



**PRESS RELEASE**

**Pakistan's Textile Exports Declining Across All Major Markets; Urgent Government Intervention Needed to Restore Competitiveness: Chairman PTC**

**Islamabad, January 07, 2026** – Pakistan's textile and apparel exports are facing a **serious and broad-based decline**, driven by **weak global demand, elevated domestic input costs, and intensifying international competition**, said **Chairman Pakistan Textile Council (PTC), Mr. Fawad Anwar**, while commenting on export performance during the **first half of FY 2025-26**.

Textiles and apparel which is Pakistan's **largest export-oriented industry** is particularly exposed, with **immediate and significant implications for foreign exchange earnings, employment, and industrial capacity utilization**.

An analysis of export trends for **knitted apparel (Chapter 61), woven apparel (Chapter 62), and home textiles & made-ups (Chapter 63)** shows a **progressive weakening across the half year**, with **November-December emerging as the lowest point**. The decline is evident across Pakistan's **top three export destinations – the European Union, the United States, and the United Kingdom**.

"The data confirms that this is not a demand-side or market-access issue. It is fundamentally a **cost-of-doing-business and competitiveness crisis**," Mr. Anwar stated. "When exports decline across all major product categories and markets simultaneously, the problem is systemic."

Mr. Anwar noted that **globally, governments are responding to similar challenges through proactive industrial policy and targeted state support**. An **IMF Working Paper on Industrial Policy (October 2025)** documents a sharp rise in **firm- and sector-specific interventions** aimed at strengthening strategic competitiveness, improving supply-chain resilience, and advancing climate-transition objectives.

Despite elevated tariffs and persistent trade tensions, **China recorded a trade surplus of nearly USD 1 trillion during the first eleven months of 2025**, supported by **market diversification, competitive exchange-rate management, and sustained industrial support for high-value manufacturing**.

Similarly, **India has approved a USD 5 billion export support package**, including **credit guarantees and concessional trade-finance facilities**, while **Vietnam has introduced tax relief, improved access to industrial land, and targeted incentives under its "Doi Moi 2.0" reforms** to reinforce private-sector competitiveness.

"Against this backdrop, Pakistan's exporters are being asked to compete globally with **structurally higher energy costs, fragmented taxation, delayed refunds, and policy unpredictability**," he said.

Recent data for **1HFY26** shows a **concerning decline in Pakistan's exports to its top three markets**. Notably, **Pakistani exporters have been unable to expand their market share in the United States**, despite **higher tariffs imposed on competing suppliers such as China and India**. This clearly underscores Pakistan's **persistently high cost of doing business**, which continues to erode export competitiveness.

Furthermore, **India has concluded Free Trade Agreements with both the European Union and the United Kingdom.** Pakistan's exports to these markets are **already on a downward trajectory**, and once these FTAs become fully operational, **competitive pressures are expected to intensify further.**

"These indicators clearly qualify for decisive government intervention, similar in scale and urgency to the **Rs 1.2 trillion economic relief package launched during COVID-19,**" Mr. Anwar emphasized.

In view of the deteriorating export trends, **Pakistan Textile Council respectfully proposes the following immediate measures:**

**1. Rationalization of Export Taxation**

Fix tax on exports at **1 percent as full and final settlement**, or alternatively apply a **15 percent corporate income tax.** Super tax and advance tax on exporters should be **withdrawn with immediate effect.**

**2. Immediate Launch of the DLT Scheme**

Launch the **Duty & Taxes Remission for Exports (DLT)** with a **5 percent drawback rate for value-added, fabric-forward exporters**, based on last year's export performance, to offset local duties, taxes, and levies that are not refundable.

All **outstanding DLT and TUF claims** should be cleared on a priority basis.

**3. Temporary Suspension of EOBI and Provincial Social Security Contributions**

Suspend **EOBI and SESSI/PESSI contributions** for export-oriented industries for a period of **three years**, in view of the substantial reserves currently available with these institutions.

**4. Immediate Reduction in Energy Costs**

Remove the **gas levy** and the **cross-subsidy component embedded in electricity tariffs** for export-oriented industries, with the resulting fiscal impact to be met through **budgetary resources**, to ease energy cost pressures and restore industrial competitiveness.

"Pakistan's textile sector remains the backbone of exports, employment, and industrial activity," Mr. Anwar concluded. "With timely, targeted, and decisive policy action, the decline can still be arrested. **Delay will only accelerate de-industrialization and loss of export markets.**"

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