



**Pakistan  
Tanners Association**

**News**

# Leather

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Monthly

**Wet blue exports  
live animals smuggling  
and licensed export  
Top Threats for  
Leather Industry of Pakistan**

Export of wetblue grain and wetblue split leather by unscrupulous elements is damaging the leather industry of Pakistan. PTA has already registered its demand for raising export duty slab from 20% to 50% on raw hides/skins, pickled skins, wetblue grain leather and wetblue split leather.

PTA in its meetings with Customs authorities stressed on increasing vigilance to avoid mis-declaration of wet-blue and split consignments using wrong HS codes. With PTA caution, Customs authorities started examining consignments and detected containers mainly at Karachi port where some companies were trying to deprive Custom duty of millions of rupees by fraud means.

Karachi Customs intercepted a consignment for export to Taiwan. On examination, the containers were found carrying wet blue split of PCT heading 4104:1900 as against the fraudulently declared description of buffalo double side split leather and cow double butt leather of PCT heading 4113.9000 which was confirmed by PTA Karachi.

The officer further pointed out 155 consignments of wet blue hides and skins declaring incorrect PCT code to avoid levy of duty. Customs alleged involvement of companies namely: M/s Leather Cotex - Kasur, M/s Paradise Leather Company - Kasur, M/s Tata Trading Company - Lahore, M/s Schon Leather - Kasur and M/s Hussain Baig - Karachi. These companies have been evading duties for more than four years.

Association also approached Custom authorities to stop licensed export and smuggling of live animals to Iran and Afghanistan. Reliable source said that more than 100 trucks of cattle are crossing the borders into Iran and Afghanistan creating scarcity of hides and skins for processing by the tanning industry of Pakistan besides increase in the prices of meat in the country. If the government does not take immediate measures to restore normal supply of skins and hides to the leather industry, then it



**Khurshid Alam**  
Chairman PTA

**News Highlights**  
Oct '2010 - June 2011

**Press Conferences  
during 2010-11**

**Visits of Personalities  
and Political Leaders**

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## Installation of Video Conferencing System

Chairman PTA, Mr. Khurshid Alam extended proposal for installing Video Conferencing System between PTA offices at Lahore and Karachi. The idea was to facilitate members of Central Executive Committee and Special Invitees of meetings to save precious time in travelling and to ensure maximum number of participation in meeting for effective decision making. Besides above, heavy expenditure of PTA on reimbursement of air tickets to Managing Committee members and Special Invitees of meeting were likely to be saved by Video Conferencing System.

In compliance of Managing Committee directives, Video Conferencing System has been installed to hold meetings at Lahore and Karachi office of PTA. Upto now two sessions of Central Managing Committee have been held through Video Conferencing System and participation in these meeting has been improved significantly, as envisaged.

Members participants have also proposed to offer this facility to PTA members companies on nominal charges. This proposal is under consideration of Managing Committee of PTA.

# International Fairs & Exhibitions 2010-2011

## Pakistan Pavilion in APLF '2011

31st Mar - 1st Apr 2011 Hongkong

This year (2011) 59 members have participated in MM&T Section of APLF held from 31<sup>st</sup> March to 1<sup>st</sup> April, 2011 under the umbrella of National Pavilion with approved Govt., subsidy. While 7 Members of PTA have displayed their products at their individual stands as private participants in this event.

The special feature of participation this year that the Pakistan has been declared as "Focus Country" in APLF'2011, Hongkong on additional cost, which was termed to be most beneficial/conducive for our members participation in terms of fetching sizeable business conclusion worth US\$ 30 Million and received number of queries also during the Fair to the tune of US\$ 20 Million while effective negotiations are also in the pipeline hopefully to be materialized shortly to yield further conclusion.



Inaugural Ceremony of Pakistan Pavilion in  
APLF'2011, Hongkong



Dr. Ahmad Balal,  
Consul General of Pakistan,  
Hongkong inaugurating  
the Pakistan Pavilion in  
APLF'2011, Hongkong



Pakistan Pavilion in  
APLF'2011, Hongkong



Entrance Gate of Pakistan Pavilion in APLF'2011, HK



PTA's Chairman, Mr. Khurshid (right side) presenting Leather Crest to M.D of APLF Ltd., HK, Mr. Michael Duck during Inaugural Ceremony of APLF'2011, Hongkong



Mr. Agha Saiddain, Director Pavilion presenting a Flower Bouquet to the Commercial Counsellor, Embassy of Pakistan at Guangzhou, China

## Pakistan Pavilion in Shoes & Leather

1-3rd June, 2011 at Guangzhou, China

Pakistan Pavilion was organized in a befitting manner at Shoes & Leather held from 1-3rd June, 2011 at Guangzhou Convention & Exhibition Centre, Pazhou Island, China in collaboration with the Trade Development Authority of Pakistan, Government of Pakistan. Twenty Four (24) stands in equal size were accommodated in Pakistan Pavilion organized by PTA within the space of 312 sqm, who displayed finest quality leather of different kinds. It is recorded with pleasure that the exhibitors of Pakistan Pavilion concluded good business to the tune of US\$ 10 Million, while a good number of inquiries worth in millions of US\$ are also in the pipeline for finalization.

The Pakistan Pavilion was at the entrance of Main Leather Hall # 11.2 and accordingly designed & construction/decorated by a reputable professional



A view of Pakistan Pavilion in Shoes & Leather'2011 at Guangzhou, China

A view of stands in Pakistan Pavilion of Shoes & Leather'2011 at Guangzhou, China

Designer/Contractor with the colorful design and special colored carpet was used in the corridor to attract the buyers/customers. While a special Tower of Main Leather Hall # 11.2 and accordingly designed & construction/decorated by a reputable professional Designer/Contractor with the colorful design and special colored carpet was used in the corridor to attract the buyers/customers. While a special Tower of Pakistan Pavilion was also constructed to get the maximum buyers/customers/visitors attention during the exhibition.

A large number of foreign buyers Japan, Hongkong, Taiwan, Italy, Malaysia, Turkey, Germany, Korea, Spain, Brazil, Thailand, Vietnam, USA, Sweden, Denmark visited the Pakistan Pavilion in the fairs

This grand exhibition was considered lucrative not only from economic point of view as good business was transacted but also from marketing perspective as Pakistani Finished Leather & Leather products being considered super fine all over the world attracted the potential foreign buyers/customers which caused to tie up best business relations with buying parties from different countries of the world.

In order to make Pakistan's participation in a more result oriented in future, it is felt imperative to make massive marketing/publicity of Pakistan's participation well before time preferably 2 months earlier for the commencement of the Fair through the Pakistan Embassy, Beijing or Consulate General of Pakistan in Shanghai & Guangzhou.

The Commercial Counsellor as well as Consul General have offered their full support to PTA's members participants in any kind of promoting trade activities with the Chinese counterparts. Mr. Mohammad Iftikhar Anjum, Consul General, Consulate General of Pakistan, Guangzhou, China has also paid visit on the first day of exhibition on 1st June, 2011 to extend the Consulate's support for smooth & resulted oriented participation of PTA's Members.

At the conclusion of the Fair, almost all the member participants of Pakistan Pavilion have shown their willingness for participation in the next event to be held in 2012 under the aegis of Pakistan Pavilion to be organized by PTA with the financial assistance of TDAP.

## Pakistan Pavilion in Lineapelle Fair

6 - 8 April, 2011 at Bologna, Italy

Another event has been organized by PTA for participation of its 9 member participation in Lineapelle Fair held from 6-8<sup>th</sup> April, 2011 at Bologna, Italy under the banner of Pakistan Pavilion with approved Govt., subsidy, besides 9 members have participated at their individual stands as private participants for this Fair.

An approximate business concluded by PTA's member participants as revealed from the feed back obtained by PTA under its prescribed form from the member participants is US\$ 8 Million, while the inquiries were received during the Fair by them for US\$ 2 Million.



Pakistani Stands in Lineapelle Fair, April'2011, Bologna, Italy

# Pakistan Pavilion in Lineapelle Fair

12 - 14 Oct, 2010 at Bologna, Italy

“National Pavilion” was organized by PTA in Lineapelle Fair held from 12-14th October, 2010 at 154 SQM area allocated in Hall # 22 in Bologna, Italy for participation of our 10 final selected member participation in a befitting manner with the financial assistance of Trade Development Authority of Pakistan, Government of Pakistan, Karachi.

Member participants reported that an estimated business concluded during the Fair by them worth US\$ 10 Million on various specific items of Finished Leather. Further inquiries have also been received during the Fair with the potential customers/buyers worth US\$ 2 Million. Around 600 – 800 number of visitors/buyers from USA, France, Germany, Holland, UK, Sweden, Japan, Taiwan, Malaysia, Hongkong, Australia, China, Korea, Spain, Russia, Vietnam, Denmark, Greece, Poland, Mexico, Austria, Switzerland visited Pakistani stands at Pakistan Pavilion during the Fair. Twelve (12) member firms of PTA took part in this event in their individual capacities as private participants. Cooperation of Commercial Section, Embassy of Pakistan, Rome, Italy was available in all respect for smooth & result oriented participation in the event, for which PTA really appreciates the gesture especially to the Commercial Counsellor, Embassy of Pakistan, Rome, Dr. Aamer Ahmed.

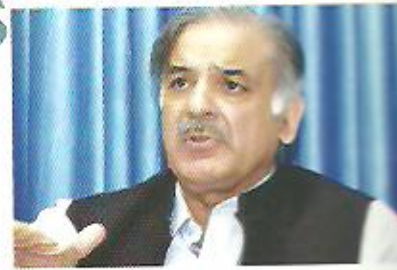


Pakistani stands in  
Lineapelle Fair,  
Oct'2010, Bologna, Italy

# Meetings & Delegations

## Meeting with Mian Shahbaz Sharif CM Punjab

CM House Lahore 15-12-2010



The representatives of the export-oriented sectors asked the SNGPL to concentrate on reducing line losses due to theft and gas and financial leakages. PTA and APTMA went to the office of Mian Shahbaz Sharif Chief Minister of Punjab on 15-Dec-2010 and sought CM's support for approaching the office of Prime Minister of Pakistan Yousuf Raza Gilani emphasizing that SNGPL has extended gas load shedding beyond 2-days which is clear violation of ECC decision. The leading export-oriented sectors are severely suffering from gas closure and are on the verge of closure.

Mr. Khurshid Alam, Chairman PTA stressed the authority to ensure strict implementation of the decision by the Economic Coordination Committee (ECC) and ask Sui Northern Gas Pipelines Limited (SNGPL) for regular supply of gas in industrial areas in Punjab. He emphasised that ECC has come up with a decision of 2-day gas holiday for the industry keeping in view the supply-demand gap. But SNGPL violated the decision of an apex forum, jeopardising the entire manufacturing sector in Punjab.

*As a result of meeting, Mian Shahbaz Sharif CM Punjab successfully presented the case of two major exporting sectors before Prime Minister Gilani, who issued directive for immediate restoration of gas supply.*

The directives of Prime Minister Yousaf Raza Gilani for immediate restoration of regular gas supply to Punjab industrial sector was a big relief to the major value-added sectors of the country.

PTA, on behalf of all the country wide members, who are vigorously engaged in playing their viable role in strengthening the country's economy to the desired extent by fetching precious foreign exchange, is grateful to the PM and CM Punjab for their personal interest in resolving this significant matter.





## Meeting with Additional Collector of Custom PaCCS Karachi

Custom House Lahore 23-04-2011

In order to address the problems and issues of PTA-Northern Zone members, the Chairman Duty drawback Subcommittee of PTA Central arranged a meeting of PTA delegation with Mr. Abdul Basit Ch. Additional Collectors of Customs PaCCS Karachi while he was on his visit to Lahore.

It was a fruitful and result-oriented meeting in which following members and staff of Northern Zone member companies participated:

1. Mr. Khurshid Alam – Chairman PTA/Leather Connections
2. Mr. Anjum Zafar – Chairman Duty drawback S/C PTA, Eastern Leather
3. Mr. Anwar Iqbal – National Tanneries of Pakistan (pvt.) Ltd.
4. Mr. Muhammad Naim Sh. - HMB Tanneries
5. Mr. Imran Mahmud – Leathertex Tanneries
6. Mr. Javed Amin - EPCT
7. Mr. Imran Tassaduq - GM Exports Firhaj Footwears
8. Mr. Saifur Rehman, SLW Export Deptt.

PTA delegation took up and discussed following major issues with Mr. Abdu Basit Ch, Additional Collector.

### **Pending Rebate Claims at PaCCS**

Chairman presented the statement showing pending claims at CARE Karachi and pointed out the increasing size of cases of members from Northern Zone. Additional Collector assured that his department will pay special attention to the pending cases of leather industry and PTA members will soon start realizing the progress.

### Missing Cheques of CARE rebate cases

Mr. Anjum Zafar apprised him that PTA members once faced problems of missing cheques which has not been resolved totally. He told that CARE system generates cheques against rebate claims in an automated manner. At an instance, member companies in Northern part of country didn't receive any cheque for quite some time. On approaching, the computer revealed that cheques had been issued to the respective parties. Still the practice is going on. Customs staff retain cheques with them and release it after receiving undue favours. Mr. Basit assured PTA members that he wants to look deeply and dig out the element involved in mal practices.

### Facilitation Counter at Lahore

Member participants apprised the Additional Collector that CARE system generates various objections on the cases submitted. These objections remained visible for 2-3 days only for members/exporters and disappear subsequently, thus depriving the members/exporters to address these objections prior resolving them. Chairman PTA requested to establish a facilitation counter for CARE cases here in Lahore. He offered PTA office space for establishing help desk for PTA members. Mr. Basit encouraged PTA to write request to FBR also in this respect.

### Export of wetblue

Chairman PTA apprised the Additional Collector that some unscrupulous elements, not related to the industry are in practice of exporting wetblue by mis-declaring the wetblue article to avoid 20% export duty and deprive the industry of precious raw stock. Mr. Khurshid also apprised him of a recent case waiting clearance of consignment mis-declared in the documents as leather. He also requested Customs authorities to stop clearing all leather consignments through automated system and shift them for manual processing.

## Meeting with Chief Executive Trade Development Authority of Pakistan

TDAP Office Karachi 7-12-2010

To discuss holding Pakistan Mega Leather Show from 24-26<sup>th</sup> March, 2011 at Expo Centre, Lahore which would be jointly organized by all Trade Associations of Leather Sector. Members of Joint Steering Committee for Pakistan Mega Leather Show visited the office of Chief Executive Trade Development Authority of Pakistan – TDAP Mr. Tariq Puri.

A copy of Proposed Budget prepared unanimously for Pakistan Mega Leather Show comprising was also forwarded to Chief Executive Trade Development Authority of Pakistan.

Chairman PTA Mr. Khurshid Alam and Mr. Fawad Ijaz Khan Chairman PLGMEA jointly led the delegation. The main purpose of the meeting was to ensure the financial support from TDAP for holding Mega Pakistan Leather Show on the unanimously decided dates of 24-26 March 2011 EXPO Lahore. However, Chairman TDAP expressed his inability to arrange funds for this year. He however, ensured to work on it for the next year

#### **Other issues discussed in the meeting were:**

Approval of the total Budget of PTA's members participation in MM&T Section of APLF, 30<sup>th</sup> March to 1<sup>st</sup> April'2011 at Hongkong. A huge participation of approximate 75 members is being organized by PTA this year in MM&T of APLF'2011, HK.

Proposal/ Budget for designating Pakistan as "Focus Country" in next APLF, 30<sup>th</sup> March – 1<sup>st</sup> April, 2011 at Hongkong.

To discuss and obtain approval for the formation of PTA's proposed Delegations to various potential destinations duly sponsored by TDAP for further expansion & exploration of new business avenues for promotion of Leather.

#### **Various Other PTA Proposals/Suggestions discussed:**

- 6 To increase the share of Govt., subsidy from 50% to 75% for PTA's members' participation in upcoming Int'l Fairs under National Pavilion.
- 6 To extend the Government subsidy for Hotel accommodation for PTA's member participants during their stay abroad for attending the Stands/Fairs in National Pavilion.
- 6 To extend Government subsidy for the Air Freight Charges for the samples dispatch for display in Int'l Fairs at National Pavilion.
- 6 To release fund from Ministry of Finance for the Export Investment Support Fund under STPF-2009-12 for Matching Grant for setting-up of Effluent Treatment Plants and setting-up of Labs in individual Tanneries.
- 6 To control Export and smuggling of Live Animals from Afghanistan & Iran Border. Daily about 100 trucks of live animals cross these borders which are seen on National media. Government should impose ban on permit / certificates for export of live animals. Some of the government officials are involved in this harmful activity which causes shortage of live animals, precious raw materials like Hides & Skins and increase prices of meat.
- 6 To increase the regulatory duty from 20% to 50% with minimum prices proposed on export of raw Hides, Grain Wet Blue and Wet Blue Split Leather to check the excessive export of wet blues hides & skins.



## PTA Delegation with Latif Khosa Governor Punjab Governor House Lahore 11-02-2011

In the Chairmanship of Mr. Khurshid Alam, a delegation of PTA members comprising of following members met Governor of Punjab Mr. Latif Khosa in his office at Governor House Lahore on 11-Feb-2011:

- 6 Mr. Khurshid Alam – Chairman PTA
- 6 Mr. Fawwad Shafi – Vice Chairman PTA
- 6 Mr. Anjum Zafar
- 6 Mr. Agha Saiddain

Following issues were discuss with the Governor and the representatives of LESCO, Suigas and other departments.

### **1. Export & Smuggling of Live animals**

Chairman PTA apprised Mr. Khosa that export and smuggling of live animals to Iran and Afghanistan is one of the major issues. As per information received, daily about 100 trucks full of cattle are crossing borders to Iran and Afghanistan. Pakistan Tanners' Association demands immediate ban on issuance of licenses/quotas for the export of live animals from Pakistan.

6 Smuggling of live animals may be checked

6 Incentives may be given for Cattle farming in Pakistan to improve the supply situation of meat along with raw hides and skin.

### **2. Export of wetblue**

Governor Punjab was informed that earlier governments had enforced 20% duty on export of raw hides, grains wetblue and wetblue split on the demand of PTA. However, huge lots are being exported out through mis-declaration and under invoicing thus making loss to industry and to the exchequer as well. PTA demanded enhancement of export duty upto 50% along with minimum export prices (in square feet) to be notified at all dry ports and sea ports.

### **3. Electricity Load shedding**

Leather is a continuous process industry, load shedding and power failures break down the process due to which hides are destroyed and various quality issues arise. Due to load shedding finished leather valuing US\$ 2.0 comes down to 0.5 cents. PTA demands preferred supply of electricity to the exporting industries so as to enable the exporting industry to fulfill its orders and to save its precious raw material from going waste. The LESCO authorities present recommended supply for exporting industry from express feeders. The wanted PTA to forwarded electricity connection reference numbers so that their connections could be shifted to express feeder for uninterrupted supply.

### **4. Shortage and/or suspension of Natural gas Supply**

Due to shortage of natural gas, industry is closing or switching over to alternative fuels which are unviable. Recently the problem of gas shortage has been increased and 3-days suspension of industrial supply of gas is announced. Annual shut down for three months and in maintenance shut down means that supply of gas would remain discontinued for 70% of the time annually. Pakistan Tanners' Association demanded that the exporting industry of leather should be supplied with uninterrupted supply of natural gas throughout the year in order to enhance its efficiency.



## PTA Delegation with Salman Taseer Governor Punjab

Governer House Lahore 28-10-2010

On 28-Oct-2010, Mr. Khurshid Alam led the delegation of PTA member comprising of Mr. Agha Saiddain, Mr. S. Anjum Zafar, and Sheikh Muhammad Naim to met with Mr. Naveed Qamar, Federal Minister for Petroleum & Natural Resources and Mir Hazzar Khan Bijarani, Federal Minister for Industries and Production under the patronage of Honourable Governor of the Punjab, Mr. Salman Taseer at Governor House, Lahore to discuss the problems of PTA as narrated below:-

### 1. Export & Smuggling of Live animals

Pakistan Tanners' Association demanded immediate ban on issuance of licenses/quotas for the export of live animals from Pakistan. Smuggling of live animals may be checked Incentives may be given for Cattle farming in Pakistan to improve the supply situation of meat along with raw hides and skin.

### 2. Export of Wetblue

PTA demanded enhancement of export duty upto 50% along with minimum export prices asmentioned above (in square feet) to be notified at all dry ports and sea ports for strict compliance to restrict the activities of exporting wet blue hides & skins with the motive to ensure availability of raw materials in Pakistan for meeting



the requirement of the Industry for making export after value addition to fetch more precious foreign exchange for the country.

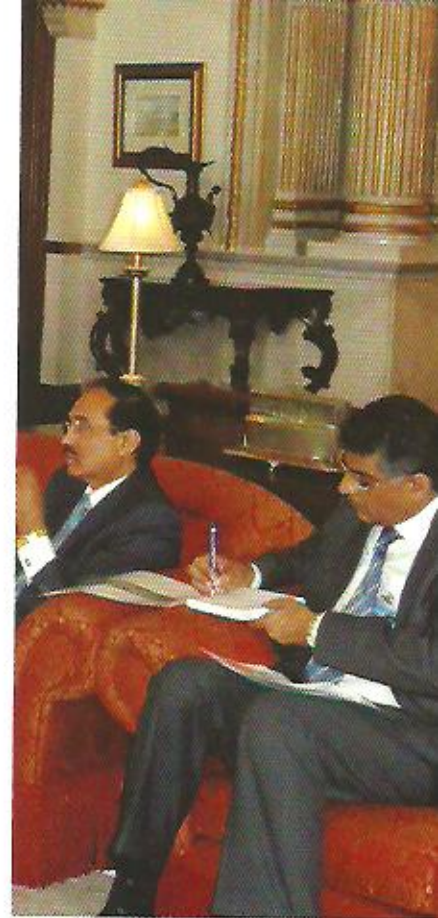
On behalf of PTA and its members The Chairman, PTA, Mr. Khurshid Alam thanked to Governor Punjab and both the Federal Ministers for sparing time to have a joint meeting with PTA's Delegation. Chairman expressed hope that cooperation of Federal Ministries will help resolving the problems of Leather Industry and level playing field would enable to fetch precious foreign exchange for the country.

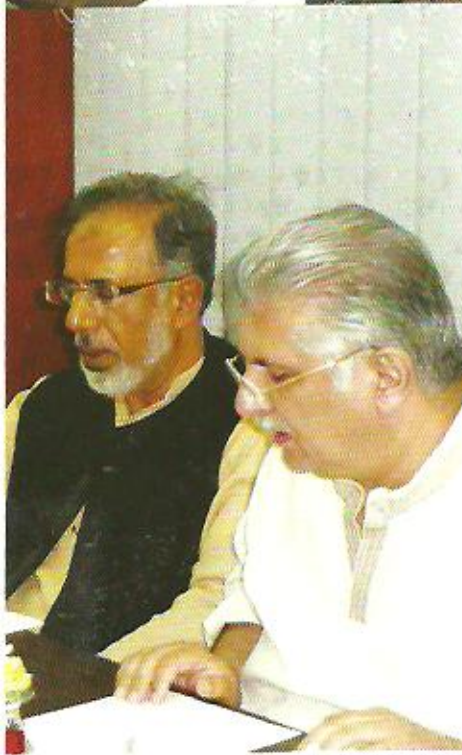
Governor Punjab and both the Federal Ministers present there assured to have a separate meetings with the PTA's delegation in the days to come to sit together again to sort the problems amicably to chalk out the "Industrial Policy" of PTA for Leather Industry of Pakistan for favourable consideration of incorporation in upcoming Policy for the Government, which is progress, to be announced after getting confirmation from Federal Cabinet & National Assembly.

### 3. Electricity and Gas Load shedding/Suspension

Moreover, due to shortage of natural gas, industry is closing or switching over to alternative fuels, which are unviable. Recently the problem of gas shortage has been increased and 3-days suspension of industrial supply of gas is announced. Annual shut down for three months and in maintenance shut down means that supply of gas would remain discontinued for 70% of the time annually. Chairman PTA Khurshid Alam told that total estimated electricity load of tanning industry of Pakistan is around 55-58MW whereas for natural gas, it comes to around 17-18 mmcfd which is not unmanageable. Mr. Alam further apprised to the Federal Ministers that leather industry could enhance its export to US\$ 1.5billion if uninterrupted supply of electricity and natural gas is assured..

PTA also recommended to the Ministry to consider providing efficient burners at tandoors, hotel and restaurants for optimum gas consumption.





## Mega Leather Show Meetings

On the initiative of Central Office of Pakistan Tanners' Association, a joint Committee Meeting of all the key Associations of Leather Sector of Pakistan was held on 20<sup>th</sup> February'2010 in the Northern Zonal office of Pakistan Tanners' Association at Lahore wherein the four leather sector association consented to hold a Mega Exhibition for Leather Sector.

Furthering the cause, Mr. Khurshid Alam initiated to hold another Joint Meeting of following Association's representatives in PTA-NZ office Lahore on 13-11-2010:

- a. Pakistan Tanners' Association
- b. Pakistan Leather Garments Manufacturers and Exporters Association
- c. Pakistan Footwear Manufacturers Association
- d. Pakistan Gloves Manufacturers and Exporters Association

In this meeting a Steering Committee comprising of following members was formed:

- 6 Mr. Muhammad Musaddiq (PTA; Convener)
- 6 Mr. Khurshid Alam (PTA)
- 6 Mr. Wasim Zakaria (PFMA; Co-convener)
- 6 Mr. Nasir Anwer (PFMA)
- 6 Mr. Mudassar Masud (PLGMEA)
- 6 Mr. Shahid Latif (PGMEA)

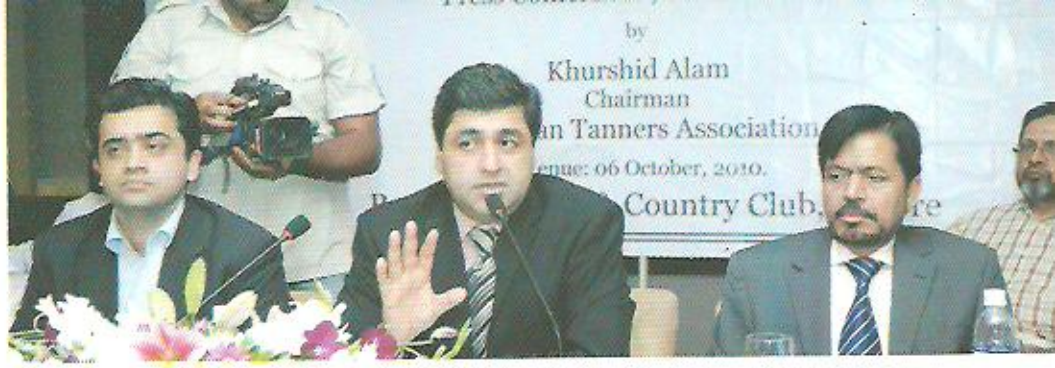




The Steering Committee led the task and conducted six meetings in a series. In its meetings, the Committee prepared budgetary details for the Mega Show. Committee also started negotiations with event managers and media companies for holding of event.

Meanwhile after meeting of 7<sup>th</sup> December 2010 when Chief Executive TDAP could not ensure availability of fund, the whole activity stopped. However, the efforts of Steering Committee and its members especially Mr. Wasim Zakaria and Mr. Musaddiq need due appreciations.





# Press Conferences

## 1st Press Conference Royal Palm GCC, Lahore 06-10-2010

After taking charge as Chairman PTA in September 2010, Mr. Khurshid Alam called on a Press Conference on Wednesday 6<sup>th</sup> October 2010, at Royal Palm Golf & Country Club Lahore wherein he highlighted various problems hitting the leather industry due to which exports are continuously declining. He warns government of closure "It is the first time in 64 years that the industry's representatives from all four provinces including Karachi, Hyderabad, Lahore, Multan, Kasur, Sheikhupura, Gujranwala and Sialkot including all zones are voicing the same," PTA Chairman Khurshid Alam said.

He said the industry has been hit by several problems, while export is continuously on the decline; government and ministries are doing only lip service.

The exports in 2007-2008 were \$1.220 billion, in 2008-2009 \$959 million, in 2009-2010 \$ 863 million and since 2007-2008, decline was around 30 percent and per unit decline stood at 17.69 percent.

Alam said the so-called exchange rate benefit has been drained out due to decline in unit price, increase in chemical costs internationally, increase in electricity rates from Rs 4.25 to Rs 11.50 per unit, electricity unit from diesel generation increased by 100 percent from Rs 9 to Rs 18 per unit, increase in gas and utility costs up to 70 percent, increase in labour cost from Rs 4,500 to Rs 7,000, increase in raw material prices due to war on terror as war destroyed livestock in Swat and Kyber Pakhtunkhwa

besides devastating flood as per government statistics, 1.5 million animals dead and increase in mark-up rate. Export and smuggling of live animals continued despite representations, communications and various press statements during the last one-year, but the government has yet refused to hear the voice, he added. He said the government should stop export and smuggling of live animals as the draining out of precious livestock is resulting in increase in meat prices and depriving the leather industry of precious stocks of raw hides and skins.

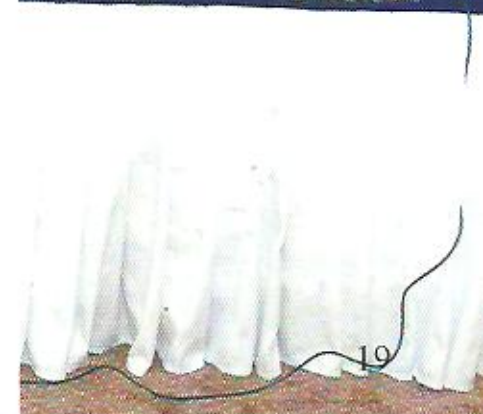
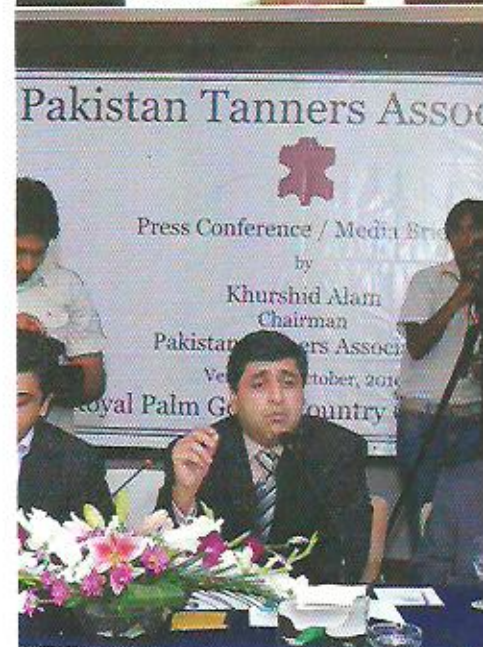
“The government staff is also involved in smuggling as they have fixed the rate of Rs 2,000 for cow and Rs 500 for goat/sheep,” he alleged.

Leather is a continuous processing industry, load shedding and power failures break down the process due to which hides are destroyed and various quality issues arise, he added. He urged for provision of uninterrupted supply of electricity and gas for the exporting sectors, including leather. He pointed out that no procedure was yet defined for making rates agreements (with proper clauses described penalties on quality of service) with power distribution companies as announced in trade policy.

in Trade Policy 2009-2012, the government announced matching grants for construction of treatment plants in individual tanneries. However, in a reasonable cost framework, we cannot meet NEQS levels being unrealistic.

Presently, government has enforced 20 percent export duty on export of raw hides, wetblue, leather and split. However, mis-declaration and under invoicing by unscrupulous elements has proved these measures to be ineffective practically. He insisted on effective check of each consignments at all the port of shipments and demanded to raise the export duty from 20% to 50%.

Reformed general sales tax will be proved as the last nail in the coffin of leather industry and an amount equal to capital investment of leather industry is expected to be blocked in the system that will ruin the whole leather industry, he maintained.





## Joint Press Conference with Jute Mills Association on Suigas suspension PTA-NZ Lahore 14-12-2010

On Tuesday, 14-December 2010 Pakistan Tanners Association (PTA) arranged a joint Press Conference with Chairman Jute Mills Association Mr. Hamayun Mazhar at PTA-NZ office Lahore. The two associations together condemned the decision of Sui Northern Gas Pipelines Limited (SNGPL) for suspension of gas supply in Punjab.

It is severely detrimental to the leather industry of Pakistan which is already under the heavy storm of unfavorable business climate in the country, chairman PTA, Khurshid Alam said. He termed such irrational decision as the last hammer on leather industry of Pakistan to force tanners to close their factories especially in Punjab, which would certainly bring negative impact on the second largest export industry of Pakistan employing 500,000 peoples. He emphasised keeping in view the supply and demand gap, the Economic Coordination Council has decided for 2 days gas holidays for industry. Now SNGPL has violated the decision of an apex forum thus jeopardising the whole manufacturing sector in Punjab.



## Joint Press Conference with LCCI on RGST LCCI Lahore 15-11-2010

The Lahore Chamber of Commerce and Industry (LCCI) on 15-11-2010 threw its full weight behind the leather sector and urged the government not to impose Reformed General Sales Tax (RGST), which is going to push this export-oriented sector to the wall.

At a press conference jointly chaired by leaders of four leader sectors associations and LCCI, the government was urged not to impose RGST. LCCI President Shahzad Ali Malik, Chairman Pakistan Tanners' Association (PTA) Khurshid Alam, Vice Chairman Pakistan Leather Garments Manufacturers and Exporters Association (PLGMEA) Mudassar Masood Ch, Chairman Pakistan Footwear Manufacturers Association Farrukh Saleem and Representative of Pakistan Gloves Manufacturers & Exporters Association Shahid Latif were present on the occasion.



The participants took a strong exception to the government for continuously ignoring the reservations of the exporters regarding the imposition of the RGST. The LCCI Senior Vice president Sheikh Mohammad Arshad, who also belongs to leather sector, criticised the policymakers for not taking the stakeholders into confidence on RGST.

PTA Chairman Khurshid Alam articulated that corrupt mafia has gradually lobbied into the decision-making sectors of government and gained strength, whereas the government is ignoring the reservations of exporters' community and protests by the leading political parties against RGST imposition. He said that Rs 12 billion of leather sector would get tied up in tax refund system annually after RGST imposition. He added that the government is also keeping millions of exporters' money under export rebate, which was at present around 1%. Now it seems impossible in the present state of

functioning that FBR could smoothly release 15% of GST refunds. To meet this shortfall in working capital, exporter/entrepreneur would resort to asking banks for financing its export for which mark-up rate itself is on a parallel rise. Thus the industry would face an ultimate collapse. The government should wisely consider the implication of RGST instead of blindly following the IMF agenda, he added.

Highlighting the hot issues of leather industry, Khurshid said that smuggling and export of live animals was creating scarcity of hides and skins for leather along with shortage of milk and meat for common people. He further apprised that the government has already been approached several times to take note of malpractice of under-invoicing and misdeclaration of wetblue consignments which is causing a great loss to the country's exchequer and the industry is facing acute shortage of quality raw materials. He reiterated PTA's demand of enhancing the rate of export duty from 20% to 50% on wetblue grains split and split leather and enforcement of minimum recommended prices for export of wetblue.

Vice Chairman PLGMEA Mudassar Masood Ch stated that 95% of leather and leather products are exported out from the country. The government has failed to recognise the importance of 2nd largest exporting industry of Pakistan. Power and gas load shedding and shortage of raw materials are hurting continuous process industry and directly threatening the competitiveness of leather sector.

Chairman Pakistan Footwear Manufacturer Association Farrukh Saleem while agitating against imposition of RGST said that already a sum of Rs 420 million of leather exporters was tied up on account of deferred claims of sales tax and the government departments were not paying any attention to resolving those cases. Revoking the zero-rate status from leather industry would create acute shortage of working capital thus reducing the size of the sector and we are afraid that the exports might go down further by 30%.

Supporting the arguments, representative of Pakistan Gloves Manufacturers & Exporters Association Shahid Latif termed the decision of imposition of RGST as a hasty decision. He stressed the need for complete revamping the FBR and the tax machinery if the government really wants fruits out of RGST imposition. He said the government and IMF should first bring reforms for FBR while focusing on the real essence to bring ease and comfort for the taxpayers' community.

Shahzad Ali Malik, President LCCI, advised the government not to focus on IMF money and instead strengthen its export base. He said that industrialists had never backed out in the hour of need. He recalled the remarkable contribution by leading exporters and industrialists for earthquake and flood victims. He invited the government to trust on exporters and industrialists who have the potential to give a much-wanted boom to the economy. He told that LCCI is ready to extend its support to 5 exporting sectors for establishing a joint forum to plead its case against imposition of RGST and discontinuing zero-rating of sales tax.



## Joint Press Conference with PGMEA PTA-NZ Lahore 29-12-2010

Pakistan Tanners Association (PTA) arranged an emergent Press Conference along with representatives of Pakistan Gloves Manufacturers & Exporters' Association (PGMEA). The two industrial associations demanded the government to increase export duty on wetblue exports from existing 20 percent to 50 percent.

Wetblue grains and wetblue split from tanning industry are key raw material required for manufacturing leather gloves, Khurshid Alam chairman PTA said. For the past few years, the deteriorating supply of wetblue stocks is severely hampering the gloves manufacturing industry. Mr. Khurshid Alam Chairman PTA said government should check the outflow of the basic raw material in order to provide the industry its required quantity of wetblue.

Due to high demand for Pakistani wetblue in the international market, some elements, not relevant to leather trade, sell out huge stocks of wet blue after misdeclaration and under-invoicing, he added.

The government has already imposed a 20 percent duty on wetblue exports, which is not sufficient in the present circumstances.

In order to check wrong declaration, PTA has already communicated minimum export price for Wetblue along with container loads to FBR and Customs authorities at Lahore, Multan, Sialkot dry-ports and Karachi Port.

The representatives of Pakistan Gloves Manufactures and Exporters Association (PGMEA) said the shortage of wetblue leather and split, the leather gloves manufacturing and exporting sector was facing high cost of doing business and non-competitiveness in the international market.

PGMEA members informed that 200,000 workers were attached to this industry and in case of delayed action by the government, industry would collapse.

# Press Releases 2010-2011

S u b j e c t	Dated	News Paper
Leather kiy fee unit kiymat 17.69 feesad kam ho gee.	7 Oct, 2010	Daily Jang
PTA Warns govt of closure	8 Oct, 2010	Daily Times
EU Concession to Pak products termed peanuts	11 Oct, 2010	Daily News, Jang
Working Capital roknay say karobar berbad ho jay ga	11 Oct, 2010	Daily Jang
Mulik say janworon kiy sammgling rokiy jay	12 Oct, 2010	Daily Jang
Smuggling na ruky tu bakre ka gosht 1000 rupay kilo tak ho jiy ga	13 Oct, 2010	Daily Jang
PTA Demand Leather Ministry in Pakistan	14 Oct, 2010	Business Recorder
Leather Industry Urged to Include More Items in Trade Concession List Announced by EU to have great access in EU Markets	14 Oct, 2010	Business Recorder
Two-day gas holiday disastrous for leather sector	15 Oct, 2010	Business Recorder
PTA for setting up leather Ministry	16 Oct, 2010	Business Recorder
PTA hails additional charge of FBR chief	16 Oct, 2010	Daily Times
PTA demands setting up of leather Ministry	16 Oct, 2010	Daily Times
Arrakeen assembly kiy rukneeyat moatal karna musbet iqdam hay	20 Oct, 2010	Daily Pakistan
Matasreen sailab 10 lac movaishi adhee adhee kiymat per frokhat kar chukay	21 Oct, 2010	Daily Jang
PTA fetches \$10 million orders at international event	23 Oct, 2010	Daily Times
Govt involved in animals smuggling	24 Oct, 2010	The Nation
Taseer sees no change in Punjab	26 Oct, 2010	Dawn
Chahtay hay Punjab main setup chalta rahay.	26 Oct, 2010	Daily Jang
Taseer assures tanners of his support	26 Oct, 2010	Business Recorder
Federal cabinet to discuss key issues of leather sector	26 Oct, 2010	Daily Times
Hakomat nay janworon key baramdad per pabandee key tajweez mustdar kar dee.	26 Oct, 2010	Daily Aaj kal
Leather factoryiun may loadshedding band key jaiy	27 Oct, 2010	Express
PTA asked to submit proposals for Industrial policy	29 Oct, 2010	Business Recorder
Conroy assures help to PTA members in getting US visa	30 Oct, 2010	Business Recorder
Pak Leather exports to US only at \$173 million	30 Oct, 2010	Daily Times



# Releases

S u b j e c t	Dated	News Paper
Institutional issues hindering investment in Pakistan	30 Oct, 2010	The News
Trade be given top priority in Pak-US relations	30 Oct, 2010	Nation
Afghan Transit Trade mohida	01 Nov, 2010	Daily Jang
Business Community censures raise in POL prices	02 Nov, 2010	Business Recorder
PTA flays increase in power tariff, POL prices	03 Nov, 2010	Business Recorder
Reformed GST Atta cheenee goshat samayat ashyae zaroria mazeed mahangi hon gee	11 Nov, 2010	Daily Jang
Industrialists, traders reject RGST, flood surcharge	13 Nov, 2010	Business Recorder
Leather Sector Rejects RGST	16 Nov, 2010	Daily Times, The Nation, Daily Aaj Kal, Waqat, Jinnah, Dawn, Khbrain, Express, Pakistan, Business Recorder, Tribune,
Leather Sector rejects RGST	16 Nov, 2010	Daily Times
RGST: Govt warned of extreme steps	16 Nov, 2010	The Nation
Tanneries Industries ko Eid per 20feesad kam kahlain milnay ka andesha	16 Nov, 2010	Aaj Kal
Hakomat reformed general sales tax nafiz na karay	16 Nov, 2010	Jinnah
Trade bodies to announce plan to block RGST	16 Nov, 2010	Dawn
Naya GST sanat tabah 12 Arab salana tax refund system main phans jaiy ga	16 Nov, 2010	Khbrain
Refarmid general sales tax nafiz karnay say giraz kiya jaiy	16 Nov, 2010	Pakistan
Leather sector opposes imposition of RGST	16 Nov, 2010	Business Recorder
Govt urged to ban live animals export	23 Nov, 2010	Business Recorder
Sarkreey Ikhrajat kiy Had 20% muqrra , china say tajartee tulqat barhay jaain	24 Nov, 2010	Jang Economic Forum (Mr. Agha Saiddain)
Leather Industry Criticizes the SBP Decision for Increasing in Interest Rate	30 Nov, 2010	Daily Times
PTA Condemns Suspension Gas Supply for Leather Industry in Punjab	14 Dec, 2010	Daily Pakistan,
Tanneries Association ka hakomat ko gas spply key bahali kayliay 7 rose ka altemate	15 Dec, 2010	Daily Pakistan,
PTA chief apprises Shahbaz of leather industry problems	16 Dec, 2010	Business Recorder
Tanneries sanataon ko gas farahmi say mitliy say padawar lagat main 4 guna izafa	16 Dec, 2010	Aaj Kal
Punjab main sanataon ko gas key bandsh ky bayes mulikey mashehat ko yomia 20 Arab rupay ka kasara	17 Dec, 2010	Daily Pakistan,

# Leather Industry Statistics

## Export Figures of Leather & Leather Products From Pakistan

During July-April'2009-10 vis-à-vis July-April'2010-11

US \$ in '000

COMMODITIES	UNIT	JULY-APRIL '2009-10		JULY-APRIL '2010-11		% Change
		QTY	VALUE	QTY	VALUE	
Leather	000' SQM	18,394	258,678	22,021	358,986	38.78%
Leather Apparel & Clothing	000' DOZ	717	283,871	825	339,130	19.47%
Leather Gloves	000' DOZ	2,773	81,784	3,036	95,566	16.85%
Leather Footwear	000' Pair	5,609	58,838	5,999	68,574	16.55%
Other Leather Manufactures	000' kg	563	11,482		12,646	10.14%
<b>Total</b>			<b>694,653</b>		<b>874,902</b>	<b>25.95%</b>

Source: Federal Bureau of Statistics.

Note: Export figures for the months from February'2011 to April'2011 are Provisional.

## Market Quotation

April'2011

Rate per Piece  
(In PRs.)

S.No	COMMODITY	SIZE	GRADE I	GRADE II	GRADE III
1	W.S GOAT SKINS:	EXTRA LARGE	930	760	435
		LARGE	860	575	350
		MEDIUM	665	415	310
		SMALL	445	370	245
2	W.S SHEEP SKINS:	EXTRA LARGE	945	760	550
		LARGE	825	655	430
		MEDIUM	680	575	455
		SMALL	435	320	290
3	W.S BUFF HIDES:	EXTRA LARGE	3900	3800	3300
		LARGE	2700	2400	-
		MEDIUM	2200	2000	-
		SMALL	1000	800	-
4	W.S COW HIDES:	EXTRA LARGE	5500	5000	-
		LARGE	4600	4200	-
		MEDIUM	3500	3000	-
		SMALL	1800	1700	-



# Visits of Personalities and Political Leaders

## Visit of Imran Khan Chairman PTI 30-10-2010

Addressing a meeting organised by the Pakistan Tanners Association here on Saturday the 30<sup>th</sup> October 2010 with the members of Central Executive Committee and senior members of PTA, Imran Khan Chairman Pakistan Tehreek-e-Insaf (PTI) said that the present corrupt system of the country is near to collapse, and PML-N Quaid Nawaz Sharif, who is also a part of it, through his politics is saving the outdated system as well as himself.

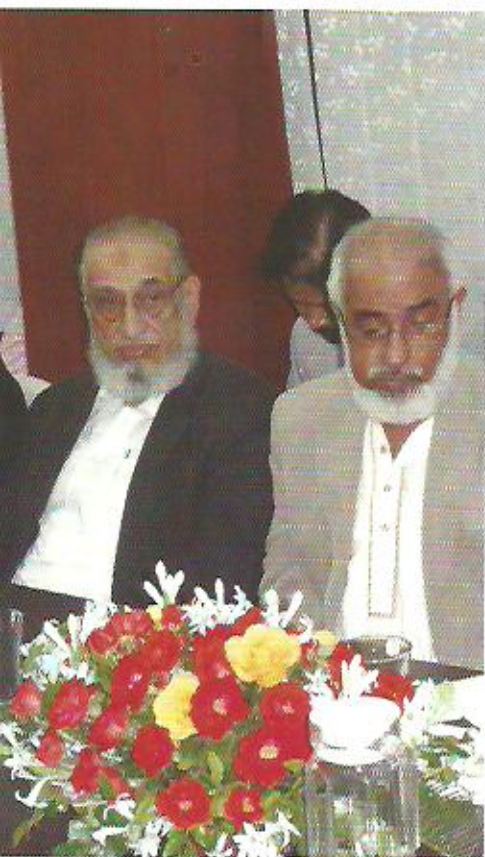
He said that the present system could not be changed with cooperation of the political parties, including the PML-N. He said that all the parties had their own interest in the so-called 'elite democracy'. "Our ruling elite's object is to come into power instead of helping the masses", he added.

While commenting on the tax system, he urged the government to impose taxes on agriculture, adding that because of indirect taxation the whole money of the poor went to the rich. He said transfer of resources was actually going from the poor to the rich and hence the gap between the poor and the rich was increasing with every passing day.



Mr. Khan further added: "There is only one solution and that is the complete change, as poverty is increasing and people are committing suicide because they do not have enough to eat. Inflation is going up and we are endeavouring to safeguard small elite in connivance with the IMF". He observed that the present government was standing for upholding the status quo, which represented an unjust system and corruption. We could not join the people of status quo for the change in system, he pointed out.





## Visit of Ms. Carmela Conroy US Consul General

29-10-2010

Chairman PTA, Khurshid Alam informed at a meeting with US (Lahore) Consul General, Carmela Conroy along with Jessica Berlow, Economic Officer of US Consulate, who visited PTA office on Friday 29-Oct-2010 that Pakistan is getting a meagre share of \$173 million, only 0.64 percent of the total US leather imports. The leather products trade volume between Pakistan and United States is insignificant as the US is importing leather products worth \$27.189 billion, 20 percent of the world's total leather import.

He emphasised the US Embassy should consider issuing visa to PTA's recommended businessmen conveniently and smoothly. He said PTA members were bonafide exporters and PTA allows membership to genuine industrialists and exporters after duly scrutinising their particulars. Regarding need of a Free Trade Agreement with America, he said access to the US markets was the vital issue for Pakistani leather industry. He urged the US government to extend technological support for research and development especially for livestock farming.

The chairman said there were also potential opportunities for US businessmen in Pakistan. He said there was strict travel advisory by US Foreign Mission/Embassy for its citizens to travel to Pakistan and also there were visa restrictions for Pakistani businessmen and visitors to visit the US.



“When buyer and seller could not see each other, how the bilateral trade would flourish,” he asked. He said US brand NIKE was never in a football business and on his visit to Pakistan, chairman of Nike was taken to Sialkot for four hours. He experienced the potential of soccer ball manufacturing industry in Sialkot. Thus his visit gained three benefits: Pakistan started manufacturing footballs for Nike, which became one of the largest buyers of Pakistani footballs and also became largest retailer of footballs in Pakistan. PTA Chairman also emphasised the need to have collaboration with US companies for impressive value-addition of the products. He said Pakistani leather would be preferred for shoes for US markets.

Carmela said she has realised the gravity of the situation and assured to extend her maximum possible cooperation in getting US visa to PTA's members/businessmen to enable them to make smooth and convenient travel to the US for business expansion and to tie up bilateral trade relations.





## Visit of Robert Hawkins Economic Officer 19-04-2011

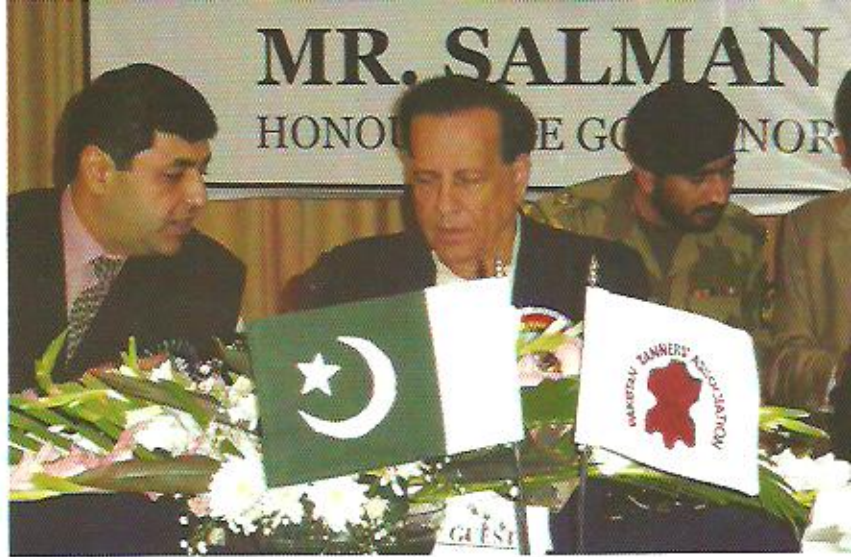
The US Consulate's Economic Officer Robert Hawkins assured Pakistani exporters of leather that his government would seriously work to remove visa related hurdles for the businessmen.

He gave this assurance during his meeting with the representatives of Pakistan Tanners Association (PTA) here on Tuesday, the April 19<sup>th</sup> 2011. He also promised to take up the visa related issues with his government that would help improve economic ties between both the countries. The Economic Officer visited

the PTA (North Zone) office and held a meeting with the association's Chairman Khurshid Alam while members of the Central and Executive Committee members were also present on the occasion. The PTA Chairman while briefing the US official about the leather industry highlighted the negative impact of the war-on-terrorism on the industry. He also apprised him about different issues, particularly relating to the issuance of visas faced by the industry people.



## Visit of Salman Taseer Governor of Punjab 25-10-2010



On 25<sup>th</sup> October 2010, Mr. Salman Taseer Governor of Punjab joined Chairman and members of Central and Zonal Executive Committee and senior members of Pakistan Tanners' Association at Royal Palm Golf and Country Club Lahore.

Speaking on the occasion, Mr. Khurshid Alam, Chairman, Pakistan Tanners Association (Central) thanked Mr. Salman Taseer, Governor of Punjab for sparing time to have lunch and giving the opportunity to discuss the bottlenecks of leather industry with the members of Central Managing Committee of PTA.

On behalf of PTA Mr. Alam requested the good office of Governor of Punjab to communicate to the Federal Government that this second largest industry is on the verge of collapse and requires immediate measures by the Government. In the last three years, the export of leather and leather products has shown a decline of 30% i.e. from US\$ 1.220 billion to US\$ 863 million last year, whereas per unit of leather has registered a decline of 17.69%

Export and smuggling of live animals to Iran and Afghanistan is a great threat to supply situation of raw stocks. Recent flood and war on terrorism caused 1.5 million animals dead, thus adding to the crisis. He apprised that daily about 100 trucks full of cattle are crossing borders to Iran and Afghanistan. He recommend to the Government to provide incentives for cattle farming.







Export of wetblue is another threat for leather industry raw materials. He told that already 20% duty has been levied on export of wetblue which is insufficient to counter the situation as some unscrupulous elements not related to the industry are exploiting the situation and exporting huge lots of wetblue grains split and split through mis-declaration and under invoicing thus making loss to industry and to the exchequer as well. PTA demands enhancement of export duty upto 50% along with minimum export prices (in square feet) to be notified at all dry ports and sea ports.

Leather is a continuous process industry, load shedding and power failures break down the process due to which hides are destroyed and various quality issues arise. He demanded that exporting industry of leather should be supplied with uninterrupted supply of natural gas throughout the year in order to enhance its efficiency.

Chairman PTA in his speech highlighted the need to improve the deteriorating image of Pakistan internationally. He added that Government should focus on organizing image development activities like preparing advertisements and documentaries on hospitality of Pakistani people; reinforcement of working conditions in Pakistan; business potentials and environment and tourism.

Chairman invited the attention of authorities towards abolishing zero-rating regime. He referred to some news items in which government is shown considering zero-rating on exports. He categorically differentiated between zero-rating for exports and zero-rating the sector all duties.

and taxes. He told that leather sector exports is already a documented business whereas reformed GST would give rise to flying invoices which is unwanted especially by the welfare and religious organizations at the time of Eid purchases. He urged to the government to increase the tax base through focusing other sectors rather than focusing the export sector which is already under great stress.

Leather industry is the second largest and highly value-added industry of the country, which was facing a plethora of problems. The leather industry consists of six sub-sectors namely, tanning, leather footwear, leather garments, leather gloves, leather shoe uppers, and leather goods. Thus, he urged to the Government to set up a leather ministry on the pattern of Textile Ministry.

Governor of the Punjab Mr. Salman Taseer assured the PTA that he would try to get all the genuine demands of leather industry resolved and said that he would take up these issues in the Federal Cabinet meeting to be held in the Governor House on 27-October-2010 which would be chaired by Honourable Prime Minister of Pakistan. He also assured to facilitate for a joint meeting of PTA with all the stakeholders for chalking out the strategy programs in the upcoming years for leather industry. He asked PTA to provide him with a detailed working paper so he would be able to lead the things properly.



# Upcoming Events

- Annual Dinner of members with President or Prime Minister of Pakistan at Governor House Lahore (appointment expected in Jun-Jul '2011)
- Annual General Meeting of Pakistan Tanners' Association (September 2011)
- **All China Leather Exhibition ACLE 2011**  
Shanghai, China 6 - 8 Sep '2011
- **Lineapelle Fair**  
Bologna Italy 18 -12 Oct '2011



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