



News Leather

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ANNUAL ELECTIONS OF PAKISTAN TANNERS ASSOCIATION

FOR OFFICE BEARERS & CENTRAL EXECUTIVE
COMMITTEE MEMBERS FOR THE YEAR 2016-2017

Annual Elections of the Office Bearers of Pakistan Tanners Association for the year 2016-17 were held on 30th September'2016. Mr. Anjum Zafar of M/s. Eastern Leather Company (Pvt) Ltd., Lahore has been elected unopposed as Central Chairman, Pakistan Tanners Association while Mr. Aziz Ahmed of M/s. A.M.A. Leather Industry, Karachi elected un-opposed as Senior Vice Chairman and Mr. Azam Malik of M/s. Leathertex Gloving (Pvt) Ltd., Lahore elected as Vice Chairman of the Central Executive Committee, PTA for the year 2016-17.

The members of the Central Executive Committee of
Pakistan Tanners Association (PTA)
elected for the year 2016-2017 are as follows :

- Mr. Danish Naseem-M/s. MIMA Leather (Pvt) Ltd., Karachi.
- Mr. Faraz Ashraf-M/s. Mohamed Ashraf & Sons, Karachi.
- Mr. Faraz Haleem-M/s. Muhammad Shafi Tanneries (Pvt) Ltd, Karachi.
- Mr. Fawwad Shafi -M/s. Ravi Agencies, Lahore.
- Mr. Gulzar Firoz -M/s. Firoz International, Karachi.
- Mr. M. Danish Khan-M/s. Highway's Creation (Pvt) Ltd, Karachi
- Mr. Mansoor Iqbal-M/s. Dada Enterprises (Pvt) Ltd, Lahore
- Mr. Rehan Shaikh Hannan-M/s. Khas (Pvt) Ltd., Karachi.
- Mr. Shahid Usman-M/s. EPCT (Pvt) Ltd., Lahore.
- Mr. Tanweer Aslam Chawla-M/s. Chawla Tanneries, Kasur.
- Ch. Ahmed Zulfiqar Hayat. -M/s. Leather Town, Sialkot.
- Kh. Muhammad Mehr Ali-M/s. Khawaja Tanneries (Pvt) Ltd, Multan
- Sh. M. Afzal Hussain-M/s. Hussain Leather Craft, Karachi.

Up-coming Events.

Pakistan Mega Leather Show
27-29th January'2017.
at Lahore



Lineapelle Fair,
Milan, Italy
21-23rd
February, 2017.



MOSSHOES,
Moscow, Russia
14-17th
March'2017.



APLF,
Hong Kong
29 - 31st
March'2017.



Mr. Anjum Zafar
Chairman, PTA



Mr. Aziz Ahmed
Sr. Vice Chairman



Mr. Azam Malik
Vice Chairman



PAKISTAN MEGA LEATHER

----- SHOW 2017 -----

LEATHER -FOOTWEAR-
GARMENTS-GLOVES-GOODS
27-28-29 January 2017

Trade Statistics

- Export Statistics -> July-Oct 2016 VS 2015.

Glimpses – PTA Elections 2016-17



New elected Chairman and Vice Chairman PTA (Central) snapped with the Members at PTA-NZ Office, Lahore



Mr. Anjum Zafar, Chairman, PTA (2-R and Mr. Azam Malik(L), Vice Chairman, PTA (Central) congratulating after their elections. Mr. Agha Saiddain, Senior Member, PTA is also seen



A group photograph of the Members with newly elected Sr. Vice Chairman, PTA (Central), Mr. Aziz Ahmed

MR. GULZAR FIROZ,

CHAIRMAN, DIPLOMATIC AFFAIRS STANDING COMMITTEE, PTA MET MR. RAINER SCHMIEDCHEN, CONSUL GENERAL OF GERMANY



Mr. Gulzar Firoz shakes hands with Mr. Rainer Schmiedchen on his visit to German Consulate at Karachi.

Mr. Gulzar Firoz, Chairman, Diplomatic Affairs. Standing Committee, PTA held a detailed meeting with Mr. Rainer Schmiedchen, Consul General of Germany in his Consulate Office in Karachi on 15th November'2016 to discuss matters of bilateral trade with the aim to enhance export b/w both the countries.

Mr. Gulzar Firoz apprised the German Consul General on the continuous down fall in the export of Leather & Leather Products from Pakistan to Germany and pointed out that export has been declined by 49% during 3-years from 2013-14 to 2015-16.

Mr. Rainer Schmiedchen, Consul General of Germany was also concerned at the declining trend in exports and assured his cooperation to explore trade between the 2-countries.

Mr. Gulzar Firoz also requested him to organize a Trade Delegation of German Buyers of leather, footwear and garments to visit Pakistan. He assured he look into this proposal.

PTA's Representative Meeting with SBP's Official

Sh. Afzal Hussain as nominated by the Chairman, PTA, Mr. Anjum Zafar attended a Meeting arranged by PTA with Syed Samar Husnain, Executive Director, SBP on 27th October'2016 at SBP to discuss the issue being faced by PTA member exporters concerned in respect of SBP's export performance requirement of two times.

During the Meeting, Sh. Afzal Hussain explained the above problem in detail with facts and figures and requested him to allow matching condition from 2 times to 1.5 or 1 time FY 2015-16 in favour of our members concerned as their detail cases have already been submitted to SBP vide PTA's letter # PTA-117/2016/280 dated 20.10.2016 for the purpose to facilitate the exporters to compete the global market as the leather industry is already facing downward trend in its exports. The exports of Leather Sector have registered alarming declined by 18% during the financial year July-June 2015-16 as compared to the same period of last year.

After threadbare discussion on the above issue, the SBP has reluctant to accept the proposal of the Association and resultantly turned down the request for reduction in matching condition from 2 times to 1.5 or 1 time for the year 2015-16 and advised to comply the new framed policy of SBP in this regard.

Due to non-acceptance of PTA proposal by the SBP, PTA approached the Ministry of Finance and Commerce for recommendation to SBP for reconsideration of our genuine demand to reduce the condition from 2 times to 1 time for the year 2015-16 as special case, to our affected member exporters on case to case basis for which our members can apply to State Bank and issue necessary instructions to State Bank to accommodate such cases and penalties be waived off as well as those member exporters of PTA who made excess exports during 2013-14 against the granted loan to be adjusted against the financial year 2014-15 shortfall if any.

Proposals / Suggestions of Leather Industry sent to Government for favourable consideration

After resuming the charge of the Association, as Chairman, Mr. Anjum Zafar had sent a strong representation to the Ministry of Commerce, Ministry of Finance and Federal Board of Revenue containing core issues, proposals/suggestions of the Leather Industry and requested them to take stock of the situation and announce immediately export Package for the uplift of Leather Industry. He invited the Government attention towards the alarming declining trend in the export of Leather Sectors and suggested following proposals to facilitate the leather exporters to increase its export in general and for the national exchequer in particular :

- Heavy burden of direct and indirect taxation. Multiple Local, Provincial and Federal Duties & Taxes.
- 4% Custom Duty on imported Hides and Skins.
- High cost of doing business
- High Cost of Labour.
- High Cost of Electricity & Gas
- Low rates of Duty Drawback rates on finished Leather.
- Power & Gas Load Shedding
- Decreasing Livestock population.
- To control smuggling of Livestock.

Besides above, he also sent following comprehensive proposals to the Ministry of Commerce for inclusion of Finished Leather in the FTA with China, Japan & South Korea for taking remedial measures :

- Implementation for Zero-rated Import of Leather into China from Pakistan under 2nd Phase of Pak- China FTA.
- To include Finished Leather in FTA to be executed between Pak-Japan and Pak-Korea and requested to reduce tariff in both the countries on Import from Pakistan and remove quota system as imposed by Japan on import of Leather & Leather Products from Pakistan in Japan.
- To allow revision of duty drawback rates as per PTA's agreement with IOCO as mentioned in Column 4 and that the revision of rates should be allowed from the date of our application i.e.. From 17-May-2012 and withdraw or replace the SRO 923(I)/2015 dated 8-Sep-2015 with new SRO, in order to compensate exporters' damages already incurred on account of prevailing low duty drawback rates on finished leather export since promulgation of SRO 210(I)/2009 dated 05/03/2009 as exporters have been paying cost of high import duties since then.

A comparative view of Duty Drawback Rates is given below for information :

#	Description	Duty Drawback Rates on Finished Leather			%age cut by FBR while Issuing SRO unilaterally
		Vide SRO 210(I)/ 2009 dated 5-Mar-2009	Recommended by IOCO	Revised SRO 923 (I)/ 2015 dated 8-Sep-2015	
1.	FINISHED LEATHER GOAT SKIN (for shoe upper/made-ups)	0.8%	1.34%	1.06%	20.89 %
2.	FINISHED LEATHER COW BUFFALO HIDE (for shoe upper/made-ups)	1.17%	3.05%	2.38%	21.96 %
3.	FINISHED LEATHER COW BUFFALO HIDE (for furniture/upholstery 2.5 MM upto 5.0MM)	2.12%	2.92%	2.43%	16.78 %

Meeting with Consul General of Russian Federation in Karachi

As nominated by the Chairman, International Fairs & Delegations Standing Committee, PTA, a PTA delegation visited Consulate General of the Russian Federation in Karachi on 21.11.2016 and held meeting with Mr. Leg N. Andeev, Consul General of Russia to discuss the following issues of PTA member firms in respect of their participation in the forthcoming Mosshoes Fair to be held in Moscow, Russia :

- To help organize smooth participation of PTA members in Mosshoes Fair from 14-17th March'2017.
- To co-ordinate Pak-Consulate, Federation and Chambers in Moscow-Russia for the purpose to extend cooperation/assistance for result oriented participation of Pakistan first time in Moshoes Fair.
- To endorse Visa of PTA's up-country member participants at Karachi Consulate.



International Fairs & Exhibitions :

pta is organizing the National Pavilion(s) in the following Fairs :

- ✳ Lineapelle Fair, 21-23rd February, 2017 at Milan, Italy for participation of its 15 members with approved Government subsidy of TDAP.
- ✳ Mosshoes, 14-17th March, 2017 at Moscow, Russia for participation of its 12 members with approved subsidy of EU/PITCO under the designated programme for Pakistan – PLCIP.
- ✳ MM&T Section of APLF, 29th March to 31st March, 2017 at Hongkong for participation of around 40-42 members with approved Government subsidy of TDAP.

Export performance of Pakistan's Leather Industry

EXPORT OF LEATHER AND LEATHER PRODUCTS FROM PAKISTAN DURING JULY-OCT'2015 VIS-À-VIS JULY-OCT'2016

VALUE = (U.S. Dollars in Thousand)

COMMODITIES	UNIT	JULY-OCT 2015		JULY-OCT 2016		% CHANGE	
		QTY	VALUE	QTY	VALUE	QTY	VALUE
LEATHER	'000' SQM	5,939	126,209	4,396	113,487	-25.98%	-10.08%
	AUP/Sq.M		21.25		25.82		21.48%
LEATHER APPAREL & CLOTHING	'000' Doz	295	111,444	287	107,147	-2.71%	-3.86%
	AUP/Pcs		31.48		31.11		-1.18%
LEATHER GLOVES	'000' DOZ	1,860	66,936	1,610	56,745	-13.44%	-15.22%
	AUP/Pair		6.00		5.87		-2.06%
LEATHER FOOTWEAR	'000' Pairs	1,696	24,662	1,985	26,937	17.04%	9.22%
	AUP/Pair		14.54		13.57		-6.68%
LEATHER MANUFACTURES	'000' KGS	313	4,156		3,930		-5.44%
	AUP/Kg		13.28				
TOTAL:			333,407		308,246		-7.55%

Source: Pakistan Bureau of Statistics.

NOTE : Export figures for the months from Aug'2016 to Oct'2016 are Provisional.

Activities-PTA Northern Zone

Awareness Session – Chrome-VI Prevention Solution at PTA-NZ Office on 06-Sep-2016

On 06-Sep-2016, PTA-Northern Zone office arranged and coordinated Awareness Session –Chrome-VI Prevention Solution in collaboration with SGS Pakistan, Lahore office. Representatives from as many as 08 member companies attended the session and termed it as very useful in understanding internationally acceptable measures for preventing chrome-VI in leather. Experts from SGS Pakistan (Lahore Chapter) also elaborated sampling techniques and requirements for drawing-out samples for representative testing of leather especially prepared for end-consumer products.



Seminar on Hides and Skins Preservation During Eid-ul-Azha

Under an agreement, mutually signed between PTA, UVAS and PITCO, a seminar/session on "Hides & Skins Prevention during Eid" was held in a local hotel of Lahore on 1-September-2016. Dr. Zafar Iqbal Ch. Of UVAS and an expert scientist from PCSIR Karachi explained various cost effective measures to preserve hides and skins collected during Eid. Precautions and care instructions for storage and transportation of hides and skins were also part of presentations. Session went very successful and result oriented. Around 18 participants from 7-8 different organizations termed the session very helpful. A similar session was also arranged at Karachi.



Group Photos of the Participants and Organizers of the Seminar held on Hides and Skins Preservation in Local Hotel at Lahore

Presentation/Letters to Interior Ministry and Chief Secretaries of four Provinces

During Question/Answer session of the Semanr held on 1-Sep-2016, participants suggested PTA to write to Government to notify the eligible institutions/organization for collection of hides and skins during Eid days well-in-time so that the respective institution/organization could made appropriate and timely arrangements for the hides/skin collections in order to preserve precious raw materials.

In this respect, PTA issued a comprehensive letter to Federal Ministry of Interior and Chief Secretaries of Punjab, Sindh, KPK and Balochistan. PTA also arranged to release a Press release in national dailies to highlight the importance of matter. PTA also wrote to ask government for providing logistic/support to facilitate these organizations in preserving precious raw material.

Meeting with Mr. Nasim Sadiq – Secretary Livestock and Dairy Development Department, Government of Punjab on 8-Sep-2016

PTA's letter to Chief Secretary of Punjab also found its route to the office of Secretary Livestock and Dairy Development (L&DD), Government of Punjab. Mr. Nasim Sadiq – Secretary Livestock called on an emergent meeting with PTA representatives in the evening of 8-Sep-2016. Mr. Agha Saiddain, Mr. Muhammad Musaddiq, Sheikh Muhammad Shafi and Secretary PTA-NZ attended the meeting.



A group photograph of PTA delegation with the Secretary Livestock, Punjab (2R)

Mr. Nasim Sadiq Secretary L&DD is a proactive and learned person. He understood and upheld the importance of PTA's message and offered press coverage for PTA's message for preserving hides and skins on Eid by Livestock Department Punjab. He asked PTA to help drafting a message that will be published in newspapers on/before Eid. Secretary PTA-NZ alongwith Mr.Ammar of PITCO spent a whole next day drafting an ad message with Livestock Department.

The advertisement finalized and approved by Secretary Livestock was appeared in Daily Express (Lahore, Multan and Islamabad editions) and Jang (Lahore, Rawalpindi, Multan editions) of 12-Sep-2016 (a day before Eid). A subsequent appearance ad was also observed on Eid day (13-Sep-2016) in Dunya News (Lahore, Islamabad, Faisalabad, Gujranwala, Multan editions) and Nawa-i-Waqt (Lahore, Islamabad, Multan editions)



Dinner Hosted by Mr. Azam Malik Chairman PTA-Northern Zone

On 15-October-2016, Mr. Azam Malik Chairman PTA-Northern Zone hosted a dinner in the honour of Mr. Anjum Zafar Chairman PTA (Central) at his residence. Some prominent members of PTA were also invited to grace the occasion.

It was an informal gathering of PTA-members wherein they had the opportunity to discuss various matters of business and bilateral interest.

A decent cordial environment was set with twinkling candles and blooming flowers to welcome the guests for a delightful dinner treat comprising of multiple continental and oriental cuisines to be concluded on a variety of desserts.

Mr. Anjum Zafar and all other members appreciated the gesture of hospitality and honoring by Mr. Azam Malik for his business colleagues.

Everybody endorsed the idea that such informal get-togethers should be arranged on rotation basis.



Members discussing on the occasion of dinner hosted by Mr. Azam Malik, Chairman, PTA Northern Zone in honour of Mr. Anjum Zafar, Chairman, PTA (Central)

Visit of Mr. Zulfiqar Younas – Collector of Customs (Preventive), Lahore

To the office of Pakistan Tanners' Association (Northern Zone) on 23-Nov-2016

In order to discuss members' problems regarding pending duty drawback claims and other issues, Chairman PTA-Northern Zone Mr. Azam Malik invited Mr. Zulfiqar Younas Collector of Customs (Preventive), Lahore to PTA-Northern Zone office.

Mr. Zulfiqar Younas very kindly accepted the invitation and visited the office of Pakistan Tanners Association – Northern Zone Lahore on 23-November-2016. Mr. Anjum Zafar Chairman PTA and Mr. Azam Malik Chairman PTA-Northern Zone welcomed the distinguished guest. On the occasion, Executive Members of Northern Zone were also present along with a large number of senior members.

During the meeting PTA and Pakistan Customs agreed to evolve a comprehensive mechanism to release the refunds of the leather exporters, as non-payment of refunds has resulted in falling exports which will widen the trade gap further.



Chairman PTA Mr. Anjum Zafar (L) and Mr. Azam Malik Chairman PTA-Northern Zone (R) heading the discussion session with Collector of Customs (Preventive), Lahore

Addressing the meeting of PTA North Zone, Customs Collector Zulfiqar Younas admitted the fact that long delay in refund payment has been inflicting the industry. He assured the leather exporters of early clearance of their all pending rebate claims.

The Collector pledged to provide all necessary facilities to the Lahore-based exporters and importers, besides removing hurdles to motivate them to do their business through Lahore Dry Port.



Member Participants attending meeting with Collector of Customs

Addressing the meeting, PTA Chairman Anjum Zafar observed that Pakistani leather exporters have crumbled because of blockage of sales tax and duty drawback refunds for the past several years.

"We want no benefits but we do want our money refunded. Presently, sales tax and duty draw backs refunds amounting to over Rs 250 million of the Punjab leather industry are stuck up, thus creating a liquidity crunch."

Exports are stagnant and export-oriented industry in a dire need of resources, delay in payment of refund claims adding to their miseries, he added. Delay in release of huge funds has triggered serious liquidity crunch for the exporters and manufacturers that might lead to closure of several industrial units which will have very damaging consequences, he warned.

Government should recommend policy and take steps to reduce cost of doing business by 8-10% for finished leather exports, he demanded. He suggested that refund of all taxes, levies, duties, surcharges etc. should be refunded to exporters. If through DTLT, then refund must be 100% through banks on realization of proceeds.

He demanded that FBR and Customs Department should be taken on board to implement original rate of duty drawback as per recommendation of IOCO.

Moreover, matter may be taken up strongly with Minister of Finance and FBR to allow import of raw material at zero-rate instead of present 3%.

He called for taking up matter of depleting livestock with concerned departments and to take steps for revival of livestock and make policy decision.

PTA North zone Chairman Azam Malik while addressing the meeting, stressed the government to act decisively and rescue the leather industry from financial crisis, as worst ever cash flow crunch has brought the second largest industry to the verge of disaster.

“The FBR is hampering the growth of one of the most productive sectors, generating employment of over one million people and earning foreign exchange of around \$1 billion, by denying the exporters their right of refund,” he said. He added that government should take realistic view of the matter and release the long outstanding refunds at the earliest.

Azam Malik said despite the record revenue collection, non-payment of exporter's outstanding refunds is unjustified. “The government at many times gave firm assurances for payment of refunds but failed to keep its promises. The FBR, under the law, is bound to release refunds within 45 days but there are delayed refunds for the years,” he said.

PTA North Zone chairman said that leather exporters, the high value-added industry, are badly deprived of liquidity while the government is showing the stuck-up refund amounts in its revenue account which is not a fair practice.

Glimpses of PTA Members Meeting with Mr. Zulfiqar Younas, Collector of Customs (Preventive) at Lahore on 23rd November'2016



Mr. Azam Malik – Chairman PTA Northern Zone presenting a gift from PTA-Northern Zone as well as from his enterprise M/s Leathertex Glovings (pvt.) Ltd., Lahore to the Chief Guest



Chairman PTA Mr. Anjum Zafar presenting memento to Chief Guest Mr. Zulfiqar Younas



A Group photograph of PTA members with Mr. Zulfiqar Younas Collector of Customs (Preventive), Lahore

PTA Delegation met with SNGPL Officers

At the start of winter season, Sui Northern gas Pipelines Ltd. (SNGPL) offered R-LNG supply contracts to member companies as an alternate to prospective suspension of supply of natural gas.

On 2-Dec-2016 a delegation of members lead by undersigned and Chairman PTA Mr. Anjum Zafar, visited Sui Northern Gas Pipelines Ltd office for meeting and met Mr. Shahid Maqsood - General Manager (Sales) and Mr. Asif Qureshi - General Manager (Billing) present along with some other SNGPL officers.

During the meeting, delegation discussed the aforesaid contract as member industries were reluctant in signing the contract as they apprehend mainly that:

- Contract does not give any cut-off date when the supply of RLNG will be replaced with system gas;
- SNGPL may stretch out continuing RLNG supply regime for whole of the year unwarrantedly, without any switching over to system gas. This situation, if allowed, would result an additional burden of about 10 million rupees per annum on an SME thus jeopardizing the global competitiveness of an exportable commodity of the country i.e. the Leather.

General Managers (Sales and Billing) tried assuring PTA that:

- SNGPL supplies available system gas on equitable basis to all consumers subject to its availability.
- Contract clauses have been fairly drafted to address and protect buyer's (consumer) and seller's (SNGPL) interest.
- System gas will be totally replaced with RLNG at the end of winter season on the improvement of supply situation. Meanwhile, depending on availability of system gas, SNGPL will maintain most optimal and economically viable mix of RLNG and system gas for the industry.

PTA-NZ decided to disseminate the assurances received from SNGPL officers amongst PTA-NZ members so that they could proceed for signing RLNG contracts.

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