

TMA leader hails Pakistan's \$3bn SBA with IMF

KARACHI: The Senior Vice Chairman of the Towel Manufacturers Association of Pakistan Syed Usman Ali welcomed the signing of the \$3 billion nine-month Stand-By Arrangement (SBA) with the IMF. The Export-Oriented Sectors are confident that this deal would end uncertainty and restore the confidence of local and foreign investors directly needed to revive the economy.

For the last 1.4 years, uncertainty had ruled the country and economy resulting in the flight of capital from Pakistan, shaking the confidence of businessmen and negatively impacting trade and industries. He said despite some harsh conditions imposed by the IMF, this is the shortest and best way to strike a deal with the leading lender to pull out the country's economy from a serious collapse.

He said that this Staff-Level Agreement (SLA) would bring economic stability as well as restore foreign investors' confidence, stability in the rupee-dollar parity and positive impact on the stock market. The growth of the country's exports and the increase in foreign investment is the most important factors for the revival of economic activities.

He further said that, however, the export sectors are feared that the IMF bailout Programme may increase the cost of production which really shocks the Export Sector because they are already uncompetitive in the international market. Our cost of doing business is already high as compared to the regional countries.

Syed Usman Ali further said that the Government should address the Export Sector's problems as the top priority and should give them special attention to resolve their problems. Our government should always rely upon their own resources rather than loans. The IMF deal is not a long-term solution for the revival of the economy. We should use all our resources to enhance the country's exports. We hope that after the signing of the \$3 billion nine-month Stand-By Arrangement (SBA) with the IMF, the US dollar will slide down to its original value, thus will help in controlling food inflation as well as the interest rate will also be brought down.

Syed Usman Ali has said on behalf of the export sectors, **we are all thankful to the honourable Prime Minister of Pakistan Shehbaz Sharif, Finance Minister Ishaq Dar, Commerce Minister Syed Naveed Qamar and the Foreign Minister Bilawal Bhutto Zardari** for their day in day out efforts to the signing of the \$3 billion nine-month Stand-By Arrangement (SBA) with the IMF. After the agreement with the IMF the money coming from friendly countries and multilateral donor countries would provide fiscal space to the government. This agreement will play a significant role to enhance economic activities as well as generating employment. It should also be supportive to avoid default and increase the national reservoir.

We should concentrate on bringing more foreign remittances/investment and increasing our exports and making exports sustainable by bringing the cost of manufacturing and the cost of doing business on par with our regional competitors. For the boost of industrial activities, **Syed Usman Ali** emphasized efforts should be made to ensure speedy refunds of sales tax to the export sectors.

He further said that the entire government, unfortunately, withdrew the Regional Competitive Energy Tariff (RCET) facility from the five export-oriented sectors with effect from 1st March 2023. It means the government withdrew the concessionary tariff regime of electricity at Rs19.99/unit and now the export industrial units are paying Rs42/unit. This means that the government has virtually done away with the RCET regime, which would make Pakistan's export products highly uncompetitive in the international market as compared with the products of India, Bangladesh and Vietnam.

We suggest to the government that they provide loans to the export Oriented Sectors at very low-interest rates for the installation of the solar system at their units to reduce the energy cost and become competitive energy cost-wise in the international market. It will also attract new investment in the Textile sector which will be a positive nod for our economy as well as support for enhancement in the exports of Textile of the country.

Syed Usman Ali further said the country needs various steps like austerity measures, an incentive package for overseas Pakistanis to secure their investment to bring in more foreign direct investment, encourage industrialization for job creation, control imports, boost exports and long-term planning for the country.

He said the export industry has continued to be squeezed from all sides i.e. imposed 18% Sales Tax and the billions of rupees stuck up with the FBR, elimination of Regional Competitive Energy Tariff (RCET), discontinuation drawback of Local Taxes and Levies (DLTL) scheme which expired on 30th June 2021 and after the passing around two years, the government did not issue the notification for the continuation of this scheme. It means our economic managers are slowly killing the Export Sectors that lays the golden eggs.—PR