EXCLUSIVE INTERVIEW

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"To revive the industrial base and enhance export competitiveness, Pakistan must prioritize tax and regulatory simplification by streamlining procedures, reducing compliance burdens, and building Pakistan's soft image and global market perception through business advocacy and international marketing"

Mr. Fawad Anwar

Managing Director, Al-Karam Textile Mills Pvt. Ltd. and Chairman of Pakistan Textile Council (PTC)

ICMA: How do you view the current state of Pakistan's Economy, and what key reforms are needed to revive industrial growth?

Fawad Anwar: Pakistan's macroeconomic indicators show some stability as the IMF and Pakistan have reached a staff level agreement for another USD 1.2 billion. Our policy rate is stable at 11%, however, Pakistan's current account recorded a deficit of USD 594 million for the first quarter of FY26 (July to September 2025). Pakistan's exports were recorded at USD 7.62 billion during Q1 FY26, showing a 3.4% decline compared to USD 7.89 billion in the same period of FY25. In September 2025, exports stood at USD 2.50 billion, reflecting an 11% year on year decrease from USD 2.81 billion in September 2024. LSM, which contributes around 8% to GDP, posted a contraction of 0.74% in FY25, falling short of its 3.5% growth target. In FY24, the LSM sector had also declined marginally by 0.03% after recording 0.92% growth in FY23.

In the current financial year, although Pakistan is at an advantage over India and China in terms of tariffs, both these countries' exports have increased. This indicates the importance of policy and structural reforms.

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To revive and sustain industrial growth, Pakistan must implement a focused set of reforms centered on simplification, competitiveness, and access. Streamlining tax procedures and reducing compliance burdens will promote formalization and investment, while government funding should be strategically utilized to enhance Pakistan's global image through business advocacy and marketing, rather than solely funding certification or testing infrastructure.

Energy sector rationalization is equally vital, ensuring regionally competitive electricity and gas tariffs through formal SROs or legal instruments to provide predictability and support export competitiveness. Expanding access to finance for SMEs and industrial units, especially in textiles and allied sectors, through long term concessional loans and targeted green incentives will drive modernization and sustainability. In particular, the Pakistan Textile Council underscores the urgent need to relaunch and strengthen the Renewable Energy and Green Transition Financing Scheme to enable industry wide transformation.

ICMA: What policy and tariff measures do you believe can make Pakistan's industries more competitive in the global market?

Fawad Anwar: Pakistan must restore the Export Finance Scheme (EFS) in its original form, as taxing raw materials for exports contradicts global best practices and undermines competitiveness. Recent amendments imposing duties and GST on essential textile inputs have hurt exporters and should be reversed. Equally critical is the restoration of regionally competitive and legally guaranteed electricity and gas tariffs for export-oriented units, as high energy costs erode profit margins even when global market conditions are favorable.

Export rebates and refunds should be fully digitalized and simplified, with statutory timelines such as 30 to 45 days for duty drawback, refund, and EDF disbursements to ease liquidity pressures and reduce reliance on costly borrowing. Furthermore, export finance must be made cheaper and available for longer tenures by enhancing the limits and scope of EFS and LTFF, enabling exporters to invest in capacity expansion, modernization, and compliance upgrades essential for sustained global competitiveness.

ICMA: Rising energy and production costs remain a major challenge, what steps are essential to improve the cost competitiveness for manufacturers and exporters?

Fawad Anwar: Pakistan's export industry is at a severe cost disadvantage compared to its regional competitors due to high energy cost, taxation, financing cost, stuck up refunds and other non-refundable taxes and levies. The government should remove cross subsidy from industrial power tariff and abolish peak rates and also remove cross subsidy from industrial gas prices, eradicate disparity in prices among the consumers and ensure reliable supplies to industrial consumers. If the energy prices in Pakistan are not regionally competitive, Pakistan exports will not compete in international markets.

ICMA: Policy uncertainty often discourages investment; how can the government ensure stability and build lasting business confidence?

Fawad Anwar: The Government of Pakistan must prioritize policy consistency, institutional coordination, and transparent governance. Establishing long-term, legally backed policy frameworks particularly for taxation, energy pricing, and export incentives will help reduce the uncertainty that deters investors. Strengthening consultation mechanisms with industry through structured public–private dialogue can ensure predictability and policy continuity across political cycles.

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Additionally, maintaining macroeconomic stability through disciplined fiscal management, timely payments, and a clear roadmap for debt and energy reforms will signal reliability to both domestic and foreign investors. Streamlined regulations, digitalized approvals, and rule-based decision-making will further reinforce trust, creating an enabling environment where businesses can plan, invest, and expand with confidence.

ICMA: How can Pakistan move beyond the low-value exports and encourage greater innovation and value addition across industries?

Fawad Anwar: Moving up the value chain requires targeted incentives and effective public–private coordination. Policymakers must incentivize downstream exports by offering lower duties for high value-added products such as finished garments, technical textiles, and performance fabrics rather than focusing on raw fiber or greige exports. Factory modernization should be made financeable through an expanded LTFF that supports automation, compliance with environmental and labor standards, and energy-efficient machinery, with the State Bank reorienting its instruments through sector-specific windows.

Similarly, public co-investment in textile R&D centers, testing facilities, and sample hubs especially with subsidized SME access, can accelerate innovation, ensure faster turnaround, and help firms meet global compliance demands. Export diversification should be actively promoted through market development funds, enabling entry into non-traditional regions like Africa, Latin America, and Central Asia, and supporting participation in trade fairs, buyer delegations, and sustainability certifications such as OEKO-TEX. With data showing over-reliance on limited markets and product lines, Pakistan must adapt to emerging opportunities in China, Bangladesh, and GCC markets through customized, high-quality, and design-driven textile offerings.

ICMA: How is the Pakistan Textile Council working with the government to promote sustainable industrial growth and export diversification?

Fawad Anwar: PTC is an apex body of top textile and apparel exporters. It is a not-for-profit organization and works as a policy advocacy platform. We remain continuously in contact with all stakeholders, both local and international. We provide evidence-based policy recommendations to the government. We submit proposals during the budget-making exercise and also share input in policy-making exercises of the government in relation to energy, tax, and export enhancement. We also keep in contact with major stakeholder organizations operating in our export markets like the EU, US, and UK to help Pakistan build its image as a sustainable and responsible sourcing destination. We also ensure our presence at major national and international events on sustainability, circularity, and green economic growth.

ICMA: As a business leader, what message would you like to give policymakers on reviving Pakistan's industrial base?

Fawad Anwar: To revive the industrial base and enhance export competitiveness, Pakistan must prioritize tax and regulatory simplification by streamlining procedures, reducing compliance burdens, and building Pakistan's soft image and global market perception through business advocacy and international marketing. Equally crucial is energy sector rationalization to ensure regionally competitive electricity and gas tariffs through formal legal instruments, providing certainty and cost stability for exporters. Additionally, improving access to finance through expanded credit facilities, concessional long-term financing, and targeted green incentives will drive expansion, innovation, and sustainability, with the Pakistan Textile Council emphasizing the urgent relaunch of the Renewable Energy and Green Transition Financing Scheme. The potential to grow Pakistan's exports is huge, and all we need to do as a country is put our house in order.

*The Editorial Board thanks **Mr. Fawad Anwar, Managing Director, Al-Karam Textile Mills Pvt. Ltd. and Chairman of Pakistan Textile Council (PTC)** for sparing his precious time to give an exclusive interview for Chartered Management Accountant Journal.*