

Call for giving priority to leather sector

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LAHORE: Pakistan leather sector should be given priority status by treating as "Model Sector" in the Strategic Policy Framework 2012-15 to completely exploit the existing potential of the leather and leather products' exports.

Pakistan Tanners Association's newly elected Central Chairman Agha Suddain stated this while talking to Business Recorder here on Wednesday.

He said the country's leather industry had potential to grow as three billion dollars' industry in next three

years which was stagnant at one billion dollar for last five years.

On the other hand leather sector exports of India have grown up to 4.86 billion dollars during the year 2011-12 while export of leather and leather products in Bangladesh have grown up by 17 percent. Even, leather exports of Ethiopia had also been increased to double during last three years, he added.

Pakistan's exports of leather sector posted a decline of 3.94 percent 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 was Pakistan, he maintained. Agha said the exports of Bangladesh increased four times from the year 2000 to 2010. Similarly global imports of leather and leather products increased from 80.2 billion dollars in 2001 to 137.96 billion dollars in 2010, he added.

"South Asia with 26 percent of global animal population of cattle, buffalo, sheep and goat enjoys 3.57 percent of share of global exports whereas Vietnam alone has reached to the level of 6.22 percent of the global leather exports with bare minimum animal

population as compared to India, Pakistan and Bangladesh," he said.

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

Agha further added that India had successfully harvested the fruits of 10th and 11th Indian Leather Development Plan (ILDLP) with an outlay of Indian Rupees (INR) 400 crore

and INR 912.67 crore respectively, and had now announced 12th ILDP with an outlay of INR 1251.29 crore. Under the 12th ILDP, India has set up target of 14 billion dollars with Annual Cumulative Growth of 24.03 percent in next five years.

He said 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, the Ministry of Commerce must sit with Leather Industry to draft a strategy to boost the exports.

He said with little patronage "we can cross three billion dollars within next three 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."

He urged the Ministry of Commerce to conduct a study of incentives allowed in India, Bangladesh and China, and provide level playing field to leather sector.

The government should sit with the stakeholders and exporters so that a viable plan was chalked out to overcome this inertia, he suggested.

He said "the government needs 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."

The PTA Chairman urged the Federal Minister of Finance to ponder upon this to control Balance of Trade and Balance of Payments which was only possible by increasing exports.