

Leather sector's share in exports falls by 45pc, says ex-PTA chief

LAHORE: Coronavirus pandemic has left a severe impact on the Pakistan's leather sector that lost around 45 percent share in the exports of raw and finished leather as most of the importers either held or canceled their orders.

Italy, which was number one export destination for the Pakistani leather, is badly hit by coronavirus causing 2158 deaths, the second biggest figure after China. During the year 2017-18, Pakistan exported 15.79 percent of the total exports of the raw and finished leather to Italy, said Agha Saiddain, a leading exporter and former chairman of the Pakistan Tanners Association while talking to Business Recorder here Tuesday.

Similarly, China was an important importer of our leather which is currently in a lockdown situation due to the coronavirus. In the period under review, Pakistan's leather export to China stayed at 11.40 percent, Agha said, adding that Hong Kong was also a good buyer of the Pakistani leather. The importers from Hong Kong, with import of 10.73 percent stayed at third position, also held their orders pending. Though there is no consumption of Pakistani leather in Hong Kong, the importer managed further export to China through land route.

He said Pakistan also used to export leather to India. During 2017-18, the country's export to India contributed 5.93 share of the total export. However, because of the tense situation between the two countries, India initially imposed 200 percent duty on the Pakistani leather and finally suspended all kinds of trade including leather.

As such, the local leather sector has received a major shock that would not only deprive the country of foreign exchange on one side but also created the problem of sustainability for the local tanneries on the other, he added. Agha Saiddain pointed out that the federal government in the budget had agreed to charge 7.7 cents per unit of electricity from the export sector including leather. This concessional rate continued till February 2020, he said, and lamented that the facility was withdrawn without taking the stakeholders into confidence and prior notice to the industrial consumers. The Lahore Electricity Supply Company (LESCO) not only increased the rate to Rs23 per unit in lean hours and Rs33 per unit during the peak hours but also added first installment of the arrears of the difference between the regular and concessional rate to the current bill, he said.

All the countries in the world are extending different kinds of facilities to their businesses and industry. On the contrary, we are being put in more trouble at this crucial time due to pandemic of Coronavirus, he asserted. The government should take the rising input cost into consideration before taking any decision regarding power tariff for the industrial sector.

The PTA former chairman urged the government to take steps to provide a relief package for the local industry. He demanded of the government to restore the zero rate facility for the leather sector.

He pointed out that the ministry of commerce had excluded the leather sector from the Drawback of Local Taxes and Levies (DLTL) list. The ministry admitted that the leather was excluded from the DLTL list mistakenly and would be rectified soon. He said no positive outcome has so far been received from the ministry in this regard. He further said that though the prime minister had announced to restore concessional electricity tariff a few days back but no notification has so been issued.