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Textile Industry Rejects FBR's EFS Amendments

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The Pakistan Textile Council slams Federal Board of Revenue's Export Facilitation Scheme changes, warning of severe damage to exports.

The Pakistan Textile Council (PTC), representing over 30% of Pakistan's textile and apparel exports, has strongly criticized amendments to the Export Facilitation Scheme (EFS) introduced by the Federal Board of Revenue (FBR) via Statutory Regulatory Order (SRO) 1359(I)/2025 on July 29, 2025. The PTC warns that these changes, particularly the exclusion of raw cotton, cotton yarn, and grey cloth from the EFS, will cripple the textile sector, which accounts for over 50% of Pakistan's \$16.7 billion in export earnings for 2024-25, according to The Express Tribune. The council has formally submitted

objections to FBR Chairman Rashid Langrial and escalated the issue to the Prime Minister's Office, urging immediate withdrawal of the exclusion clause.

The amendments disregard recommendations from a high-level committee, chaired by Planning Minister Ahsan Iqbal, formed to refine the EFS with stakeholder input. The PTC argues that excluding key raw materials forces exporters to pay 18% sales tax upfront, undermining competitiveness amid global challenges like U.S. tariffs, as noted by Business Recorder. Chairman Fawad Anwar stated that taxing raw inputs equates to taxing exports, a move that could exacerbate Pakistan's trade deficit, which hit \$24.1 billion in 2024-25, per Dawn. The council's recommendations include maintaining an 18-month input utilization period, allowing provisional EFS authorization for new users, and replacing bank guarantees with cost-effective insurance bonds.

Further objections target restrictive toll manufacturing rules, such as a 60-day processing limit and mandatory vendor disclosures, which the PTC deems impractical. The council also opposes intrusive physical sampling requirements, arguing they disrupt operational efficiency, according to Daily Times. Posts on X reflect industry frustration, with users like @peconomist_ highlighting the amendments' potential to harm Pakistan's economic stability. The Pakistan Muslim League-Nawaz (PML-N) government faces criticism for bypassing stakeholder consensus, risking further strain on an industry already grappling with global protectionism.

The PTC's urgent appeal to the government emphasizes the need for policy reversal to protect Pakistan's largest export sector. Without swift action, the council warns, the amendments could erode competitiveness, increase costs, and threaten jobs, undermining efforts to stabilize the economy.