

# Exporters seek duty-free import of cotton yarn

Value-added textile sector says product in local market is of substandard quality

Our Correspondent January 06, 2021



It was proposed that 5% regulatory duty may be removed on cotton yarn till June 30, 2021, by the time the situation of cotton would be reviewed again. PHOTO: REUTERS

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Value-added textile exporters are highly perturbed about the unavailability of quality [cotton](#) yarn despite getting huge export orders.

Yarn is a basic raw material in the textile industry, however, the available yarn is of substandard quality due to which exporters are unable to meet export commitments, said Pakistan Apparel Forum Chairman Muhammad Jawed Bilwani.

“Our cotton yield is drastically low this time that’s why we are not only facing shortage of cotton but also cotton yarn,” [Federation of Pakistan Chambers of Commerce and Industry](#) (FPCCI) former vice president Sheikh Sultan Rehman told The Express Tribune. “This will definitely create hurdles in the way of textile sector, which the government and private sector should remove with some understanding,” he said.

To ensure the availability of yarn, the value-added textile exporters had earlier demanded that the government allow duty-free import of cotton yarn to facilitate the sector in achieving the milestone. But the government considered removing regulatory duty only, the official added.

He said that there was unrest and uncertainty among exporters, who felt discriminated against as the government had allowed completely duty-free import in the case of cotton.

He said that the removal of regulatory duty had supported the value-added textile sector to some extent, however, the situation also necessitated the removal of customs duty to fully support and enable the sector to meet export orders.

Owing to unavailability of [cotton](#) yarn, the prices of 30/1 yarn were Rs235 per pound during October 2020 and now in January 2021 they were Rs260 per pound. There had been an increase in the rates by 9.62%, which also caused increase in the cost of manufacturing, pushing the exporters towards an unviable situation and uncompetitiveness, said Bilwani. Appreciating the government’s effort to streamline and automate sales tax refunds, the exporters also requested the government to streamline and automate the system for disbursements under the Drawback of Local Taxes and Levies (DLTL) and Duty Drawback of Taxes (DDT) schemes.

Bilwani said the government should remove 5% customs duty on the import of 32 single yarn and below count and the exporters, manufacturers and importers should be given full liberty to import yarn from any country till the scarcity of yarn was controlled.

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