

Cost of production will increase, industry laments

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KARACHI: Trade and industry leaders have warned that devaluation of the rupee against dollar on Monday would result in higher costs for the industry, adversely impacting exports.

Since most of raw materials used by industry and export trade are imported therefore the rupee devaluation will increase the cost of inputs and make their products uncompetitive in the world market, the industry stalwarts said.

Council of All Pakistan Textile Associations Chairman Zubair Motiwala said that the latest devaluation by up to 5 per cent will prove extremely disastrous for the nation as it will open floodgates of inflation for the masses.

He said that in a period of seven months, the local currency has been devaluated by up to 18.5pc, upsetting all the economies of scale of trade and industry of which exports would bear the most significant brunt.

Motiwala lamented the finance ministry's recent suggestion to impose regulatory duty (RD) on more items to curtail imports.

"If the government wants to impose RD, it should be on luxury items – rather than raw materials – such as cars, perfumes, fruits and non-essential electronic goods," he added.

Pakistan Leather Garments Manufacturers and Exporters Association Patron-in-Chief Fawad Ijaz Khan observed that local manufacturing is an import substitute, earning precious foreign exchange. Therefore, if that segment is hurt, the imports will go further up.

In order to overcome the current economic situation, the government should have taken the stakeholders on board before resorting to massive devaluation which would only push up costs for the industry and exports, Khan said.

Pakistan Bedwear Exporters Association Chairman Naqi Bari said rather than causing inflation, government should have protected industries by reducing the cost of doing business.

"Under the present situation, industry will have only two options: either to close down or increase price of their end products and become uncompetitive in the world market," he added.

Pakistan Apparel Forum Chairman Jawed Bilwani pointed out that the country's trade deficit has swelled to \$37.67 billion and the only way to curtail deficit is to boost exports for which the cost of manufacturing should be reduced or at least brought at par with regional countries.

Published in Dawn, July 17th , 2018

