

### **SBP's FE circular No. 02 of 2023 'unfair': TMA**

**KARACHI:** Towel Manufacturers Association of Pakistan Thursday called the State Banks's circular to mark lien on the late realization of export proceeds "absolutely unfair," fearing the move will be "the last nail in the coffin of exports."

**Syed Usman Ali, Senior Vice Chairman of TMA** expressed concern over the SBP's FE circular No. 02 of 2023, saying that the move has pushed the exporters into a new quagmire.

"Now the SBP has started marking lien on late realization of export proceeds even a single day which is absolutely unfair and will be the last nail in the coffin of exports," he said.

The exporters, he said, are already faced with several problems such as soaring cost of business, which made it hard for the entire sector to compete at the global market.

"There are billions of rupees stuck with the FBR in terms of sales tax refunds with challenges such as cancelation of concessionary tariff regime, besides an end to the DTLT and TUF scheme and growing production cost from hyperinflation," he added.

"The exporters' sincerity is above board and they are playing their significant role effectively for the economy, ie, earning valuable foreign exchange for the exchequer, generating employment, massive contribution to taxes and having huge share to generate economic activities in the country," he maintained.

The country's exports are already declining, which he termed alarming for the nation. "If our exports crash, we would be trapped in debts, employment losses, which would be a huge loss for the entire nation," he feared.

Usman clarified the misconception in the government circles that the exporters willingly delay their remittances from abroad in order to gain the benefits of the currency devaluation which he said is absolutely wrong.

He said every exporter is trying its best to repatriate amounts as early as possible. For this purpose, from time to time, exporters remind their buyers to release payments before time to improve their cash flow.

“It must be noted that exporters also have liabilities to pay against their purchases, which they have to pay in a timely manner to continue their business smoothly,” he said. The timely remittance ensures that their cash flow runs smoothly so they can continue their production and exports. Delays in the remittances cause supply chain issues which is the most difficult situation for exporter, he said.

“The delayed remittance can be caused by various factors generating from the importer’s side only, ie, slow sales, delayed deliveries, delays in vessel arrivals, and slowdown in remittance from the final customers. These are some of the many factors due to which importer delays the payments and none of these factors can be rectified by exporters alone. Even in cases on L/Cs, many a times there are minor discrepancies which are identified by importers’ banks at the time of the payment,” he said.

He said it takes a few days for exporter to clear these discrepancies, thus causing delay in the payment.

Remittances against CAD shipments can be delayed due to the late vessel arrivals, port congestion, and delay from importer in releasing the cargo, amongst many other factors. Again there is nothing exporter can do in order to resolve these issues.

Exporters are trying their best to repatriate their exports proceeds well before time to avoid penalties, besides they are aware that dollars are remedy for the economic sovereignty and independence of the country. Exports of goods and the repatriation of export proceeds are beyond the control of exporters, he said.

Usman requested the SBP to withdraw the FE circular, which is the huge bottleneck in the growth of exports.

“We should always rely on our resources to earn dollars rather than loans. The exporters of Pakistan are already facing a very difficult situation due to the global economic slowdown, continuous increase in cost of doing business due to hyperinflation in the country, the Ukraine war, etc,” he said.

The SBP should help facilitate exporters by easing restrictions so that Pakistan’s falling exports could rebound, he said.

The FE circular, he said, causing more difficulties for the genuine exporters of the country. “It is very surprising situation for the export sector that the SBP has issued this circular without consulting the stakeholders,” he added.

He also requested the SBP to meet export-oriented associations to devise a comprehensive strategy for the export boost.