



PAKISTAN HOSIERY MANUFACTURERS &

EXPORTERS ASSOCIATION

Pakistan Value Added Textile Industry

- Most Vital Sector

- 8% of GDP

- 42% of Urban
Employment

- 60% of Exports

P.H.M.A. e-Bulletin

PROMOTION, DEVELOPMENT,

PROTECTION AND

ENCOURAGEMENT OF

HOSIERY AND KNITWEAR

GARMENTS INDUSTRY IN

PAKISTAN.

1ST EDITION

OCT. - NOV. 2017





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P.H.M.A.



Dr. Khurram Anwar Khawaja
Central Chairman

Central Chairman's Message

Dear Readers,

It gives me immense pleasure to introduce the first edition of the e-Bulletin of the Pakistan Hosiery Manufacturers and Exporters Association. We intend to issue it on monthly basis with a view to keep you abreast with the latest activities of the association, research & development and value added textile industry in Pakistan.

As we know the value added textile industry is facing serious issues which are causing decline in exports, **PHMA is regularly having meetings and is in constant contact with the government officials** to chalk out short and long term policies in favour of the industry.

In the e- Bulletins, we will concentrate on following areas:

Export Figures: Hosiery Knitwear Export's figures and comparison

Material Bank: Members may inform us the excess raw material detail that they want to dispose off. This information will be published in this section of bulletin so that members could avail the benefits from each other.

Vacant Capacity of Units: Members can share if they have spare / extra capacity of stitching / knitting / dyeing facility to offer other members of the association.

Think Tank: Members can share their problems to our think tank where experts will try to help them out.

In the end, I thank Mian Naeem Ahmed, Chairman PHMA (North Zone), Mr. Tariq Munir Chairman PHMA (South Zone) and all the members of the association for their continuous support and encouragement and look forward to receiving their valuable feedback for the improvement of this e-bulletin to serve you better.

Dr. Khurram Anwar Khawaja
Central Chairman



P.H.M.A.

Dear Readers,

It gives me great pleasure to launch the first ever e-Bulletin of PAKISTAN HOSIERY MANUFACTURERS & EXPORTERS ASSOCIATION, which is the biggest textile association of value added textile products. This is the first effort of the Association to provide all **information to the Members related to issues of Knitwear sector.**

I appreciate the efforts and congratulate to Dr. Khurram Anwar Khawaja Central Chairman PHMA for this initiative in preparation of this E-Bulletin.

Being the first edition of PHMA e-Bulletin, there is of course a room for further improvement which I am confident that the honorable members should come up with their proposals and suggestions so that the next issue should be based on their valuable inputs and cover all their concerns.

Mian Naeem Ahmed
Chairman, PHMA (North Zone)



Mian Naeem Ahmed
Chairman
PHMA (North Zone)

*North Zone
Chairman's Message*



P.H.M.A.



Tariq Munir
Chairman
PHMA (South Zone)

South Zone Chairman's Message

Dear Readers,

First of all, I would like to offer sincere compliments to the Central Chairman PHMA Dr. Khurram Anwar Khawaja and his team on my behalf as well as on behalf of Zonal Committee of PHMA Southern Zone, on formal start of e-Bulletin of PHMA to keep members abreast of the activities of the Association.

The Central Chairman while re-counting his priorities after assuming charge of his office, stated to start e-Bulletin soon. As the saying goes, "**actions speak louder than words**", it is indeed a matter of great satisfaction to see words of Central Chairman transforming into actions which is a step in the right direction.

During my association with PHMA in various capacities during past two decades, I have seen many ups & downs of the hosiery & knitwear industry in particular and textile industry in general and have witnessed the imperative role played by PHMA to facilitate its members. It is beyond any doubt that PHMA is on top of few most active & functional associations of Pakistan whose voice & suggestions are given due weight by the authorities concerned.

PHMA strongly believes in team work. I invite every Member of the Association to participate in the activities of the Association and play their role in achieving common objectives of members.

I wish every success to Central Chairman & PHMA team for e-Bulletin initiative. I also assure to regularly contribute for the e-Bulletin.

TARIQ MUNIR

Chairman PHMA (Southern Zone)



P.H.M.A.



INDUSTRY AWAITS SBP CIRCULAR FOR PAYMENT UNDER PM PACKAGE

The Pakistan Hosiery Manufacturers Association has hailed the Ministry of Textile Industry for notifying the revised PM's Package for exporters immediate after the approval of Economic Co-ordination Committee (ECC) of the Cabinet under which 50 percent of the rate of drawback of local taxes and levies shall be provided without condition of increment.

The newly-elected chairman of PHMA Dr. Khurram Anwar Kh also proposed the government to release funds to the central bank for immediate payment of duty drawback of taxes to the hosiery exporters as the immediate payment of all outstanding refunds of sales tax could save the industry.

PHMA chairman said that value-added textile sector appreciates the government for accepting its genuine demand to provide 50 percent of the export package incentive for eligible textile and non-textile sectors on the same terms as for the period from Jan to June, 2017 without condition of increment.

He said that it is the right decision that remaining 50 percent of the rate of incentive would be provided if the exporter achieves an increase of 10 percent or more in exports.

He lamented that value-added textile exporters were battling hard for their survival in the global market in the face of severe competition with the regional countries. Terming funds blockage as main cause of continuous drop in exports, he said that export industry was unable to tap its potential in accordance with capacity.

He said the government initiative, if implemented timely, will surely provide relief to the exporters who are presently facing severe liquidity crunch.

He, however made it clear that these measures are short-term solution, as the government would have to provide conducive environment by reducing cost of inputs to surpass the previous record of annual exports of \$26 billion. Moreover, he requested the authorities to resolve the issue of energy tariff differential with regional countries and even within the country.

He said that export industry was the life line of economy and any disruption would have devastating impact on the industry causing productivity loss, job losses and industrial unrest.

Dr. Khurram said that their major portion of working capital was stuck up with the FBR, as the textile exporters had not received their drawback of Local Taxes and Levies outstanding for the



last many years. He said the textile industry will remain unviable in case the government fails to return local taxes and levies on exports. He urged the government to act decisively and rescue the value-added textile industry from financial crisis, as worst-ever cash flow crunch had brought the country's largest industry to the verge of disaster.

He urged the government to take on board the real stakeholders while finalizing the Duty Drawback of Taxes Order 2017-18 and share with them the draft for review.





P.H.M.A.

DUTY DRAWBACK on Taxes 17 - 18

EXPORT PACKAGE 2017-18 FOR TEXTILES

Ministry of Textile Notification No. 1(42-A)TID/17-TR-II

Dated 20th October 2017

1. Now exporters of knitwear garments and woven can file claims @ 3.5% i.e. 50% of prescribed rate of FOB value for shipments made from 1.7.2017 to 30.6.2018 without condition of increment as per previous procedure. For other textile items also claim will be 50% of the prescribed rates.
2. On achieving 10% growth in exports during 2017-18 over the last year, the exporters will claim incentive @3.5% or at the rate to be determined under clause 1(4)(c) of the SRO.
3. The actual rate of drawback against (2) above shall be determined on the basis annual performance of the exporter, but in order to improve her/his cash flow, the disbursement shall be allow on the performance during July-December, 2017, subject to submission of a bank guarantee that the exporter will return the excess amount, in case his/her annual exports are less than the amount of drawback paid to him/her.
4. Additional 2% drawback is allowed on exports to NON-TRADITIONAL markets as listed in S.R.O.
5. Claim applications will be processed by PHMA after issuance of concerned circular by State Bank of Pakistan.
6. It may be noted that for availing the Duty Drawback on taxes, Registration with Ministry of Textile Industry is a MUST.
7. Members are advised to get their MINTEX Registration renewed by login to ministry's website www.rdacell.com to avoid any problem.

How to get registration / renewal with MINTEX:

1. Please download the dummy form from www.rdacell.com for reference. Keep in mind the dummy form is just for reference, it will not be accepted if filled and sent to the ministry.
2. The registration with the ministry is not linked to any one particular incentive / initiative.
3. Please provide complete information of your company. No columns should be left unfilled.
4. In case of any query, please contact to RDA Cell on **051-9212351, 051-9212352, 051-9216008** for quick response.
5. Please send verified printed form attested by PHMA to **Evacuee trust, F-5/1, near Marriott, first floor, Ministry of Textile Industry, Islamabad ,44000 Pakistan.**



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Duty Drawback on Taxes 2017-18

6. Registration process will start after receipt of verified printed form verified by Textile association(s) (PHMA) along with copies of NTN, GST, EOBI, Social Security, Association membership certificate.
7. The approved certificate will only be issued to units which have provided complete documents and have compliance to the pre-requisites as mentioned below:
 - a. The unit should be a textile industry.
 - b. The unit should have a valid NTN and should be an active tax payer.
 - c. The unit should be registered with Employees Old Benefit Institution and relevant provincial employees' social security institute under relevant laws of the land.
 - d. The unit should be paying the cotton cess and textile cess and should be compliant Cotton Cess Act 1923 and Ordinance No.11 of 1983 regarding levy of textile cess which are administered by Ministry of Textile Industry.
 - e. The form should be signed by the owner of the company and should have copies of NTN, GST, EOBI, SS and association membership verified by the relevant association.
8. The certificates will be sent to the association/chamber concerned.
9. Provisionally allotted ID members will have to complete the fully corrected online form to get the final accepted ID.

For further information:

*Ministry of Textile Industry
First Floor, Evacuee trust, F-5/1,
Near Marriott, Islamabad.
Manager IT: 051-9212351
Manager FA: 051-9212352
Phone No.3: 051-9241317
Phone No.4: 051-9216008
FAX: 051-9216011
E-mail:manager.it@rdacell.com*

**Release all pending Duty Drawback claims
Get the Positive Impact on Export**





P.H.M.A.

Pak-German Economic and Trade Relations

Pakistan and Germany have enjoyed warm friendly relations since the establishment of their diplomatic ties in 1951. Pakistan was one of the first Asian countries to establish relations with Federal Republic of Germany (West Germany). These relations are based on shared values of democracy, pluralism, and respect for human rights, cultural and religious diversity and economic liberalism. Ever since 1951, Pakistan-German relations have been on an upward trajectory.

Germany is Pakistan's largest trading partner within the European Union, accounting for 20% of Pakistan's total exports to the EU and 21% of Pakistan's total imports from the EU.

Germany maintains a healthy diplomatic presence in the country, with an embassy in Islamabad, a consulate in Karachi and honorary-consulate in Lahore, Peshawar, and Quetta.

Presently, Germany is the eighth largest investor in Pakistan and several German multi-nationals are operating in Pakistan. Germany has also extended active support to Pakistan's initiatives with the EU for providing greater market access to Pakistani exports to EU.

Pakistan is also one of the first of Germany's partner countries to make use of innovative development funding instruments. Under the so-called debt conversion scheme, the Pakistani government is rewarded for making public investments in contractually agreed development programs by debt cancellation worth twice the amount invested.

The GSP plus status attributed to Pakistan not only benefits Pakistan's economy, but is also favorable for Germany in political and economic terms.

In Pakistan, German businesses are symbolized on the one hand by multinational corporations, which are mainly located in Karachi and Lahore, and on the other hand by Pakistani trading agents, who represent the majority of the German companies in the areas of machinery, chemical and pharmaceuticals, instruments, automotive, and related equipment and services. Approximately, 35 German multinationals are engaged in Pakistan.

The majority have their production plants and offices in Karachi and at least another five companies have merged with other multinationals being headquartered in the port city. Another five German companies are located in Lahore and one in Quetta.

The business activities of altogether 565 German small and medium-sized companies are represented by 231 Pakistani agents. Comprised of electric and textile machinery, 221 German companies are represented by 71 agents - indicating that one Pakistani agent usually represents more than one German company. The composition of the sectoral distribution reveals that the largest sector represented by the agents in Pakistan is the machinery sector. The second largest product group is chemicals and pharmaceuticals. In this sector 132 German companies are represented by 50 Pakistani agents. The third largest group is manufacturing, electronics, steel, iron, metal products and consumer goods. Cars and technical equipment constitute the fourth largest sector, in which on average one Pakistani agent represents at least two German companies. The service sector consists of banks, insurance, consultancy, shipping and freight & cargo sector the last and sixth sector constitutes the scientific, optic, and precision instrument sector.

Table 1: Region-wise share of German Textile Machinery Exports - 2016

Region	Share
Asia	52.3 %
Europe	31.1 %
North America	8.6 %
South America	5.7 %
Africa	2.3 %
Total	100.0 %

Source: German Textile Machinery Association, VDMA.



P.H.M.A.

Pak-German Economic and Trade Relations

However, during the past years, over 500 companies from Pakistan were represented in several worlds' biggest trade fairs and participated in 16 different exhibitions which may have helped the export sector.

In the year 2015-16 Germany's bilateral trade with Pakistan stood at US\$ 2.16 billion. Whereas in previous years Pakistan had invariably recorded a slight surplus in trade with Germany, German exports to Pakistan amounted to US\$ 938 million and German imports from Pakistan US\$ 1.22 billion. Pakistan's principal exports to Germany are textiles, leather goods, medical instruments, Basmati rice and jewellery. Pakistan's main imports from Germany are chemical products, machinery, electrical goods, motor vehicles and iron goods. During the past six year's balance of trade remained in Pakistan's favour. Pak-German trade is given in **Table 2**.

Year	Export	Import	Balance of Trade
2010-11	1,216	947	+ 269
2011-12	1,151	1,175	+ 24
2012-13	1,024	974	+ 50
2013-14	1,171	987	+ 184
2014-15	1,215	895	+ 319
2015-16	1,217	938	+ 279

Source: State Bank of Pakistan Annual Reports.

Germany is a good market for Pakistani textile products especially readymade garments, bed wear cotton fabrics and knitwear. The main items of exports included cotton fabrics, towels, synthetic textiles, carpet and rugs, cotton yarn, bed wear, cotton bags and other made-ups textiles, besides textile and clothing articles. Export of textile and other products from Pakistan to Germany are given in **Table 3**.

Items	2015-16	2014-15	2013-14
Cotton fabric	99,781	108,881	108,424
Readymade Garments	271,367	238,524	190,963
Knitted Bed wear	151,812	128,101	137,662
Towels	192,086	216,895	204,044
Textile made ups.	42,433	40,779	34,184
Tents and canvas.	28,567	29,762	22,507
Art silk & synthetic textiles.	813	1,059	1,195
Rice	9,431	8,348	3,880
Leather tanned.	7,735	11,026	10,603
Leather garments	13,567	22,645	36,776
Leather gloves	77,968	99,097	110,683
Footwear	23,386	29,563	25,694
Sport goods	23,117	30,751	31,964
Carpets and rugs	50,197	47,160	50,237
Surgical instruments	7,859	8,161	8,438
Fruits	48,972	48,202	45,780
All other items	17,025	22,083	33,212
Total	1,217,000	1,215,000	1,171,000

Source: Trade Development Authority of Pakistan.

During the year 2016, German textile machinery exports to Pakistan worth 51.0 million euro. Major items of textile machinery in terms of rupees exported from Germany to Pakistan are given in **Table 4**.

Machinery	2015-16	2014-15	2013-14
Carding Machines	795	548	1,418
Textile Spinning Machines	627	173	597
Drawing / Roving Machines	488	735	976
Blow Room Machinery	256	326	925
Preparing Textile Fiber	19	337	341
Wet Winding Machines	--	124	301
Textile Winding Machines	139	206	658
Textile Fiber Machines	84	289	137
Flat Knitting Machines	204	131	29
Embroidery Machines	65	143	150
Top and Flat Card Clothing	122	131	183
Card Clothing	118	105	120
Spindles Flyers Ring Travellers	221	259	235
Dyeing Machines	47	301	310
Stentering Machines	221	195	390
Drying Iron Machines	404	158	475

Source: Pakistan Bureau of Statistics, Government of Pakistan.

P.H.M.A. Proposals Submitted in the 7th Meeting of the Reconstituted Federal Textile Board



Dr. Khurram Anwar Khawaja Central Chairman and Mian Naeem Ahmed North Zone Chairman attended the 7th meeting of reconstituted FTB on 4th November 2017 at Lahore. The following proposals were submitted to be considered while formulating policies for value added textiles.

i. IMPLEMENTATION STATUS OF PRIME MINISTER PACKAGE OF INCENTIVES

Huge drawback claim amount of exporters in previous Duty Drawback of Taxes Order 2017 is still pending with the Government while New Order 2017-18 has been issued for which the procedure from SBP is still awaited.

Govt. must clear all the pending claims on immediate basis.

ii. BRIEFING ON RECENT AMENDMENTS BY THE ECC OF THE CABINET TO FURTHER FACILITATE THE TEXTILE SECTOR

The Government previously assured that complete 100% drawback rate of incentive for eligible textile sectors on the same terms as for the period from January 1 to June 30, 2017 without condition of increment would be provided for the period from July 1, 2017 to June 30, 2018, nevertheless, the relevant Notification recently issued says that 50 percent of the rate of drawback shall be provided without condition of increment and remaining 50 percent of the rate of drawback shall be provided, if the exporter achieves an increase of 10% or more in exports during performance year (FY 2017-18), as compared to the base year (FY2016-17).

We demand that the condition of 10% or more increase in exports must be abolished and incentive should be given 100% on shipment basis.

4% drawback should be given on indirect exports

Government is providing 4% drawback on export of yarn which discourage the Value Addition and Value Added Garment Sector. **We propose that 4% drawback should be given on indirect exports (local sale of yarn in the domestic market to Pakistani Exporters) instead on direct exports to our competitors like China and Bangladesh who will get Pakistani yarn at 4% less cost than the Pakistani exporters.**

4% incentive on sale of yarn to Pakistani Exporters (indirect exports) will provide aid to the local knitting, weaving and processing industries and more foreign exchange could be earned through Value Addition. In case, yarn is exported then 4% drawback should not be provided.

iii. RECOMMENDATIONS BY THE ASSOCIATIONS TO FURTHER IMPROVE THE DISBURSEMENT MECHANISM IN DUTY DRAWBACK OF TAXES SCHEME UNDER PRIME MINISTER PACKAGE

We would like to draw kind attention towards some very important matters regarding Duty Drawback of Taxes Scheme under Prime Minister Package announced **on 20th October 2017.**

With regards to release of amount of the claim mentioned in the Clause 4.(2).b of the Notification that SBP will release the amount of claim to the Authorized Dealers within forty eight (48) hours after receipt by

debiting the relevant Government head of account.

We propose that the incentive amount should be directly credited to the exporters account at the time of realization of export proceeds and SBP may subsequently claim the amount from the Government. The condition of “after receipt” should be abolished and prompt payment should be made. Otherwise, again backlog of payments to be made to exporters shall be created as previous payments of billions of rupees have not yet been made to the exporters because the Finance Ministry has still not disbursed the payments to SBP under relevant head of account. Meaning thereby the incentivizing initiatives of the Government to exporters shall remain in papers while the payments shall not be made promptly, hence the exporters shall continue to face financial hardships.

All export related information / documents are submitted online and available with Government like E-Form is generated through WeBOC and submitted to SBP, GD is generated online in WeBOC and Foreign Exchange Payment realized through Authorized Dealer and reported to SBP. This will save the precious time of exporters which was used in the online submission of export details at RDA Cell website and eliminate the risk of time barred of claims.

Further to improve the cash flow of exporters, the early disbursement against increase of 10% or more shall be allowed on

the performance during July December, 2017,

subject to submission of a bank guarantee that the exporter will return the excess amount, in case exporter's annual export are less than the amount of drawback paid to exporters.

There are numerous exporters who are Small and Medium Enterprises (SMEs) and do business on self finance and do not avail facility of Bank Financing. Hence, how could these exporters submit a bank guarantee for early disbursement, they questioned?

iv. SUGGESTIONS BY THE ASSOCIATIONS TO DEVISE THE MEDIUM TO LONG TERM PLAN

The vital export sector faces immense problems and hurdles which must be removed to pave the way for enhancing and boosting its exports in the best interest of the nation for which the following proposals are required to be considered on Top Priority:

1. HIGH COST OF INPUTS TO BE BROUGHT DOWN – 20% LESSER THAN THE COST OF INPUTS OF REGIONAL COUNTRIES

It is crucial for the Government to provide conducive environment and level playing field by reducing cost of inputs – electricity, gas, water rates.



Gas tariff

The Gas tariff per MMBTU in dollar terms in Bangladesh is \$3.35 and in Pakistan \$7.59 (including Rs.200 GIDC) which is 126% higher than Bangladesh.

Therefore we recommend that Gas Tariff for Textile Sector should be reduced 20% less than of Tariff of Bangladesh i.e.\$3.35.

Electricity tariff

Electricity tariff per kwh in Bangladesh is \$0.09 and in Pakistan is \$0.11 which is 22.2% higher than Bangladesh. **Therefore we recommend that Electricity Tariff for Textile Sector should be reduced 20% less than of Tariff of Vietnam i.e.\$0.08.**

Water tariff

Water in Bangladesh and Vietnam is free as they get it from well water while Water Tariff in Pakistan is varied. Water Tariff in all cities of Pakistan is \$0.50, however, In Karachi is \$2.30 per 1000 gallons. **Therefore Water Tariff of Karachi should also be revised to \$0.50 and the Water Tariff should be uniform all over Pakistan.**

We proposed that Government should bring cost of inputs – electricity, gas, and water rates 20% lesser than rates prevailing in regional competitor countries as mentioned above and introduce separate tariff / heads of accounts for textile sector alike introduced for fertilizer sector.

Justification: Reduction in inputs is the long awaited demand of the Value Added Textile Exporters to make competitive the Pakistani Exporters in the international market because Minimum Wage in Pakistan is 111% higher than Bangladesh (Pakistan US \$144 and Bangladesh US \$68).

Hence, 20% reduction will make Pakistani Exporters viable to compete with regional competitors.



2. FIVE ZERO RATED EXPORT SECTORS DECLARED UNDER SRO SHOULD BE CONVERTED / TRANSFORMED INTO AN ACT

Although Zero Rating has been continued under SRO but we strongly believe that this Zero Rating should be converted / transformed into an Act from existing SRO System. This would boost the confidence of the stakeholders. It must be noted that tax on retail has been converted into an Act. Despite of assurances in budget meetings, the **Zero-Rating** currently regulated under

SRO system has not been transformed to an Act, as promised by the Government.



Therefore we strongly demand that Zero Rating should be converted / transformed into an Act, as promised, to encourage the exporters and inculcate more confidence in them for Balancing, Modernization and Replacement (BMR) and further industrialization and export enhancement.

Justification: The Value Added Tax Exporters have expressed deep concern and have been taken aback due to the various statements of FBR regarding discontinuation of Zero Rating



which has shaken the confidence of the exporters who are struggling hard and battling to earn sorely needed foreign exchange for their beloved country and to enhance dwindling exports and keep the wheels of the industry moving despite innumerable hurdles and pathetic ground realities and these irresponsible statements compel the exporters to refuse taking new export orders. Hence, irresponsible statements and speculations in respect to discontinuation must be stopped and FBR must be restricted to give any such statement which does not fall in their purview. The Government, as promised, should immediately transform Zero Rating into an Act.

3. IMMEDIATE DISBURSEMENT OF EXPORTERS' REFUNDS; PROPOSAL FOR RELEASE OF FUTURE REFUNDS AND PROMPT PAYMENTS OF DDT UNDER PM EXPORT PACKAGE

Immediate Disbursement of Exporters' Refunds

To give immediate sigh of relief and breathing space to the textile exports, immediate disbursement of exporters' all refunds worth billions of rupees must be done within one month time which have been long-withheld since last several months.

Justification: Huge amount of exporters' liquidity is blocked with the FBR in their Sales Tax for years together causing liquidity problems to the exporters in keeping up their export commitment.

**SALES TAX
REFUND**

Sales Tax Refund Claims

As per current practice, Sales Tax is refunded after submission of returns and a document named RPO issued. Upon submission of return, RPO of approx 50% of claim amount is issued while remaining 50% claim amount is marked as deferred. Refund of 50% of approved RPO from the approval date is received after 1 year and deferred 50% has no time frame and takes extra ordinary long time.

where's
my refund?

It is strongly recommended that all Sales Tax Refund Claims be settled and paid through State Bank of Pakistan at the time of realization and payment of Export Proceeds.

Custom Rebate Claims

Similarly, Custom Rebate Claims be settled and paid through State Bank of Pakistan at the time of realization and payment of Export Proceeds.

Justification: This should also be done efficiently as impact of Custom Rebate is below 1% of total amount.

One time acceptance of all time barred claims of old DTL, Incremental DTL and DDT 2017

It is also requested that one time acceptance of all time barred claims of old DTL, Incremental DTL and DDT 2017 should be allowed.



4. MANUFACTURERS-CUM-EXPORTERS BE ALLOWED TO IMPORT YARN, FABRIC AND OTHER RAW MATERIALS UNDER DTRE SCHEME & 4% INCENTIVE SHOULD BE GIVEN ON INDIRECT EXPORTS OF YARN / LOCAL SALE IN DOMESTIC MARKET

Manufacturers-cum-Exporters who do not have composite units but get the work done outside through vendors are not allowed facilitation under DTRE scheme.

The facility of import of yarn, fabric and other raw materials under the DTRE scheme only allowed to composite units. There is clear discrimination within the country as composite units are allowed and Manufacturers-cum-Exporters who do not have composite units are not allowed.

All Garment Stitching Unit are Manufacturers cum Exporters and are registered with Ministry of Textile Industry and the Ministry has complete relevant details of textile units which can surely be ascertained from the Ministry.

In view of the above, we request that permission for import of yarn, fabric, accessories and other raw materials to the stitching units for manufacturing of garment meant for export under the DTRE Scheme be allowed to MINTEX Licence holders (Exporters) which licence is renewed after every two years. All textile units should submit Application to MINTEX instead of Customs, FBR for permission all imports under DTRE.

Justification: Majority of the exporters are Stitching Unit - Manufacturers cum Exporters and procure 90% of their yarn from the spinners (amounting to 90% Sales of Spinners) and convert this yarn which is then got knitted, weaved, dyed and printed outside their units.

In the DTRE Rules there is no restriction for Stitching Units - Manufacturers cum Exporters for the duty free import of raw materials such as yarn/fabric/fiber etc.

but the MCC, Custom House, is not allowing DTRE facilities to those small and medium size manufacturers who do not have in-house 100% manufacturing facilities. The stitching units – manufacturers-cum-exporters are facing great difficulties and their cost of doing business is increasing considerably making them uncompetitive in the global market against regional competing countries and their exports are greatly affected.

5. TEXTILE EXPORT SECTOR SHOULD BE EXCLUSIVELY REGULATED UNDER THE FEDERAL GOVERNMENT AND EXPORT DEVELOPMENT SURCHARGE BE ABOLISHED.

We propose that one window system be implemented for Textile Export Sector to avoid all such hassles.

Textile Export Sector should exclusively regulated under the Federal Government particularly Ministry of Textile Industry without any intervention from Provincial Governments and their Provincial Authorities.

Export Development Surcharge

0.25% Export Development Surcharge is deducted from export proceeds of the exporters. This increases the cost of doing business of the exporters.

The Government already has around Rs.25 billion funds in its kitty for Export Development.

We propose that EDF on exports should be abolished and a Trade Development Surcharge be levied on imported luxury

items such as cars, soap, shampoo, cosmetics etc. / finished goods.

Justification: This would also help our exporters in using the cash liquidity for enhancement of the exports of our nation and will help bringing balance in trade.

Import of Raw Materials for re-export must not be subjected to any duty / regulatory duty

Recently Govt. imposed regulatory duty on import of cotton yarn. Raw Materials for import must not be subjected to any duty / regulatory duty. Globally, there is no duty on import of Raw Material and duty always is imposed on export of Raw Materials.

**Infrastructure
Development
CESS**

6. Governments of Sindh and Punjab have levied Infrastructure Development Cess on all imports @ 1.05% and 0.90% respectively; even on import of goods which are used for re-export. The same may be abolished for items used for re-export.

7. At the time of import of machinery, companies have to submit a certificate from Engineering Development Board that concerned machinery is not manufactured in Pakistan. Procurement of such a certificate is nothing but a window of corruption and wastage of importer's time. The condition may be waived off.

v. ROLE OF THE ASSOCIATION / TEXTILE SECTOR TO ENHANCE THE EXPORTS.

As per the law, PHMA is playing its imperative role to achieve desired aims and objectives to promote textile sector in general and hosiery knitwear in particular while maintaining affective interaction with Ministry of Commerce & Textiles, Ministry of Industries, Ministry of Finance, TDAP, FBR and all other concerned. PHMA regularly sends its recommendations and proposals on all the policy matters. Whereas the Association is also active in projecting soft picture of Pakistan and promoting logo Made in Pakistan worldwide.

The Association and its members also regularly participate in the Textile Exhibitions around the globe to explore more opportunities for exports and find new markets. PHMA is also maintaining regular liaison with its foreign counterparts in regional countries for exchange of knowledge and information related to Textile Industry.

These suggestions will surely go a long way and greatly help in the boosting and enhancing of exports.



Calendar of Events										
3	4	5	6	7	8	9	10	11	12	DOMOTEX asia CHINAFLOOR Venue: Shanghai New International Expo Centre, Pudong. Dates: March 20th to 22nd 2018.
10	11	12	13	14	15	16	17	18	19	
17	18	19	20	21	22	23	24	25	26	
24	25	26	27	28	29	30	31	1	2	
29	30	31	1	2	3	4	5	6	7	
40	27	28	29	30	31	1	2	3	4	
DOMOTEX asia CHINAFLOOR Venue: Shanghai New International Expo Centre, Pudong. Dates: March 20th to 22nd 2018.										
ITM 2018 Venue: Tüyap Fair and Congress Center, Istanbul, Turkey. Dates: April 14th to 17th, 2018.										
IGATEX Pakistan 2018, Lahore Venue: Expo Centre, Lahore. Dates: April 26th to 29th 2018.										
IGATEX Pakistan 2018, Lahore Venue: Expo Centre, Lahore. Dates: April 26th to 29th 2018.										
HKTDC Hong Kong International Home Textiles and Furnishings Fair Venue: Hong Kong Convention and Exhibition Center, Hong Kong. Dates: April 20th to 23rd 2018.										
HIGHTEX 2018 Venue: Tüyap Fair and Congress Center, Istanbul, Turkey. Dates: 14th to 17th April 2018.										
ITMA ASIA + CITME 2018 Venue: National Exhibition and Convention Center, Shanghai, China. Dates: October 26th to 30th 2018.										



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THANK YOU!

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