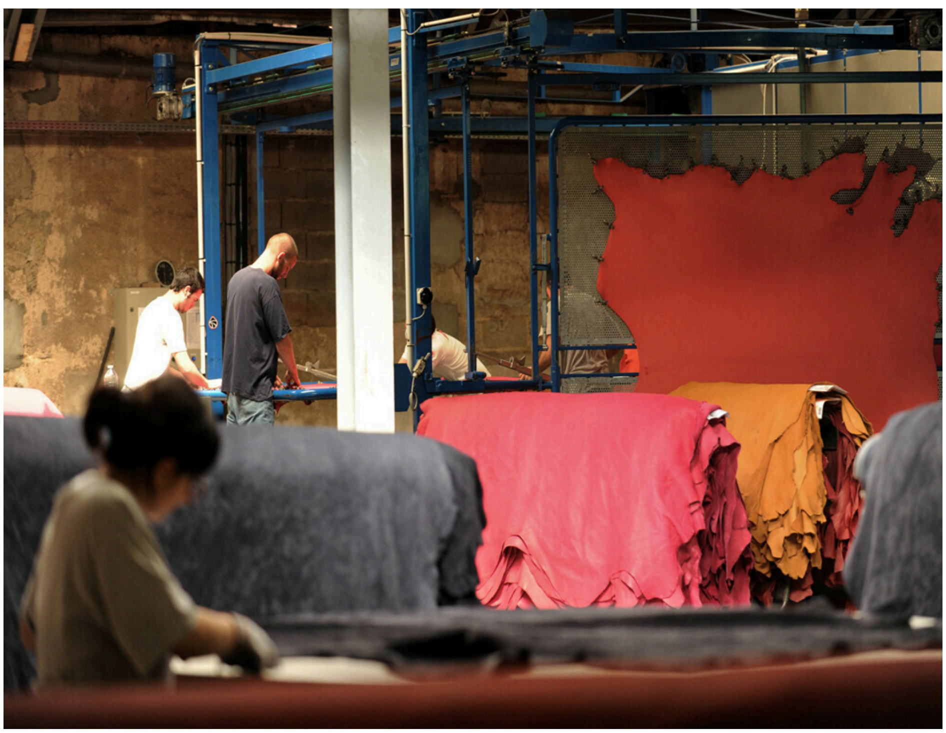
Advertisement

MARKETS

Pakistan leather industry seeks cut in import duties on chemicals

Mohammad Bilal Tahir Published June 4, 2025



Pakistan's leather industry has proposed lowering of customs duties on the import of chemicals used in leather manufacturing, saying it will help make the sector regionally competitive and viable, it was learnt on Wednesday.

Hamid Arshad Zahur, Central Chairman of the Pakistan Tanners Association (PTA), proposed to reduce customs duty from 20% to 16%, and Additional Customs Duties (ACD) from 4% to 2% across all chemical imports.

The development comes as Muslims around the world are to celebrate Eid-ul-Adha this week. In Pakistan, the first day of Eid will fall on Saturday, June 7.

Advertisement

According to Zahur, around 40% of Pakistan's total leather production is sourced through sacrifice of animals during Eid-ul-Adha.

Sharing statistics, PTA central chairman said tanners received around 7.5 million animal hides, including 4.5 million goats, 2.5 million cows, 0.5 million sheep, and 25,000 camels last year.

The total value of the collected hides was estimated at Rs10 billion, he said.

Zahur further stated that around 25% of the hides, worth approximately Rs2.5 billion, were spoiled due to "mishandling and the failure to preserve them with salt in a timely manner".

"Tanners have been urging both the federal and provincial governments to establish proper abattoirs to prevent the wastage of hides," he said.

"The country lost hides worth Rs2.5 billion due to improper handling, which constitutes 40% of total local production."

PTA central chairman emphasised that the government should establish centralised slaughterhouses for carrying out religious sacrifices similar to other Muslim countries such as Saudi Arabia, Malaysia, Türkiye, Indonesia, and others.

In its budget proposals, PTA requested to keep the export sector under the original Fixed Tax Regime, but to increase the turnover tax from 1% to 1.5% to increase government revenue.

Eid-ul-Adha 2025: trade peaks at Asia's largest cattle market in Karachi

The leather sector is normally working at a 4-8% profit margin in general and hence a 1.5% turnover tax will actually be a net 25% tax on profit and in line with the Federal Board of Revenue's (FBR) revenue generation targets, according to the PTA.

Zahur urged not to bring the export sector under the final tax regime.

He opposed the proposal to apply sales tax at the import of raw materials under the Export Facilitation Scheme (EFS) in the next budget.

"This step by the FBR/Ministry of Finance will totally negate the basic principal of no duty, no drawback under which the EFS was originally developed," he said.

“One wrong has been done last year by imposing sales tax on domestic sales under EFS and it will be a second wrong to impose sales tax on import of raw material under the EFS, going forward.

“This will lead to a cash flow crunch, defeat the very purpose of the EFS and be detrimental in increasing the exports any further,” PTA official said.

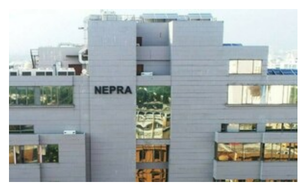
He urged the government to bring the EFS back to its original form as on June 30, 2024, whereby purchase of domestic and imported raw materials under EFS was exempt from any duties or taxes.

Meanwhile, PTA suggested to bring down the rate of sales tax down to 17% in the next budget from the current 18%. It also proposed minimum tax threshold for salaried individuals at Rs1.2million per annum.

CUSTOMS DUTIES EID UL ADHA PAKISTAN TANNERS ASSOCIATION IMPORT DUTIES
LEATHER INDUSTRY BUDGET FY2025 26 HAMID ARSHAD ZAHUR EID UL ADHA 2025
PAKISTAN LEATHER INDUSTRY IMPORT DUTIES ON CHEMICALS PAKISTAN’S LEATHER INDUSTRY
LEATHER MANUFACTURING LEATHER MANUFACTURING IN PAKISTAN

PRINT

Nepra alarmed at 1700MW govt power outage



Pakistan leather industry seeks cut in import duties on chemicals

KSE-100 stays flat after hitting all-time high

Intra-day update: rupee gains against US dollar

SBP grants nationwide license to Halan Microfinance Bank

Pakistan’s lithium battery imports soar, projected to hit 8.75 GWh by 2030: report

US vetoes UN Security Council demand for Gaza ceasefire

Muslim pilgrims pray at Mount Arafat in Hajj apex

Severe heatwave expected in Pakistan during Eid-ul-Adha 2025 holidays, warns PMD

Minister calls for talks as net metering hits 2,500MW

Textile bodies demand continuation of original EFS

Pakistan debt stock reaches all-time high of Rs75trn

READ MORE STORIES

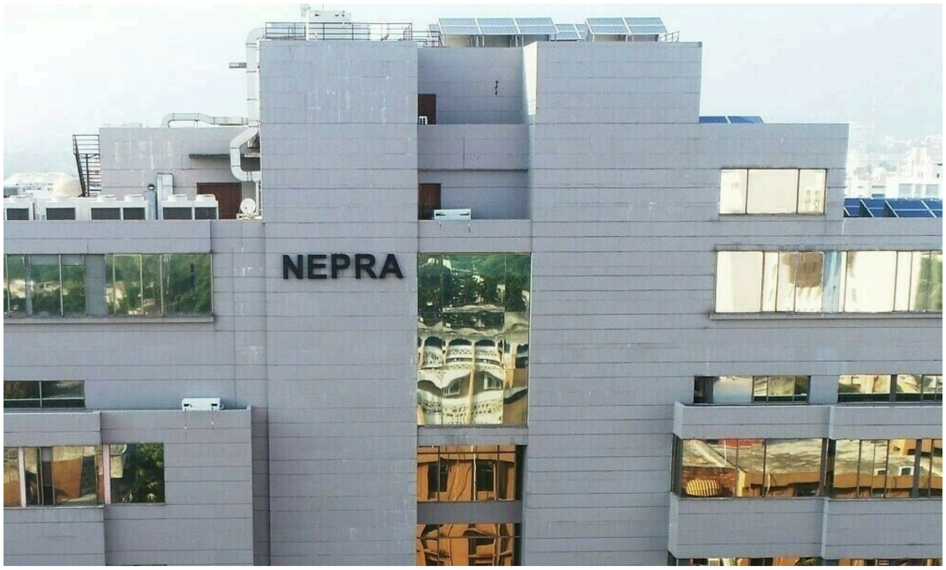
PRINT PRINT 2025-06-05

Nepra alarmed at 1700MW govt power outage

- NEPRA Chairman Waseem Mukhtar conveys this with the concerned stakeholders in writing

Mushtaq Ghumman Published June 5, 2025 | Updated June 5, 2025 09:29am

Facebook | Twitter | Whatsapp | Comments



Follow us

ISLAMABAD: National Electric Power Regulatory Authority (NEPRA) has expressed its concerns on continuous outage of over 1700 MW cheap electricity from two government owned power plants which is financially overburdening the consumers, well informed sources in NEPRA told *Business Recorder* on Wednesday.

These concerns were conveyed by Chairman NEPRA, Waseem Mukhtar with the concerned stakeholders in writing.

According to Chairman NEPRA, Neelum Jhelum Hydropower Project (NJHPP) was developed to make a significant contribution to Pakistan's energy supply and to offset the reliance on fossil fuels. However, since its commissioning, the plant has encountered numerous issues, including two major shutdowns. The first occurred in 2022 (July 05, 2022 to August 06, 2023), followed by a second in 2024 (May 01, 2024 to till date).

Non-availability of NJHP project: Consumers overpaid Rs167.787bn for costly power

The NJHPP was shut down on May 1, 2024, due to persistent pressure drops in the Headrace Tunnel, with subsequent inspection revealing collapses, silt accumulation, invert damage, seepage, and other structural issues, rendering the plant non-operational.

According to Chairman NEPRA from 2008 to 2018, electricity consumers of Pakistan, excluding KE, were charged an additional fee 'Neelum Jhelum Surcharge' at Rs. 0.1/kWh. This surcharge resulted in a total recovery of approximately Rs. 75.484 billion, which was used to finance the development of the Neelum Jhelum Hydropower Project.

“The prolonged forced outage of NJHPP, prevented it from contributing fully to the national grid and relatively expensive plants are being dispatched by the System Operator to meet system load demand. As a result, consumers are now paying an average of Rs. 0.54/kWh every month owing to the outage. This extra burden, which stems from the inability of the project to deliver its expected benefits is likely to continue for an extended period,” said Mukhtar.

Regarding the plant’s restoration, it was noted by CPPA-G that after the award of the Contract the remedial works required for re-commissioning of the Project may take about two years which is quite alarming and signal that the consumers will bear extra burden for the period. The consumers will bear the contribution for around ten years to develop the Neelum Jhelum Hydropower Project.

In addition to the above, the prolonged outage of the Steam Turbine unit of Guddu 747, which went out of operation following a fire incident in July 2022, was advised repeatedly by NEPRA as in the past.

Chairman NEPRA reiterated once again that owing to efficient generation capability and availability of indigenous gas Guddu 747 holds a high ranking in the economic merit order. However, the outage has substantially reduced the generation capability of the Guddu complex and put the plant into Open Cycle operation thereby leading to reliance on more expensive and less efficient power plants.

The resultant increase in consumer-end tariffs has placed an undue financial burden on electricity consumers and till date, the cumulative financial loss attributable to the outage of Steam Turbine unit of Guddu 747 stands at approximately Rs 127 billion ($ 453 million), and this figure continues to escalate on a daily basis, he added.

He further contended that the generation facilities at Guddu complex have a pivotal role in system stability by providing reactive power support—- Mega Volt-Amperes Reactive (MVARs) and preventing the total power system collapse. However, due to prolonged forced outage the plant is unable to provide sufficient MVARs that put the system at stake and enhances its vulnerability to undesired events.

Chairman NEPRA stated that given the critical role of both generation facilities resulting in financial implications and growing consumer burden, an immediate intervention was requested to expedite rehabilitation of the Steam Turbine unit of Guddu 747 and Neelum Jhelum Hydropower Project. He added that timely action in this regard will substantially mitigate further operational challenges and prevent the additional burden from being transferred onto consumers.

Copyright Business Recorder, 2025

NEPRA ELECTRICITY POWER SECTOR CPPA G POWER PLANTS POWER CONSUMERS NJHPP
POWER OUTAGE WASEEM MUKHTAR STEAM TURBINE UNIT OF GUDDU 747

MARKETS

KSE-100 stays flat after hitting all-time high

Nepra alarmed at 1700MW govt power outage

- Intra-day update: rupee gains against US dollar
- SBP grants nationwide license to Halan Microfinance Bank
- Pakistan’s lithium battery imports soar, projected to hit 8.75 GWh by 2030: report
- US vetoes UN Security Council demand for Gaza ceasefire
- Muslim pilgrims pray at Mount Arafat in Hajj apex
- Severe heatwave expected in Pakistan during Eid-ul-Adha 2025 holidays, warns PMD
- Minister calls for talks as net metering hits 2,500MW
- Textile bodies demand continuation of original EFS
- Pakistan debt stock reaches all-time high of Rs75trn

READ MORE STORIES