

25th February, 2006

**Pakistan Bedwear Exporters Association delegation
holds meeting with Governor, State Bank of Pakistan**

A five-member delegation of Pakistan Bedwear Exporters Association (PBEA) led by its Chairman, Mr. Shabir Ahmed met the Governor, State Bank of Pakistan, Dr. Shamshad Akhtar at SBP, Karachi today.

The delegation while highlighting the performance of the Association apprised the Governor of exporters' concern over the increased cost of financing, which is rendering the sector non-competitive in comparison to other regional suppliers especially to the US/EU market. The group proposed a rebate on interest rate for Bedwear Exporters Association and indicated that India was offering such a facility to its exporters. It presented a study of Bangladesh and Pakistan bedwear industry.

The SBP Governor pointed out that first, on an overall basis, the export growth has been quite robust given the support of export refinance and other measures. Second, the interest cost is one component of the overall cost structure of exports and there are industry and infrastructure specific constraints, which have more implications of export competitiveness. Third, the interest rates have been high largely because of the continued inflationary pressure that stems from a number of factors. From the central bank's perspective, we need to continue monitoring the situation, she added.

She emphasized that while broader macro-economic objectives of containment of inflation are important for the overall growth of the economy, the sector must also evaluate its own competitiveness/efficiency and strives to find answers to compete with regional market players with a long term perspective.
