

Govt awards leather sector 'priority status'

'Leather exports to increase by 200 percent in 3 years'

■ PM approves formation of Export Promotion Leather Council

By Razi Syed

KARACHI: In order to increase the pace of earning valuable foreign exchange, the government has awarded the leather sector a priority status through which its exports will surge by 200 percent to \$3.0 billion from the current \$1.0 billion in the next three years.

This was stated by Pakistan Tanners Association (PTA) Chairman Agha Saidain while talking to *Daily Times* on Saturday.

Prime Minister Raja Pervez Ashraf, on the recommendation of the Ministry of Commerce (MoC), approved the formation of Export Promotion Leather Council under Strategic Trade Policy Framework 2012-2015 (STPF) for this purpose. The formal approval of this leather council, which has been established on the patron of Indian Leather Council, would be given in the upcoming Economic Coordination Committee of the Cabinet's meeting.

Senior Minister of Commerce

Makhdoom Amin Fahim while meeting members of PTA informed Saidain that the MoC has also proposed in the new three-year STPF to hand over the control of Export Development Surcharge (EDS) to it (MoC).

Currently, the Ministry of Finance is handling the EDS.

The government has stopped funding the local textile industry through EDS to participate in international industry fairs. The government collects 0.25 percent EDS on export, which amounts to about Rs 250 million annually.

Fahim said the PM has agreed to transfer the total EDS fund to the MoC so that it could be used for the development of exports, which was the real purpose of this fund.

Secretary Commerce Munir Qureshi agreed to the problems mentioned by the PTA chairman as genuine. He promised the issue of Duty Draw Back Rates pending with Input Output Coefficient Organisation (IOCO) would also

be resolved very soon. He said after formation of the leather council all the demands of PTA would be addressed. He promised MoC would identify people involved in mis-declaration so that they were made example for others.

Qureshi advised the Trade Development Authority of Pakistan CEO to take into consideration the genuine demands of leather sector and forward a proposal for their solution. The CEO assured the TDAP delegation would try to solve all genuine problems of the leather sector.

Saidain said the growth rate of leather sector of China, India and Bangladesh in last five years was recorded as 46.67 percent, 40 percent and 102 percent, respectively. Pakistan is at number two position after Italy as far as quality of leather is concerned and under these circumstances it was not difficult for leather industry to achieve the same growth rate of 46.60 percent. He explained total export performance of leather was

\$1.220 billion during 2007-8 and the sector could have reached to the level of \$1.788 billion during 2011-12 against actual exports of \$1.048 billion - 70.61 percent less than achievable level of \$1.788 billion. Saidain told the senior minister Pakistan lost 49 percent of its global share in last five years, which was alarming.

Countries like Italy and Vietnam with very little livestock population have 13 percent and 6.22 percent of global leather market share, respectively and Pakistan with total livestock of 160 million has only 0.76 percent share of global market.

He attributed this decline in exports to energy crisis and cost of doing business, which has gone up due to impact of war on terror, lack of level-playing field, smuggling and export of live animals under the shelter of quota system, export of wet blue leather and withdrawal of government subsidy on participation in international fairs.