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TMA underscores need for banning import of non-essential items

KARACHI: **The senior vice chairman of the Towel Manufacturers Association of Pakistan** has expressed severe concern over the relaxed import restrictions by the State Bank of Pakistan (SBP) on Friday which was imposed in December 2022 to improve the national foreign reserve. We are astonished that the SBP removed the import restrictions despite dwindling foreign exchange reserves.

The government should not ease the import restrictions due to the declining trend in our national foreign reserves. We are supporting earlier government decisions wherein the banks had been advised to prioritise certain types of imports under different categories in the wake of poor foreign exchange reserves and a large trade deficit.

The SBP advised the banks to prioritise imports related to essential sectors such as food (wheat, edible oil, etc. etc.), pharmaceuticals, energy (oil, gas and coal), raw materials and spare parts for the export sectors, and agriculture inputs (seed, fertilizers and pesticides).

This priority list included the imports on a deferred payment basis, preferably from parents or sister concerns of the importers, beyond 365 days, from the shipment date which was better for our beloved country.

However, the latest decision that opens options for imports on a large scale has also been taken when the country is struggling to avoid a default-like situation. He said that the country is not in a position to allow imports of goods which already crossed $ 49 billion in 11MFY23. The export oriented sector does not support this government decision and might have removed import restrictions under IMF's pressure.

Our beloved country is struggling to improve their national reservoirs & for this purpose, from time to time approach those countries who are Pakistan friends for the revival of their loans as well as financial support to avoid the risk of default.

Senior Vice Chairman of the TMA Syed Usman Ali has further said that we are unable to understand the strategy of the government about the removed import restrictions which will put a negative impact on the national reservoir & at the other hand they are forcing the exporters to bring back their export proceeds within the due date otherwise they have to face the penalties in the shape of mark lien as per SBP FE Circular # 02 of 2023 and after the mark lien on the said late amounts, exporters should have to face the adjudication department of SBP wherein exporters will explain the valid reasons of their delayed realization of export proceeds amounts.

We suggested in the present economic situation to the economic managers that they should allow imports only to five export-oriented sectors for the growth of country exporters. This will support imports of required raw materials that will help the industry to improve its performance. Unfortunately, despite a long history the entire textile industry still depends on imported plants, parts and at least 35% of other imported constituents to make their products exportable.

There is no way out of the present quagmire except to curtail all unnecessary imports till the growth of exports and foreign remittances. The State Bank of Pakistan should simply refuse to supply foreign exchange for "inessential imports" which will help to narrow the foreign account deficit. The government should also provide protection to our domestic industry for its requirements of raw materials, parts and machinery. The SBP also allows importing of essential foodstuffs like wheat, pulses and tea at a reasonable cost.—PR