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Exporters reject blame for structural failures



The All Pakistan Exporters Associations Forum on Thursday rejected criticism that exporters have failed despite years of government support, saying the country's export problem lies in high production costs and weak competitiveness rather than product quality. They asked for stable long-term industrial and trade policies.

Chief Coordinator of the Forum, Muhammad Jawed Bilwani said exporters were ready to work with the government to increase exports, but urged it to address the cost and ease of doing business, ensure a level playing field and treat exports exclusively as a federal subject under a stable policy framework for at least 10 years.

In a statement issued in response to the Prime Minister's remarks at the Pakistan Stock Exchange, he said export was an asset, not a liability, and exporters should not be held responsible for structural problems largely beyond their control. Bilwani said the forum and its member exporters, who earn valuable foreign exchange and provide high levels of employment, were surprised that some non-exporting private-sector elements and members of the bureaucracy had not presented the Prime Minister with the actual situation facing the country's exporters.

He said policy and operational decisions concerning exports rested with the federal government, while exporters were struggling for survival amid unprecedented challenges, including high manufacturing costs, taxation, policy instability and delayed refunds. He called for competitive energy tariffs, tax reforms, timely refunds, consistent policies and a level playing field to improve competitiveness. Pakistan, he said, needed more exports, investment and value addition.

The chief coordinator said the impression created by non-exporting sectors that Pakistan's export-oriented industries had failed despite receiving government support for decades was incorrect. He said exporters were working around the clock, including Sundays, to increase exports and fully supported the Prime Minister's call for higher exports, better quality and sustainable growth.

However, he said exporters could not be held responsible for structural weaknesses beyond their control. The real problems were a lack of competitiveness and high manufacturing costs.

Export-oriented industries, he said, were under severe pressure from high electricity and gas tariffs, expensive financing, heavy taxation, delayed refunds, costly imported inputs, rising logistics costs, regulatory hurdles and frequent policy changes.

Bilwani also rejected the description of export incentives as subsidies, saying exporters remained committed to increasing exports but needed conditions that would enable them to compete with countries offering more competitive energy, financing, infrastructure and trade-support systems. He said Pakistani exporters operated on very narrow profit margins compared with regional competitors, while taxes on exports were higher than those imposed on normal businesses.

Sole proprietor exporters had paid more than 45 percent in taxes, he said, adding that they had also faced Super Tax and late-payment surcharges following the apex court's decision. He said sales tax refunds that were required under the Sales Tax Refund Rules to be released within 72 hours were instead delayed for months and years, without exporters receiving any interest compensation for the delayed payments.

The FBR also arbitrarily deducted amounts from exporters' bank accounts in the name of recovery, he alleged, adding that exporters were facing severe liquidity pressures and high operating costs. He said exporters' liquidity remained tied up with government authorities in the form of refund claims, advance tax deductions, customs rebates and duties and taxes held under the Export Facilitation Scheme (EFS).

Bilwani said the government had imposed taxes and duties on yarn imports under the EFS to support local yarn manufacturers. The measure had created additional liquidity pressure for export-oriented industries, while the local yarn industry had failed to make the expected progress despite the protection. These difficulties, he said, had forced several exporting industries to move their operations outside Pakistan, where they were now progressing and expanding.

He also expressed serious concern over the recent strikes by transporters, which he said had caused massive losses to exporters, disrupted cargo movement, created a severe shortage of vessel space and led to an unprecedented and sharp increase in international sea freight rates following the nine-day nationwide goods transporters' strike. He said transport disruptions had caused exporters heavy losses and resulted in the loss of valuable foreign exchange for Pakistan.

Whenever a prolonged transport strike disrupted export cargo movement, he said, containers missed scheduled vessels, while shipping space was lost or reallocated to other countries. Exporters were then forced to compete for limited vessel space at substantially higher freight rates. During the disruption, containers remained stranded at factories and warehouses and failed to reach ports before scheduled terminal cut-off times, resulting in vessel shut-outs, cancelled and rolled-over bookings, detention, demurrage and storage charges.

Following the disruption, shipping lines had reportedly reduced vessel space available for Pakistan-origin cargo and reallocated capacity to other markets, he said, adding that exporters were now facing an extraordinary increase in freight rates. Bilwani urged the government to ensure a reliable, uninterrupted and internationally competitive export logistics system. He also proposed establishing an Emergency Cell at the Prime Minister's Office to deal with sudden disruptions such as transport strikes.

He said costly utilities and inputs had also slowed export production, with exporters facing outages of electricity, gas and water. Export-oriented industries were also paying capacity charges for independent power producers (IPPs). Labour productivity had been affected by the absence of public transport and prolonged electricity loadshedding, he said.

“How can we expect productivity from labour that continuously faces unrest due to prolonged electricity loadshedding and lack of public transport?” Bilwani asked and said exporters could not make products more expensive at home and then expect to sell them at higher prices abroad because international buyers determined prices. Pakistani exporters could not pass every increase in production costs on to foreign customers, he said, as they had to compete with suppliers from regional and other competing economies while maintaining product quality, delivery schedules and international compliance standards.

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