

SUMMARY OF PROCEEDINGS: STAKEHOLDER CONSULTATION

SURAT

August 19, 2013

A stakeholder consultation was organised by ICRIER in collaboration with the South Gujarat Chambers of Commerce and Industry and New Textile Market, Surat, on “**India and Pakistan Textile Sectors: Tapping the Trade Potential**”. The panelists included Jagat Shah, Founder & Chairman, Global Network, Ahmedabad; Nisha Taneja, Professor, ICRIER; Kamlesh Yagnik, President, South Gujarat Chambers of Commerce and Industry; Asok Jain, President, New Textile Market; Devkishan Manghani, Chairman, New Textile Market and Afaq Hussain, BRIEF, Delhi. The idea behind this consultation was to bridge the information gap between traders and policy makers and to examine problems faced by textile traders while trading with Pakistan.

In his opening remarks Mr. Jagat Shah emphasised the importance of bridging the information gap between traders and policy makers to step up trade. He suggested taking a delegation of Indian businesspersons to the Wagah border and arranging a meeting with traders from Pakistan to boost confidence on both sides. Dr. Nisha Taneja made a presentation on capitalizing the trade potential in textiles sector between India and Pakistan. In her presentation, Dr. Taneja drew attention to the trade possibilities that exist between India and Pakistan in the textiles sector, highlighting in particular the huge untapped potential for trade in ethnic ladies ethnic garments. Mr. Kamlesh Yagnik, pointed out that trade between India and Pakistan is natural given the commonalities in culture. Pakistan’s strength lies in cotton production, particularly cotton lawn. There is huge demand for synthetic materials in Pakistan which can be met by India. Consequently, Mr. Devkishan Manghani pointed out that the textile market in the two countries offered opportunities that could be exploited; with a huge potential for the export of synthetic salwar kameez from India to Pakistan and a large potential for import of cotton lawn salwar kameez from Pakistan.

The panelists and industry representatives discussed the regulatory regime that exists for trade in these two items. It was highlighted that the HS code for synthetic salwar kameez, which is exported from Surat is, 540702. A ‘**Ready Reckoner**’ prepared by ICRIER on textile items for the consultation showed that HS code 540702 was neither on Pakistan’s sensitive list applicable under SAFTA nor on Pakistan’s negative list for India. Yet trade in the item and other textile items from India to Pakistan takes place through Dubai and Afghanistan pointing to lack of awareness of regulatory regimes for exports. Likewise, for imports of cotton lawn salwar kameez from Pakistan, participants from industry stated that they were not familiar with the regulatory regime. The participants were advised to use the **online portal of the Central Board of Excise and Customs**, which provides information on applicable duties and regulatory requirements of all HS codes by country of origin. The link is also provided on this website and

can be accessed at www.indiapakistantrade.org. Traders also raised the issue of non-assurance of payments, which acts as a non-tariff barrier.

The support of ICRIER and the government was sought to build confidence among traders for trading with Pakistan. Issues related to expanding trade in textiles will be raised at the Roundtable Conference that ICRIER proposes to hold jointly with FPCCI (Federation of Pakistan Chambers of Commerce and Industry) in Karachi, in October this year. The consultation ended on a positive note, with renewed interest among exporters and importers to improve trade relations with Pakistan.