reduction in remittances to \$18 billion. APTMA projected that trade deficit for 2020-21 financial year at zero but this target will be attained only if the government meets the demands of the textile industry.