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PAKISTAN CLOTH MERCHANTS' ASSOCIATION

4TH FLOOR, HASAN ALI CENTRE, HUSSAINI MARKET,
NEAR MERE WEATHER TOWER, M.A. JINNAH ROAD, KARACHI

29th January, 2022

MINUTES OF THE 3RD MEETING OF THE EXECUTIVE COMMITTEE
HELD ON THURSDAY THE 27th JANUARY, 2022 AT 04:00 P.M.
IN THE OFFICE OF PCMA

The 3rd Meeting of the Executive Committee was held on **Thursday the 27th January, 2022 at 04:00 p.m.** in the office of PCMA.

The following were present in the Meeting.

1. Mr. Muhammad Shoaib Sonija (**In Chair**)
2. Mr. Asif Salim (**Senior Vice Chairman**)
3. Mr. Saeedullah Khan. (**Vice Chairman**)
4. Mr. Abdus Samad Shekhani
5. Mr. Muhammad Abid Chinoy.
6. Mr. Muhammad Qasim Sonija.

Mr. Arif Ismail, Secretary General was also present.

1. MEETING STARTED WITH TILAWAT-E-KALAMPAK BY MR. ARIF ISMAIL.

Muhammad Shoaib Sonija Chairman welcomed the members of the Executive Committee and thanked them for sparing their valuable time to attend this meeting.

2. CONSIDERED THE CONFIRMATION OF THE MINUTES OF THE LAST MEETING OF CENTRE EXECUTIVE COMMITTEES HELD ON 29TH NOVEMBER 2021.

THE COMMITTEE UNANIMOUSLY CONFIRMED THE ABOVE MINUTES PROPOSED BY ASIF SALIM & SECONDED BY ABDUS SAMAD SHEKHANI.

3. DISCUSS DISRUPTION IN SUPPLY OF GAS TO ALL INDUSTRIES.

Saeedullah Khan, Vice Chairman informed the members that Karachi is the economic hub of Pakistan and ignoring the needs of this important city is tantamount to playing with the weak economy. The government gets 68% of its revenue from Karachi, while its share in exports is 54% while its share in textile exports is 52% which cannot be ignored, he said Gas crisis affecting industries in Karachi.

He said that the industrial sector in Karachi is suffering from low gas pressure while the gas of some of the industry has completely been discontinued resulting in a shutdown. Sui Southern Gas Company (SSGC) there would be an uninterrupted supply of gas four days a week, then there would be one day holiday, and then the supply of 4 more days.

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All the associations agreed on a staggering supply of gas to all the textile industry in turn and the days of non-supply were also fixed. In addition, under the staggering agreement, the SSGC had assured that the industries whose gas connections had been cut off would be restored, which was also endorsed by the federal cabinet. The Sui Southern Gas administration did not ensure the uninterrupted supply of gas from the very beginning of the agreement. The shortage of gas, the government also delayed the RLNG contracts, which has further worsened the matter.

He said that the gas problem has made it impossible for the non-export industry to Operate resulting in unemployment and heavy losses. He said that investors are not able to fulfill their commitments on time due to the gas crisis which is affecting their reputation and they have to pay fines.

He said that the closure of industries due to the gas crisis will not only affect employment but the government will have to bear huge losses in terms of revenue while it is also increasing the tension between the provincial government and the centre. Saeedullah Khan further said that last year the industrialists of Karachi had entered into an agreement with the Ministry of Energy and the Ministry of Commerce for the purchase of gas but due to mismanagement of the concerned departments it did not receive gas and no action was taken against the officials involved. This year the process of LNG procurement was mar with mismanagement resulting in losses of billions to the government.

A gas crisis in the presence of LNG terminals is not acceptable which has pushed the export industry, CNG sector, and SMEs to the brink of disaster, he said, that no action was taken against those responsible for the mess. Saeedullah Khan further said that gas was not being supplied to the people in Karachi and other cities of Sindh as per their requirements.

Their purchasing power is being further affected by switching to costly alternatives. Apart from industries, more than two months have passed since the closure of the CNG sector which has affected millions of people. Two-thirds of the country's gas is being extracted from Sindh but no gas is being supplied to the province which is a clear violation of the constitution.

“UNANIMOUSLY RESOLVED THAT PURCHASING POWER IS BEING FURTHER AFFECTED BY SWITCHING TO COSTLY ALTERNATIVES APART FROM INDUSTRIES, MORE THAN TWO MONTHS HAVE PASSED SINCE THE CLOSURE OF THE CNG SECTOR WHICH HAS AFFECTED MILLIONS OF PEOPLE. TWO-THIRDS OF THE COUNTRY'S GAS IS BEING EXTRACTED FROM SINDH BUT NO GAS IS BEING SUPPLIED TO THE PROVINCE WHICH IS A CLEAR VIOLATION OF THE CONSTITUTION.

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4. DISCUSS WITHDRAWAL OF TEXTILE AND APPAREL POLICY 2020-25.

Muhammad Shoaib Sonija, Chairman informed the members that the commerce ministry withdraw Textile and Apparel Policy 2020-25 despite the fact the ECC and Cabinet has approved and ratified it after a long delay, calling for the reversal of the decision and its speedy implementation, as it is vital for new investment and marketing plan in the major export-oriented sector.

Muhammad Shoaib Sonija Chairman said that letter was written to ministry of commerce, that withdrawal of Textile and Apparel Policy will affect the Textile & Value-Added sector seriously, as it is against the slogan of the Prime Minister's vision of promoting exports. We are already far behind the regional countries with regard to exports due to poor policies, as we set the target of achieving Bangladesh's export level but adopt the policies of Ethiopia.

He said that the Economic Coordination Committee of the cabinet had finally approved the Textile and Apparel Policy 2020-25, with the directives to relevant stakeholders to take the Federal Board of Revenue and power division's input, but the Policy is being withdrawn on the interference of Finance Ministry, leading to further delay in implementation of this vital policy.

He said the textile policy has been pending since 2019 and several drafts were submitted to the ECC for approval and now the ministry withdraws it to incorporate inputs of the FBR and the finance division while finalizing this Policy of 2020-25, which will further delay its implementation. He warned the government of removing incentives from the new textile and apparel policy, especially the DTL, saying the move will damage the exports, amidst growing trade deficit in the country.

Muhammad Shoaib Sonija said that a clear and long-term policy will provide investors a clear vision that the government of Pakistan is ready to support the textile & apparel sector of Pakistan on long-term basis. He said that the textile industry has been affected seriously due to long delay in the final announcement of the new textile policy by Economic Coordination Committee of the cabinet in the past, as the PM had given approval in this regard long ago. The government had announced several schemes in the past, including duty-free import of textile machinery, reduction of mark-up rate for export

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5. DISCUSS RISING INFLATION IN THE COUNTRY.

Saeedullah Khan, Vice Chairman expressed concern over the rising inflation in the country which has reached 20 percent. Further increase in electricity tariff as per survey reports of Pakistan Bureau of Statistics (PBS) have revealed that Pakistan is the most expensive country in the region now. Such news is a matter of concern for the government. The government is increasing the price of electricity day by day, which has raised the cost of production to an alarming level.

After which the industrialists will have no choice but to close down the industry and transfer their capital to other cities or abroad Vice Chairman PCMA said that rising inflation has made life miserable for the common man, which could worsen the law and order situation and also increase pressure on the economy.

He said that the industrialists were already asking the government that it was necessary to take timely action otherwise economic stability was not possible. Saeedullah Khan said that he appeal the government to take concrete steps to control inflation and reduce production cost to restore the confidence of local investors, industrialists and foreign investors.

“UNANIMOUSLY RESOLVE THAT THE SAEEDULLAHA KHAN APPEAL THE GOVERNMENT TO TAKE CONCRETE STEPS TO CONTROL INFLATION AND REDUCE PRODUCTION COST TO RESTORE THE CONFIDENCE OF LOCAL INVESTORS, INDUSTRIALISTS AND FOREIGN INVESTORS THE TIMELY ACTION WILL PROVIDE ECONOMIC STABILITY IF THE TIMELY ACTION IS NOT TAKEN THAN IT WAS NOT POSSIBLE TO REDUCE INFLATION RATIO.”

6. There being no other item on the Agenda, the meeting thereafter ended with a vote of thanks to the Chair.

ARIF ISMAIL
SECRETARY GENERAL