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Leather industry potential \$3b

| PTA says regional countries record high growth but Pakistan lags behind

OUR STAFF REPORTER

LAHORE - The leather industry has potential to grow up to \$3 billion in next three years which is stagnant at \$1 billion for last many years.

This was stated by the newly-elected Chairman Pakistan Tanners Association (Central) Agha Saiddain.

On the other hand, leather sector exports of India have grown up to \$4.86 billion during the year 2011-12 from their previous exports of \$1.96 billion during 1991. He further said that export of leather & leather products have grown up by 17 per cent in Bangladesh. Leather exports of Ethiopia doubled in last 3 years, while Pakistan's exports have declined by 3.94 per cent during the year 2011-12. All countries including China have recorded positive growth in exports of leather and leather products but the only country lagging behind is Pakistan, he lamented.

He suggested the government that leather sector may be treated as model sector in Strategic Trade Policy Frame Work 2012-

15 with a view to enhance its growth.

He said exports of Bangladesh increased four times from the year 2000 to 2010. Similarly global imports of leather & leather products increased from \$80.2 Billion in 2001 to \$137.96 Billion in 2010. He said South Asia with 26 per cent of global animal population of cattle, buffalo, sheep and goat enjoys 3.57 per cent of share of global exports whereas Vietnam alone has reached to the level of 6.22 per cent of global leather exports with bare minimum animal population as compared to India, Pakistan and Bangladesh.

With limited animal population in Italy they enjoy 13 per cent market share at global level. The best example is that of China having 37.5 per cent global market share of leather trade. One reason for this excellent performance of China is its value addition of 29 per cent as compared to 18 per cent in South Asia.

Agha further added that India has successfully harvested the fruits of 10th & 11th Leather Development plan with an out-

lay of IRs 400 IRs 912.67 Crore respectively and have now announced 12th ILDP with an outlay of Indian Rupees 1251.29 Crore. Under 12th ILDP India has set up target of \$14 billion with Annual Cumulative Growth of 24.03 per cent in next five years.

He said that in Pakistan we have no leather development plan and for this reason we have lost our market share to other countries in South Asia. He expressed his disappointment and said that Government specially Ministry of Commerce must sit with leather industry to draft a strategy to boost exports. He said with little patronage we can cross \$3.00 billion in next 3 years.

Pakistan is still leading in leather technology and quality wise our leather is at second number after Italy. The only missing thing is Government patronage. In India, Bangladesh, and China the duty drawback and incentives allowed to leather sector are much higher than Pakistan. All other Governments except our Government understand that leather sector is one

of most important sector having wider benefits because of its role in job creation, linkage to agro and rural economy, poverty elevation and foreign exchange earner. He said MOC must make a study of Incentives allowed in India, Bangladesh, and China and leather sector of Pakistan must be provided level playing field.

He said there is a dire need to change our policies and tune these to the frequency of our competing countries. He urged Government to sit with stakeholders and exporters so that a viable plan could be chalked out to overcome this inertia.

He concluded his discussion by saying that the government need to work out cost of borrowings from IMF and other international financial institutions with conditionalities they impose upon us and cost of incentives if allowed to the export industry with its benefits.

He urged Federal Minister of Finance to ponder upon this to control balance of trade and balance of payments which is only possible by increasing exports.