

PAKISTAN TANNERS ASSOCIATION

PRESS RELEASE

LEATHER EXPORT DECLINE BY 15%

PTA DEMANDS FOR INCENTIVES NOT ENTERTAINED IN THE BUDGET

Karachi: 11th July, 2012: Mr. S.M. Naseem, Chairman, Pakistan Tanners Association, said in a press statement issued today according to provisional export figures released by Pakistan Bureau of Statistics for the period July-May 2011-12, the export of leather of all kinds including Crust & Finished leather has shown declining trend. Total quantity exported is “**22.388 Million SQM**” as compared to the same period of last year July-May 2010-11 at “**26.207 Million SQM**”.

It is only due to better performance of tanners that with more value addition the **Unit price of leather was higher by 11.29%**. It is alarming that tanneries are working at 70% of the installed capacity. Due to very high prices raw Hides & Skins internationally imported quantities have declined resulting in shortage of Hides & Skins and ultimately in higher prices of domestic raw materials. Hides & Skins of higher value and also the quality which can not be used in Leather Garments are being exported.

PTA has sent proposals including (i) to stop export and smuggling of Live Animals from Pakistan (ii) Reduction in import duty on basic Chemicals i.e. Chromium Sulphate, Formic Acid, Fat Liquors & Buffing Paper (iii) Increase in Duty Drawback Rates for Leather and for other incentives, to enable our members to compete in international market, for incorporation in current year Budget 2012-13 but **NO** attention has been paid as yet on our proposals and not a single proposal has been entertained.

It is possible to increase the export upto US\$ 2 Billion for leather sector in next 3-years if PTA is consulted and a favourable policy adopted.

Leather industry desperately needs the incentives as requested by PTA to be able to continue to play its viable role by fetching precious foreign exchange failing which it may be disastrous for leather industry in view of prevailing circumstances. Restriction on export of Crust or Finished Leather will have negative result.

Tanners on export of leather and due to very high cost our members are facing difficulties to compete other countries. It is feared that export of leather may decline further during current year 2012-13. It is the time that Government must consider Pakistan Tanners Association's proposals favourably.

One sector has proposed to restrict export of Crust Leather as their export of Garments has declined. This step will be unrealistic and can result in further loss to the leather sector as a whole. Leather Garments industry is already consuming 95% of Hides & Skins which is available for this product. **They have opportunity to import Raw, Wetblue, Crust and Finished Leather duty free from International markets.** There are other reasons for these products including low unit price achieved and less demand due to world fashion changes.

In fact this sector is enjoying more incentives as compared to the exporters of leather and other products.
