

PRESS RELEASE

CONTINUOUS DECLINING TREND IN LEATHER SECTOR

29th March 2017: Mr. Anjum Zafar, Chairman, Pakistan Tanners Association issued special Press Release from HONGKONG during Asia Pacific Leather Fair 2017 to the print and electronic Media and shared the real plight of the leather industry as illustrated below with ground facts :

01. This 2nd biggest export oriented leather industry of the country which is contributing considerably with the national exchequer is in continuous DECLINING TREND for the last couple of years consecutively in particular and for the last eight months export figure from July 2016 to February 2017 as revealed based on PBS figure showing down fall in its export which is around 6.36% which is certainly alarming and this trend could be more negative at the time of conclusion of financial year up to June 2017 if the following bottlenecks /problems facing by the leather industry would not be removed by the government expeditiously without further delay :

A) Prompt inclusion of remaining 8 H.S.codes which are core for finished leather in SRO 62(I)/2017 dated 02.02.2017 as were omitted by Ministry of Commerce and Ministry of Finance Inadvertently despite PTA advance intimation for inclusion made to MOC vide it's letter dated 13.01.2017. PTA is in deep coordination with High officials of MOC from the date of issuance of above wrong SRO due to which 95% of manufacturers could not avail this incentive and today made calls to Secretary Finance and others officials in MOC from Hong Kong to get their firm assurance at least orally to enable PTA large delegation of 65 member exporters who are participating in one of the vital event in Hong Kong namely Asia Pacific leather fair from 29th – 31st March 2017 at Hong Kong under the aegis of Pakistan Pavilion with individual exhibitors to enable them to offer more effective competitive prices of finished leather to the valued potential foreign buyers and customers specially to the new with due incentive of 5% drawback of local taxes and levies, as announced by the honourable Prime Minister of Pakistan on 10.01.2017 as compared to major competitors specially Brazil, India, Bangladesh, China, Sri Lanka etc who also participating in large numbers herein under the umbrella of their national pavilions but it seems that all untiring exercise / efforts made by PTA as yet for inclusion of remaining H.S.codes are apprehended to be futed/fugitive and the diversion of business / export orders could unfortunately be made to our major competitors in Hong Kong during the fair which could not only be loss to our members but also for our beloved country and exports may not be able to pick up.

B) Early issuance of notification / SRO for 75% subsidy on Intl lab testing for leather which is vital element now in export of finished leather to world renowned brands / reputed buyers, customers as the same was approved/announced by the Federal Commerce Minister inaugural FUNCTION of 3rd Pakistan Mega Leather show held on 28th January 2017 at Lahore for

which PTA has already sent detailed presentation to the MOC but unfortunately the promise has not yet been fulfilled /implemented.

C) Removal of 4% Custom Duty on import of basic raw materials of raw hides and skins for meeting the scarcity of the industry as well as to remove Custom Duty on import of tanning machines which has already been allowed/ removed for textile sector which is also mandatory for this 2nd biggest export oriented leather sector of the country as our live stock has reduced to level of below 2006 according to an un official figure.

D) Most importantly for the clearance of pending and Deferred Duty Drawback and Sales Tax claims as well as income refund claims, which worth in millions of Pak Rupees in Customs and Sales Tax Collectorates for the last manyYears, which is rendering our members in financial hardships and severe cash flow problems for their business/ exports activities and resultantly most of tanneries have closed their operation and have not been able to pay to their suppliers.

The Chairman, PTA, Mr. Anjum Zafar shared the above genuine problems of the industry with the media and appealed once again to the honourable Prime Minister of Pakistan and Federal Commerce Minister to intervene into the matter of very significant importance for the adequate resolution on war footing basis to arrest the DECLINING TREND of exports of the leather industry and for its betterment and to facilitate our members to achieve the desired objectives of the government for its export target for the national exchequer.