BUSINESS RECORDER
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272 Pak firms participating in Heimtextil 2024

Exporters playing vital role towards economic revival goal: TMA

KARACHI: A total 272 Pakistani firms is participating in Heimtextil 2024, of them 74 companies belong to the towel sector and are members of the Towel Manufacturers Association of Pakistan.

The Senior Vice Chairman Syed Usman Ali along with the prominent exporters of the Towel Manufacturers Association hailed the positive efforts of the exporters of this country that a large number of exporters are participating in the Heimtextil 2024 which is scheduled to be held on January 9-12, 2024 in Germany. The exporters of this country are trying their best to revive the economy of our country and earn valuable foreign exchange for the national exchequer, as well as, huge contributions in the collection of taxes, generating employment and participating in socio-economic development.

Syed Usman Ali, Vice Chairman of the Association urged that the government should come forward and resolve the exporter's problems on top priority. He said that we have no alternate solution to drive our economy except to focus on growth in exports and any country's exports cannot grow without the pro-exporters policies. The export-oriented sectors are facing lot of severe problems which need to be addressed immediately otherwise our exports may further decline which will be very harmful to the country. We should jointly work for the growth of our economy particularly for the export sectors of Pakistan.

Syed Usman highlighted few main problems of exporters in which pending sales tax refund matters badly hurting our exports. The exporters always emphasised the **restoration of zero rating** is the prime need of the hour where billions of rupees are stuck up with the FBR which is creating a financial crunch for the exporters. In the export sector, 90% of production is being exported while only 10% is being used domestically. This massive cycle of sales tax collection and refund operates for a collection of Sales Tax, and as a result, exporters suffer in the form of delayed, deferred, and pending refunds. This is the main reason why the textile industry wants **restoration of the SRO 1125, i.e., no payment no refund** for the entire textile value chain which will provide the additional working capital requirement to the industry.

He further highlighted another issue of interrupted gas supply/low gas pressure, as well as, high gas tariffs for the export sectors. He said that exporters have already been paying the highest gas tariffs in the region; therefore, the export-oriented sector is unable to afford the exorbitant hike in gas tariffs. The biggest victims of the gas tariff enhanced decision are the SMEs and export sector because they do not have sufficient resources and are working on marginal profit. It will be very difficult for the SMEs/export sector to continue their manufacturing activities in the countries. Unfortunately, the finance minister announced further hike in gas prices in January 2024 which is completely unacceptable for the exporters and next to impossible to carry on manufacturing activities in the country.

He furthermore said that our interest rates are very high as compared to those of other countries the region, i.e., **Bangladesh 6.5%, India 6.5%, Vietnam 4.5% Maldives 7%, Sri Lanka 9%, while we stand on 22%.** It means our competitors in the textile export are getting banking facilities at very low rates and our textile exporters are unable to compete with them in the international market because our competitors are offering their manufactured goods at low rates. Their cost is three times lower than the cost in Pakistan which is ultimately reducing their cost of doing business. The government should provide export refinance at par with the competitor's countries so our export industry can compete in the international market.

High interest rates are creating uncertainty in the business environment and the firms are reluctant to make long-term plans and investments due to hefty borrowing costs and ambiguity about future interest rate movements. It leads to hesitancy to commit to new projects or hire additional employees, which is a big hindrance to economic growth.

Syed Usman Ali further said that high-interest rates badly damage economic activities and negatively impact the export-oriented sectors. It also leads to decline in the earnings of foreign exchange, collection of taxes, equilibrium in the trade, enhancement in unemployment and many more factors, which hurt the economy. In the high-interest rate regime, people are also willing to divert their investment into T bill & fixed deposit rather than in industrialisation and earn profit without any risk.

Syed Usman Ali urged the economic managers/ institutions to provide a level-playing field to the exporters so that they can compete with the regional countries in the international market. It will also impact our national reserves; generate employment and more tax collection for the national exchequer. We should also make a comprehensive plan to get rid of the IMF loans and its unnecessary and ruthless conditionality which evaporates any possibility of business and economic growth.

He suggested that in the present scenario the government should have the top agenda to grow country exports & should take immediate and positive measures to remove all bottlenecks in the growth of exports. He advised the economic managers if they are eager to see our exports once again back on the growth track, they should provide facilitations as par with the competitor countries. It is the need of the hour that we should rely on our own resources rather than loans. We have no way except to increase our exports for our respectful survival in this world.—PR