



SWABI CHAMBER OF COMMERCE AND INDUSTRY

Ref No. SCCI -2021/416 -05

Dated: 20 -05- 2021

Hon'ble Hassan Daud Butt.

Chief Executive Officer

KP –BOIT/ KP –SEZA.

Subject: Request for Facilitation of Business Enterprises in Tobacco Sector of Khyber Pakhtunkhwa.

Dear Sir;

In pursuance of No. 2/34 –KP-BOIT/2021/6529 dated 17th May 2021 from your good self. That's an honor for all of us to be part of this extraordinary meeting to streamline and simplify the business processes including Tobacco/ Provincial CESS, duplication, and regulatory burdens. We are grateful to the Hon'ble Abdul Karim Khan, Special Assistant to the Chief Minister on Industries and Commerce, and all the highly respectable representatives from stakeholder departments for arranging this opportunity to discuss the issues related to the Tobacco Industry in Khyber Pakhtunkhwa.

Chief Executive Officer

Being amongst the leading businessmen association of this province, Swabi Chamber of Commerce and Industry is committed to its objects i.e. to promote trade, commerce, industrialization, and economic activities in the district and adjoining areas. Therefore taking this forum as an opportunity, we want facilitation from KP –BOIT and all stockholding departments for Tobacco Sector Business Enterprises.

In pursuance of No. 2/34 –KP-BOIT/2021/6529 dated 17th May 2021 from your good self.

In this context the issues are as follows;

1. Request for Ease in Export Policy.
2. Facilitation in Search of New Markets.
3. Uninterruptable Electricity Availability at Cheap Rates.
4. Access to the Chinese Markets to Improve the Exports.
5. Issues Related to Shipping Infrastructure Development:
6. Exemptions in Taxes and Levies, Custom and Excise duties.
7. 'Expo Swabi' & Seminar on 'Economic Transformation & Industrial Development in Swabi'.

We know all the stakeholders are doing their best to improve the national economy and streamline and simplify the business processes including Tobacco/ Provincial CESS, duplication,

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and regulatory burdens. That's the reason we are very concise on our points and it's time to facilitate the business community of Tobacco sector the details of the mentioned issues are as follows;

1. Request for Ease in Export Policy.

The steps towards in the 'Ease of Doing Business are very appreciative. But we need to work on the fast track. In this context, we requesting assistance to ease the export policy through banking channels i.e. documentation, LC Opening, and Financing. This facilitation will improve the statistics about exports and will generate more revenues for the national economy.

2. Facilitation in Search of New Markets.

It is mandatory to explore the new markets all around the world to improve the Tobacco Industry exports. In this regard, the role of TDAP, Export Development Fund –EDF, and KP –BoIT is very significant. We need promotion for our products and through active participation in the international exhibitions; we can explore the new markets for our tobacco industry-related products.

3. Uninterruptable Electricity Availability at Cheap Rates.

Uninterruptable Electricity availability at very cheap and reasonable rates to the Tobacco Processing Industries i.e Redrying, Threshing and Cigarettes manufactures. Industries and Business Enterprises are paying very high rates for electricity, that's increases the cost of production and doing of business in the same industrial sector.

In this context, the industries and business enterprises are currently charged rates. We are requesting to access it and revised the policy for tobacco and the general industrial community.

4. Access to the Chines Markets to Improve the Exports of Tobacco Products:

As per available statistics, there are approximately 75,000 operational registered enterprises i.e. cigarette Manufactures, Market distributors, Registered Retail Agents, and Tobacco Crop harvesters and processors and 45,000 from the above-stated figures belong to Khyber Pakhtunkhwa.

That's means we owe the majority share in the national market with 60% of the Tobacco Business market share. If we consider the statistics of Tobacco cultivation areas, there is approximately 25,500/-hector of agricultural land of

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Swabi, Mardan, Charsada, Bonner, and Mansehra use for the cultivation of Tobacco.

At this ratio, our industries are operational with the total installed production capacity of approximately 150 billion in which 80 billion capacities are in use and the rest of the 70 billion capacities requires being operational.

Republic of China's total Tobacco consumption capacity is 2500 billion. We need access to the Chinese markets. In this context, we are requesting the necessary cooperation and assistance to explore the Chinese markets to earn the revenue through export of national Tobacco products. The roles and support from Pakistan Tobacco Board, KP –BoIT, TDAP, and FPCCI are very vibrant and necessary.

5. Issues Related to Shipping Infrastructure Development:

Shipping of Export quality products to the other countries is always a big issue, we are facing problems in freight rates settlements, currently, the major market share for shipping of the Pakistani Exports is in the hands of international shipping companies and it is very difficult for the businessmen to set the shipping terms and freight charges with them.

We are also facing issues in dealing with Pakistan Customs and Shipping Port Authorities during shipment scanning and inspections, during these departmental procedures huge damages are reporting that damages ruined all our efforts to earn the maximum value through our productions.

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It is requested to your good self through this significant forum to all the respective departments to please facilitate the genuine and professional industries and design a very efficient and effective policy to resolve the issue

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6. Exemptions in Taxes and Levies, Custom and Excise duties:

We highly appreciate the fight to overcome the challenges and backing your team under Article 5 of the Constitution of the Islamic Republic of Pakistan to pay taxes honestly and diligently.

We are also facing issues in dealing with Pakistan Customs and Shipping Port Authorities during shipment scanning and inspections, during these departmental procedures huge damages are reporting that damages ruined all our efforts to earn the maximum value through our productions.

As we are aware of best export quality production of Tobacco Industries in Khyber Pakhtunkhwa. The Industry is paid approximately 80 billion rupees in the Fiscal Year of 2017-18 from its income in Taxes, Levies, Custom, and Excise duties

It is requested to your good self through this significant forum to all the respective departments to please facilitate the genuine and professional industries and design a very efficient and effective policy to resolve the issue



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As per the general trading market share, that's a huge amount of industry contributing to the national revenue circle. The competition in the international market on Tobacco and Agricultural production is tough, sometimes our exporters are fighting for a single penny.

It is requested to the Industries Excise and Taxation Departments play their pivotal roles and provide exemptions and subsidies to increase the national export and to bring the revenue to the country. We are hopeful, to get some facilitation in waving off taxes and levies, customs, and excise duties in the upcoming budget.

7. 'Expo Swabi' & Seminar on 'Economic Transformation & Industrial Development in Swabi'.

Swabi Chamber of Commerce and Industry is committed to its primary objective to provide real-time advocacy and promotion the trading, commerce, and industrialization activities.

As we have taken the initiative to schedule 'Expo Swabi and Seminar on Economic Transformation and Development in Swabi, in the mid of July 2021'. It is expected more than 100 thousand people from all over the country will visit the Exhibition and join us in this economic activity. This will also help out the legislatures and policymakers to provide more facilitation to the business and industrial enterprises and promote their activities and national exports.

In this context, we are already working with the district administration and the University of Swabi –UoS to plan a very successful event. The Economic Activity requires a sponsor for financing; we are already in liaison with TDAP in this regard and requested the regional office to support us and finance the complete event which proposed cost will be approximately 45 -50 million rupees.

We will welcome and request the BoIT, SIDB, Provincial Industries, and Commerce departments to come and join us as official sponsors, stakeholders and partners to promote the trade, commerce, and industrialization activities and support the production potential of Khyber Pakhtunkhwa.

The Economic System urgently needs real reforms, weak economy has put the national interests, security at stake. As an industrialist, I feel that the economy is far from a breakthrough. We need to work hard as a team to build the national economy and to improve



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the economic statistics. Through Economic reform in the current system, Pakistan can protect its manufacturing units and we need the national economic policy which has the ability to avoid the short-term benefits for long-term losses and purely based on the future prospects for economic transformation i.e. productivity, quality, and innovation.

Swabi Chamber is grateful to your good self, Special Assistant to Chief Minister Khyber Pakhtunkhwa, VP FPCCI Peshawar region and all the stakeholders and fully committed for the facilitation roles as offered to its body members to work on the future prospects of the economy and to transform it through productivity, quality, and innovation.

Thanking You.

Muhammad Salman Khan.

Secretary General

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Secretary General