

Leather Industry With Tremendous Growth Potential
May be Granted “ PRIORITY INDUSTRY ” Status and
Declared Model Sector

Leather Sector may be treated as Model Sector in Strategic Trade Policy Frame Work 2012 – 15. This was stated by the newly elected Chairman Pakistan Tanners Association (Central) Mr. Agha Saiddain. Agha further added that the Leather Industry has potential to grow as 3.00 Billion dollar Industry in next 3 years which is stagnant at US\$ 1.00 Billion for last five years. On the other hand Leather Sector exports of India have grown up to US\$ 4.86 Billion during the year 2011 – 2012 from their previous exports of US\$ 1.96 Billion during 1991. He further said that export of Leather & Leather Products have grown up by 17% in Bangladesh. Leather exports of Ethiopia doubled in last 3 years.

Pakistan's exports of Leather Industry have declined by 3.94% during the year 2011-2012. All Countries including China have recorded positive growth in exports of Leather and Leather Products but the only country lagging behind is Pakistan.

He said exports of Bangladesh increased four times from the year 2000 to 2010. Similarly global imports of Leather & Leather Products increased from US\$ 80.2 Billion in 2001 to US\$ 137.96 Billion in 2010. He said South Asia with 26% of global animal population of Cattle, Buffalo, Sheep and Goat enjoys 3.57% of share of global exports whereas Vietnam alone has reached to the level of 6.22% 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% market share at global level. The best example is that of China having 37.5% global market share of leather trade. One reason for this excellent performance of China is its value addition of 29% as compared to 18% in South Asia.

Agha further added that India has successfully harvested the fruits of 10th & 11th Leather Development plan with an outlay 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 US\$ 14 Billion with Annual Cumulative Growth of 24.03% 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 our exports. He said with little patronage we can cross US\$ 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 & 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 is 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 our exports.

