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Circular to members # 146/2026-27

March 28, 2026

APTMA urges govt to exclude three categories of fabric from EFS



The All Pakistan Textile Mills Association (APTMA) has urged the government to exclude three categories of fabric from the Export Facilitation Scheme (EFS), citing widespread abuse through mis-declaration and misuse of exemptions.

In a letter addressed to Minister of State for Finance, Bilal Azhar Kayani, the APTMA referred to the proceedings of the Technical Committee on the review of the utilisation period under the EFS held on February 26, 2026.

The Association highlighted what it termed as “massive abuse” of the scheme through mis-declaration of unprocessed fabric imports under misleading, vague, and ambiguous descriptions. This, it argued, undermines the intent behind the withdrawal of greige fabric from the EFS through SRO 1359(I)/2025 dated July 29, 2025.

The APTMA pointed out that imports of fabric under the EFS have witnessed an abnormal surge despite the exclusion of greige fabric. To substantiate its claim, the Association shared cotton fabric import data with the committee, which acknowledged the concern and endorsed the need for amendments in EFS rules to curb malpractice.

However, the Association expressed concern that SRO 528(I)/2026 issued on March 19, 2026, following the committee’s recommendations, does not address the continued misuse of the scheme through mis-declaration of greige fabric under different descriptions.

The APTMA also noted that it had earlier raised the issue with the Federal Board of Revenue (FBR) through a letter dated February 28, 2026.

“There has been a significant increase in imports of bleached cotton fabric under EFS, casting serious doubts on the genuineness of exemptions being claimed,” the APTMA chairman stated.

According to the data shared, imports of bleached cotton fabric under EFS surged to 1,911 tonnes in February 2026, compared to just 23 tonnes in February 2025—an increase of over 8,200 percent year-on-year following the removal of unbleached cotton fabric from the scheme.

The Association further argued that imports under EFS are exempt from sales tax, whereas domestically supplied inputs for export remain subject to sales tax, putting local industry at a significant disadvantage.

The APTMA alleged that certain importers are bypassing the restrictions by mis-declaring unbleached fabric as bleached or semi-processed categories, resulting in revenue loss for the government and distorting fair competition.

“This abuse of exemptions is inflicting further injury on the domestic industry, which cannot compete with duty- and tax-free imports of mis-declared greige fabric,” the Association maintained.

The APTMA has sought urgent intervention from the Finance Ministry and proposed exclusion of the following categories from the EFS: (i) semi-bleached and bleached cotton fabric; (ii) semi-finished fabric; and (iii) Prepared for Dyeing (PFD) and Prepared for Garment Dyeing (PFGD) fabric.

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