

PRESS RELEASE

LEATHER INDUSTRY FACED PROBLEM FOR ACD 2%

Karachi : 14th July 2018: The Chairman Pakistan Tanners Association shared the views in a press statement issued today on earlier PTA instance and mutual understanding made with MOC the 3% Custom Duty on import of basic raw materials for leather industry such as raw/wet blue / pickled of cow, buffalo, goat and sheep skins has been announced to be removed in the Federal Budget for the year 2018-19 while during a meeting held with MOC by PTA delegation it was clarified categorically that Additional Custom Duty (ACD) which has been increased from 1% to 2% would automatically be removed being the integral part of Custom Duty at the time of issuance of concerned SRO in compliance with custom prescribed procedure.

Mr. Amanullah Aftab, Chairman, PTA also shared the important facts that the removal of ACD has ONLY been made for RAW cow, buffalo, sheep and goat skins under one HS code 4101.2000 leaving major HS codes for the desired/agreed exemption for import of wet blue leather for cow, Buffalo, sheep and goats skins which is still imposed ACD 2% vide SRO # 630(1)/2018 dated 24.05.2018 which is repugnant to the understanding already made with MOC during meeting and aspiration of the exporters. It is afraid that this imposition of ACD at 2% on these basic raw materials where relief was given in CD from 3% to zero will negate the effect of relief given in CD so practically there would be no relief to the basic raw materials of leather industry which is struggling and exports are dropping and many tanneries have closed and are further closing down.

The Chairman, PTA, Mr. Amanullah Aftab also shared his apprehension that if it was omitted for the inclusion of major H.S. Codes for basic raw materials for the leather industry I.e. Wet blue leather for cow, buffalo, sheep, goat skins INADVERTENTLY at the time of issuance of SRO concerned then it immediately needs to be rectified by MOC to avert the anomaly under serial no. 128 to 144 of 5th Schedule of the Customs Act, 1969 for the exemption of 2% ACD. He also shared that another anomaly is also on import of fundamental basic Chemicals which were zero rated for CD but ACD at 2% is still being charged which are prevailed under serial # 109 to 115 of 5th Schedule of Custom Act 1969. This also negates the relief given in CD to the struggling Finished leather industry. Details of remaining H.S. Codes for wet blue leather for cow, buffalo, sheep and goat skins with serial # 128 to 144 of the 5th schedule are as follow for necessary rectification :-

WET BLUE HIDES & SKINS

5th Schedule Serial Number	HS CODE
128	4104.1100
129	4104.1900
130	4104.4100
131	4104.4900
132	4105.1000

133	4105.3000
134	4106.2100
135	4106.2200
136	4106.4000
137	4106.9100
138	4106.9200
139	4107.1100
140	4107.1200
141	4107.1900
142	4107.9100
143	4107.9200
144	4107.9900

Basic Chemicals with CD 0% but ACD 2% imposed in SRO

5th Schedule Serial Number	HS CODE
109	3201.1000
110	3201.2000
111	3201.9010
112	3201.9020
113	3201.9030
114	3201.9090
115	3808.9220

The Chairman, PTA articulated for prompt inclusion of all above remaining H.S. Codes for wet blue leather for cow, buffalo, sheep and goats skins and some basic tanning chemicals for the exemption of 2% ACD in line with the exception of Custom Duty already allowed in the Federal Budget for the year 2018-19 for the facilitation to this 2nd export oriented sector of the country which is already with severe clutches of recession and to arrest the declining trend of Finished leather sector exports to the desired extent.

At the conclusion Mr. Amanullah Aftab appreciated all assistance extended as yet by MOC and rest of Ministries of the government for facilitation to the leather sector of Pakistan and very optimistic that anomaly would be removed with the inclusion of all above remaining H.S. Codes for 2% ACD without delay in view of the gravity of the matter and situation so that our member exporters would be saved from unnecessary financial burden which ultimately be affected to the production cost which is already on higher side as compared to neighbouring competing countries particularly Bangladesh and India in our region and Argentina, Brazil in South America.
