

**PLAN OF ACTIVITIES
OF
PAKISTAN TANNERS ASSOCIATION
FOR THE YEAR 2015**

Pakistan Tanners Association is a prominent trade body which represents highly value added export oriented Leather Industry, the 2nd largest foreign exchange earning sector of Pakistan duly Licenced by the Ministry of Commerce under the Trade Organizations Act and Rules, 2013, registered with the Security and Exchange Commission of Pakistan and affiliated with the Federation of Pakistan Chambers of Commerce & Industry (FPCCI) as constituent member as per mandatory requirements of the Government Rules (TOR-2013).

The Plan of Activities of Pakistan Tanners Association for the forthcoming year 2015 chalked out in Compliance with Rule No.22 of the TOR-2013 is described hereunder :-

1. KEY ISSUES OF LEATHER INDUSTRY TO BE TAKEN UP WITH THE COMPETENT AUTHORITIES CONCERNED :

The Association under its newly elected Chairman, Mr. Muhammad Musaddiq will keep on pursuing all the pending as well as growing core issues of leather industry by taking up the same with the people at the helm at all the relevant fora for redressal as expeditious as possible. In this context, besides making regular correspondence with the concerned Ministries & Department concerned highlighting details of the member exporters' grievances/snags impeding their business activities and enervating flow of exports, appointments would be sought from the relevant authorities for holding face to face meetings to convince them on justified arguments, facts and figures to get the industry's problems resolved and genuine/rational proposals entertained to save the significant tanning industry from collapse which is already sagging due to various known reasons.

The leather industry is confronted with a host of problems, some of which are highlighted below which will be taken-up on priority with the higher competent authorities concerned for expeditious redressal :

- (i) **Continued supply of Power & Gas to tanning industry** : To exempt Tanning industry from continued load shedding specially in Punjab due to **continuous processing** industry which needs uninterrupted electricity and gas supply to keep the wheel of the industrial/manufacturing units of our members rolling smoothly whole the day long to meet export orders in time as well as fetching foreign exchange for the country.

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- (ii) **Export of Wetblue leather through under-invoicing or mis-declaration of HS Codes.** Due to strict control of the Customs Authorities concerned as per minimum prices of the Wet blue Raw Hides and Skins of Cow, Buffalo and Goat & Sheep as determined by PTA for implementation by the Customs, a marginal decrease has been occurred in the export of Wet blue leather through mis-declaration during last year. PTA will also continue to pursue the matter more enthusiastically in future.
- (iii) **Restriction to PTA members for 5 consecutive participation condition in an International Fair:** TDAP was not heretofore allowing interested members to participate in any Int'l Fairs abroad for 3 consecutive times which period has now been enhanced to 5 years on PTA's persistent persuasion which is also not deemed sufficient. This un-sane restriction is discouraging the genuine member exporters who were actively participating in the fairs abroad regularly and contributing a lot to the national coffer. Such irrational condition imposed by TDAP is sure to harm the industrial growth as small sized member tanners are not capable of paying heavy participation fees for such leather fairs. Hence they hesitate in applying for participation therein which is not a healthy sign for business growth.

The Association's Executive Committee has decided to continue pursuing this genuine proposal more effectively on justified ground at all relevant forums.

2. **INTERNATIONAL FAIRS & DELEGATIONS:**

PTA has planned to organize following potential International Fairs & Exhibitions with the approval of Trade Development Authority of Pakistan during March-December'2015 in various countries to fetch more and more export orders and to explore new international markets for Pakistani Leather & Leather Products with the aim to earn sizeable foreign exchange for the country :

SI#	NAME OF FAIRS	DESTINATIONS
01.	Asia Pacific Leather Fair, March-2015	Hong Kong
02.	Lineapelle Fair, February-2015	Milan, Italy
03.	Shoes & Leather, June-2015	Guangzhou, China
04.	All China Leather Exhibition, September-2015	Shanghai, China
05.	Le-Cuir, September-2015	Paris, France
06.	Lineapelle Fair, September-2015	Milan, Italy

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Single Country Exhibition during 2015 :

PTA has also planned denovo to organize Single Country Exhibitions during the year 2015 in the most potential markets for finished leather, leather garments, leather products/made-ups to capture the new emerging market like Canada, Brazil, Eastern Europe as well as SAARC Countries which are potential countries for penetration of Pakistani exporters therein with best quality finished leather of all sorts to bolster the volume of leather export in the ultimate national interest.

Holding of Pakistan Mega Pakistan Leather Show at Lahore International Expo Centre

It was jointly decided by all the four Leather related Associations i.e. Pakistan Tanners Association, Pakistan Leather Garments Manufacturers & Exporters Association, Pakistan Gloves Manufacturers & Exporters Association and Pakistan Footwear Manufacturers Association to organize a combined Pakistan Mega Leather Show (PMLS) at appropriate time during the year 2015 at Lahore Int'l Centre for the exposition of best quality leather products & finished leather to attract the foreign buyers/parties for business deals to earn maximum foreign exchange. A comprehensive budget estimate for this grand event was sent to Trade Development Authority, Pakistan for approval but due to financial restraint it was not agreed to for 2015.

In this context, the PTA Steering Committee of PMLS is actively chalking out program to organize Pakistan Mega Leather Show from 6-8th March'2015 in Lahore Int'l Expo Centre jointly with Pakistan Footwear Manufacturers Association at their own and is planning to invite maximum foreign buyers to participate in this grand event to make the show a real success and to accentuate positive image of the country.

A number of Leather, Garments, Gloves and Footwear Manufacturers will be displaying their products to attract foreign buyers and local customers to observe the finest quality of Pakistani Leather & Leather Products.

PTA has also planned to organize PMLS in the next year 2016 again and for this purpose a feasibility report containing budget for PMLS-2016 will be submitted to TDAP for approval as assured.

3. ENVIRONMENTAL ISSUES :

The Association will continue its efforts effectively in 2015 onward in order to achieve the objective for fighting pollution and to convince the government to dilute NEQS of Tanning Industry and to fix the COD level at 300 mg/L to meet the Environmental Regulations. Accordingly PTA arranged a meeting with the Minister for Punjab Environmental Protection Agency and a comprehensive presentation was submitted by the Chairman, PTA again in this regard to review the proposal in favour of the tanning industry.

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A representation was sent to the Federal Secretary, Ministry of Climate Change, Islamabad with the request to provide Government support for Environmental Compliance for sustainable Exports.

EXTENSION OF FOLLOWING INCENTIVES :

- i) **MATCHING GRANT FOR SETTING UP OF EFFLUENT TREATMENT PLANTS IN INDIVIDUAL TANNERIES**
- ii) **SHARING 25% FINANCIAL COST OF SETTING UP OF LABS IN INDIVIDUAL TANNERIES**

PTA has requested the government to revise the New Trade Policy 2013-15 and include the above incentives for the remaining members of PTA too who could not apply for the same for some cogent reasons and also for newly established tanneries.

Environmental issues have successfully been tackled by the PTA (SZ) Environmental Society which is maintaining Combined Effluent Treatment Plant (CETP) for Korangi Tannery Cluster in Korangi Industrial Area, Karachi for the disposal of the tannery waste water and for its recycling for tanneries & other units.

Combined Effluent Treatment Plant is also operating in Kasur Tannery Area which caters to the need of the tanneries being imperatively required with a view to combating severe industrial pollution because of a plethora of small and medium sized tanneries in Kasur.

Recently, a Fat Extraction Unit was established in Kasur with the financial and technical assistance of UNIDO to improve environmental atmosphere as well to comply with WTO rules. PTA is trying to have such facilities for other cities also.

4. PROJECT FOR IMPROVEMENT OF HIDES & SKINS :

PTA has signed a Memorandum of Understanding among PTA, University of Veterinary and Animal Sciences (UVAS) and National Productivity Organization (NPO) in presence of the Governor of Punjab, Ch. Muhammad Sarwar on 27th November'2014 at UVAS, Lahore for the purpose of constituting and implementation framework research to reduce economic losses to hides & skins of animals in Pakistan to preserve qurbani hides/skins on the occasion of Eid-ul-Azha.

In this connection, a booklet prepared by Mr. Agha Saiddain, Chairman, Hides & Skins Improvement Standing Committee containing guidance for preserving and maintaining efficacy of raw hides & skins through scientific methods has been distributed amongst the tanners and all Hides and Skins collecting Agencies/Parties on the occasion of Eid-ul-Azha.

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Chairman, PTA, Mr. Muhammad Musaddiq also held a Press Conference in Lahore and addressed the Electronic and Print Media and highlighted the major issues of leather industry specially delivered message to all relevant NGOs, Maddarisa and for general public on the annual festival of Eidul-Azha regarding taking care of Hides and Skins after slaughtering Qurbani animals, careful handling, transportation and method for proper preservation of Hides & Skins.

5. RESEARCH & DEVELOPMENT (R&D) CENTRE :

PTA will compile global statistical data on export/import of leather and leather products from internet etc. to determine the strategy of various countries and analyze how to compete in the International markets in the wake of international recession and tough competition worldwide with the aim to enhance its scope of activities next year and onward for sustainable development of Leather Industry to provide more detailed data of exports of leather and all leather products based on the figures released by the Pakistan Bureau of Statistics.

For the year 2015 PTA has subscribed to get online access of Leatherbiz-UK for having useful information of Leather Industry internationally, new fashions and market trend etc. for circulation amongst PTA members to keep them informed time to time.

6. TO HIRE FOREIGN PROFESSIONAL, EXPERTS & TECHNICIANS :

In order to be competitive in the international market and fast changing pattern & fashion in leather field worldwide PTA needs Government assistance to invite professional foreign experts & technicians to upgrade leather industry for meeting the International challenges on new era of productivity and competitiveness under advanced technology. The foreign experts will be required to train the master trainers for skill development of the existing workforce. PTA will continue to approach the Government with concrete proposal during the year 2015 with the stress to do the needful and allocate necessary funds out of EDF for implementing the same.

Owing to PTA persistent persuasion, the Government has announced in the Strategic Trade Policy Framework 2012-15 to establish "Leather Export Promotion Council" (LEPC) a MODEL PROJECT for promotion of leather sector to combine public and private sector in the management of sector specific trade organization.

As such, PTA requested the Ministry of Commerce again to devise a strategy and mechanism for the above LEPC to be functional so that the member exporters of leather industry may be facilitated accordingly and able to promote leather business and earn more foreign exchange for the country.

The Ministry of Commerce has sought input about formation and Terms of Reference etc. for which PTA has sent a comprehensive Presentation after hectic consultation with the members of Central Executive Committee as well as senior and knowledgeable members of PTA for early implementation as it is a long pending project. The Ministry is actively working on it and in consultation with all leather related associations the LEPC will be finalized soon for implementation to upgrade the leather sector industry.

7. VIDEO CONFERENCING SYSTEM :

Pakistan Tanners Association has continued to avail the facility of Video Conference System. Accordingly a number of CEC Meetings, AGM and other Standing Committees' meetings as well as balloting of stands in Int'l Fairs were held simultaneously in Karachi & Lahore via Video Conference. This facility will be kept continuing in future too for facilitating the members to avoid unnecessary travelling hurdles and make their presence regularly at their own station through the video conference system.

8. REPRESENTATIONS TO GOVERNMENT :

PTA appointed various Standing Committees for the year 2014-15 to tackle members' important issues and to move the same through PTA (Central) to the Government authorities concerned for necessary action and redressal on the subject of Sales Tax and their refund claims, Customs, Import/export, Income Tax, Re-finance, Duty Drawback claims of the members etc. and for organizing maximum International Fairs abroad with due subsidy to promote business activities and export.

These Committees have started taking up core problems, discussed in the meetings and in consultation with respective Committees' members proceeded appropriately for result oriented action. These Committees include particularly (1) Finance & Admin S/C (2) Duty Drawback (3) Import & Export S/Cs (4) Taxation S/C (5) Int'l Fairs S/C, (6) Environmental S/C, (7) Diplomatic Affairs S/C etc.etc. (8) Pakistan Mega Leather Show S/C.

PTA-Southern and Northern Zone offices are actively maintaining the affairs of the leather industry to resolve the problems of its member firms at zonal level like health & safety, pollution free environment, Infrastructure, Law & Order situation, Power & Gas Supply, Sewerage System, telephone, bulk water supply for the tanneries etc. as well as to represent members' problems to the Provincial and local authorities concerned and through meetings with the high officials i.e. District Government, Police Department, WAPDA/K-Electric, Water & Sewerage Board, Gas and Telecommunication Departments etc.etc. as well as to enroll new members.

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These activities will continue at regular pace using all relevant channels during the next year for redressing the grievances of Association's members concerned through letters, holding meetings with the competent authorities concerned, issuing press statements and holding Press Conferences etc.

9. DIPLOMATIC ACTIVITIES :

For the year 2014-15, PTA has chalked out programme to arrange meetings with the Consul Generals of Foreign Embassies and other Diplomats in Pakistan in order to invigorate mutual business relations, discuss bilateral trade issues/matters requesting for getting maximum facilities for Visa and market access to the benefit of PTA's members to boost exports. Several such meetings with different Consul Generals etc have already been organized so far which yielded positive results.

In this regard following meetings have been held in PTA Office :

1. PTA's members held meeting with Chinese Consul General, Mr. Ma Yaou on 12th November'2014 in PTA Central Office, Karachi to discuss relevant issues of both the countries with the aim to promote bilateral trade.
2. Meeting with Turkish Commercial Attache visited PTA Central Office on 19th November'2014 to meet PTA members and discuss for the promotion of bilateral trade between both the brethren countries.

Detail of both the above meetings can be had from PTA News Leather-Oct/Nov 2014 issue, a copy of which is enclosed.

However, further plan has been mapped out to invite more foreign diplomats next year also as per their convenience for get together meetings which are considered to be fruitful for our business acumen/promotion of export and to do away tariff and non-tariff barriers.

10. Pak-China Free Trade Agreement :

PTA has sent a presentation containing list of Items of Leather with 8-digit Tariff Lines showing the existing Import Duty into China under FTA as asked for and PTA's proposal for zero rating Import Duty on these items. The Ministry of Commerce has been requested to recommend PTA's proposal for duty free import into China of the Leather Items in the 2nd Phase of Pak-China FTA for allowing all the items to be '0' rated duty in order to increase export of leather from Pakistan while 1st Phase of Pak-China FTA has already expired.

On the instance of MO Commerce, PTA's authorized representative attended a meeting held by the Ministry of Commerce on 8th December'2014 in MOC, Islamabad to discuss China-Pakistan Free Trade Agreement (CPFTA), 2nd Phase Negotiations.

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The matter will be followed-up during 2015 vigorously to achieve the objective of availing Zero rated duty for which renewal of FTA is imperative for the leather industry.

11. GSP+ Status to Pakistan awarded by EU :

Due to persistent efforts of the Government, Pakistan is now getting GSP Plus Status approved by EU Parliament for duty free access of about 600 items in 27-EU Countries. The GSP+ Scheme has been made applicable from 1st January'2014 for next 10 years under EU Regulation 978/2012 dated 25.10.2012. Leather under Chapter 41 covered HS codes 4104, 4107, 4113, 4114 (with sub-headings) and HS Codes 4112 0000, 4115 1000 under Chapter 41 are allowed duty free access while Chapter 42 & 64 (containing all items under sub-headings) are to be totally duty free to EU countries.

The Association will continue in the year to come to stress the need for allowing level playing field and due concession/facilities by the Government to the tanning industry to enable its genuine members to avail the benefits of GSP in its true perspective.

PTA member exporters hope that due to the above scheme the export of Leather & Leather Products can be increased manifold in the year 2015 onward.

12. EXPORTS TARGET :

PTA has planned to increase Leather & Leather Products exports at the level of 3.5 Billion US\$ in the next 3-years till June'2017 during the financial period July-June as mentioned in the below Table for which the member exporters are determined to achieve the target. However, success in this regard will depend on the sincere support and pragmatic treatment of the Government and provision of level playing field as well as other due facilities and incentives :-

Exports Achieved	Export Targets Expected Achievement			
	2013-2014	2014-15	2015-6	2016-17
US\$ 1.275 Billion	US\$ 2.00 Billion	US\$ 2.50 Billion	US\$ 3.00 Billion	

13. PTA's WEBSITE :

PTA is maintaining its **Website** www.pakistantanners.org containing useful updated information/data properly to facilitate its members as well as those interested to avail. The events/information will be updated on regular basis as per statutory requirements under TOR-2013. PTA has planned to expand its scope during 2015 to benefit its members as maximum as possible.

The members as well as other interested persons will continue to avail facility of downloading requisite information from PTA above cited Website.

14. PTA's THINK TANK :

PTA's Think Tank is actively dealing with the affairs of the Association specially focusing on the economic situation in the present scenario and to adopt judicious strategy for the promotion of exports as well as to suggest to the Government time to time in formulation of result oriented business friendly policies like Leather Policy and Industrial Policy, Leather Export Promotion Council (LEPC) etc. for rapid economic development preferably for uplift of leather industry to accelerate export and earn maximum foreign exchange acutely needed by the country for economic development and industrialization on sound footings.

The Central Executive Committee and other export Standing Committees with knowledgeable senior members are actively engaged in focusing and chalking out judicious program/policies to the betterment and uplift of leather industry.
