

PRESS RELEASE**Sub:- Cap on 7 items by EU to ruin garments exports**

(KARACHI-13 December 2011): Slapping a cap on seven items in EU Economic Package to Pakistan will adversely affect garments exports while the entire package becomes meaningless, this was stated by Chairman Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA), Shehzad Salim. Addressing a press conference at PRGMEA office on Tuesday Shehzad said that if the EU package would not be effective in January 2012 the textile sector may not have any benefit. He disclosed that after Bangladesh, Indonesia too has opposed the EU Package to Pakistan while Bangladesh has refused to withdraw its objection despite assurance to Pakistan government on the plea that its export oriented industry is opposing the Package.

He said that if the EU Economic Package becomes gets denied the entire survival of Pakistan's textile exports to EU would be depending on GSP Plus (Generalised System of Preferences) for, which Pakistan becomes entitled in January 2014. He said that this is the right time to for our government to start lobbying for the GSP Plus.

"Stakeholders are ready to help government out in its quest to get GSP Plus and a high powered delegation comprising stakeholders of value-added sector and government officials should visit EU member states particularly lobby with the importers associations there", Shehzad suggested.

The government of Pakistan should also hire a professional lawyer to plea Pakistan's case in the European Union (EU) for GSP Plus.

PRGMEA South Zone Chairman Atiq Kochra who was also present on the occasion said that PRGMEA has already apprised the ministry of commerce and TDAP to start intensive lobbying and should hire a competent lawyer right now so that Pakistan's case could be pleaded at right time. Shehzad Salim believed that the matter of Pakistan's entitlement for GSP Plus would be decided by the member countries in next eight or ten months or so and we have to speed up our lobbying immediately. He said that due to poor persuasion Pakistan is yet to be extended EU Package despite the fact that there was no major benefit to the exporters from the proposed package.

Pakistan is exporting 1.4 per cent of the total EU imports and to qualify for the GSP Plus the threshold should not be over one percent. Shehzad has however said that EU is open to consider to revise this threshold at 2 per cent following which Pakistan will definitely qualify for the GSP Plus. He said that at present 49 countries are getting GSP Plus including several African countries but Pakistan is having stiff competition from Bangladesh and Cambodia.

Shehzad said that EU's imposed ceilings on seven items are not at all acceptable to the industry as Pakistan has been exporting these under different HS codes and the trade figures are actually understated drastically. If we agree to these proposals the ceiling in these categories would be exhausted in the first few months, thus severely limiting the benefits from these concessions.

He said that due to severe energy crisis in the country garments sector has lost export orders worth \$800 million so far in the current fiscal year and the exports are continued to decline. He said that in October Garments exports dropped by 10 per cent and in November they further declined by 15 to 17 per cent. He said that garments industry in Pakistan is directly providing employment to 5.75 million people and due to severe financial crunch many factories are on the verge of closure. He demanded of the government to immediately release Rs6 billion to Garments industry which have remained stuck against refunds claims.