PAKISTAN TEXTILE COUNCIL

MOST IMMEDIATE
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Mr. Jam Kamal Khan
Federal Minister for Commerce
Ministry of Commerce
Islamabad

Dated: July 01st, 2025

SUBJECT: DRAFT TEXTILES AND APPAREL POLICY, 2025-30

Dear Minister,

I hope this letter finds you in the best of health and spirit.

Please refer to Ministry of Commerce's letter dated 12th May 2025 on the captioned subject wherein draft of subject policy was shared with Pakistan Textile Council and comments were sought.

On behalf of the Pakistan Textile Council (PTC) and its member companies, I appreciate the Ministry's efforts to prepare the Draft Textiles & Apparel Policy 2025-30 and for seeking stakeholder input on this important document.

The proposed policy reflects a commendable understanding of the sector's challenges and global trends. We particularly welcome the emphasis on value-addition, sustainability, product diversification, and market access. However, after a detailed review and consultations with industry stakeholders, PTC believes that while the strategic vision is sound, certain critical gaps and implementation risks must be addressed to ensure the policy delivers tangible outcomes.

Key Observations

- The policy rightly acknowledges persistent barriers to competitiveness, including high energy costs, inconsistent taxation, liquidity constraints, and infrastructure deficiencies.

- Export targets are ambitious yet achievable, provided immediate, legally enforceable support measures are implemented.

- The policy reflects global priorities such as ESG compliance, circularity, and diversification into MMF and technical textiles, which align with market realities.

- That said, much of the proposed support — especially in areas such as energy, tax reforms, and infrastructure — would benefit from greater clarity, including specific timelines, legal assurances, and well-defined implementation measures.

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- Over-reliance on future institutional setups (e.g., EXIM Bank financing, logistics strategies) without interim relief measures poses a serious risk of policy failure, as seen in previous policy cycles.

- The efforts for cotton revival are a step in the right direction; however, they would benefit from greater urgency and scale to effectively tackle the deep-rooted challenges in domestic production, which remain a concern for the sector's long-term competitiveness.

PTC's Recommendations for Strengthening the Policy

To translate the policy vision into practical, time-bound outcomes, PTC recommends the following:

- **Legally Secured Competitive Energy Pricing**

  - Regionally competitive energy tariffs (electricity and gas) must be guaranteed through formal SROs or legal instruments for the entire policy period.

  - Immediate restoration of a transparent, predictable pricing mechanism for energy, insulated from cross-subsidies and inefficiencies.

  - Urgent withdrawal of recently imposed levies on furnace oil and gas for export industries, which threaten operational viability.

  - Immediate operationalization of Competitive Trading Bilateral Contracts Market (CTBCM) to allow direct purchase of affordable electricity from private producers.

- **Liquidity Relief and reformation of FBR**

  - A binding commitment and timeline for clearing all pending refunds (Sales Tax, DLTL, Customs Duty Drawbacks, etc.) must be announced to ease exporters' liquidity crisis.

  - Reinstatement of DLTL scheme for value-added products with adequate fiscal backing.

  - Enhancing limits of EFS and LTFF.

  - Comprehensive reform of FBR's refund system to ensure robust, transparent, and automated processing of verified claims.

- **Tax Rationalization and Predictability**

  A concrete roadmap, with stakeholder consensus, to:

  - Put in a moratorium on Export Development Surcharge (EDS) until existing collection is spent in a transparent manner for exports enhancement activities.

- Eliminate Infrastructure Cess and other provincial levies on exports.
- Withdraw sales tax on local procurement of export inputs.
- Align turnover taxes and corporate tax rates with regional competitors.
- Focusing on taxing profits rather than gross turnovers.
- All tax reforms must be legislated with clear sunset clauses to avoid ad-hoc reversals.

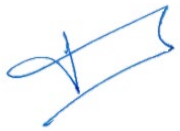
- **Cotton Revival with Climate Adaptation**
  - Establish a high-level Cotton Revival Task Force with measurable targets for acreage, yield, and quality improvement.
  - Introduce climate-resilient seed varieties, water management solutions, and farmer incentives to reduce import dependence.
- **Incentivizing MMF and Technical Textiles**
  - A dedicated incentive package to build MMF-based and technical textile capacity, including:
    - Tariff rationalization on raw materials.
    - R&D grants and skill development programs.
    - Investment facilitation, particularly for SMEs.
- **Infrastructure and Logistics with Binding Timelines**
  - Fast-track implementation of logistics reforms, port modernization, and plug and play facilities at EPZs with published milestones and accountability mechanisms.
  - Engage international shipping lines to address high freight costs and transit time disadvantages.
- **Strengthened Data and Policy Monitoring**
  - Establish a centralized, real-time industrial data platform for evidence-based policy evaluation.
  - Monitoring body with representation of industry to see how policy can be kept aligned and focused with policy objectives be established.

The Draft Textiles & Apparel Policy 2025-30 presents a solid foundation, but its success depends on converting proposals into immediate, legally backed, and time-bound interventions. Without this, the policy risks becoming yet another aspirational document, unable to arrest declining competitiveness or unlock Pakistan's true export potential.

PTC remains committed to working closely with the Ministry to refine the policy and ensure its effective implementation in the national interest.

With warm regards and renewed appreciation.

Yours sincerely,



(Fawad Anwar)
Chairman
Pakistan Textile Council

Copy for Information:

- Senator Mohammad Ishaq Dar, Deputy Prime Minister and Minister for Foreign Affairs, Ministry of Foreign Affairs, Islamabad.
- Mr. Ahsan Iqbal, Minister for Planning, Development and Special Initiatives, Ministry of Planning, Development & Special Initiatives, Islamabad.
- Mr. Muhammad Aurangzeb Minister for Finance and Revenue, Ministry of Finance Islamabad.
- Sardar Awais Ahmad Khan Leghari, Minister for Power, Ministry of Energy (Power Division), Islamabad.
- Mr. Ali Pervaiz Malik, Minister for Petroleum, Ministry of Energy (Petroleum Division), Islamabad.
- Dr. Syed Tauqir Hussain Shah, Adviser to the Prime Minister, Prime Minister's Office, Islamabad.
- Lt General Sarfraz Ahmed, National Coordinator Special Investment Facilitation Council (SIFC), Prime Minister's Office, Islamabad