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Soaring costs force PHMA to seek export support

BUSINESS RECORDER

The Pakistan Hosiery Manufacturers & Exporters Association (PHMA) on Thursday urged the federal government to provide temporary export support of 6-8 per cent of the free-on-board (FoB) value of shipments and take immediate measures to curb rising production costs, warning that mounting financial pressures are threatening export orders, international buyers and Pakistan's market share.

At a consultative meeting convened by the Ministry of Commerce to discuss ways to sustain apparel and textile exports, PHMA Central Chairman Syed Zia Alamdar Hussain called for coordinated policy measures to ease the burden on exporters, improve their competitiveness and protect the country's hosiery, knitwear and apparel industry from further losses.

The association proposed temporary Duty Drawback of Local Taxes and Levies (DLTL) support of 6-8 percent of the FOB value on a shipment basis for a limited period. It said the proposed relief would help exporters absorb exceptional cost increases, retain existing international buyers, fulfil ongoing orders and prevent further erosion of Pakistan's share in global markets.

Highlighting the financial difficulties facing exporters, Syed Zia Alamdar Hussain stressed the need for affordable working capital, as manufacturers must pay for raw materials, labour and other production expenses well before receiving payments for their exports.

PHMA urged the authorities to ensure uniform implementation of the announced 4.5 per cent Export Financing Scheme (EFS) end-user rate, which is applicable until June 2027. It expressed concern that some exporters continued to face higher financing costs despite the announced relief. The PHMA chairman also objected to the abrupt imposition of government levies, saying exporters could not pass these additional costs on to international buyers, leaving manufacturers to bear the burden.

He pointed out that provincial holidays also disrupted export production and increased costs. Export-oriented industries operate round the clock throughout the year to complete orders within agreed deadlines, but additional provincial holidays interrupt production and force manufacturers to incur extra labour costs.

Syed Zia Alamdar Hussain said exports were a federal subject and called for export-oriented industries to be allowed to observe only the holidays notified in the federal gazette.

He also expressed concern that some member industries had reported layoffs as historically high production costs made their operations increasingly unviable. PHMA identified high electricity and gas tariffs, power outages, federal and provincial taxes and levies, energy cross-subsidies, rising labour costs, delayed tax refunds and higher regulatory compliance expenses as major factors driving up manufacturing costs.

The association said the sharp rise in ocean freight charges had further weakened Pakistan's competitive position, with rates to some major destinations increasing by 1.5 to 2.5 times their previous levels. Exporters are increasingly being forced either to absorb the additional expenses at the cost of their already narrow profit margins or pass them on to foreign buyers, making Pakistani products less competitive against those sourced from regional countries.

He warned that competition among regional sourcing destinations was intensifying, as international buyers considered not only prices but also supply reliability, delivery schedules and the overall business environment when placing orders. Syed Zia Alamdar Hussain cautioned that once foreign buyers shifted their orders to competing countries, winning back that business could prove extremely difficult.

PHMA urged the government to treat the protection of existing export orders and international buyers as an immediate economic priority, stressing that timely policy intervention, affordable export financing and targeted cost-relief measures were essential to sustain hosiery and knitwear exports, protect jobs and strengthen Pakistan's position in international markets.

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