

Afghanistan, Central Asian states: Cotton import via land route allowed by ECC

The Economic Coordination Committee (ECC) of the Cabinet has allowed import of cotton from Afghanistan/ Central Asian states via land route through Torkham border with the objective to bridge demand and supply gap of local textile sector. Sources said that ECC meeting presided over by Finance Minister Asad Umar was informed about the new revenue slabs created for special commercial (Roti Tandoor etc) consumers.

Sources added that according to a summary to this effect submitted by the Ministry of Energy, the slab structure for domestic sector was also made applicable for special commercial (Roti Tandoor) consumers consuming up to 400 cubic metre of gas per month while for consumer having consumption of over 400 cubic metre of gas in any month and gas sale price for normal commercial consumers has been made applicable for entire volume.

With regard to applicability of revised gas sale price to special commercial consumers (Roti Tandoor etc), the ministry was directed to create a new revenue slab.

The meeting was informed that there are a total of 417 special commercial consumers using up-to 400 cubic metre of gas with total volume being consumed by them is 6,691 mmbtu. The ministry stated that previous revenue for up to 400 cubic meter of gas consumers was Rs 1.3 million while revised revenue is Rs 1.5 million, reflecting an increase of Rs 0.2 million.

Those special commercial consumers using above 400 cubic meter of gas are 2,792 consumers and gas consumption by them is 456,994 mmbtu. Total revenue from them previously was Rs 319.9 million while revised revenue is Rs 447.8 million, showing an increase of Rs 127.9 million. The meeting was informed that above revision in the sale price will generate incremental revenue for the Sui companies whereas the Special Roti Tandoors consuming gas up to 400 cubic meters will have minimum impact on sale price.

The ECC also approved a proposal of Ministry of Commerce and Textile seeking import of cotton from Torkham border contingent to that all sanitary and phytosanitary regulations shall be abided. The ECC also directed the relevant ministries to engage with the industry for establishment of a permanent quarantine facility for cotton imported through land route.

The ministry stated that a delegation of All Pakistan Textile Mills Association (APTMA) and Pakistan Textile Exporters Association (PTEA) met with the Advisor to the Prime Minister on Commerce, Textile Industry & Production and Investment on November 12, 2018 and raised the issue of import of cotton from Central Asian Republic and Afghanistan through land. Due to sensitivity of the issue, the advisor to the prime minister called an inter-ministerial meeting on November 15, 2018 to deliberate upon the issue.

The Ministry of National Food Security and Research was of the view that cotton is a sensitive crop. It attracts variety of pests and requires a pest scouting from the importing country and for that a fumigation process is a must to counter such threats. Further, for majority of cotton, Afghanistan is only a transit route and for that purpose pest scouting of Central Asian States would also be required otherwise there would be a great threat of new pests harming domestic cotton.

Last year, a special dispensation was given on political / commercial basis during a meeting between secretary commerce Pakistan and deputy minister commerce Afghanistan

It was highlighted by secretary food security during the meeting that for sanitary and phytosanitary (SPS), a lot of efforts were done by the Plant Protection Department last year. The said facility is also not available at Torkham and even Afghanistan did not arrange the pest scouting visit of Plant Protection Department of Pakistan to cotton growing areas of Afghanistan and couldn't develop an English-based template.

The APTMA was of the view that under the Quarantine Rules, only American cotton is subject to quarantine process therefore such regulations are not applicable on Afghanistan and Central Asian States cotton; however; officials of Ministry of National Food Security and Research were of the view that origin of such cotton is also America. The APTMA was of the view that American cotton is defined on area basis not on genetics. Further, the APTMA offered to undertake fumigation process at Torkham and build such facilities at Torkham either by their resources or from funds of the Export Development Fund (EDF).

The ECC while considering a proposal of Ministry of Industries and Production approved a grant of Rs 1,066.078 million for payment of outstanding dues (provident fund, gratuity and payroll dues) to families of deceased employees of Pakistan Steel Mills (PSM), allowed sale of 200,000 tonnes of wheat from the surplus stocks available with PASSCO to Poultry Association of Pakistan (PPA).

Secretary Ministry of National Food Security shared with the meeting a report on value chain of sugar. The ECC took note of the issue of pending payments to sugarcane growers as well as difficulties faced by the millers in view of surplus stocks, possibility of their export and redressal of liquidity issues. The committee directed minister of national food security and adviser industries to hold meeting with the Pakistan Sugar Mills Association (PSMA) and resolve these issues.

The ECC also held deliberations on the proposed plan of Ministry of Energy for gas load management during winter season and decided to have further discussions in the matter at the next meeting to finalise the plan.

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