July 2023

APTMA Management Report

ALL PAKISTAN TEXTILE MILLS ASSOCIATION

APTMA MANAGEMENT REPORT

ISSUE – JULY 2023

Executive Summary

APTMA is the premier association of the textile sector and the largest association of Pakistan, representing spinning, weaving and composite mills. APTMA is primarily responsible for protecting and promoting the interests of the textile industry. The association actively works to resolve issues pertaining to trade, commerce and manufacture of textiles, with a particular focus on cotton. The monthly APTMA Management Report is being circulated to share important statistics and information so as to ensure consistency across the textile industry.

This report highlights key points and figures that provide insight into the functioning of APTMA with respect to its main activities. ***Section 1*** highlights the major challenges that the industry has faced in the month of July 2023 and provides insights on improving certain policies. ***Section 2*** provides an economic update of the textile industry, the overall trade and the role it plays in the economic situation in Pakistan. ***Section 3*** offers insight into APTMA's role in cotton, and the current trends of cotton in the country. ***Section 4*** brings together the articles published by APTMA in various newspapers and magazines in July 2023. ***Section 5*** highlights the trends in energy sector in the month of July 2023. ***Section 6*** highlights the activities of the Sustainability and Compliance Department in July 2023 and ***Section 7*** highlights the activities of the HR and Media Department.

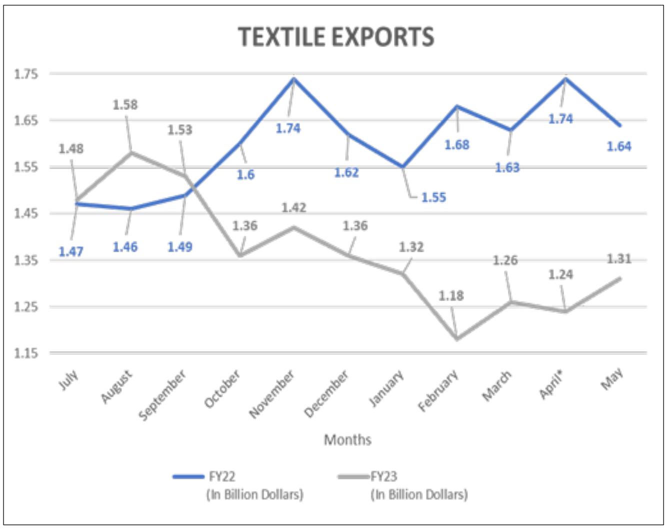
Section 1: Industry's Challenges

Restructuring Power Tariffs

APTMA pushed for changes in the electricity pricing structure to benefit exporters. The textile sector is a key contributor, making up over 60% of the country's total exports, making its performance crucial. However, exports were disappointing at $16.1 billion last fiscal year, falling short of the $25 billion capacity and the $19.5 billion achieved in FY22. Without corrective measures, a further drop to around $12 billion is predicted next year. This decline is due to high energy costs, with Pakistan's rates almost double those of competitors, causing uncertainty and loss of clients to other countries.

Efforts to resolve this involved a Business-to-Business (B2B) model, enabling industrial use of power plants without subsidies, but delays and challenges have arisen. An alternative strategy suggests creating a Special Tariff Category exclusively for exports, sidestepping complexities and risks. This aligns with IMF subsidy principles. The Ministry of Commerce was asked to present a proposal for this to the Economic Coordination Committee (ECC). The current electricity tariff includes cross-subsidies and stranded costs of over Rs. 15 per unit, burdening export-focused industries and hampering competitiveness.

A similar approach is adopted by the Oil and Gas Regulatory Authority (OGRA), granting tariff classification for export industries. The government is proposed to consider broader tariff reforms for economic transformation, urging NEPRA to quickly establish a distinct tariff category, eliminating cross-subsidies, stranded costs, and additional T&D losses.



Special Electricity Tariff:

The proposition of establishing a distinct power tariff category for exporters was discussed in the meeting convened on July 10th, 2023 with Federal Secretary Commerce. Following this meeting, the matter was also raised during a subsequent gathering with Mr. Ishaq Dar on the evening of July 10th, 2023, during which a commitment to endorse this initiative was expressed.

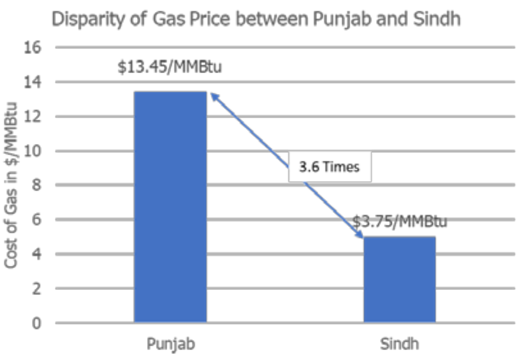
In alignment with the discussions held, APTMA has formulated an extensive proposal **(Annex A)** outlining the intricacies and advantages of introducing this dedicated power tariff category, which is appended herewith. The envisaged implementation of this specialized power tariff category is anticipated to furnish crucial support to exporters, thereby fostering heightened competitiveness in international markets. The collaborative endeavors undertaken aim to stimulate economic growth and prosperity across the spectrum of stakeholders involved. The overarching goal is to reclaim the ground lost in the preceding year and endeavor to elevate textile exports to a substantial $50 billion within a span of four years.

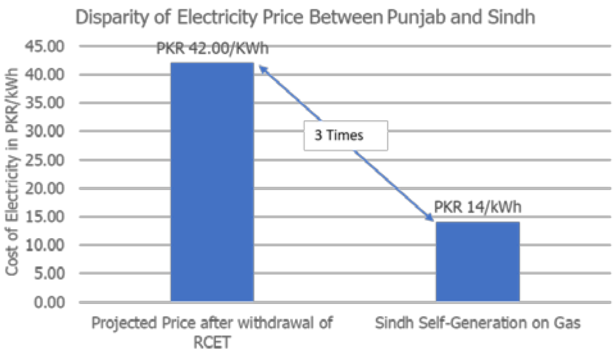
Intervention Request Regarding the Petitions Filed by Ex WAPDA DISCOS for the Determination of Use of System Charges:

An advertisement dated May 12, 2023, was issued to solicit comments from interested and/or affected parties concerning petitions and a cost-of-service study for fiscal year 2023. These submissions were made by all Ex-WAPDA DISCOs (DISCOs) under Regulation 7 of the National Electric Power Regulatory Authority Open Access (Interconnection and Wheeling of Electric Power) Regulations, 2022 (the Regulations). APTMA has expressed its intent to actively engage in this matter of considerable public significance. Accordingly, APTMA has formally submitted the Intervention Request alongside relevant documentation pertinent to the aforementioned subject. At present, the situation remains pending. Nevertheless, there is an optimistic outlook that with the anticipated assumption of the new chairman of NEPRA, the proceedings for this hearing will be promptly initiated and overseen.

Withdrawal of Competitive Energy Tariff of $9/MMbtu for Gas/RLNG

The Prime Minister of Pakistan was addressed regarding the request to reinstate the Regional Competitive Energy Tariff (RCET) in the upcoming budget. APTMA emphasized the urgent need for the inclusion of an appropriate budget to provide competitive energy tariffs for the export industry. The consequences of not providing competitive tariffs could be severe, resulting in significant closures in the industrial sector, widespread unemployment, and a further decline in vital export revenue. APTMA highlighted the remarkable growth experienced by the textile industry in recent years due to the implementation of competitive energy tariffs, with textile exports increasing by over 55% from FY 2020 to FY 2022. This growth was directly attributed to the competitive energy tariffs, enhancing the industry's global competitiveness. However, the withdrawal of RCET, along with energy supply shortages and liquidity issues, has reversed this momentum, leading to a shortfall of over $3 billion in exports for the current year. If urgent measures are not taken to reinstate the RCET, this deficit is projected to increase by an additional $4-5 billion in the coming fiscal year. APTMA emphasized that the perception of RCET as a subsidy is a misnomer, as it represents the cost of service incurred without cross-subsidies. The Punjab-based industry is most affected by energy prices and supply shortfalls, leading to widespread closures and a staggering price differential compared to industries in Sindh. APTMA urged the government to recognize the significance of reinstating the RCET to prevent detrimental consequences for the export-oriented industry and the economy as a whole. They emphasized the need to refrain from imposing excessive energy tariffs through cross-subsidization and suggested exploring alternative social programs for providing subsidies to specific sectors. APTMA urgently requested the immediate reinstatement of the RCET for gas at a rate of $8/MMBtu and for electricity at a rate of 9 cents/kWh in the upcoming budget to safeguard exports, employment opportunities, and prevent deindustrialization in Punjab. The letter expressed appreciation for the Prime Minister's dedication to serving the people of Pakistan and confidence in his commitment to the nation's prosperity and growth.





		FY 2022
Total Cost of Electricity Generation	US ¢/kWh	8.1
CPP	US ¢/kWh	3.3
EPP	US ¢/kWh	4.8
Transmission and Distribution Cost	US ¢/kWh	1.2
Average Cost of Service (for all consumer categories)	US ¢/kWh	9.3
Cost of Service for B3/B4 *	**US ¢/kWh**	**8.2**
Cost of Service for B3/B4 **	**PKR/kWh**	**23.17**

Specialized Tariff for Prime Users:

APTMA has submitted a request to the Ministry of Energy (Power Division) on behalf of prime users who heavily rely on grid electricity for their production. These users are faced with the unavailability of gas and other alternatives, as RCET was discontinued on March 1, 2023. As a result, their only available energy source is grid electricity, which currently costs over Rs. 42/kWh.

The government's efforts to promote energy conservation and sustainability have been acknowledged, but it is essential to consider the impact of these policies on prime users, who play a crucial role in the country's economic growth. These users operate with low margins, and the increase in electricity costs has made their operations commercially unviable. This situation is likely to shift orders to cheaper alternatives both domestically and internationally.

APTMA has requested the Ministry of Power to develop a new tariff structure specifically tailored to the needs and constraints of these prime users. The attached list includes the names of these users, who are critical to the supply chain of the textile sector. If these units were to shut down, even temporarily, there would be a permanent shortage of domestically produced yarn and other intermediate products. This would have a significant impact on the entire industry, leading to the non-availability of intermediate products for exports and an increase in forex requirements for additional imports.

Increasing the Solar Net Metering Cap to 5 MW

Chairman of the National Electric Power Regulatory Authority (NEPRA), was addressed regarding the request for suo-moto action to reduce the effective cost of electricity for the export industry by increasing the solar net metering cap to 5 MW. The letter expressed concern over the high cost of grid electricity, which adversely affects the export sector's ability to compete in international markets. Referring to NEPRA's landmark decision dated February 10, 2023, which acknowledges the economic benefits of net metering, the request was made to consider raising the existing solar net metering cap for the export industry from 1 MW to 5 MW. This increase would help reduce the effective electricity cost without additional burden on the grid. The proposal highlighted that higher size solar installations without net-metering result in significantly higher effective costs due to the mismatch between consumption and solar generation. Textile industry members indicated that higher size solar plants become viable only with net-metering and a higher cap, allowing them to supply excess electricity to the grid during the day and consume it in the evening or at night. The initiative was presented as an opportunity to increase renewable energy usage, enhance product acceptability globally, and contribute to the government's commitments under the Paris Agreement and the United Nations Framework Convention on Climate Change. NEPRA was urged to evaluate the merits of raising the solar net metering cap to 5 MW on a take-and-pay basis and to take suo-moto notice to amend existing regulations accordingly, demonstrating the authority's commitment to renewable energy promotion and providing relief to the export sector.

Uninterrupted Gas Supply to Textile Export Mills in the Lasbela Industrial Estates Development Authority, Balochistan

The Managing Director/CEO of SSGC was addressed regarding the request for uninterrupted gas supply to textile export mills in the Lasbela Industrial Estates Development Authority, Balochistan. The letter highlighted that four major textile mills in the region, namely Diamond International Corp Ltd, NP Cotton Mills Ltd, Sana Industries mill, and Feroze1888 Mills Ltd, are facing challenges due to insufficient sanctioned loads and intermittent gas supply characterized by low pressure and curtailment. These issues severely impact the operations, export deadlines, and production levels of these export-oriented units. Emphasizing the significance of these mills as the only textile mills in Balochistan, the letter stressed the need to prioritize gas supply to ensure their sustained operation, contribute to the local economy, and support national exports. The letter urged SSGC to intervene and minimize gas curtailment in the region, maintain adequate gas pressures, and address the grievances related to gas supply in Balochistan. Timely action was requested to resolve this pressing issue and support the survival and growth of these mills and the local economy as a whole.

Cotton Related Project Proposals by APTMA:

The Executive Director of the Export Development Fund (EDF), was requested to contemplate of project proposals submitted by the APTMA, focusing on initiatives concerning cotton and traceability. The enclosed projects, totaling four, were presented through the EDF portal, intended to foster advancement within the textile export sector of Pakistan.

1) The first project proposal, titled **"Establishment of Digital Traceability System in Pakistan for Textile Exporters,"** outlines an investment of 123,000,000 PKR over a duration of 3 years. This project, designed to address industry challenges, aims to create a comprehensive digital traceability system tailored to the textile sector. Through this implementation, supply chain transparency and accountability shall be enhanced, thereby fostering responsible manufacturing practices and bolstering the sector's competitive prowess. Adoption of this technology-driven solution is envisioned to cater to growing market expectations pertaining to traceability and sustainability.
2) Secondly, the proposal titled **"Establishment of DNA-Based Testing Laboratory for Cotton Traceability"** seeks funding amounting to 314,056,697 PKR for a project spanning 3 years. The pivotal role of this initiative revolves around the establishment of a DNA-based testing laboratory intended to ensure the genuineness and quality of locally produced cotton. By leveraging advanced genetic testing methodologies, this project aspires to authenticate the origin and attributes of cotton, ultimately heightening credibility and enabling adherence to international benchmarks. The outcomes are predicted to enhance trust among cotton buyers, thereby facilitating amplified exports.
3) The third proposal, **"Production of Certified Cotton Seed through Cluster Farming,"** requests financial allocation of 151,145,000 PKR for a 5-year endeavor. Focusing on the significance of certified cotton seeds in sustaining cotton production, this project is centered on producing high-quality seeds through cluster farming initiatives. The endeavor encompasses equipping farmers with top-tier seeds, training, and technical assistance to elevate crop yields, diminish pest-related challenges, and maintain consistency in cotton quality. As a consequence, the broader textile value chain stands to benefit from a dependable and sustainable source of cotton.
4) Lastly, the project titled **"Digital Crop Advisory for Cotton Growers"** outlines an investment of 51,000,000 PKR over a span of 3 years. This initiative underscores the pivotal role of effective advisory services in supporting cotton growers. By proposing the development of a digital crop advisory system harnessing technology, the project aims to furnish timely and precise guidance

to cotton farmers. The amalgamation of weather data, pest forecasts, and optimal farming practices shall empower farmers to make informed choices, amplify crop yield, and optimize resource utilization. The intended outcomes are closely aligned with the overarching objective of augmenting the productivity and profitability of cotton cultivation in Pakistan.

Impact of Reduced Phutti Prices on Pakistan's Cotton Market

The ginning sector in Pakistan has significantly reduced the prices of seed cotton (phutti), leading to a decline in the cotton market rate. This reduction in prices is primarily driven by the sector's attempt to avoid paying taxes on banola, as mandated by the Federal Board of Revenue (FBR). By lowering the banola rate, ginners aim to evade the recently imposed Goods and Services Tax (GST). However, this strategy has negative consequences for both the banola and cotton markets.

The decreased demand for banola has caused a ripple effect on the phutti rate, as ginners also reduce the rate at which they purchase phutti from farmers. This decline in the phutti rate has inflicted financial losses upon cotton farmers, who were expecting the government-announced rate. The situation poses a significant threat to cotton production, impacting farmers, the textile industry, and the overall economy.

Furthermore, ginning factories in Sindh province have announced closure, exacerbating the problem by further reducing the phutti rate and evading tax obligations. Cotton farmers in Sindh face the distressing prospect of being unable to sell their crops.

The decline in cotton prices is also driven by a decline in demand from the textile sector, which is facing challenges such as the removal of energy tariffs and rising energy costs. With fewer mills buying cotton, the supply is outstripping demand, putting downward pressure on prices.

Additionally, the quality of local cotton in Pakistan is not high enough to meet international standards, making it difficult to export excess cotton. High-interest rates on bank loans further burden the cotton industry, making it expensive to operate and compete with other exporting countries.

To address these challenges, the government should ensure compliance with tax regulations, support cotton farmers, improve the quality of local cotton, and reduce interest rates on loans. These measures will help safeguard the future of cotton production and stabilize the industry in Pakistan.

In order to support the ginning industry, it is recommended to reduce or eliminate the Goods and Services Tax (GST) on banola. This would have a positive impact on the production cost for ginners, making it more profitable for them to purchase phutti from farmers at the announced price of Rs. 8,500 per Mound.

To ensure the viability of the textile industry, it is crucial to provide competitive energy prices on a regional level. This would effectively lower the production costs for textile mills, enabling them to operate more viably and increasing the demand and for cotton in the process.

Furthermore, urgent action is needed from the government to address the issue of high interest rates. Specifically, reducing interest rates on bank loans for the textile and cotton industry is essential. By doing so, businesses within the industry would be able to afford stocking cotton, preventing further suffering for the cotton industry. Moreover, this would have a significant impact on businesses and consumers across the country, benefiting the overall economy.

Cotton Support Price and Sales Tax on Cotton Seed Banola

A meeting was held with Mr. Mohammad Ishaq Dar, Minister of Finance concerning the Cotton Support Price and Sales Tax on Cotton Seed_Banola. It was conveyed that the Minimum Support Price (M.S.P) for cotton had been established at Rs. 8,500 per maund for Phutti. Regrettably, due to ambiguity surrounding

Sales Tax on Banola, Phutti prices have been suppressed to a level below Rs. 8,500, despite international benchmarks supporting a Phutti price of Rs. 8,500. This situation has consequently dissuaded farmers from implementing necessary fertilizer and spray applications, posing a potential threat to the health of the crop. The expeditious resolution of this issue was deemed imperative, given the potential repercussions on the forthcoming cotton crop's yield, and its substantial impact on Pakistan's endeavor to alleviate the Balance of Payment deficit. It was agreed informally that mills would be exempted from taxes; however, formal notification could not be issued due to stringent IMF constraints.

Implementation of Moratorium on Debt

APTMA has emphasized the urgent need for the implementation of a moratorium on debt repayment in the textile industry to SBP, the critical issue of debt faced by the sector and expressed concerns over the lack of significant action taken thus far.

The ongoing economic crisis has severely disrupted the textile industry's supply chain, leading to decreased production, liquidity crises, and pending refunds. Export-oriented units are particularly affected, struggling to meet their debt obligations and facing the risk of defaults, capacity curtailment, and a potential banking crisis.

To prevent further defaults and mitigate the risk of a banking crisis, APTMA requested the SBP to consider implementing a moratorium on debt repayment from 1st June 2023 to 1st June 2024. This measure would provide much-needed relief to the textile sector while safeguarding the stability of the banking sector.

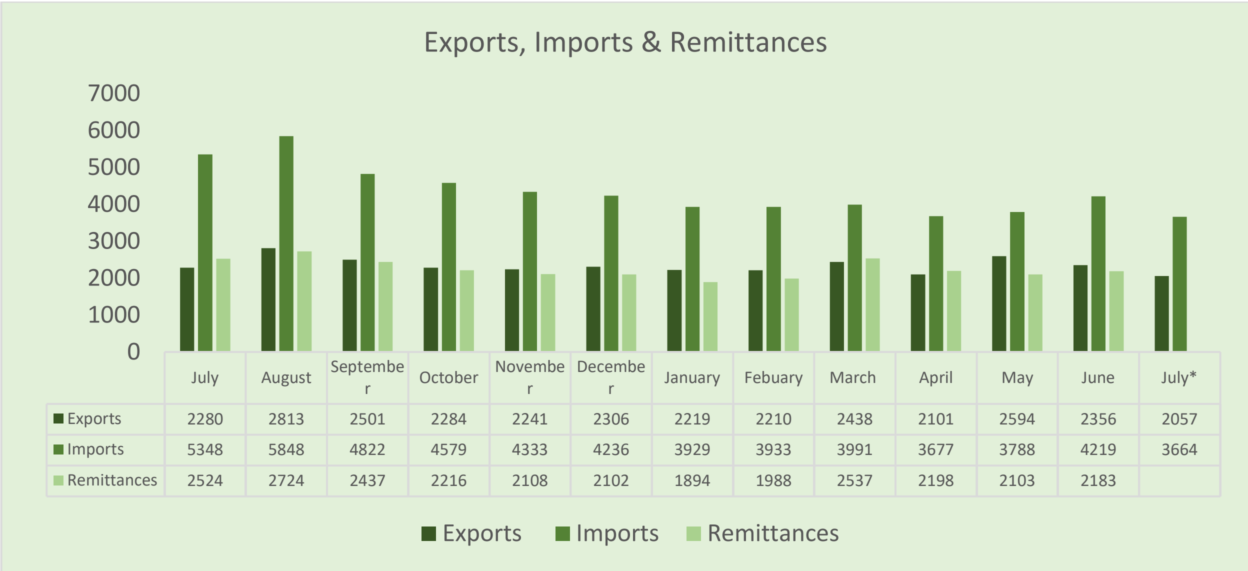
APTMA emphasized the importance of immediate attention and necessary action from the State Bank of Pakistan. The association and the entire textile industry stand ready to collaborate with the SBP to find viable solutions and overcome the challenges currently faced by Pakistan.

The implementation of a moratorium on debt repayment in the textile industry is crucial to alleviate financial pressures, support business continuity, and foster the sector's recovery in these challenging times.

Section 2: Economic Update

1) Import and Export

Exports in July have decreased by 12.6% ($2.05 billion compared to $2.35 billion in June 2023). Imports have also decreased by 13.15% ($3.66 billion, compared to $4.21 billion in June 2023). The trade deficit for July stands at $1.60 billion, a decrease of around 13.7% from $1.86 billion in June 2023. The inflow of Remittances increased from $2.10 billion in May to $2.18 billion in June 2023. Average monthly remittances during FY23 were recorded at $2.25 billion, compared to $2.60 billion in FY22.

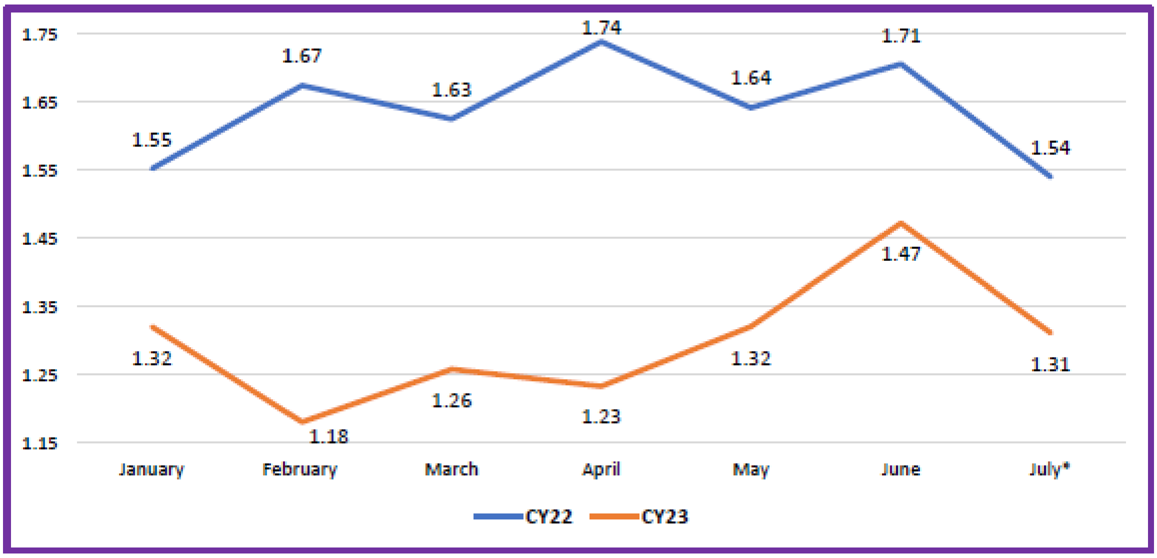


Source: APTMA

TEXTILE EXPORTS OF PAKISTAN

(JAN-JUL)			
In Billion Dollars			
Month	**CY22**	**CY23**	**% Change**
January	1.55	1.32	-15%
February	1.67	1.18	-30%
March	1.63	1.26	-23%
April	1.74	1.23	-29%
May	1.64	1.32	-20%
June	1.71	1.47	-14%
July*	1.54	1.31	-15%
Total	**11.48**	**9.09**	**-21%**

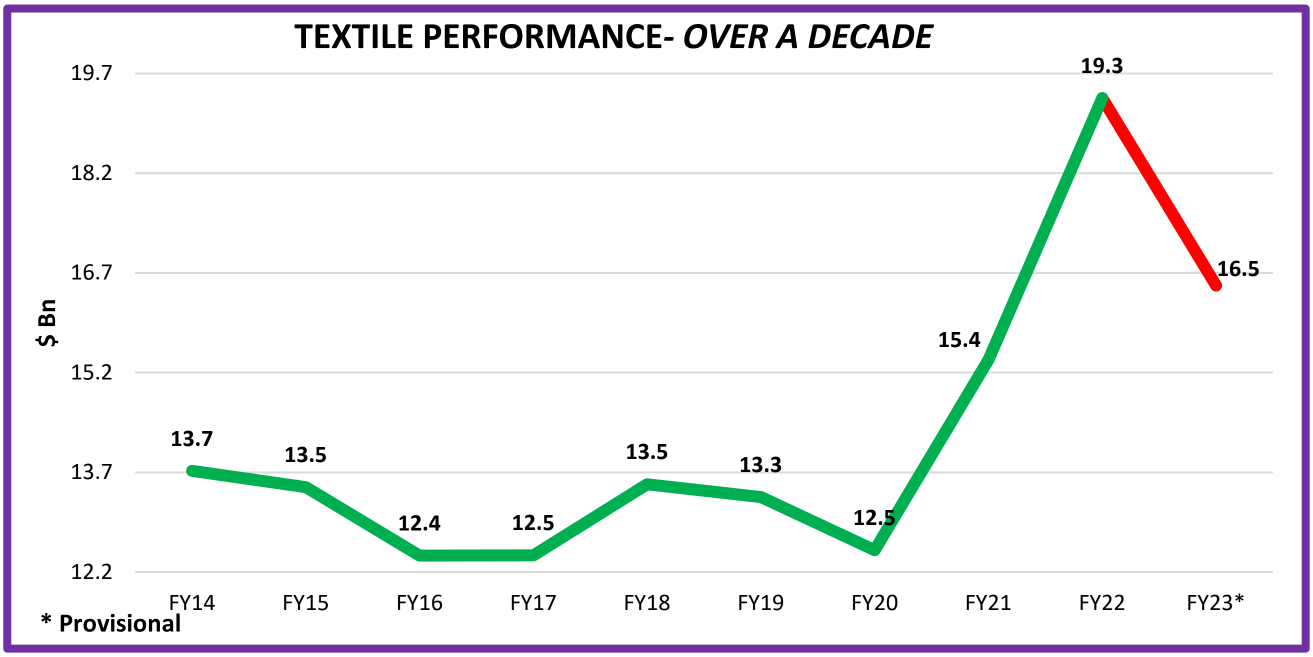
Provisional



15% decrease in Textile exports in July 2023 as compared to July 2022
Textile Exports decreased by 21% in 7MCY23 as compared to 7MCY22.

TEXTILE PERFORMANCE- *OVER A DECADE*

YEAR	TEXTILE EXPORTS
FY14	13.7
FY15	13.5
FY16	12.4
FY17	12.5
FY18	13.5
FY19	13.3
FY20	12.5
FY21	15.4
FY22	19.3
FY23	16.5

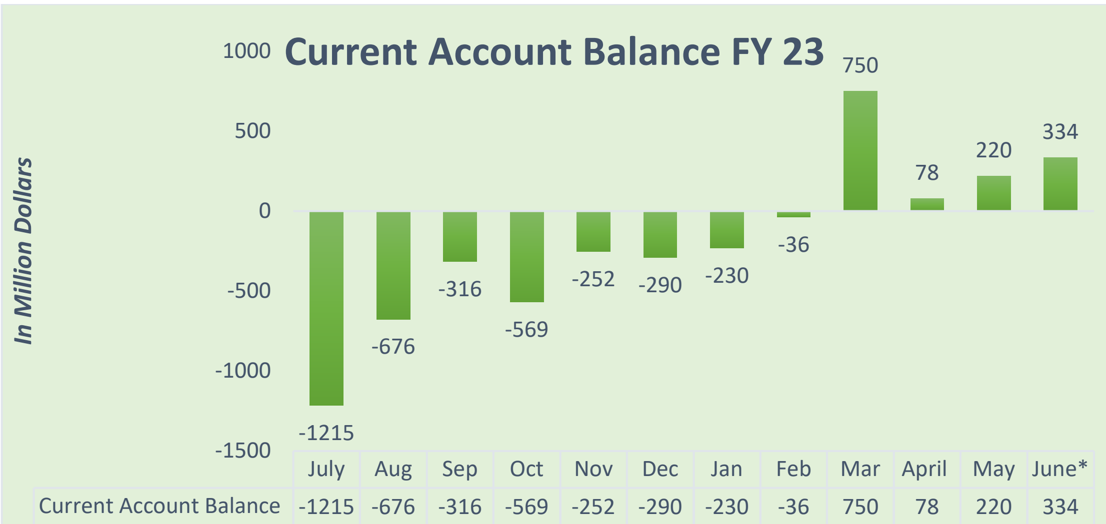


Pakistan's textile exports decreased by $2.8 billion (15%) in FY23 compared to FY22.

Source: Research Department-APTMA

2) Current Account Balance

Pakistan's current account balance posted a surplus for the fourth consecutive month at $334 million in June 2023. This is due to a 55% year-on-year (YoY) decline in imports, while exports have also experienced a year-on-year decline of 29%. During FY23, the current account deficit has experienced a sharp reduction of 85.37%, largely due to import restrictions.



Source: APTMA

The balance on trade in goods has shown a marginal improvement from -1166 to -1065, while the balance on trade in services has improved significantly to -84 million US$ from -296 million US$. The overall balance on trade in goods and services has therefore shown a slight improvement. The balance on primary income has deteriorated from -547 million US$ in May 2023 to -669 million US$ in June 2023, while the balance on secondary income also experienced a slight deterioration. Inflow of remittances has improved compared to the previous month.

CURRENT ACCOUNT BALANCE

Commodities	***FY23*** *(In Million Dollars)*											
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June*
Exports	2280	2813	2501	2284	2241	2306	2219	2210	2438	2101	2594	2057
Imports	5348	5848	4822	4579	4333	4236	3929	3933	3991	3677	3788	3664
Balance on Trade in Goods	-3068	-3035	-2321	-2295	-2092	-1930	-1710	-1723	-1553	-1576	-1166	-1065
Balance on Trade in Services	-248	-227	-172	-159	-35	-86	18	-31	-25	-140	-296	-84
Balance on Tade in Goods and Services	-3316	-3262	-2493	-2454	-2057	-1844	-1692	-1754	-1578	-1716	-1462	-1149
Balance on Primary Income	-446	-172	-364	-478	-429	-669	-509	-299	-447	-552	-547	-669
Remittances Inflow	2524	2724	2437	2216	2108	2102	1894	1988	2537	2198	2103	2183
Balance on Secondary Income	2547	2758	2541	2363	2234	2223	1971	2017	2775	2346	2229	2152
Balance on Income	2101	2586	2177	1885	1805	1554	1462	1718	2328	1794	1682	1483
Total External Surplus/Deficit	**-1215**	**-676**	**-316**	**-569**	**-252**	**-290**	**-230**	**-36**	**750**	**78**	**220**	**334**

Commodities	***FY22*** *(In Million Dollars)*											
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	April	May	June
Exports	2235	2339	2627	2375	2737	2929	2500	2889	3071	3152	2505	2918
Imports	5371	5937	6057	5930	6339	6431	6203	5039	6114	5959	5634	7880
Balance on Trade in Goods	-3136	-3628	-3430	-3555	-3602	-3502	-3703	-2150	-3043	-2807	-3129	-4074
Balance on Trade in Services	-287	-388	-202	-331	-403	-426	-597	-411	-394	-446	-463	-665
Balance on Tade in Goods and Services	-3423	-4016	-3632	-3886	-4005	-3928	-4300	-2561	-3437	-3253	-3592	-4739
Balance on Primary Income	-289	-377	-340	-483	-480	-556	-487	-274	-535	-614	-356	-481
Remittances Inflow	2736	2683	2780	2629	2460	2520	2180	2196	2835	3124	2346	2789
Balance on Secondary Income	2861	2870	2820	2727	2556	2627	2320	2316	2991	3227	2442	2899
Balance on Income	2572	2493	2480	2244	2076	2071	1833	2042	2456	2613	2086	2418
Total External Surplus/Deficit	**-851**	**-1523**	**-1152**	**-1642**	**-1929**	**-1857**	**-2467**	**-519**	**-981**	**-640**	**-1506**	**-2321**

Source: APTMA

3) Exchange Rate

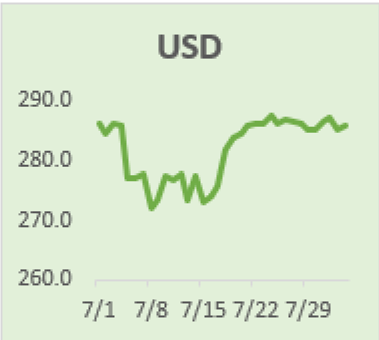
The PKR appreciated against USD at the beginning of July, signaling increased market confidence following the IMF's Stand-By Arrangement. However, this effect was temporary, and the rupee depreciated back to pre-SBA levels in mid-July. This is despite the USD's depreciation against other internationally traded currencies. The State Bank of Pakistan (SBP) has allowed exchange companies to cash imports of the US dollar by exchange companies against the value of their export consignments of permissible foreign currencies.

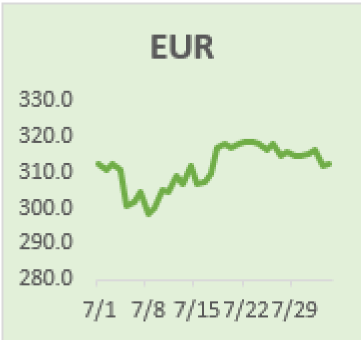
A further depreciation of the rupee is expected as the gradual withdrawal of import restrictions will drive up demand for foreign exchange. According to the IMF, the average USD to PKR exchange rate is projected to increase to around Rs. 305 towards the end of FY24. The rupee's continued depreciation could have a further adverse impact on foreign debt servicing, defense budget, and other expenditures. The maximum and minimum exchange rate of USD, EUR and GBP against PKR is given in the table below:

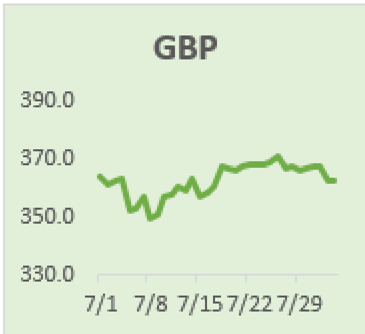
Exchange Rates in Pakistan

Currency	Min	Max
USD	272.2	287.5
GBP	349.6	370.9
EUR	298.5	318.8

The monthly trend is given in the figures below:



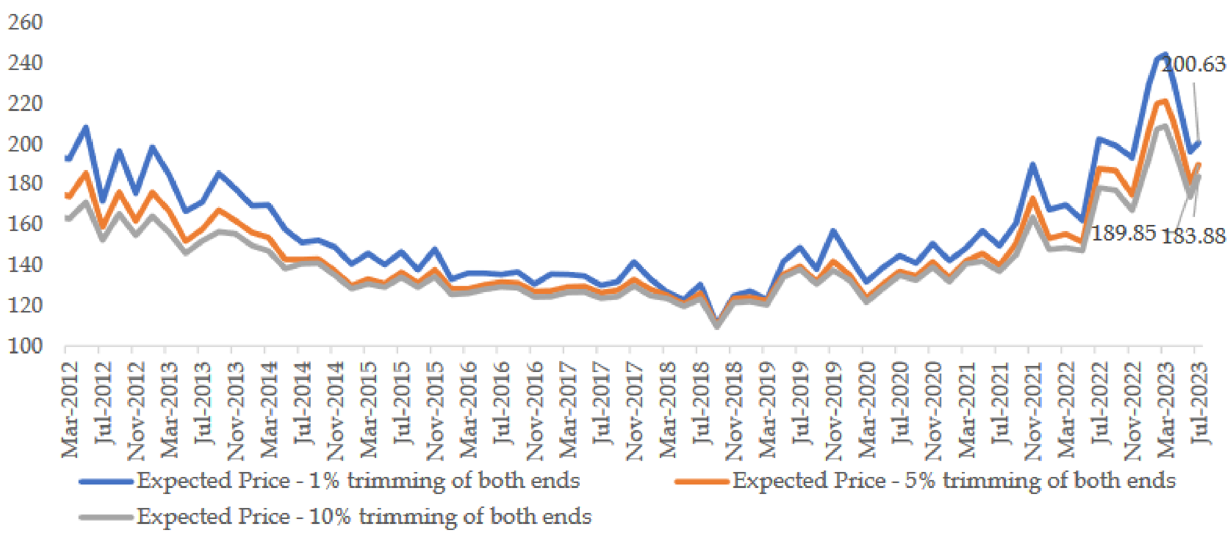




4) Monetary Policy

Following the August meeting of the Monetary Policy Committee, the policy rate was maintained at 22% since a further increase is not expected to reduce demand any further below its current levels. The MPC noted that YoY inflation will continue on a downward path. Inflation expectations adopted a downward trend during FY23Q4 but following the IMF SBA, a slight uptick was observed. The MPC has stressed on maintaining a tight monetary policy stance to keep inflation expectations on downward path and projects a positive outlook for inflation ranging between 20-22% in FY24.

Figure 9: Inflation Expectations (on the basis of quantitative question*)



Source: SBP

Section 3: Cotton

PAKISTAN COTTON GINNERS' ASSOCIATION

Cir. 02/D.R/2023-24

Dated: 03rd-Aug-2023

CONSOLIDATED STATEMENT OF COTTON ARRIVALS IN FACTORIES OF PAKISTAN AS ON 01st Aug 2023.

E-mail:pcga.mail@gmail.com

(DATA COLLECTED WITH JOINT COOPERATION OF PCGA, APTMA & KCA)

S. No:	NAME OF DISTRICTS:	ARRIVALS IN BALES	PRESSING IN BALES	NUMBER OF BALES SOLD TO: T.C.P. :	EXPORTERS	TEXTILES	TOTAL B/S SOLD	STOCK OF UNSOLD B/S	STOCK OF UNGINNED B/S	ARRIVALS AS ON:01.08.2022	F. Nightly FLOW	Ftys. Opr.
1	MULTAN	5,331	5,231	0	0	5,137	5,137	94	100	DATA WAS NOT COLLECTED LAST YEAR AS ON 01.08.2022	3,331	3
2	LODHRAN	11,394	10,854	0	0	10,200	10,200	654	540		6,479	5
3	KHANEWAL	76,661	74,690	0	600	69,988	70,588	4,102	1,971		29,703	31
4	MUZAFFAR GARH	6,209	6,199	0	0	5,400	5,400	799	10		4,909	7
5	DERA GHAZI KHAN	13,040	12,040	0	2,700	8,300	11,000	1,040	1,000		10,388	13
6	RAJANPUR	3,800	3,500	0	0	3,400	3,400	100	300		2,300	2
7	LAYYAH	33,162	31,761	0	0	30,400	30,400	1,361	1,401		21,359	10
8	VEHARI	70,814	66,868	0	1,800	62,182	63,982	2,886	3,946		31,933	25
9	SAHIWAL	45,476	44,500	0	0	43,000	43,000	1,500	976		16,526	17
10	PAKPATTAN	600	400	0	0	400	400	0	200		600	1
11	OKARA	0	0	0	0	0	0	0	0		0	0
12	QASUR	700	600	0	400	200	600	0	100		600	1
13	T. T. SINGH	27,888	27,161	0	1,000	24,800	25,800	1,361	727		12,849	11
14	FAISALABAD	11,009	10,669	0	0	10,500	10,500	169	340		3,509	3
15	JHANG	7,275	5,725	0	600	4,985	5,585	140	1,550		4,258	5
16	MIANWALI	0	0	0	0	0	0	0	0		0	0
17	BHAKKAR	0	0	0	0	0	0	0	0		0	0
18	SARGODHA	0	0	0	0	0	0	0	0		0	0
19	RAHIM YAR KHAN	15,182	14,249	0	400	12,200	12,600	1,649	933		7,882	16
20	BAHAWALPUR	29,102	28,127	0	0	27,350	27,350	777	975		14,944	18
21	BAHAWALNAGAR	30,925	29,995	0	0	27,996	27,996	1,999	930		18,125	14
TOTAL OF PUNJAB:		**388,568**	**372,569**	**0**	**7,500**	**346,438**	**353,938**	**18,631**	**15,999**		**189,695**	**182**
LAST YEAR'S TOTAL:			**DATA WAS NOT COLLECTED LAST YEAR AS ON 01.08.2022**									
1	HYDERABAD	80,900	73,681	0	0	70,090	70,090	3,591	7,219		34,200	16
2	MIRPUR KHAS (THAR	59,900	51,803	0	0	46,264	46,264	5,539	8,097		24,350	10
3	SANGHAR	721,149	673,625	0	0	671,365	671,365	2,260	47,524		232,915	101
4	NAWABSHAH	63,594	54,824	0	0	52,700	52,700	2,124	8,770		36,144	24
5	NAUSHERO FEROZE	23,670	21,680	0	0	21,100	21,100	580	1,990		13,270	8
6	KHAIRPUR	9,897	8,897	0	0	7,462	7,462	1,435	1,000		7,397	6
7	GHOTKI	0	0	0	0	0	0	0	0		0	0
8	SUKKUR	2,160	1,900	0	0	1,800	1,800	100	260		2,160	2
9	DADU	0	0	0	0	0	0	0	0		0	0
10	JAMSHORO	32,000	30,118	0	0	29,700	29,700	418	1,882		10,200	8
11	BADEEN	5,700	5,250	0	0	4,800	4,800	450	450		2,250	3
12	BALUCHISTAN	41,100	33,500	0	0	33,100	33,100	400	7,600		18,050	8
TOTAL OF SINDH		**1,040,070**	**955,278**	**0**	**0**	**938,381**	**938,381**	**16,897**	**84,792**		**380,936**	**186**
LAST YEAR'S TOTAL:			**DATA WAS NOT COLLECTED LAST YEAR AS ON 01.08.2022**									
TOTAL OF PAKISTAN:		**1,428,638**	**1,327,847**	**0**	**7,500**	**1,284,819**	**1,292,319**	**35,528**	**100,791**		**570,631**	**368**
LAST YEAR'S TOTAL:			**DATA WAS NOT COLLECTED LAST YEAR AS ON 01.08.2022**							0		
F. Nightly Flow		570,631				**TOTAL UNSOLD STOCK:**		**136,319**				

ARRIVAL FIGURES CAN ALSO BE SEEN ON OUR WEB SITE: www.pcga.org

Deputy Secretary

Secretary General

COTTON CROP SOWING & PRODUCTION TARGET 2023-24

COTTON CROP PRODUCTION ASSESMENT 2023-24								
Province	Proposed Target		Area Sown (Million Hectares)			Area (Million Acres)	Yield Kg/Hec Phutti Mounds/Ac	Production
	Area (Million Hectares)	Production (Million Bales)	Previous Year 2022-23	2023-24	% Against Target			Against Sowing (Million Bales)
Punjab	2.02	8.336	1.485	1.95	97%	4.818	702 21 Mounds	8.09
Sindh	0.67	4.000	0.515	0.62	93%	1.532	1013 30 Mounds	3.72
KPK	0.002	0.004	0.002	0.003	150%	0.007	336 10 Mounds	0.0047
Baluchistan	0.073	0.430	0.070	0.101	138%	0.250	998 30 Mounds	0.5969
Total	2.767	12.77	2.07	2.68	97%	6.622	785 24 Mounds	12.41

EVENT BRIEF

KHANEWAL MODEL FARM INAUGURATION BY FON GROW UNDER GREEN PAKISTAN INITIATIVE

On Monday, July 24th, 2023, Fon Grow, a subsidiary of Fauji Foundation, inaugurated the Khanewal Model Farm as a pivotal component of the Green Pakistan initiative. This groundbreaking agricultural project served as a platform to showcase contemporary farming techniques and technologies, emphasizing the significance of ecologically responsible practices within the agricultural domain. The event, which transpired in Khanewal, marked a significant stride in Pakistan's agricultural advancement. The inauguration featured a series of diverse agricultural demonstrations that spotlighted cutting-edge farming methodologies, including mechanized sowing and plowing renowned for their resource efficiency. The riveting drone operations showcase underscored drones' role in precision agriculture, optimizing irrigation and overall farm management. The event also highlighted the transformative impact of combined mechanical harvesters on productivity and labor efficiency. A field visit provided insight into cotton crop cultivation, a pivotal cash crop for Pakistan. Distinguished guests, including the Prime Minister of Pakistan as Chief Guest and the Chief of Army Staff as Guest of Honor, graced the occasion. The inauguration of the Khanewal Model Farm by Fon Grow, a Fauji Foundation enterprise, stood as a monumental occasion in Pakistan's agricultural landscape. With advanced farming demonstrations and esteemed guests, the event underscored the nation's unwavering dedication to sustainable agriculture and technological advancement, setting a formidable precedent for future initiatives aimed at enhancing Pakistan's agricultural efficiency, productivity, and ecological consciousness.

Meeting Reports:

1. On July 31, 2023, a meeting titled "**Management of Cotton Insect Pests**" took place at the MNS-University of Agriculture Multan. Recommendations were discussed for cotton crop management in August 2023, covering aspects like spraying techniques, focusing on whitefly population, balanced fertilizer use, specific pesticides for jassid, whitefly, and Thrips control, plucking rosetted flowers for PBW in seasonal sown crops, evening-time pesticide applications, and regular pest scouting. Various experts shared insights on pest situations, crop conditions, and strategies to improve cotton quality. The meeting concluded with a sense of collaboration and gratitude among participants from different sectors.

2. The meeting titled "**Cotton Productivity and Profitability Enhancement in Punjab**," held at the South Punjab Secretariat in Multan on August 1st, 2023, focused on addressing challenges and proposing recommendations to enhance cotton crop productivity and profitability in Punjab. Attendees discussed revising cotton division plans, collaborating with China for variety development, emphasizing research on CRISPR and GMOs, acquiring seed technology from China, developing saline and heat tolerance varieties, promoting cluster farming, providing advisory services to farmers, and leveraging the role of IMP in organic farming. The meeting featured presentations by officials, discussions on insect pests and quality seeds, and concluded with the formation of a committee tasked with delivering a report within two weeks. Participants included government officials, agricultural experts, and representatives from various organizations.

ELS and LS Cotton:

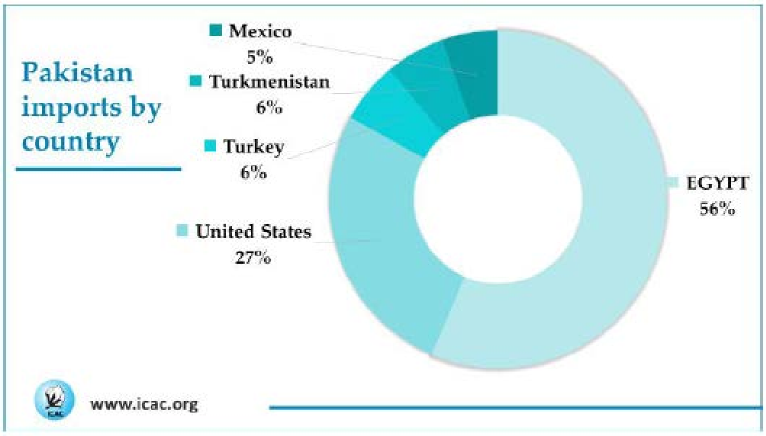
Pakistan is one of the world's leading consumers and importers of ELS and LS cotton. Pakistan consumed 108,000 tonnes of ELS and LS cotton in the 2021/22 season and is expected to maintain that level of consumption next season. Pakistan meets its domestic consumption needs through imports and mostly sources its cotton from Egypt (56% of its total ELS and LS imports in 2021/22). Pakistan also imports cotton from United States, Turkey, Turkmenistan, Mexico amongst others. Pakistan defines the Extra-long staple variety of cotton for the length exceeding 31 mm. It defines long staple cotton for the length exceeding 28.5 mm but not exceeding 31 mm.

INTERNATIONAL COTTON ADVISORY COMMITTEE

CONSUMPTION			
BANGLADESH	10	4	6.89984
CHINA LS/ELS	125	120	120
INDIA	171	159	150
PAKISTAN ELS	3	4	4
PAKISTAN LS	70	104	104
PERU	15	20	23
TAIWAN	0.52	0.58	0.60
THAILAND	2	4	4
TURKMENISTAN	19	16	15
TURKEY	15	15	16
UZBEKISTAN	1	3	4
VIETNAM	14	9	8
OTHER	7	6	6
TOTAL	452	465	461

IMPORTS			
BANGLADESH	13	5	5
CHINA LS/ELS	50	50	55
INDIA	112	95	90
PAKISTAN ELS	3	5	5
PAKISTAN LS	87	130	130
PERU	10	13	13
TAIWAN	0.65	0.6	0.60
THAILAND	3	4	4
TURKEY	5	2	3
VIETNAM	17	8	8
OTHERS	3	3	3
TOTAL	304	315	316

1. The imports and exports wont match because the definition of ELS and LS cotton for different country's is different. For example, for Egypt the ELS cotton varieites are minimum 33.57 mm and above (amongst other characteristics) but for Pakistan any cotton fibre length exceeding 31 mm is ELS.



Support of China for Revival of Cotton in Pakistan

APTMA has requested significant assistance from China to support various research and development aspects aimed at enhancing cotton production in Pakistan. Specifically, we have sought China's expertise in GMO technology, seed production efficiency, mechanization of cotton production, and the establishment of a Center of Excellence for Cotton R&D. China's longstanding experience in these domains can immensely benefit Pakistan's cotton industry. Collaboration with China in sharing knowledge, advanced technologies, and establishing joint ventures will play a pivotal role in addressing the challenges faced by Pakistan's cotton sector. Our proposal also emphasizes the need for capacity building programs and training opportunities for Pakistani stakeholders, focusing on the latest cotton technologies and sustainable farming practices. By working in tandem, Pakistan and China can facilitate significant progress in bolstering cotton production and ensuring the industry's long-term sustainability. Furthermore, China's expertise in sustainable cotton cultivation practices, water management, integrated pest management, and soil health improvement can greatly contribute to promoting environmentally friendly approaches in Pakistan's cotton sector. The meeting included participation from esteemed experts and representatives from China, including President Huaiyu Lu, Director Qun Huang, and other key figures from various research institutions and organizations in China, who shared their valuable insights and expertise. This collaborative effort between China and Pakistan holds the potential to drive transformative change in the cotton industry, paving the way for enhanced productivity and sustainability.

Cotton Crop Situation:

The APTMA Cotton experts conducted a comprehensive assessment of the cotton crop situation in Multan and D.G Khan divisions. Overall, early sown cotton fields exhibited satisfactory performance with good boll count and picking (12-14 mounds/acre) already underway. However, 38 spots in these divisions were severely impacted by infestations of Jassid (20), Thrips (10), and whitefly (7), posing a significant threat to the crop. Other pests like termite, Dusky Cotton Bug, and Army Worm were also observed at some locations. Agronomic practices and crop health were generally positive, with variations in plant population, height, and boll count. Notably, whitefly and Jassid infestations were alarmingly high in certain areas, necessitating immediate pesticide application. The report also provided recommendations for potash use, micronutrient supplementation, and specific insecticide treatments. The overall crop condition was favorable, but vigilance and appropriate measures were advised to safeguard against pest damage.

Section 4: APTMA Publications

The following articles were published by the APTMA Team during the month of July 2023:

1) **'Setting the Record Straight'** by Dr. Gohar Ejaz, Dawn, Business Recorder, News 24:

- https://epaper.dawn.com/DetailNews.php?StoryText=24_07_2023_603_001
- https://www.brecorder.com/news/40252303/setting-the-record-straight
- https://dnews24.tv/pakistan/setting-the-record-straight-dr-gohar-ejaz/

2) **'Revitalizing Pakistan's Textile Sector: Overcoming Challenges for Growth'** by Dr. Gohar Ejaz, Global Village Space:

- https://www.globalvillagespace.com/revitalizing-pakistans-textile-sector-overcoming-challenges-for-growth/

3) **'Export-Led Growth: Pakistan's Path to Economic Stability' Growth'** by Dr. Gohar Ejaz, Global Village Space:

- https://www.globalvillagespace.com/export-led-growth-pakistans-path-to-economic-stability/

4) **'Cotton Crisis: Challenges, Opportunities and the Way Forward for Pakistan's Rural Economy'** by Mr. Shahid Sattar and Ms. Amna Urooj, The News and Global Village Space:

- https://www.thenews.com.pk/amp/1095562-cotton-crisis
- https://www.globalvillagespace.com/cotton-crisis-challenges-opportunities-and-the-way-forward-for-pakistans-rural-economy/

5) **'Exports collapsing under power sector burden'** by Mr. Shahid Sattar and Mr. Absar Ali, Business Recorder:

- https://www.brecorder.com/news/40254854/exports-collapsing-under-power-sector-burden

Section 5: Energy Insights

News:

Balancing the Energy Equation and Pakistan's Renewable Energy Dilemma

There is an energy dilemma in Pakistan that is posing challenges in transitioning to renewable energy while meeting its growing energy demand. The analogy of Schrödinger's cat is used to represent the uncertainty of Pakistan's energy future until a decision is made. A World Bank study suggests that Pakistan should rapidly scale up solar and wind generation to achieve at least 30% of total capacity by 2030, which would lead to cost savings, energy security, and reduced greenhouse gas emissions. However, achieving this goal requires significant investment in the transmission system, policy reforms, and public awareness. The comparison to Schrödinger's cat implies that embracing renewable energy presents both challenges and opportunities. By closely monitoring and optimizing renewable energy sources, Pakistan can make them more reliable and efficient. Ultimately, it emphasizes the need for innovative solutions and the willingness to embrace renewable energy for a sustainable future.

Pakistan Faces Looming Energy Crisis as It Holds Off on Costly LNG Purchases

Pakistan is facing a potential energy crisis as it decides to postpone purchasing costly liquefied natural gas (LNG) cargoes until early next year. Trafigura Group offered LNG at a 30% premium, but Pakistan LNG Limited chose not to buy it due to the high price. This decision comes after Pakistan received a $3 billion bailout from the IMF to address its cash shortage and stabilize the economy. In a separate development, Pakistani state-owned companies are partnering with Saudi Aramco in a $10-billion Greenfield Refinery project at Gwadar Port, which is expected to enhance Pakistan's oil supplies from a more favourable source.

Shifting Energy Dynamics: Pakistan's Move to Reduce Imported Fuels and Boost Indigenous Resources

Pakistan is taking steps to reduce its dependence on imported fuels in its energy mix as a response to dwindling foreign reserves and financial challenges. The share of furnace oil (FO) in the energy mix has significantly decreased, marking a 64 percent decline over the past 11 months compared to the previous year. In May 2023, FO represented only 2 percent of the energy mix, down 81 percent year-on-year. The country aims to phase out FO by 2031, with the Indicative Generation Capacity Expansion Plan targeting a 59 percent share of green energy.

The shift away from FO is attributed to increased generation from cheaper sources like hydel, local coal, and nuclear energy. The use of liquefied natural gas (LNG) and FO, the more expensive fuel sources, has decreased. This transition has helped lower the overall power generation cost and ease the burden on the import bill. The increased production of coal from Thar coal mines is contributing to countering the energy crisis, with plans for further expansion in Phase III, potentially making coal one of the cheapest fuel sources. With vast coal deposits in Thar, Pakistan has the potential to achieve energy self-sufficiency for decades.

By reducing FO usage and maximizing indigenous resources, Pakistan is working towards greater energy security, reduced reliance on expensive imports, and addressing its economic challenges.

Empowering Pakistan's Economy: Harnessing Energy Conservation for Billions in Savings

Pakistan has the potential to save over $6.4 billion annually through energy conservation and efficiency measures, according to the National Energy Efficiency & Conservation Authority (NEECA). The NEECA has developed a National Energy Efficiency & Conservation (NEEC) Policy 2023 and a National Action

Plan 2023, which have been approved by the Federal Cabinet. The policy focuses on key areas such as the power sector, building codes, transport, and agriculture. It includes regulatory measures such as compliance with energy performance standards, labeling for appliances, energy conservation building codes, mandatory energy audits, and the procurement of energy-efficient equipment in public procurements. The policy aims to reduce the burden on the national exchequer, support climate mitigation, and benefit consumers by lowering utility bills. A public awareness campaign will be launched to inform the public about the policy, and efforts will be made to encourage investments in energy efficiency and conservation. Analysis of the NEEC 2023-2030 policy for the industry is given below and for the petroleum and power sector is attached **below**.

Analysis of National Energy Efficiency and Conservation Policy 2023-2030 (Industry)
Technical Analysis:

- **Energy Intensity Comparison:**

The technical analysis highlights that the industrial sector in Pakistan is highly energy-intensive compared to Europe. The energy intensity of 0.117 kgoe/$GDP(PPP) is significantly higher than the 0.08 kgoe/$GDP in Europe. This indicates that the industrial processes in Pakistan are less energy-efficient, leading to higher energy consumption per unit of economic output.

- **Emission Reduction Targets:**

The policy sets a target of saving 2.3 MTOE of energy, which will result in an emission reduction of 8.97 $MTCO_2$ by 2030. This is a commendable goal as it aligns with international efforts to reduce carbon emissions and mitigate climate change. However, the success of achieving these targets depends on the effective implementation of the proposed sectoral measures.

- **Ban on Motors and Efficiency Improvement:**

The policy proposes a ban on the manufacture, sale, and import of motors that do not meet the International Efficiency Class 2 (IE2) standard by 2027. This measure aims to promote the use of more energy-efficient motors in industrial processes. Similarly, the tune-up, retrofitting, and replacement of inefficient boilers and furnaces by 2026 and 2028, respectively, are crucial steps toward improving energy efficiency in the industrial sector.

- **Mandatory Energy Audits and Energy Management System:**

The policy calls for mandatory energy audits of designated consumers in the industrial sector by 2026. This is a positive step as it will help identify energy-saving opportunities and formulate effective energy management plans. Furthermore, the placement of energy managers and deployment of Energy Management Systems (EnMS) across designated consumers can facilitate continuous monitoring and optimization of energy consumption.

Gaps and Challenges:

- **Phased Implementation:**

While the policy outlines several important measures, it does not provide a clear timeline for the phased implementation of these actions. A well-defined timeline is crucial to ensure that the objectives are met within the specified timeframe.

- **Lack of Specific Targets:**

The policy sets an overall energy-saving target of 2.3 MTOE and an emission reduction target of 8.97 $MTCO_2$. However, it lacks specific sector-wise targets, which are essential for tracking progress and holding stakeholders accountable.

Fuel Prices and Trends:

Month	Price US$ per barrel	Change %
September-22	90.16	-8.56%
October-22	93.13	3.29%
November-22	91.07	-2.21%
December-22	80.9	-11.17%
January-23	83.09	2.71%
February-23	82.71	-0.46%
March-23	78.53	-5.05%
April-23	84.11	7.11%
May-23	75.7	-10.00%
June-23	74.89	-1.07%
Jul-23	80.1	6.96%

Source: World Bank Commodity Price Data

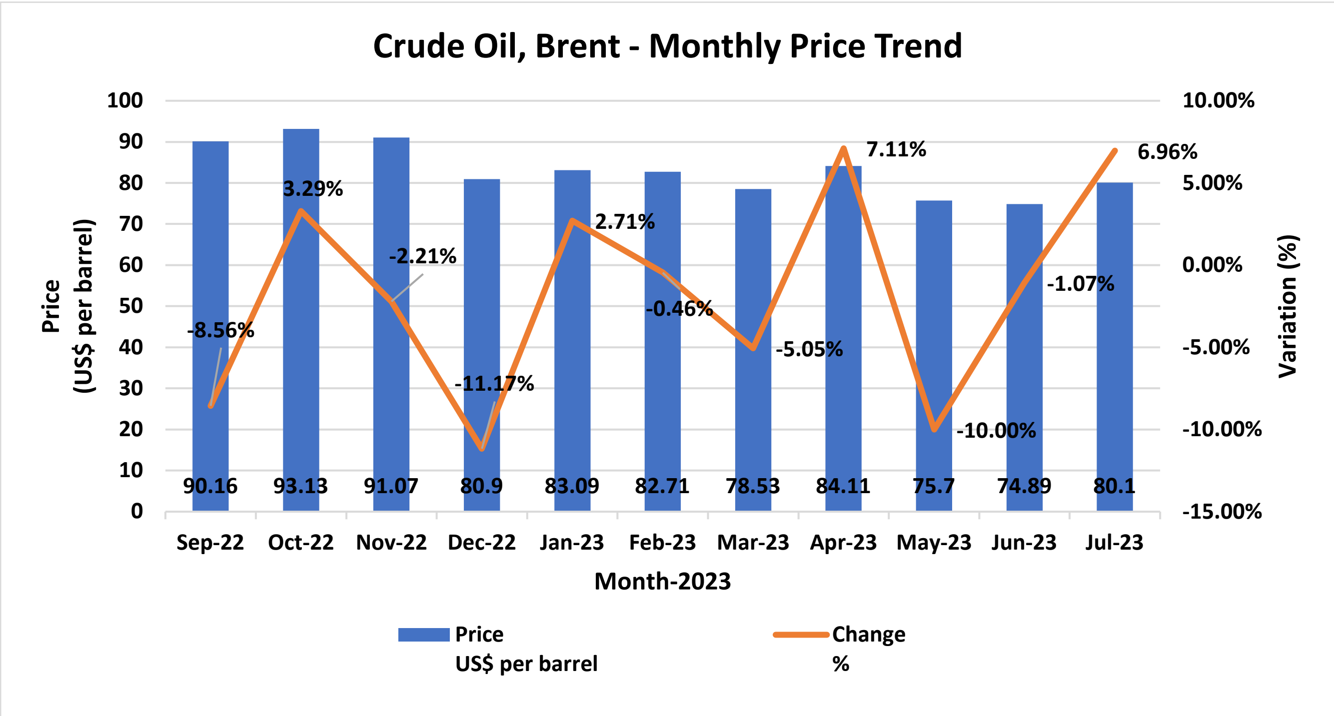


Figure 1Crude Oil, Brent - Monthly Price - Price Trend in US$ per barrel

Local Fuel Prices:

Petrol Super	253	272.95	7.9%
High-Speed Diesel	260.5	273.4	5.0%
Light Speed Diesel	147.68	147.68	0.0%
Kerosene Oil	164.07	164.07	0.0%

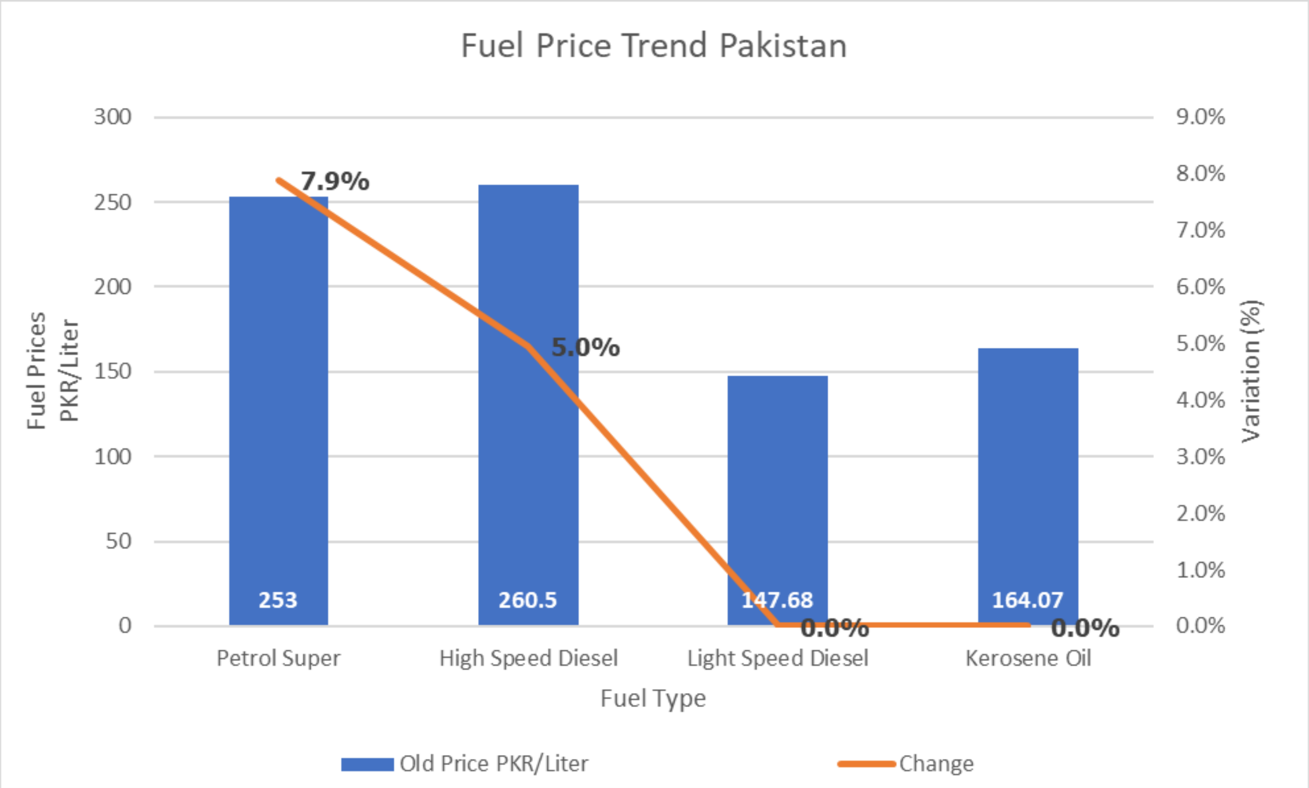


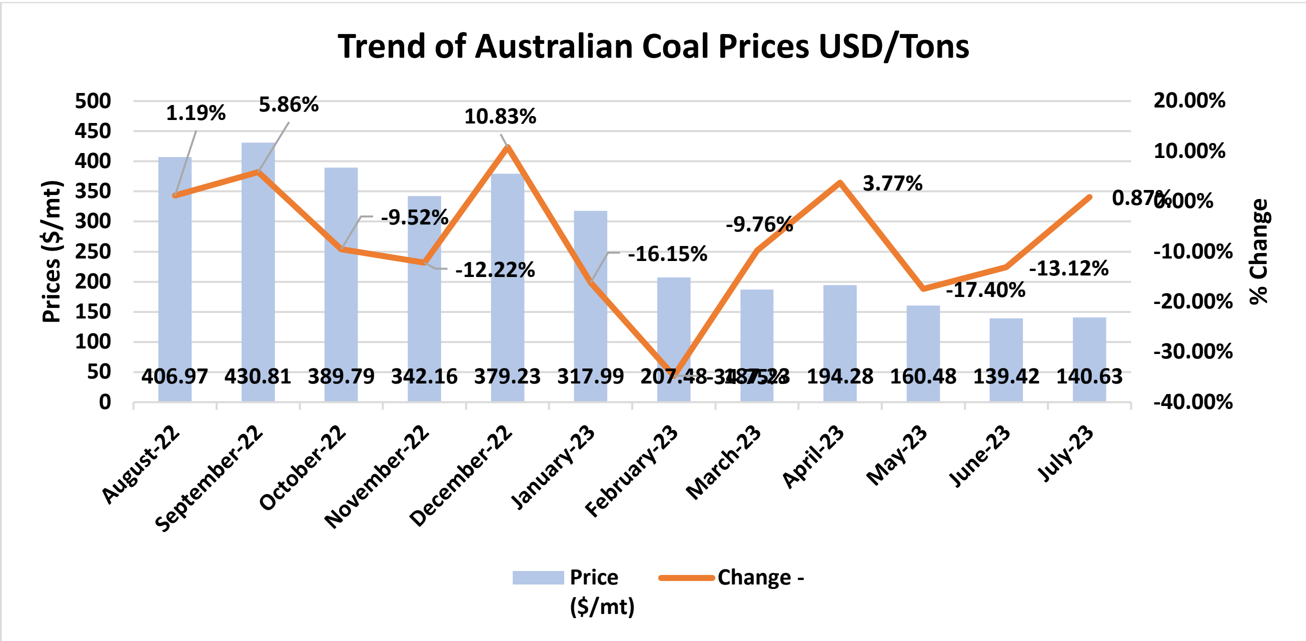
Figure 2 Local Fuel Price variation trend as of August 2023

<u>Coal:</u>

Australian Coal Prices:

July-22	402.2	-
August-22	406.97	1.19%
September-22	430.81	5.86%
October-22	389.79	-9.52%
November-22	342.16	-12.22%
December-22	379.23	10.83%
January-23	317.99	-16.15%
February-23	207.48	-34.75%
March-23	187.23	-9.76%
April-23	194.28	3.77%
May-23	160.48	-17.40%
June-23	139.42	-13.12%
July-23	140.63	0.87%

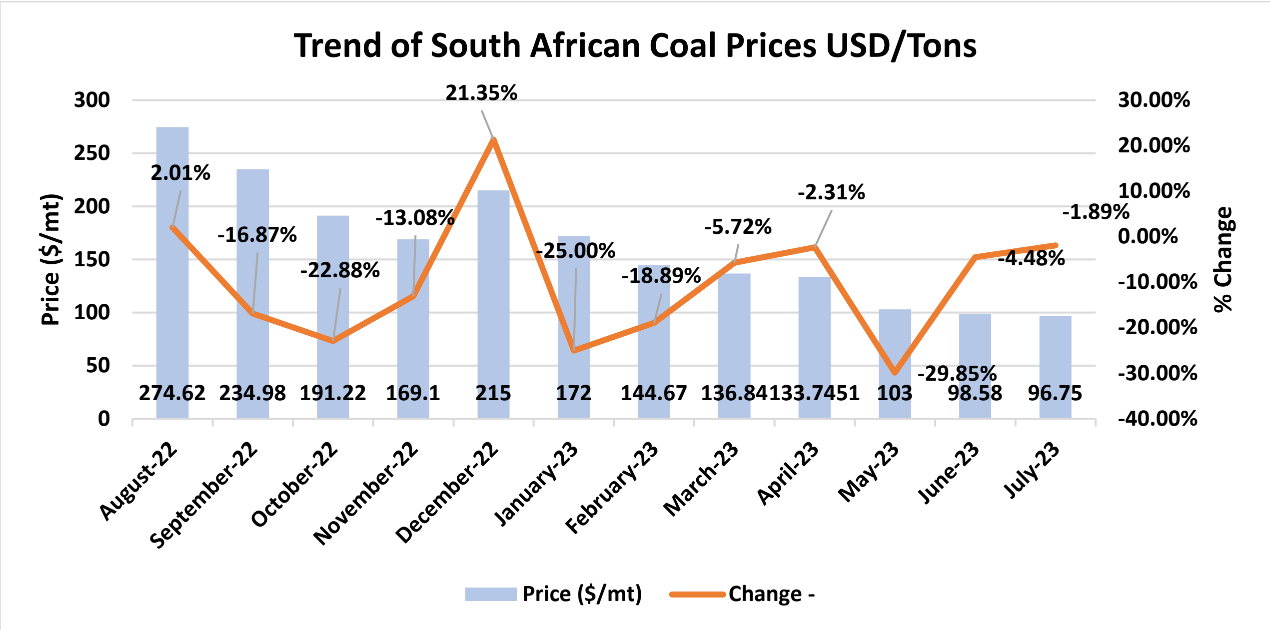
Source: World Bank Commodity Price Data



South African Coal Prices:

	($/mt)	
July-22	269.09	-
August-22	274.62	2.01%
September-22	234.98	-16.87%
October-22	191.22	-22.88%
November-22	169.1	-13.08%
December-22	215	21.35%
January-23	172	-25.00%
February-23	144.67	-18.89%
March-23	136.84	-5.72%
April-23	133.75	-2.31%
May-23	103	-29.85%
June-23	98.58	-4.48%
July-23	96.75	-1.89%

Source: World Bank Commodity Price Data



1. ANALYSIS OF NATIONAL ENERGY EFFICIENCY AND CONSERVATION POLICY 2023-2030 (POWER & PETROLEUM)

Technical Analysis

- **Power Sector Losses:**

Pakistan's power sector experiences high distribution losses, with an average of about 20%, and some Distribution Companies (DISCOs) even face losses exceeding 38%. These losses indicate inefficiencies in the distribution network, leading to wastage of energy and increased operational costs.

- **Generation Capacity vs. Demand:**

The installed generation capacity in Pakistan's power sector has reached 41,557 MW, exceeding the maximum total demand of 30,000 MW. However, the transmission and distribution network can only evacuate 22,000 MW, resulting in the operation of inefficient power plants over more efficient ones. This imbalance leads to underutilization of some generation assets and hampers overall energy efficiency.

- **Demand Side Energy Efficiency:**

The NEEC policy rightly focuses on implementing energy efficiency measures on the demand side to address the high distribution losses and improve overall energy conservation. By implementing Demand Side Management (DSM) programs, the power sector can better manage peak demands and reduce wasteful consumption.

- **Heat Rate Assessment and Energy Efficiency Evaluation:**

The policy proposes bi-annual heat rate assessments of Generation Companies (GENCOs) and Independent Power Producers (IPPs) to ensure their performance aligns with designed efficiency. Additionally, introducing an evaluation mechanism for energy-efficient appliances during basic load profiling will encourage the use of energy-efficient technologies and practices.

- **Certification and Renewable Portfolio Standards:**

The policy aims to improve energy efficiency by mandating certification for captive power plants through a national energy-saving certification program by 2025. Moreover, the implementation of Renewable Portfolio Standards (RPS) will encourage the use of renewable energy sources, reducing reliance on conventional fossil fuels and promoting sustainable practices.

Gaps:

- **Specific Loss Reduction Targets:**

While the policy identifies the need for energy efficiency measures in the power sector, it lacks specific targets for reducing distribution losses. Setting quantifiable goals for loss reduction would provide a clear roadmap and accountability for achieving energy conservation.

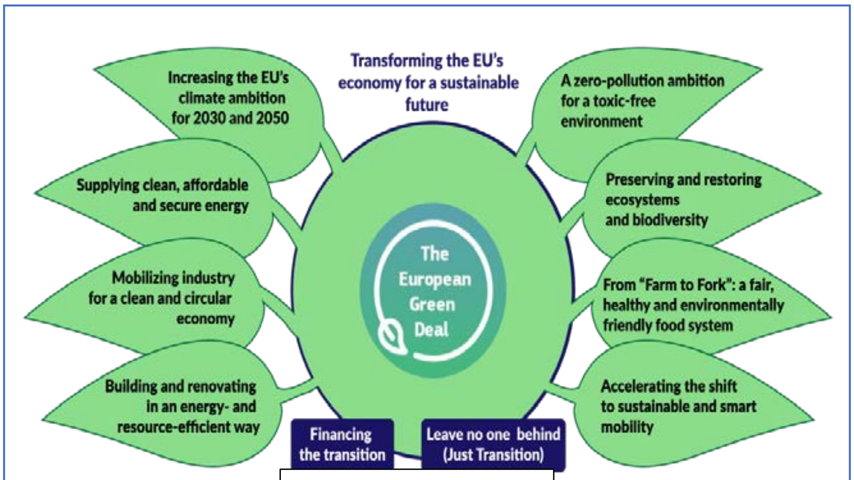
- **Transmission and Distribution Network Upgrades:**

The policy focuses on demand-side measures and efficiency improvements in power generation but does not address the urgent need for upgrading the transmission and distribution network to handle the increasing capacity and reduce transmission losses.

Section 6: Sustainability and Compliance Department

Objectives

- To produce research articles/reports/position papers on sustainability practices of the member textile mills and issues concerning their advancement in regards to the international sustainability and compliance requirements such as decarbonization, labor rights and water and waste efficiency
- To arrange awareness sessions/webinars/trainings and circulate sustainability-related knowledge material to equip the members with the most updated global social and environmental sustainability and compliance requirements such as Net-Zero, traceability, EU's Green Deal and EU Strategy for Sustainable and Circular Textiles
- To safeguard the business interests of the members through liaising with the government on policy and legislative measures related to textile industry's sustainability and compliance requirements
- To showcase the sustainability progress of the members on media platforms, during events and meetings with stakeholders from the government and non-government organizations, diplomatic partners and development actors



The EU Green Deal

ACHIEVEMENTS AND COLLABORATIONS

ACHIEVEMENTS

- ***The National Compliance Centre (NCC)***

APTMA collaborated with the Ministry of Commerce as a key stakeholder for the establishment of the National Compliance Centre.

NCC is the first of its kind in Pakistan, which demonstrates a strong commitment of the government as well as the industry stakeholders towards compliance to the mandatory UN conventions on labor and human rights and environment and good governance. NCC aims to help businesses in the country become more sustainable and competitive by promoting and improving environmental, social, and labor standards. The facility's objective is to provide a one-window solution to ensure international compliance requirements but also to facilitate Pakistan's exporters and national and international certification bodies through capacity building and dialogue.

NCC will be using a cluster approach to address the concerns of the Pakistani industries, plan their addressal and enhance compliance. These clusters are Human Rights, Climate Change, Governance and Corporate Due Diligence, Quality Assurance Standards, Sanitary and Phytosanitary Standards, Sustainability, Labor Rights, and Traceability.

Eight Key Compliance Clusters under the National Compliance Centre

COLLABORATIONS

- Ministry of Commerce
- Ministry of Planning, Development and Special Initiate
- National Textile University (NTU)
- ILO'S Better Work Pakistan Program
- Consulting firms such as SGS and Bureau Veritas for information dissemination

EVENTS/WORKSHOPS/CONFERENCES

- WWF's 'Celebration on 50 Years of Saving Nature in Pakistan'

The event took place on 30th May 2023 and aimed to reflect on WWF's journey in Pakistan, key achievements and future conservation and environment-related projects to be explored.

- 'Textile and Ready-Made Garment Industry Forum' organized by ILO and IFC

The forum took place on 25th May 2023 in Karachi and it aimed to bring together the stakeholders from the government, international brands, donor agencies, subject experts, industry and international missions to explore issues pertinent to Pakistan's textile and ready-made garment industries, exports, sustainability and the economy.

The forum provided an opportunity to discuss some of the major challenges Pakistan's textile and ready-made garment industry is currently experiencing, which include:

- Compliance and its importance for Pakistan's trade agreements
- Product and market diversification opportunities
- Barriers to gender participation in the workforce

- NTU's '2nd International Conference on Knowledge-Based Textiles'

The National Textile University arranged the conference on 14th-15th February 2023. The conference aimed to assess the status of value addition in textiles and to develop a scientific plan for product diversification in order to achieve long-term growth in textile exports. It brought together leading academic scientists, research scholars, and industry specialists to debate and exchange their knowledge, experiences, and research achievements in all fields of textiles.

- 'Pathways to Development: Equitable and Sustainable Growth in Pakistan' conference organized by LUMS

The conference took place on 19th Dec 2022 and included panel discussions and paper presentations on issues of macroeconomic stability, export and innovation challenges, climate change, energy for development, governance and accountability, the political economy of service delivery, and law and social justice.

- Inception workshop on the project 'Reducing Uses and Release of Chemicals of Concern, Including POPs in the Textile Sector' organized by the Ministry of Climate Change in collaboration with the Basel and Stockholm Conventions Regional Centre for South East Asia UNEP on 12th Oct 2022. The participating countries were Bangladesh, Vietnam, Indonesia and Pakistan.
- World Bank's National Dissemination Event organized to launch the Country Climate and Development Report on 17th March 2023.
- The 'Roll-Out of the National Compliance Centre (NCC)' organized by the Ministry of Commerce on 18th April 2023.
- GIZ's 'Strategic Dialogue on Promotion of Sustainable Textiles' on March 1st 2023.

THE EUROPEAN UNION's GENERALIZED SCHEME OF PREFERENCES (GSP+)

Pakistan was granted the GSP+ status in 2014 and is the largest beneficiary of this status among all the awardee countries which include Bolivia, Cape Verde, Kyrgyzstan, Mongolia, Philippines, Sri Lanka, and Uzbekistan (European Commission 2022). The scheme, however, expires for Pakistan in December 2023 (with a grace period of 2 years) and the focal point of eligibility criteria for the GSP+ continuation is heavily reliant on whether Pakistan complies stringently with the 27 core international conventions on human and labor rights and environment and good governance, along with the conventions to be newly imposed by the European Union.

The following are the 27 conventions, 8 are related to environmental protection, 4 relate to good governance, 7 are linked to human rights and 8 are associated to labour rights:

Environmental Protection	Convention on International Trade in Endangered Species of Wild Fauna and Flora (1973)
	Montreal Protocol on Substances that Deplete the Ozone Layer (1987)
	Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (1989)
	Convention on Biological Diversity (1992)
	United Nations Framework Convention on Climate Change (1992)
	Cartagena Protocol on Biosafety (2000)
	Stockholm Convention on persistent Organic Pollutants (2001)
	Kyoto Protocol to the United Nations Framework Convention on Climate Change (1998)

Good Governance	United Nations Single Convention on Narcotic Drugs (1961)
	United Nations Convention on Psychotropic Substances (1971)
	United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (1988)
	United Nations Convention against Corruption
Human Rights	Convention on the Prevention and Punishment of the Crime of Genocide (1951)
	International Convention on the Elimination of All Forms of Racial Discrimination (1969)
	International Covenant on Civil and Political Rights (1976)
	International Covenant on Economic, Social and Cultural Rights (1976)
	Convention on the Elimination of All Forms of Discrimination against Women (1981)
	Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (1987)
	Convention on the Rights of the Child (1990)
Labour Rights	Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87)
	Right to Organize and Collective Bargaining Convention, 1949 (No. 98)
	Forced Labour Convention, 1930 (No. 29) (and its 2014 Protocol)
	Abolition of Forced Labour Convention, 1957 (No. 105)
	Worst Forms of Child Labour Convention, 1999 (No. 182)
	Equal Remuneration Convention, 1951 (No. 100)
	Discrimination (Employment and Occupation) Convention, 1958 (No. 111)
	Minimum Age Convention, 1973 (No. 138)

GSP+ is a rights-based economic package for Pakistan. Its continuation is crucial for the country to achieve steadily growing exports as in the absence of this status, "the country would have to face an MFN Tariff of a maximum of 12% for most traded commodities under GSP+ and would also be paying an anti-dumping duty of 13% to the EU on cotton bed linen" (Javaid 2022). The status has advanced Pakistan's efforts in improving compliance with the all-encompassing international treaties on human and labor rights and environment and good governance and has expanded its capabilities to grow in a sustainable manner, diversify its economy and create employment opportunities.

Pakistan's textile industry is the key player benefitting from the GSP+ autonomous concession as it contributes to more than 75% of the total country exports to the EU. Therefore, the status's renewal is crucial for the industry to expand its export market to the EU but also to be abreast with the export growth of other regional competitors. The industry has rightly pursued the GSP+ requirements and has taken excellent initiatives to promote social and environmental sustainability. Measures related to clean energy and decarbonization to tackle climate change, water efficiency, employee skill development and wellbeing and CSR (Corporate Social Development) can be seen to be propagated through the industry. However, challenges related to gender discrimination, health and safety and poor labor inspection system need maximum consideration.

Regarding the GSP+ renewal, Regulation (EU) No 978/2012, which applies the scheme of generalized tariff preferences, is set to expire on December 31, 2023, and a new Regulation is being proposed to replace it.

Due to uncertainties in the legislative process, there was a risk of discontinuity in the GSP status. However, to ensure continuity, the current regulation is proposed to be extended until December 31, 2027, as it will provide sufficient time for the adoption of the new regulations. If the new regulations become applicable before that date, the extension will be adjusted accordingly. The regulation will enter into force upon publication, and if published after December 31, 2023, it will apply retroactively from January 1, 2024. The regulation is binding and directly applicable in all EU Member States.

The GSP consists of three arrangements:

Standard GSP: For low and lower-middle income countries, providing for a reduction or full removal of customs duties on two thirds of EU tariff lines.

GSP+: The special incentive arrangement for sustainable development and good governance, which reduces tariffs to 0% for broadly the same tariff lines as Standard GSP. It is granted to vulnerable low and lower-middle income countries that implement 27 international conventions related to human rights, labour rights, protection of the environment and good governance.

EBA (Everything but Arms): The special arrangement for least developed countries (LDCs), providing them with duty-free, quota-free access to the EU market for all products except arms and ammunition.

The EU Commission has built a strong reputation and credibility over the years, and their recommendations generally receive careful consideration during legislative interventions. In the context of the current proposal, which aligns closely with the interests of Pakistan and other beneficiaries, APTMA is confident that the concerns raised by the commission will be thoroughly reviewed and appropriately addressed.

BEST PRACTICES– INDUSTRY EXAMPLES

- **Sarena Textile Industries**

Sarena has shown a profound commitment to ensure sustainability in operations and compliance with the most rigorous sustainability standards. Focusing on the triple bottom line; people, prosperity and the planet has helped Sarena to work thoroughly towards creating more value in terms of sustainability. The company has introduced integrated and sustainable technologies and techniques to remain competitive in the global export market.

Sarena aligns it's work with the general purpose of the SDGs to create a more sustainable and prosperous world. Its efforts in responsible sourcing, water stewardship, energy conservation, carbon footprint reduction, employee welfare & CSR initiatives and certifications & transparency contribute to several SDGs. The company realizes the importance to adopt the ambitious global goals because the challenges facing the world, including climate change, inequality, and poverty, are urgent and require immediate actions to address.

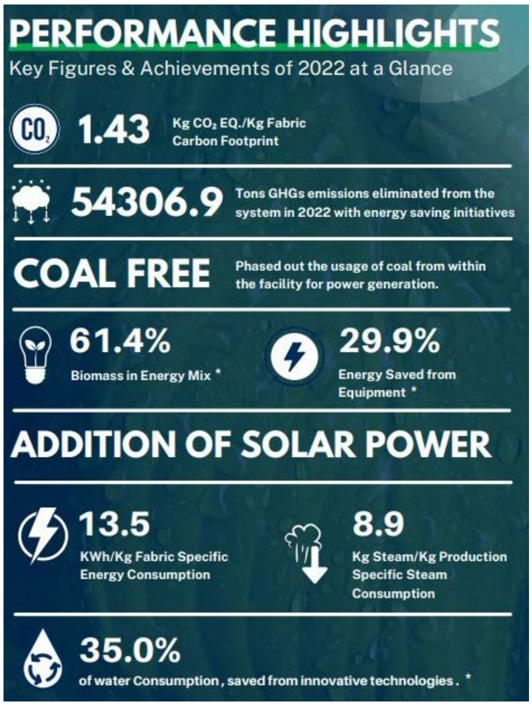
Sarena's key performance highlights of 2022:

PRODUCT STEWARDSHIP

Through its R&D labs, Sarena assesses innovations and evaluates new and more sustainable materials and technologies.

It promotes eco-friendly textile products made with both organic and synthetic raw materials, sourced responsibly to minimize harm to nature, animals, and human health along the supply chains. Sarena also uses cotton that is certified to the Global Organic Textile Standard (GOTS), Organic Content Standard (OCS), FairTrade and Better Cotton Initiative (BCI). The cotton grown under these programs is made in ecologically and socially responsible ways, while using natural fertilizers and pest control methods.

Sarena promotes sustainable chemical management through compliance with the ZDHC's Manufacturing Restricted Substance List (MRSL) and REACH standards. Products are also tested at regular intervals for Restricted Substance List (RSL) and Oeko-tex Standard 100.



WATER STEWARDSHIP

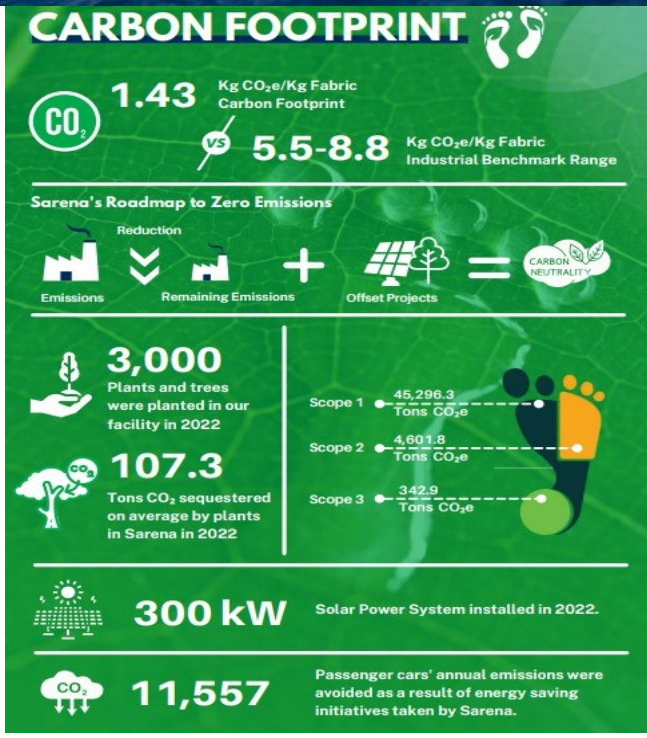
Water conservation so far has been among the key aspects of Sarena's sustainability journey.

Owing to its exemplary water stewardship, Sarena was also the only South-Asian company to be invited to the prestigious World Water Week 2019, organized by Stockholm International Water Institute.

ENERGY EFFICIENCY

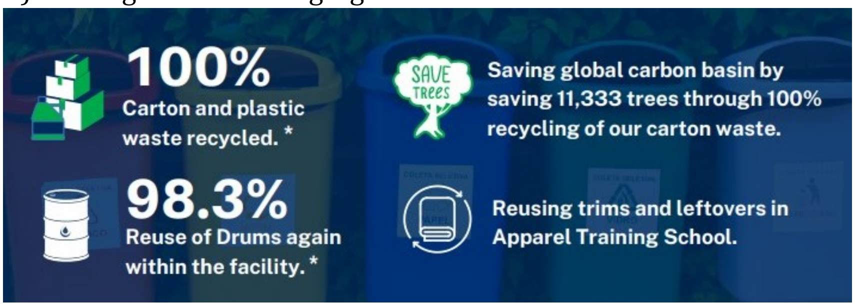
Sarena has committed to achieve Business Ambition for 1.5°C through Science Based Target Initiatives (SBTi) and is on road to ambitious climate actions.

Sarena has made the conscious decision to not use ODSs (Ozone Depleting Substances) in its facility.



WASTE AND CIRCULARITY

Sarena is actively moving from a linear model – take, use, waste – to a more circular model where it is maximizing resource use and reuse, and where nothing is wasted. This circular strategy applies to the company's products, as well as to our noncommercial goods such as packaging and items used in our facility. The company has adopted lean manufacturing practices and uses techniques such as just-in-time production to reduce excess inventory. However, the waste (hazardous and non-hazardous) that is generated is segregated at the source.



CORPORATE COMPLIANCE

- **Soorty Enterprises**

Soorty is using its comprehensive vertically integrated infrastructure spanning Pakistan, Turkey and Bangladesh to manufacture sustainable denim. Soorty offers LEED certified production in cost-leading countries - Pakistan and Bangladesh – and provides denim innovation lab in New York. Moreover, Soorty is the only LEED Platinum and Cradle2Cradle Gold certified company across both its denim fabric mill and garment factory – a testament to its commitment to the circular economy and sustainable production.

ENVIRONMENTAL POLICIES

Water Pollution

Soorty is committed to minimize depletion of waterbodies by controlling, minimizing and managing disposal of polluted water and chemicals from its manufacturing.

Management and control of polluted water and chemical spill to the water bodies is Soorty's top commitment to fight depletion of water bodies. It has pledged to ensure that no untreated wastewater and chemical effluent is disposed to the environment.

Waste Management

Soorty has developed a standard method to monitor waster sector progress, performance, improving reporting and identifying priority actions. Best waste management practices are ensured in all the exterior and interior areas of the factory and manufacturing sites.

Other major environmental policies of Soorty are related to biosolids management and chemical management. Soorty has designed biosolids management program which outlines liquids and solids processes at the facility and how biosolids are managed to meet the legal requirements. Soorty's chemical management system aims to prevent environmental risks associated with hazardous chemicals, improve human health and preserve environmental resources.

Environmental trainings are a crucial part of Soorty's health and safety, environmental conservation and energy management policies. Through these trainings, employees are equipped with skills and methodologies to handle new technologies, chemicals and waste, conserve water/harvest rainwater and strategic energy management.

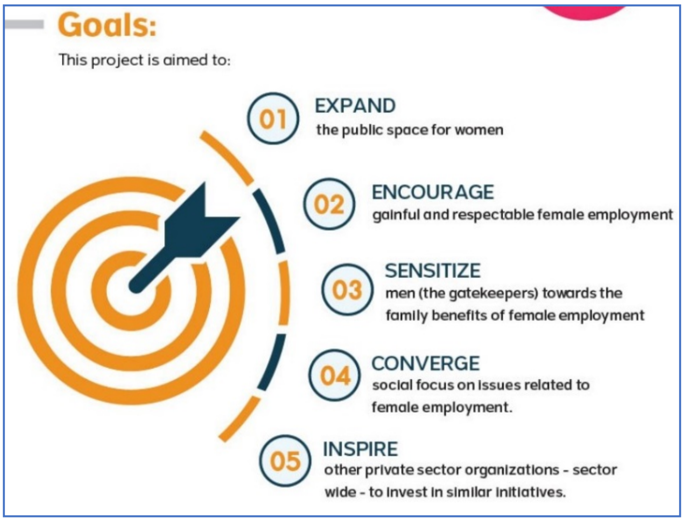
GHG Mitigation

The need of making more environmentally conscious business decisions is well understood by Soorty. At its highest level of commitment, Soorty was enlisted as a signatory at the Science Based Targets Initiative (SBTI) to develop 1.5°C aligned science-based emissions reduction targets to fight against climate change. Soorty also singed the REPowerEUPlan to support European Commission's Green Deal. Soorty became one of the top 5 founding members of the NetZero Coalition launched by the Pakistan Environment Trust (PET). This coalition shows the textile industry's high commitment towards producing clean energy and delivering net zero GHG emissions.

SOORTY'S CSR (CORPORATE SOCIAL RESPONSIBILITY) POLICIES

Soorty Enhancing Women's Services (SEWS) program aims to facilitate capacity building of female employees and sensitization to ensure female empowerment and create safe working environment.

Furthermore, Soorty PRISM is designed to increase inclusion of people from diverse communities and people with disabilities to enhance their potential for work. Soorty also partnered with NOWPDP (Network of organizations Working with People with Disabilities) and trained 44 persons with hearing and speech disability in the art of denim grinding and distortion in the laundries. The company has also worked with Gender Interactive Alliance (GIA) and Blue Ribbon to support vocational training, food security, health and inclusion of transgender and non-binary persons in the workforce.



Soorty Enterprises complies with all the relevant international and national laws and conventions on labor rights. It strongly condemns child and forced labour. Also, it ensures effective monitoring of employee work hours, respects and practices lawful rights of freedom of association and collective bargaining of the employees and prohibits gender discrimination. Further, the quality standards of workplace health and safety are ensured employee benefits are awarded without any discrimination.

Section 7: HR and Media

- **Official Correspondence, Press Releases & Media Coverage**

a. ARTICLE: Setting the Record Straight

All Pakistan Textile Mills Association @APTMAofficial

Setting the record straight by Dr Gohar Ejaz
Pak's textile exports in FY23 plunged by $2.8 Bn, causing concern over industry's progress. Examining factors like energy costs, liquidity crises, & policy implementation is crucial to reverse this decline.
epaper.brecorder.com/2023/07/13/6-p...
1/n

1:39 PM · Jul 13, 2023 · 1,304 Views

View post analytics

4 Reposts 1 Quote 3 Likes

All Pakistan Textile Mills Association @APTMAofficial · Jul 13
Devaluation alone won't boost exports in Pak's textile industry. Currency fluctuations, high input costs, & limited financing hinder growth. Addressing these challenges is vital for sustainable export expansion. #ExportStrategy #PakistanTextile
2/n
1 1 1 140

All Pakistan Textile Mills Association @APTMAofficial · Jul 13
Policy stability & implementation are paramount for Pak's textile industry. Inconsistent policies & unreliable information undermine confidence & deter investments. Honouring commitments & ensuring continuity will drive industry growth. #PolicyStability #TextileIndustry
3/n
1 1 2 100

All Pakistan Textile Mills Association @APTMAofficial · Jul 13
TERF has the potential to accelerate industrial growth in Pak's textile sector. Investments in modern machinery can generate an additional exportable surplus of $8-10 Bn. However, energy supply issues must be addressed for long-term productivity. #TERF #TextileIndustryGrowth
4/n
1 1 2 100

All Pakistan Textile Mills Association @APTMAofficial · Jul 13
High energy costs pose challenges for Pak's textile manufacturers. Discontinuation of the Competitive Electricity Tariff has impacted profitability. Establishing a separate tariff category for exports & affordable energy sources is crucial for success. #ExportCompetitiveness
5/n
1 1 1 87

All Pakistan Textile Mills Association @APTMAofficial · Jul 13
Gas pricing disparities hinder Punjab-based industries in Pak. Addressing these disparities & ensuring a uniform gas price for export industry is vital for fair competition & economic growth. #GasPricing #ExportIndustry
6/n
1 1 1 105

All Pakistan Textile Mills Association @APTMAofficial · Jul 13
Effective tax collection measures can enhance revenue in Pak's textile industry. Retail-level taxing mechanisms & addressing tax evasion practices can overcome inventory issues & increase revenue. #TaxCollection #TextileIndustry
7/n
1 1 1 108

All Pakistan Textile Mills Association @APTMAofficial · Jul 13
Restoring Zero-Rating & expediting the refund process are crucial for Pak's textile industry. Working capital requirements & timely refunds support new projects & expansion. #ZeroRating #ExportGrowth
8/n
1 1 1 120

All Pakistan Textile Mills Association @APTMAofficial · Jul 13
Collaboration with industry stakeholders like APTMA is essential for sustainable development in Pak's textile sector. Their advocacy & expertise enhance efficiency, growth, & employment opportunities. #TextileIndustryDevelopment
9/n
1 1 2 467

All Pakistan Textile Mills Association @APTMAofficial · Jul 13
Policy stability, energy sector reforms, tax collection measures, & financing facilities are key for Pak's textile industry. Regular monitoring & collaboration will ensure competitiveness, job creation, & increased exports. #SustainableGrowth
10/10

- Coverage on Print, digital web, social media.
- https://twitter.com/APTMAofficial/status/1679410318748028928?t=KeFVH7-tFLnQofTeOWky-Q&s=08
- https://dnews24.tv/pakistan/setting-the-record-straight-dr-gohar-ejaz/

b. Agence France-Presse (AFP); Focused Piece on Textile Industry

APTMA assisted AFP news agency for coverage of Pakistan's textile industry, focusing on the challenges faced and the impact of the IMF bailout.

AFP was working on a focus piece on Pakistan's textile industry – Pakistan supplies textiles to some of the best-known brands in the world, but multiple factors and crises have come together hitting the industry hard. Many factories fear losing their global standing and are finding it difficult to compete in the regional market. AFP's focus piece shed light on these challenges and what they mean for Pakistan's economy and workforce. AFP also assessed whether the recent IMF package came too little too late for Pakistan's textile industry.

AFP coverage consisted of interviews (on-camera) on the following lines:
a. Industry leaders who are involved in textile exports to recognizable brands.
b. APTMA representative who gave a comprehensive snapshot of the industry and the challenges it faces today.
c. Personal account of factory workers on how the situation has impacted them.

In addition to this, visits to some of the industries in Lahore were arranged to capture visuals of closed mills and conduct interviews with managers/owners regarding difficulties faced and lost orders.

AFP will share the final report with APTMA once it is aired by the respectively platform that assigned AFP this task.

c. Letter to PM Shehbaz Sharif; No Economic Revival Without Reviving Exports – Dr Gohar Ejaz

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MOST IMPORTANT

APTMA/PO/PMO/**1524** 18th July, 2023

Honourable Mian Muhammad Shahbaz Shareef
Prime Minister of Pakistan,
Prime Minister Secretariat
Islamabad.

NO ECONOMIC REVIVAL WITHOUT REVIVING EXPORTS

Honorable Shahbaz Sahib,

I write to bring your attention to the critical challenges faced by Pakistan's textile sector, which contributes more than 60% of total exports. The textile sector has significant potential to contribute to economic revival, through its dominant position in Pakistan's export palette. To realize this potential, it is crucial to adopt and implement appropriate policies. The textile industry which has the installed capacity and potential, commits to support Pakistan's Economic Revival through realizing the additional $10 billion installed export capacity.

It is extremely disheartening to note that our exports have fallen significantly. The total export of goods and services decreased from $ 39.595 billion in FY 22 to $ 35.21 billion in FY 23, a 11% drop. Market share of the international trade in Textiles declined to 1.76% from 2.2% in FY22 while our competitors have taken up the space vacated. This sustained decline in year-on-year monthly exports throughout the fiscal year is alarming. 50% of the existing production capacity is currently inactive or idle and as a consequence of non-continuation of RCET, another 25% is on the way to shutting down.

Sir, our exporters are no longer able to book or canvass for orders as they are unsure of cost and ability to deliver at competitive rates while neighbouring countries of India and Bangladesh have been making remarkable progress in their textile exports.

India's exports of goods and services for FY2022-23 surpassed its target, reaching $770 billion. They are now aiming to achieve at least $900 billion worth of exports for FY2023-24 and have set a long-term goal of $2 trillion by 2030. India's Integrated and Sustainable Textile Policy FY2023-2028 has provided export-oriented manufacturers with significant incentives, such as government equity, low-interest financing, and electricity subsidies. The power tariff of 6 cents/kWh offered to Indian textile manufacturers in Maharashtra* due to subsidies is significantly lower than Pakistan's rate of 16 cents/KWh. Additionally, Indian manufacturers

*90% of the Base Industry is located in Maharashtra

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EMAIL [illegible]

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enjoy subsidized credit at 5-7% interest, while Pakistani manufacturers face interest rates of over 22%.

Similarly, Bangladesh has set a target of $72 billion for exports in FY2023-24, an increase from $64 billion in the previous fiscal year. Their progressive policies, including tax reductions, access to low-interest financing, and the establishment of ancillary industries and infrastructure, have contributed to their success. Bangladesh offers power at 10 cents/kWh and provides export rebates of up to 8% on most items and interest rate of 6%. Bangladesh also operates zero rating on exports where by no issue of refunds arise.

In contrast, Pakistan's Textiles and Apparel Policy 2020-25, which emphasized market-driven exchange rates, tariff rationalization, and provision of stable energy supplies at regional competitive rates, has faced significant implementation challenges. The withdrawal of the Regionally Competitive Energy Tariff (RECT) earlier this year has severely curtailed the competitiveness of our exporters. Additionally, high interest rates of 22%, the withdrawal of zero-rating facility (SRO 1125), non-functioning of the FASTER system, and delays in sales tax refunds have caused a severe liquidity crunch in the textile sector.

Honorable Prime Minister, it is evident that immediate action is needed to revive Pakistan's export sector and restore its confidence and competitiveness. It is requested to intervene through addressing the following issues:

1. A Cost of Service based tariff for electricity be extended to export sector, as per actual NEPRA determination. This tariff should exclude cross subsidy, stranded costs and excess T&D losses, as these cannot be exported.
2. A comprehensive review be undertaken of the Textiles and Apparel Policy 2020-25 to identify and address implementation challenges, ensuring policy continuity and foster a favourable investment climate.

Table 1: Industry Tariff as per NEPRA Determination of 14th July 2023

Consumer Category	B-3	B-4
	Rs. /kWh	**Rs. /kWh**
Total Applicable Cost (Energy Cost + Capacity Payment+ Market Operator fee+ Transmission Charge)	23.00	22.00
Impact of allowed losses	1.15	0.88
Power Purchase Price of DISCOs	**24.15**	**22.88**
Transmission and Distribution Losses @16%	3.86	3.66
Cross Subsidy	6.41	8.11
Distribution Margin	1.87	1.54
Electricity Duty	1.21	0.02
Total Consumer-End Applicable Tariff	**37.50**	**36.20**
Less_Stranded Cost+ Cross Subsidy + Distribution Losses @11%	14.07	15.62
Cost of Service Tariff	**23.43**	**20.58**

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For any economic revival, exports will necessarily play a key role, and the Pakistan's textile industry holds the potential to make a substantial contribution (60% of the total exports) to this revival. By implementing appropriate policies as discussed above, we are confident that the textile industry will generate an additional $10 billion in exports, within the next financial year.

Urgent and decisive policy measures are required to tackle the above-mentioned challenges; neglecting them is likely to result in a further decline in exports, of about $4 - $5 billion which the country can ill afford.

Sincerely,
With Best Regards,
Yours Faithfully,

Dr. Gohar Ejaz
Patron-in-Chief
APTMA

Attachment:
1. Maharashtra Integrated and Sustainable Textile Policy 2023-28_Overview.
2. Special Electricity Tariff Category for Exporters

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- Coverage on social, electronic, and digital media.
- Channels' coverage: Capital TV, Channel 24 HD, GTV, etc
- https://www.thenews.com.pk/print/1091828-aptma-chief-urges-pm-sharif-to-take-steps-to-save-textile-industry


PRIME TIME BULLETIN
پاکستان کی 25 فیصد ٹیکسٹائل انڈسٹری بند پڑی ہے، گوہر اعجاز
7
09:34PM


بریکنگ نیوز
آل پاکستان ٹیکسٹائل ملز
ایسوسی ایشن کا وزیراعظم کو خط
GTV
NEWS HD
BREAKING NEWS
عدالت نے چیئرمین پی ٹی آئی کی عبوری ضمانت میں 26 جولائی تک توسیع کر دی

d. PRESS RELEASE: Mark & Spencer Is Actively Seeking to Enhance Its Imports of Textile Products from Pakistan

ALL PAKISTAN TEXTILE MILLS ASSOCIATION

PRESS RELEASE

All Pakistan Textile Mills Association (APTMA) issued the following Press Release

MARKS & SPENCER IS ACTIVELY SEEKING TO ENHANCE ITS IMPORTS OF TEXTILE PRODUCTS FROM PAKISTAN

LAHORE, 25th July 2023 – Marks & Spencer Group, the international fashion retailer, expressed a strong interest in augmenting its imports of textile products from Pakistan, as announced by Mr. Unsal Erdogan, Country Manager for Turkey, during a meeting with the All Pakistan Textile Mills Association (APTMA). The meeting was held on Monday and led by Mr. Erdogan, who was accompanied by a delegation including Ms. Funda Binoz, Business Area Manager for Menswear, Homeware, Lingerie, Outlets, Ms. Buket Ferreira, Merchandiser, and Ms. Seher İsbirakmaz, Merchandiser.

The Group aims to import a wide range of textile items from Pakistan, including woven garments, denim, socks, towels, graphic design T-shirts, and Polo Shirts. To foster collaboration and explore opportunities in the Pakistan textile industry, experts from Marks & Spencer are scheduled to visit Pakistan in September to engage with APTMA member mills.

During the meeting, the APTMA members warmly welcomed the delegation, with Chairman APTMA North Zone, Mr. Hamid Zaman, Senior Vice Chairman, Mr. Kamran Arshad, Vice Chairman, Mr. Asad Shafi, and Secretary General, Mr. Raza Baqir, extending their greetings. Additionally, notable figures from the textile industry, such as Former Chairman APTMA, Mr. Aamir Fayyaz, and representatives from Saad Textile Mills, Interloop Ltd., and Kamal Ltd. were present.

The APTMA members discussed the potential and challenges of Pakistan's textile industry, while Mr. Zaman invited Marks & Spencer to consider opening sourcing offices in Pakistan, leveraging the benefits of the Generalized System of Preferences (GSP+). He emphasized Pakistan's adherence to 27 conventions relating to human rights, environment, labor rights, narcotics control, corruption control, and gender rights, with plans to comply with six new conventions to further elevate Pakistan's image.

Mr. Aamir Fayyaz highlighted the industry's resilience during the COVID period, with a remarkable five-billion-dollar investment. He identified substantial potential for increased exports, aiming to reach $50 billion through the establishment of more stitching units in Pakistan.

The meeting also saw Mr. Asad Shafi presenting the vital role of the textile industry in Pakistan, highlighting the 100% compliance of APTMA member mills with international and local sustainability standards.

Mr. Kamran Arshad outlined the industry's proactive approach towards pollution control, transitioning away from fossil fuels, investing in effluent and water treatment plants, and promoting material innovations to foster a green and socially responsible industry.

In conclusion, Mr. Habib Anwar expressed gratitude and optimism that international fashion retailers would tap into the vast potential of the Pakistani textile industry.

Marks & Spencer Group's keen interest in enhancing textile imports from Pakistan signifies a significant opportunity for the country's textile sector, further solidifying its position in the global market.

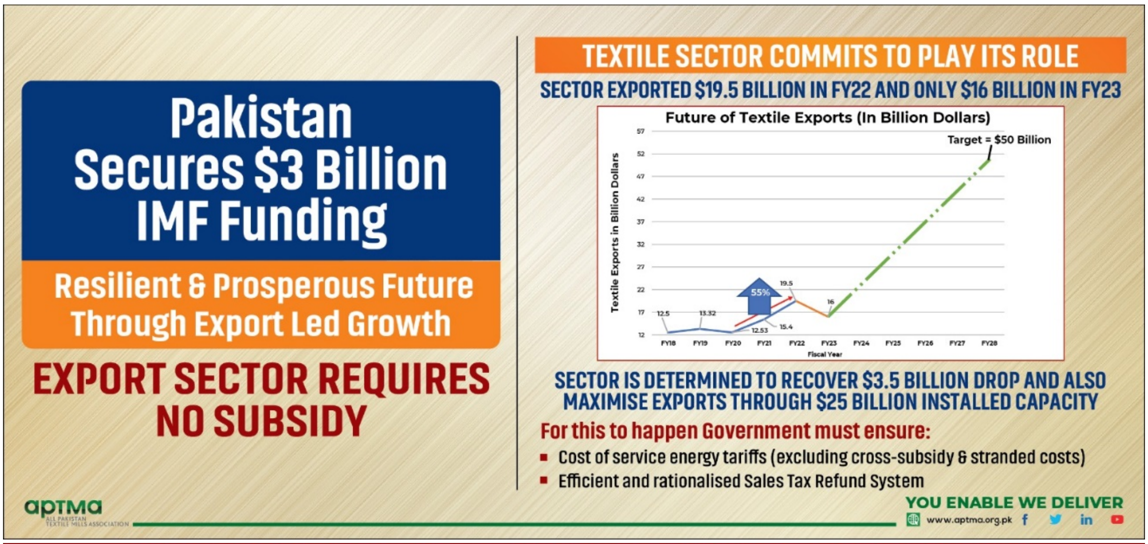
Forwarded for favour of publication in your esteemed newspaper / transmission.

RAZA BAQIR
Secretary General Punjab, APTMA

- Coverage on social, and digital media.
- https://dnews24.tv/pakistan/marks-spencer-actively-seeking-to-enhance-its-imports-of-textile-products-from-pakistan/

- **ADVERTISEMENTS**

A series of advertisements were given in the print media; DAWN, The News, Business Recorder & Jang to highlight the importance of continuation of RCET & the implementation of the right policies for the Textile Exports Sector to revive Pakistan's economy.


Pakistan Secures $3 Billion IMF Funding
Resilient & Prosperous Future Through Export Led Growth
EXPORT SECTOR REQUIRES NO SUBSIDY
TEXTILE SECTOR COMMITS TO PLAY ITS ROLE
SECTOR EXPORTED $19.5 BILLION IN FY22 AND ONLY $16 BILLION IN FY23
Future of Textile Exports (In Billion Dollars)
Target = $50 Billion
Textile Exports in Billion Dollars
55%
12.5
13.32
12.53
15.4
19.5
16
FY18
FY19
FY20
FY21
FY22
FY23
FY24
FY25
FY26
FY27
FY28
Fiscal Year
SECTOR IS DETERMINED TO RECOVER $3.5 BILLION DROP AND ALSO MAXIMISE EXPORTS THROUGH $25 BILLION INSTALLED CAPACITY
For this to happen Government must ensure:
Cost of service energy tariffs (excluding cross-subsidy & stranded costs)
Efficient and rationalised Sales Tax Refund System
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AGGRESSIVE TEXTILE POLICIES BY INDIA & BANGLADESH
PAKISTAN'S EXPORTERS CANNOT COMPETE
PAKISTAN INDIA BANGLADESH
FY 2023-24 Target $ 40 Bn $ 900 Bn $ 72 Bn
FY 2022-23 Exports $ 35 Bn $ 770 Bn $ 64 Bn
Consumer Category B-3 Rs. /kWh B-4 Rs. /kWh
Total Applicable Cost (Energy Cost + Capacity Payment+ Market Operator fee+ Transmission Charge) 23.00 22.00
Impact of allowed losses 1.15 0.88
Power Purchase Price of DISCOs 24.15 22.88
Transmission and Distribution Losses @16% 3.86 3.66
Cross Subsidy 6.41 8.11
Distribution Margin 1.87 1.54
Electricity Duty 1.21 0.02
Total Consumer-End Applicable Tariff 37.50 36.20
Less Stranded Cost + Cross Subsidy + Distribution Losses @11% 14.07 15.62
Cost of Service Tariff 23.43 20.58
Industry Tariff as per NEPRA Determination of 14th July 2023.
India & Bangladesh are expanding their textile industries & increasing world market shares
Over the next 5 years, India is offering
25-55% fixed capital subsidies
Heavily subsidized electric tariffs
Funding for captive solar power plants
Since 2019, Bangladesh has
Increased exports by 38% through aggressive implementation of 2021-24 export policy
Export rebate of up to 8%
SHARE OF GLOBAL TEXTILE EXPORTS (%, 2021)
Pakistan 2.2
Pakistan 2023 1.7
Bangladesh 5.2
India 4.7
Vietnam 5.0
REGIONAL COMPETITIVE ENERGY TARIFF
Countries and their Tariffs
Pakistan (B3, Full Tariff)* 16
Pakistan (Cost of Service for B3/B4) 8.2
cross subsidy + stranded cost
Bangladesh 10
Maharashtra (India) 6
Vietnam 6
Tariff in Cents/Kwh
INTEREST RATE (%)
Pakistan 22
Bangladesh 6.00
India 6.50
Vietnam 3.00
NO ECONOMIC REVIVAL WITHOUT A REVIVAL IN EXPORTS
TEXTILE SECTOR CAN INCREASE EXPORTS BY $10 BILLION IF AN ENABLING ECONOMIC ENVIRONMENT IS PROVIDED
aptma ALL PAKISTAN TEXTILE MILLS ASSOCIATION
YOU ENABLE WE DELIVER
www.aptma.org.pk


SOS APPEAL
TO HELP COTTON GROWERS AND EXPORTS
Sindh and Balochistan are getting only 5 days gas in a week resulting in disastrous reduction in exports
It was agreed that 25 percent LNG will be injected into the system to mitigate the shortage of gas as most of the industry has no other alternative option
Immediate remedy we request to immediately instruct SSGC to do away with gas shortage of textile industry and their Captive Power Plants which are at Priority number 2 and 3 by closing all categories below at priority 3 or shift them to LNG till the problem is resolved amicably or long-term industrialization and export-oriented growth is finalized by bringing exports to priority NO. 1
Priority order is must and designed to maintain export growth and will also mitigate the existing problems faced by cotton growers
Cotton offtake and price depressed resulting in lower prices for farmers
WE REQUEST URGENT ACTION TO RESTORE SUPPLY OF GAS UPTO PRIORITY No. 3 be IMPLEMENTED
aptma SOUTH ALL PAKISTAN TEXTILE MILLS ASSOCIATION
SAVE EXPORTS AND SUPPORT FARMERS
YOU ENABLE WE DELIVER
www.aptma.org.pk

ANNEX A

All Pakistan Textile Mills Association

SPECIAL ELECTRICITY TARIFF CATEGORY FOR EXPORTERS

2 E's_ ELECTRICITY AND EXPORT

- **Electricity** and **Exports** have an inverse relation.
- Higher the energy cost lower will be exports.
- **30%-40%** of conversion costs in the textile sector are **Energy**.
- Cross-subsidy, stranded costs, inefficiencies and excess T$D losses can not be exported.
- Addition of these components in the energy tariff, render exports uncompetitive.

- **Solution:**
  - Special Power Tariff Category for Exporters which judiciously excludes cross-subsidies and stranded costs, while accurately incorporating actual Transmission and Distribution (T&D) losses for B-3 and B-4 categories, instead of excessive T&D losses.

SPECIAL TARIFF CATEGORY

- Rule of Exports:
  - Taxes, subsidies and inefficiencies can not be exported because these render the (export) products internationally uncompetitive.
- **Issue:**
  - The cost of these cross-subsidies, stranded costs and excess T&D Loss will have to be spread over other consumer categories.
  - If these costs are spread to consumers other than lifeline consumers/domestic, it will
    - increase the tariff by **Rs. 3.7/kWh.**
  - This cost can be recovered by :
    - Efficiency gains in Distribution Margins of the DISCOs
    - LSMs that are not exporters and have captive markets/tariff protection.
    - High-end domestic and commercial consumers.

AREAS WHICH CAN NET SAVINGS THROUGH EFFICIENCY MEASURES

Reduction / Savings in Distribution Margin of DISCOs

- Calculated sale of units for FY 2022-23 are 135 billion units. Actual energy purchased by CPPA for the period July-April 2023 is 103.5 billion units.
- Distribution Margin (DM) for the same @ Rs. 3.32/unit becomes 400 billion or so.
- The main elements of DM are depicted as under while possible savings against each category is also suggested: (copy attached – F/A)

Description	Possible Savings
Pay & Allowances	-
Post Retirement Benefit	-
Repair & Maintenance	25%
Travelling Allowance	10%
Vehicle Allowance	25%
Other Expenses	50%
Savings	Rs. 40 billion

Efficiency Against Recovery of Bills

- Present recovery against billing uptill April 2023 is a low 86.8%, which can easily be increased to 92-94% as has been the figure for FY 2020-21.
- An increase in the collection by 7.2% nets an extra 250 billion rupees, thus reducing the financial cost and the interest payments on delayed IPPs payments (copy attached – F/B).

Enhanced Recovery against defaulters

- The present amount of receivables ending 2022-23 are in the vicinity of Rs. 2.5 trillion and even a small thrust in recovery can yield 10% of this amount as extra collection during the current fiscal and which can add Rs. 250 billion to the kitty (copy for April 2023 figures attached – F/C).

Savings Against Expenditure of SAP

System Augmentation Program (SAP) with the budget of Rs. 30 billion is squandered through extending HT & LT lines at will and then also wasted on replacement of defective meters, which either the electricity consumer has to underwrite in case of faults in their premises or by the meter suppliers.

Simple audit will reveal that 50% of the expenditure is wasteful without any benefit to the Power System.

This amount can net 50% saving in case the SOPs governing such expenditures are implemented in letter and spirit (copy attached – F/D).

Loss being incurred due to inordinate damage to Distribution Transformer

- Based on figures of FY 2021-22, it is seen that 25,000 distribution transformers have been damaged during the last financial year viz. 2022-23 costing a colossal Rs. 15 billion.
- Due maintenance, technical audit and customer discipline can reduce the damaged to just 25% of the above figure saving at least Rs. 10 billion (copy attached – F/E).

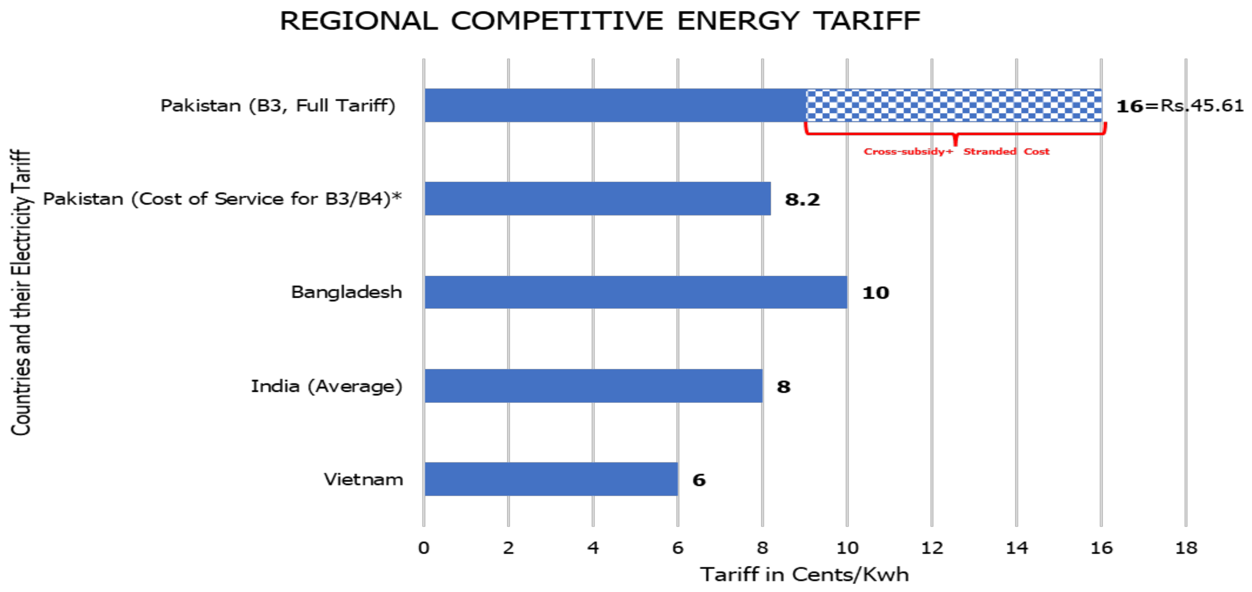
Inordinate Bill Adjustment

- The inordinate number of bill adjustments are a very serious bane for the Sector and which need strict audit as in most cases the amounts are adjusted while energy / units remain in the books.
- Adjustment worth billions of rupees are made by the DISCOs while strict vigilance can lead to savings of at least Rs. 50 billion in a particular financial year (copy attached – F/F).

Sr. No.	Description of activity	Savings in Rs. Bn.
1	Distribution Margin	40
2	Efficiency Against Recovery of Bills	250
3	Enhanced Recovery against defaulters	250
4	Savings Against Expenditure of SAP	15
5	Loss being incurred due to inordinate damage to Distribution Transformer	10
6	Savings Against Inordinate Bill Adjustment(s)	50
	Total	615

SPECIAL CATEGORY TARIFF=RCET=COST OF SERVICE

- For growth of Exports cost of service-based tariff should be charged to EOUs.
- The cost of service for electricity supply in Pakistan for B-3 and B-4 category consumers is **8.2 cents/kWh**.
- The narrative that the government subsidizes the textile sector is therefore inaccurate and needs to be revisited.
- Taxes, cross-subsidies, and inefficiencies increase overall trade costs, decrease international competitiveness and can not be exported.



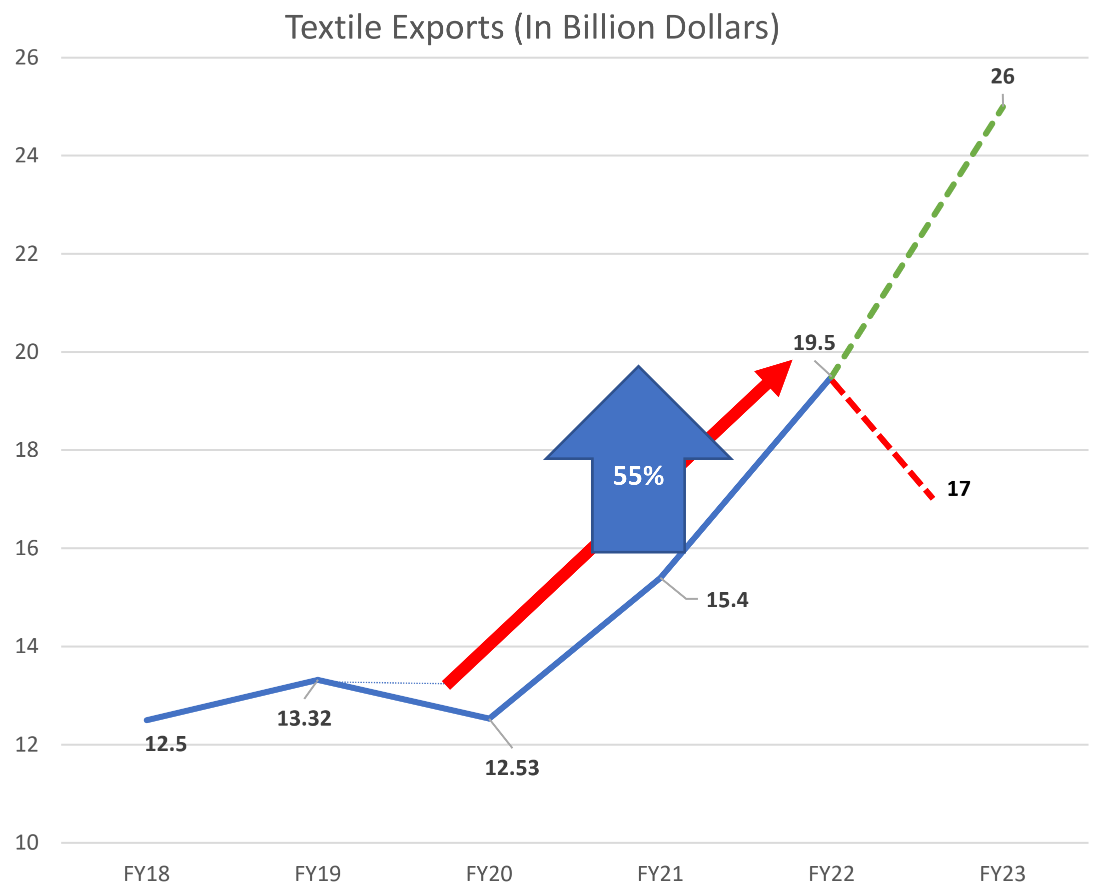
Regionally Competitive Energy Tariff		
Country	Electricity Tariff Cents/kWh	Gas Tariff $/mmbtu
India (Average)	8 cents	6.5
Bangladesh	10 cents	7.4
Vietnam	6 cents	9.8
Pakistan (B3, Full Tariff) (Proposed)	16 cents*	12.83
***High due to cross-subsidy for other sectors.**		****Varies with the project**

ADVANTAGES

- **Enhanced International Competitiveness**
  - Competitive cost of production gives the exporters a level playing field.
- **Catalyzing Innovation and Value Addition**
  - A certain portion of the differential will be earmarked and spent on innovation and value addition in collaboration with universities.
- **Sustainability and Green Export Promotion**
  - The differential by the exporters has to be invested in energy efficiency and sustainability programs.
- **Branding the Nation as an Export-Friendly Destination**
  - Encourage Foreign Direct Investment into the country.

Declining Trend in Textile Sector Exports Following FY22 Peak of $19.5 Billion

- Implementation of Regionally Competitive Energy Tariffs (RCET) led to a significant **55%** increase in textile exports within a span of 2 years (FY20-FY22).
- However, textile exports have experienced a decline to **$16.1 billion**, despite having an installed capacity of **$25 billion.**
- Contributing factors to this decline include the introduction and subsequent withdrawal of increased RCET tariffs.
- Unfavorable global and domestic macroeconomic conditions have also played a role, including currency depreciation, inflation, import restrictions, and overall economic uncertainty.
- If no corrective action is taken, it is projected that textile exports will further decline to **$12 billion** next year.

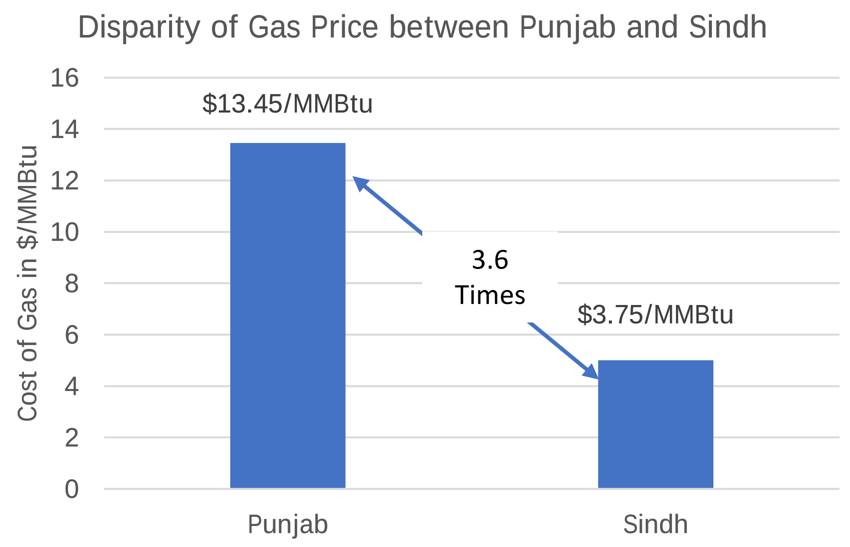


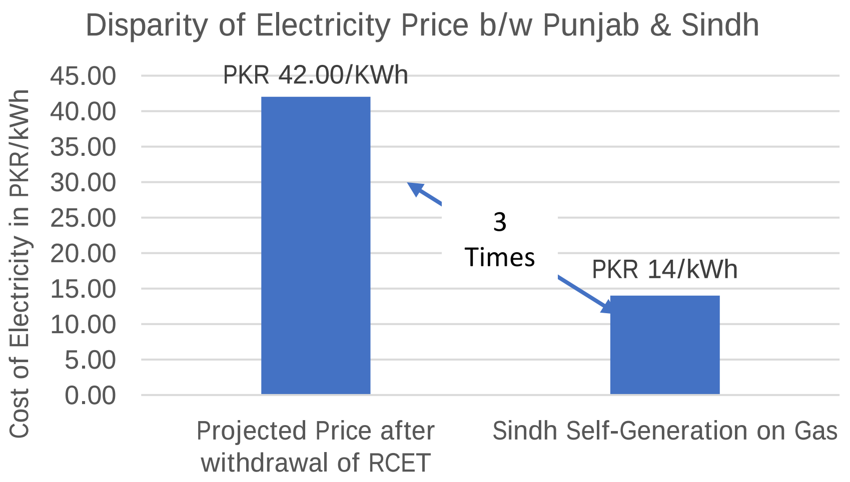
TEXTILE INDUSTRY IN CRISIS

Monthly comparison of Exports

ENERGY PRICE DISPARITIES TRIGGER DEINDUSTRIALIZATION

- **2022:** Parliament passes a bill that enforces the **Weighted Average Cost of Gas** (WACOG) mechanism for gas pricing.
- **2022-23: NEVER IMPLEMENTED**
- **Consequence:** Closure of approximately **50%** of Punjab-based industries.
- **Result:**
  - Large-scale unemployment due to industrial closures.
  - High risk of spillover to downstream industries in other provinces (Sindh).
  - Potential consequences: Sindh will be unable to source intermediate inputs or reliance on imported products.
  - Further stress on foreign reserves due to increased imports.





ESCALATING IMPACT: VISIBLE EFFECTS OF INDUSTRY CLOSURE

- Textile industry: Employs **50%** of Pakistan's organized workforce
- High Energy Tariff makes exports non-competitive which leads to:
  - Decrease in Exports
  - Closure of shift(s)
  - Decrease in Foreign Exchange
  - High Inflation
  - Punjab: **5 million** workers laid off recently
  - Social Unrest and Chaos

FINDINGS OF PIDE ON DEINDUSTRIALIZATION IN PUNJA

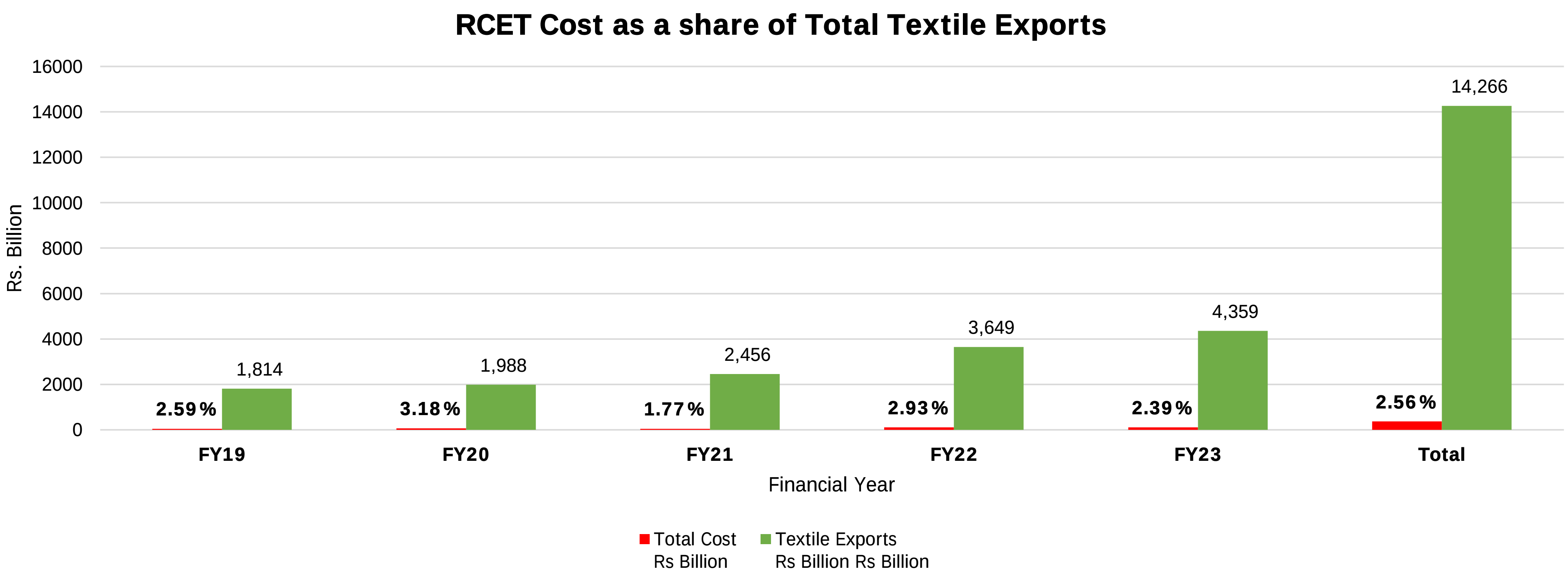
- Deindustrialization in Punjab is imminent and a study conducted by PIDE warns of the havoc.
- According to PIDE, the impact of the withdrawal of the Regional Competitive Energy Tariff on the industry in Punjab will be disastrous.
  - laying off workers
  - decline in investment
  - exports share
  - significant contraction in profit margins
  - Contraction in overall industrial output, leading to pre-mature industrialization in Punjab.
  - While any price change in industrial electricity tariff will not make any significant difference for export-oriented units in Sindh, as they are already getting a competitive electricity tariff through local gas-based CPPs
- The study further finds that
  - **Increase in electricity tariff is in fact a <u>cross-subsidy from industry to other sectors</u>; with no legal, economic, or technical justification.**
  - **The <u>tariff charged to EOUs under a special package (in the last few years) was not a subsidy</u> but a tariff without cross-subsidy. Indeed, higher than the actual cost of service to the industry.**

IMPENDING FINANCIAL CRISIS IN THE BANKING SECTOR

- Financing programs like **TERF** enable firms to invest in physical capital.
- Production disruptions and permanent closures of manufacturing facilities make these investments impractical.
- Such circumstances may lead to firms defaulting on their repayment obligations.
- Multiple firms defaulting on their debt commitments can trigger a domestic financial crisis.
- The financial crisis can spread to other sectors of the economy through financial contagion.

RCET Cost Vs. Interest Rates On External Borrowing

- The rate of RCET is almost equal to the cost of service
- The cost to the exchequer is only **2.56%** of total exports.
- The RCET has been an indirect subsidy to consumers other than EOUs.
- RCET replaced 6% DLTL with substantial savings to the Government.



Note: For detailed calculations, see Appendix A.

TERF/LTFF FINANCING

- SBP has not approved enhanced LTFF limits for banks
- Banks have refused any indication for approval of enhanced LTFF limits
- Customers are forced to retire their L/Cs for machinery at a prohibitively expensive rate
- Mark-up allowed renders projects unfeasible
- Goodwill and investment crystallized due to TERF and LTFF
- Concessionary finance is no longer available
- Approval of facilities for projects with financing agreements is sought
- Recent increase in markup rate of EFS and LTFF by **2% to 13%**
- Hike is unjustifiable due to ease of doing business and high-interest rates
- International buyers demand a guarantee of orders, exporters have no working capital
- Hike will increase the cost of export-oriented goods
- Exporters may face further financial issues due to the higher cost of borrowing
- New projects, upgradation, and capacity enhancement are stranded because
  - Not provided electricity/gas connections to start production.
- More than $5Billion installed capacity has not been energized.
- Affects long-term productivity and global competitiveness of the textile industry
- Risk of banks defaulting as the industry cannot service debt

POTENTIAL AND TARGET

- Potential Of Exports Based On Installed Capacity**: $25 Billion**
- Exports Achieved in FY2022: **$19.5 Billion**
- Target**: $50 Billion in The Next Five Years**
  - Commitment To Set Up: **1000 Garment Units**
    - Total Stitching Machines: **500,000**
    - Total investment**: $7 Billion**
    - Rise in exports**: $20 Billion per annum**
    - Employment: **700,000 workers**
    - 1000 Garments plants be established near major Textile producing cities i.e. Lahore, Sheikhupura, Faisalabad, Kasur, Multan, Sialkot, Rawalpindi, Sukkur, Hyderabad, Karachi, Peshawar
    - **Added Advantage**: Yarn, grey cloth and all the back-end processing supply chain are available, This will lead to value-added products
    - Less Energy Intensive

FINANCING AT LOW MARK-UP TO ACHIEVE THIS TARGET

WAY FORWARD
SETTING UP OF 1000 GARMENT PLANTS

One Garment Plant		
Investment	Million US $	7
Stitching Machines	No.	500
Direct Employment (semi skilled & skilled workers)	No.	1400

1000 Garment Plants		
Investment	Billion US $	7
Stitching Machines	Million No.	0.5
Garment Production	Mill. Pcs / day	10*
	Mill. Pcs / year	3000
Average Price	US $ /Piece	6.5
Value of Exports	Billion US $	20
Direct Employment (semi skilled & skilled workers)	Million No.	1.5

NEED EXPORTS NOT LOANS

- Economic Growth:
  - Exports drive economic growth by increasing revenue and creating employment opportunities.
  - Focus on exports promotes productivity and innovation, leading to sustainable economic development.
  - RCET facility cost only 2.56% of the total exports of $19.5 Billion.
  - No premium has to be returned on exports, no interest, and no international obligations
- Trade Balance:
  - Exporting goods and services helps reduce trade deficits and maintain a favorable trade balance.
  - Dependence on loans can lead to an accumulation of debt, negatively impacting the economy.
- Foreign Exchange Earnings:
  - Exports generate foreign exchange earnings, strengthening the country's currency and financial stability.
  - Relying on loans can result in a higher debt burden, making it difficult to maintain stable exchange rates.
- Sovereignty:
  - Loans challenge our sovereignty.
- Competitive Advantage:
  - Export-driven industries focus on enhancing competitiveness in global markets.
  - Loans alone do not improve a country's competitive advantage or enhance its position in international trade.

NEED EXPORTS NOT LOANS

- Technology and Knowledge Transfer:
  - Exporting industries often require advanced technology and skills, leading to technology transfer and knowledge spillovers.
  - Loans may provide immediate financial support but lack the long-term benefits of knowledge and technology transfer.
- Job Creation:
  - Export-oriented industries create job opportunities across various sectors, supporting inclusive growth.
  - Loans may address immediate financial needs but may not provide sustained job creation.
- Sustainable Development:
  - Emphasizing exports promotes sustainable development through resource optimization and environmental consciousness.
  - Loans may not prioritize sustainability and can lead to unsustainable practices.
- Global Competitiveness:
  - Export-driven economies focus on enhancing competitiveness, enabling them to thrive in the global market.
  - Relying solely on loans can hinder a country's ability to compete effectively on an international scale.

NEED EXPORTS NOT LOANS

EXPORTS

- Economic Growth
- Trade Balance
- Foreign Exchange Earnings
- Diversification
- Competitive Advantage
- Technology and Knowledge Transfer
- Job Creation
- Sustainable Development
- Global Competitiveness

LOANS

- Accumulation of Debt
- Financial Burden
- Dependency on External Funding
- Interest Payments
- Risk of Default
- Limited Long-Term Benefits
- Lack of Productivity and Innovation Focus
- Vulnerability to Exchange Rate Fluctuations
- Potential Negative Impact on Credit Rating

RESISTANCE TO SUSTAINABILITY

APTMA worked hard to

- Carve out unutilized capacity to materialize a B2B arrangement between the supplier and the consumer, under the CTBCM regime.
- APTMA undertook comprehensive planning and analysis for the project and developed financial models for all DISCOs.

a. Cross-Subsidies and Stranded Cost:

- Cross-subsidies and stranded costs render exports non-competitive.

b. Reasonable Wheeling Charge:

- Crucial to prevent deindustrialization.
- Analyzing DISCOs' claim, a reasonable wheeling charge should be Rs. 2.5-3.5/kWh.

c. Notice Period for B2B Contracting:

- Current one-year notice period is unsustainable.
- Waiving the notice period specifically for exporters is crucial to maintain competitiveness and conserve jobs.

d. Hybrid BPC Model:

- Bulk power consumers need a mix of grid and competitive suppliers for sustainable operations.
- Power Division aims to hinder existing customers from shifting their (partial) load for competitive electricity prices.

e. Gas/RLNG Supply:

- Modify gas supply agreement to secure a firm supply commitment for short-term arrangements.
- Qatar Gas approached for a long-term Government-to-Government (G2G) agreement.

WORKING CAPITAL REQUIREMENTS/ZERO RATING

- Sales Tax/Working Capital/Liquidity
  - Restore SRO 1125, Zero rating for the textile value chain while collecting sales tax on domestic sales at the point of sale.
  - Immediately refund all Sales Tax, Tuff and other dues.
  - Working Capital lending facility be established catering rates to tide over the current crisis.
  - Moratorium on debt needed to allow the industry to adjust to declining exports and liquidity crunch.
- IMPORT OF RAW MATERIALS/SPARE PARTS
  - Clear all imports of Export Oriented Sectors/Zero-Rated Industries which have arrived at ports whether against L/Cs or cash against the document.
  - Allow Export Oriented Sectors to open L/Cs for raw material machinery, spare parts and other items to restore the industry's supply line without any reference to SBP-all banks to be informed accordingly.
  - Factories can no longer function due to a lack of maintenance for which spare parts are not allowed to be imported.
- MORATORIUM ON DEBT
  - Moratorium on debt needed to allow the industry to adjust to declining exports and liquidity crunch.
- Discounting Yarn and Cloth Export Orders by SBP
  - Textile export orders: Discounted by SBP, except for yarn and cloth
  - Extension of existing export discounting mechanism by SBP to include yarn and cloth
  - Mutual agreement during a meeting with Finance Minister to include yarn and cloth export orders
  - Ensuring equitable treatment for all textile products in terms of export discounts

Appendix A: Calculation of RCET cost as a share of total textile exports

Cost of RCET							
Year	**Gas/RLNG**	**Power**	**Total Cost Rs Billion**	**Textile Exports**	**Average Exchange Rate**	**Textile Exports Rs Billion**	**Cost of RCET as % of Textile Exports**
	Rs Billion			**$ Billion**		**Rs Billion**	**%**
FY19	33.59	13.34	46.93	13.33	136.09	1,814	2.59%
FY20	41.92	21.24	63.16	12.53	158.64	1,988	3.18%
FY21	34.29	9.21	43.5	15.4	159.48	2,456	1.77%
FY22	81	26	107	20.5	178	3,649	2.93%
FY23	40	64	104	16.1	270.76	4,359	2.39%
Total	**230.8**	**133.8**	**364.59**	**77.86**	**180.594**	**14,266**	**2.56%**