PLGMEA

PAKISTAN LEATHER GARMENTS MANUFACTURERS & EXPORTERS ASSOCIATION

May - June 2026

EDITOR'S NOTE

Mr. Zohaib Gul, Vice Chairman (Northern Zone)

Welcome to the June 2026 edition of the PLGMEA Newsletter. This month, we bring together the most important updates from both the domestic leather garment sector and global markets. As regulatory environments evolve, technological innovation accelerates, and sustainability becomes more than a buzzword, PLGMEA continues to actively support its members by facilitating compliance, knowledge-sharing, and international trade. In this issue, we cover key developments such as the EU's Digital Product Passport regulation, AI in leather manufacturing, government reforms, and much more.

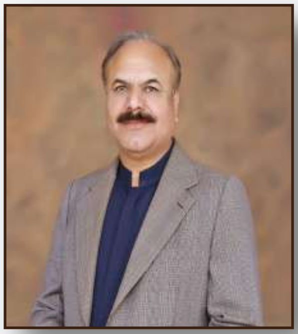
Chairman's Message

Dear Members,

The leather garments industry is at a turning point. Global buyers are demanding greater transparency, sustainability, and traceability. At PLGMEA, we recognize these shifts and are committed to helping our industry adapt. We are launching initiatives to support compliance with upcoming international regulations, encourage technology adoption, and improve our competitiveness in global markets. Together, we will build a more resilient, modern, and sustainable leather products export ecosystem.

Syed Nadeem Abbas
Chairman (Central)

Mr. Abrar Hussain
Chairman (Northern Zone)



Mr. Farooq Ahmed
Chairman (Southern Zone)

Pakistan Leather Industry: SWOT Analysis 2026

Pakistan's leather industry remains one of the country's most valuable export sectors, playing a vital role in economic growth, employment generation, and foreign exchange earnings. Renowned for its high quality leather garments, gloves, footwear, and accessories, the industry has built a strong presence in international markets over the years. As global demand continues to evolve, Pakistani manufacturers are increasingly focusing on sustainability, value addition, and innovation to remain competitive in the global leather trade.

Strengths

Pakistan's leather industry remains one of the country's most important export-oriented sectors. The industry benefits from a large livestock population, ensuring a consistent supply of quality hides and skins. Decades of manufacturing experience, particularly in leather garments, gloves, footwear, and accessories, have helped Pakistan build a strong reputation in international markets. Competitive labor costs and skilled craftsmanship continue to support the industry's position as a reliable sourcing destination for global buyers.

Weaknesses:

Despite its strengths, the sector faces several challenges. Dependence on imported chemicals, accessories, and machinery increases production costs and lead times. Many small and medium-sized manufacturers still rely on outdated technology, limiting productivity and efficiency. Environmental compliance remains a concern, as international buyers increasingly demand sustainable and traceable production practices. Additionally, the industry lacks globally recognized Pakistani leather brands, resulting in lower profit margins compared to branded competitors.

Opportunities:

Growing global demand for premium and sustainable leather products presents significant opportunities for Pakistan. Exporters can increase revenues by focusing on value-added products such as fashion garments, handbags, wallets, travel goods, and luxury accessories. Investment in automation, digital marketing, and international certifications can help manufacturers access high value markets in Europe, North America, and the Gulf region. The development of strong Pakistani brands also offers an opportunity to move beyond contract manufacturing and achieve higher profitability.

Threats

The industry faces intense competition from regional rivals such as China, India, Bangladesh, and Vietnam, which continue to expand their market share through competitive pricing and large scale production. Rising energy costs, inflation, and economic uncertainty in key export markets can affect demand and profitability. Furthermore, stricter environmental regulations and the increasing popularity of synthetic and vegan alternatives may create additional challenges for traditional leather manufacturers.

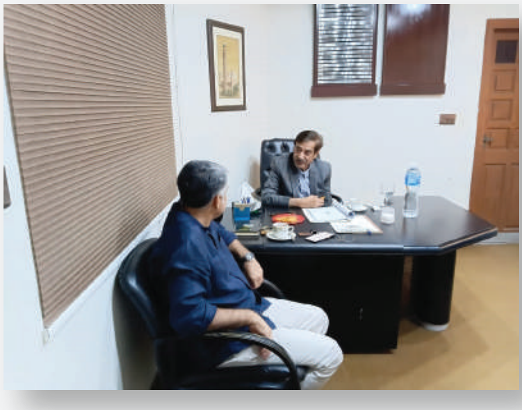
Leather Manufacturing Process with Modern Technologies & Innovations

The leather industry has transformed significantly through the adoption of advanced technologies, automation, and sustainable manufacturing practices. These innovations improve product quality, operational efficiency, and environmental compliance.

- **Raw Material Selection (AI-Based Grading)**
  Modern tanneries use AI-powered inspection systems to identify defects and grade hides more accurately, ensuring consistent raw material quality.
- **Soaking & Cleaning (Automated Systems)**
  Automated drum systems and controlled chemical dosing improve cleaning efficiency while reducing water consumption and processing time.
- **Liming & Dehairing (Eco Friendly Technology)**
  Enzyme based and low sulphide processes minimize environmental impact while maintaining high leather quality standards.
- **Cutting & Splitting (Precision Machinery)**
  Advanced CNC machines provide accurate cutting and uniform thickness, reducing waste and improving productivity.
- **Tanning (Sustainable Technologies)**
  Chrome free, vegetable based, and bio tanning methods help manufacturers meet international sustainability and compliance requirements.
- **Digital Monitoring (Industry 4.0 & IoT)**
  Smart sensors and IoT systems enable real time monitoring of production parameters, improving quality control and operational efficiency.
- **Dyeing, Finishing & Laser Technology**
  Automated dyeing systems ensure consistent color application, while laser technology enables precise engraving, embossing, and branding.
- **3D Design & Traceability**
  3D design software accelerates product development, while RFID and QR based tracking systems enhance supply chain transparency and inventory management.
  management.

On May 5, 2026, the Pakistan Leather Garments Manufacturers and Exporters Association (PLGMEA-NZ) held a meeting with the State Bank of Pakistan and representatives from commercial banks to discuss the SME Mentorship Program.

The Meeting of PLGMEA Building / Project implementation Committee (Northern Zone) for the year 2024-26 held on May 12, 2025 at PLGMEA Office - Sialkot.



PLGMEA members held a meeting with Chief Collector Airports, Mr. Hassan Saqib, and his team at Karachi

On 11 June 2026, a PLGMEA delegation led by Mr. Fawad Ijaz Khan (Patron-in-Chief) met Chief Collector IOCO, Mr. Mohsin Rafique, to discuss Duty Drawback issues.

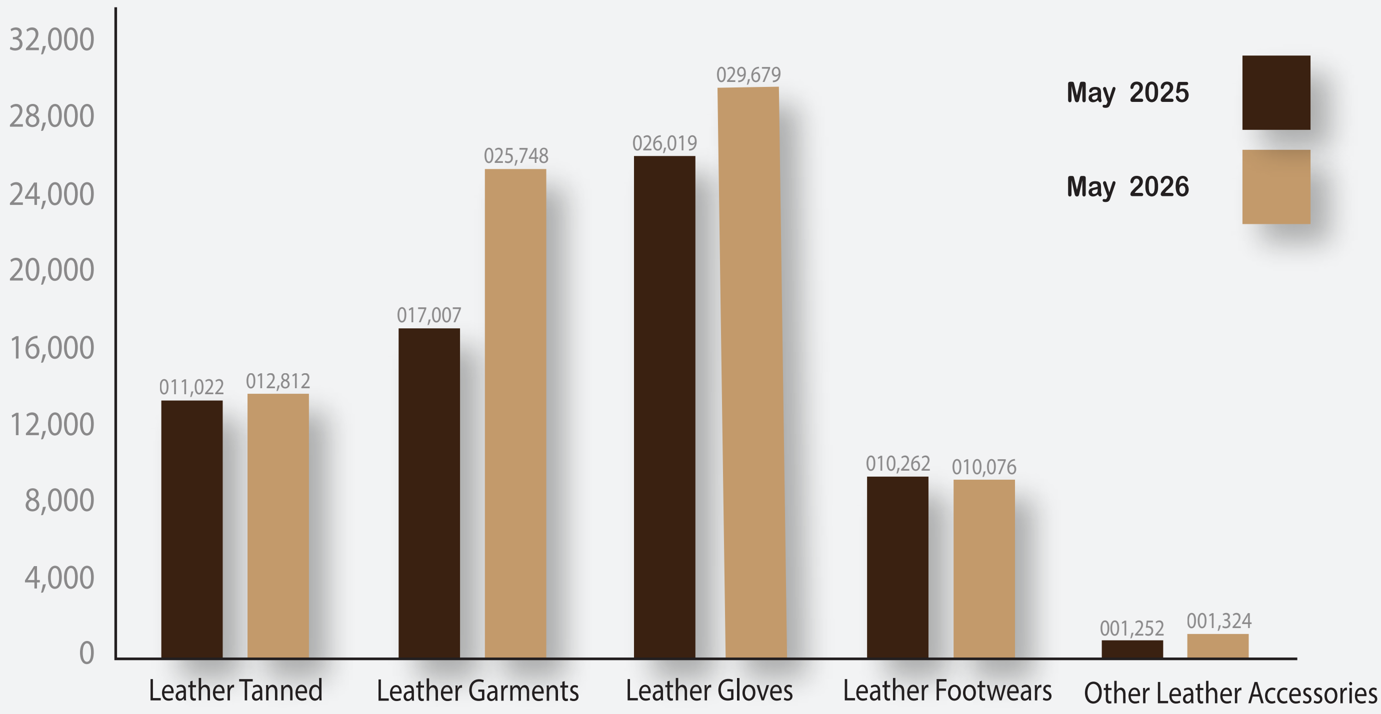
The 8th meeting of 22nd Executive Board of PLGMEA (Northern Zone) Held on June 30, 2026 at PLGMEA Northern Zone Meeting Hall, Sialkot.

Leather Sector Exports

During the Month of May 2025 & May 2026

Value = (US Dollars in Thousands)

	May 2025	May 2026	% Change
Leather Tanned	012,711	012,812	00.78 %
Leather Garments	017,007	025,748	33.94 %
Leather Gloves	026,019	029,679	12.33 %
Leather Footwear	010,262	010,076	- 01.84 %
Other Leather Accessories	001,252	001,324	05.43 %
Total Leather Products	067,251	079,639	15.55 %



Source: Pakistan Bureau of Statistics
https://www.pbs.gov.pk/external-trade-statistics/

Customs duty rates on 92 tariff lines lowered:

ISLAMABAD: The federal government has proposed a substantial reduction in customs duties on industrial input goods under the Budget 2026-27, lowering existing customs duty rates on 92 tariff lines used by different industrial sectors.

Under the Finance Bill 2026, customs duty of 20 percent would be reduced to 15 percent and 10 percent, existing rates of 15 percent and 10 percent would be brought down to 10 percent and five percent, respectively, while customs duty currently levied at five percent would be abolished on selected tariff lines.

The federal government on Tuesday unveiled a comprehensive tariff rationalisation package under the National Tariff Policy (NTP) 2025-30, reducing customs duties, additional customs duties and regulatory duties on thousands of tariff lines in a move aimed at lowering production costs, facilitating trade and enhancing industrial competitiveness.

The measures, announced as part of the Budget 2026-27, constitute one of the most extensive tariff reforms undertaken in recent years and are expected to benefit multiple industrial sectors by reducing the cost of imported raw materials, intermediate goods and industrial inputs.

According to budget documents, the reforms are guided by three key objectives: strategic tariff rationalisation under the National Tariff Policy 2025-30, simplification of the tariff structure, and enhancement of trade facilitation and system efficiency.

The government has proposed a reduction in customs duty rates on 92 tariff lines covering input goods used by various industrial sectors.

Under the revised structure, existing customs duty of 20 percent will be reduced to 15 percent and 10 percent, while duties currently set at 15 percent and 10 percent will be reduced to 10 percent and 5 percent respectively. Customs duty currently levied at five percent will be abolished on selected tariff lines.

Officials said the measures are aimed at reducing input costs and improving the competitiveness of domestic manufacturing industries.

The government has also announced substantial reductions in Additional Customs Duty (ACD) rates across a large number of tariff lines.

The ACD rate has been reduced from six percent to four percent on 449 tariff lines.

Similarly, ACD has been reduced from four percent to two percent on 2,107 tariff lines, while the existing two percent ACD has been completely abolished on 569 tariff lines.

The reduction is expected to lower the tax burden on imports used by industry and contribute to a gradual simplification of the tariff regime.

The budget also provides for a major review of the Regulatory Duty (RD) structure.

According to budget documents, all RD rates exceeding 20 percent have been capped at 20 percent on 359 tariff lines. In addition, RD rates ranging between 2.5 percent and 20 percent have been reduced by 20 percent on 1,347 tariff lines. The government has also reduced or eliminated lower RD rates of 2.5 percent, two percent and one percent on 208 tariff lines.

Officials stated that the objective is to rationalise the tariff structure and reduce distortions created by multiple layers of import duties.

The government has reviewed the exemption regime under the Fifth Schedule of the Customs Act.

Budget documents propose deletion of concessionary customs duty entries where the concessional rate is equal to or higher than the general tariff rate applicable under the First Schedule. The government has also exempted customs duty on critical cancer-related Active Pharmaceutical Ingredients (APIs) to support the healthcare sector.

In another sector-specific measure, customs duty on specialised construction-related vehicles has been reduced from 20 percent to 10 percent to facilitate the construction industry.

Customs duty exemption has also been granted on defence imports.

The budget provides complete exemption of Customs Duty, Additional Customs Duty and Regulatory Duty on the import of agricultural machinery.

Officials said the measure is aimed at promoting mechanisation and improving productivity in the agriculture sector.

The government has created 15 new Pakistan Customs Tariff (PCT) codes and amended descriptions of two existing PCT codes for trade facilitation and statistical purposes.

State warehouses authorised by Collectors of Customs have also been formally defined under the law to provide legal clarity regarding the types of warehouses covered under customs regulations.

The budget further provides legal cover to cargo scanning under the Customs Act to facilitate non-intrusive examination of imported and exported consignments.

A number of measures have been introduced to strengthen customs enforcement and anti-smuggling efforts.

The law has been amended to clarify that the threshold for framing misdeclaration cases will be determined by the amount of revenue involved, irrespective of the number of goods declarations filed.

An explanation has also been inserted to clarify that the term "removal" includes carrying, transporting, depositing, harbouring, keeping, concealing, retailing or any other act facilitating movement or possession of smuggled goods.

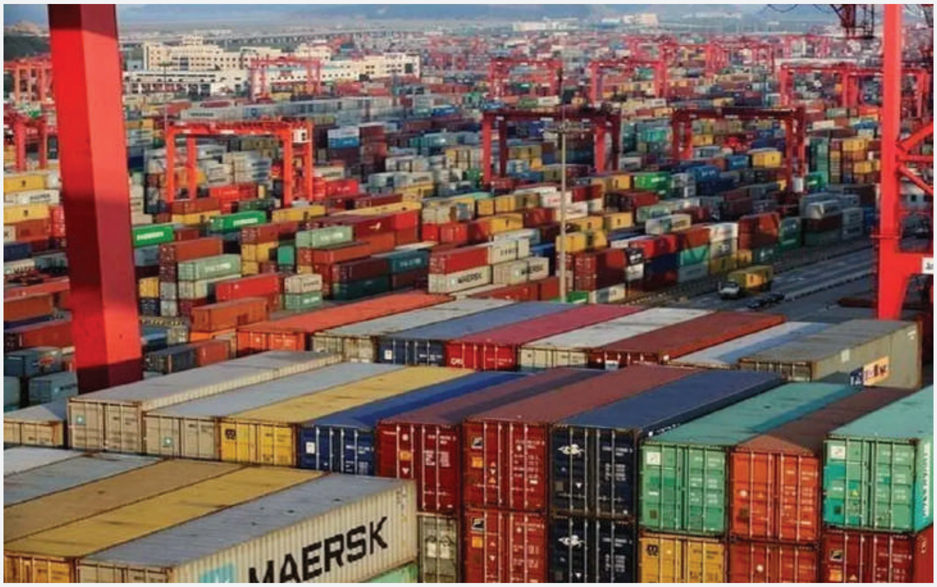
The budget further requires all authorities to hand over confiscable goods to Customs authorities for proceedings under the Customs Act, regardless of any parallel proceedings under other laws.

A new penal provision has also been introduced to address unauthorised removal or misappropriation of goods from customs state warehouses.

In a major administrative reform, the government has introduced faceless adjudication under the Customs Act.

The system will allow virtual proceedings between adjudicating officers and respondents with the objective of reducing direct interaction, improving transparency and ensuring quick er disposal of cases.

The Federal Board of Revenue (FBR) has also been authorised to rationalise penalties relating to delayed filing of goods declarations and delayed clearance of goods at ports through rules.



Collectors of Customs will be empowered to reduce such penalties in specified cases.

The maximum penalty on terminal operators for failure to honour Delay Detention Certificates issued by Customs has been increased from Rs500,000 to Rs10 million.

The government has also introduced Independent Case Scrutiny Committees to examine and decide matters relating to filing of appeals before courts in an effort to discourage frivolous litigation.

Special Judges have been empowered to freeze assets of persons accused of illegal transfer of funds into or out of Pakistan to prevent dissipation of assets during trial.

Another amendment allows service of summons through newspaper publication in cases where an accused person cannot be traced.

The tariff measures announced in Budget 2026-27 form part of the government's broader National Tariff Policy 2025-30, which seeks to gradually rationalise Pakistan's tariff structure, facilitate trade, improve industrial competitiveness and enhance efficiency of the customs regime.

The package combines tariff reductions for industry with administrative and enforcement reforms aimed at improving transparency, compliance and trade facilitation under the Customs Act, 1969.

Source: Business Recorder
https://www.brecorder.com/news/40425334

Pakistan Leather Garments Export Overview (2026)

Pakistan's leather garments industry is one of the most important value added export sectors of the country. It mainly produces leather jackets, coats, fashion apparel, and premium leather clothing for international buyers. The sector is export oriented and depends largely on demand from Europe and North America, where Pakistani leather garments are known for good craftsmanship and competitive pricing.

In FY 2024-25, Pakistan's leather garments exports were recorded at approximately US$ 227 million, showing a decline compared to the previous year. In FY 2023-24, exports were around US$ 255 million. This decrease was mainly due to weak global demand in fashion markets, rising production costs, and strong competition from countries like India, Bangladesh, and Vietnam. Despite this decline, the sector still maintained its position as a key contributor to Pakistan's export earnings in the leather category.

During the early period of FY 2025-26, the leather garments sector showed a relatively stable but slow recovery trend. Export orders from European buyers improved slightly in seasonal demand cycles, especially for winter collections such as leather jackets and coats. However, overall growth remained limited due to global economic pressure and cautious buying behavior from international brands.

Pakistan's leather garments are mainly exported to the United States, Germany, the United Kingdom, Netherlands, Spain, and Italy. Among these, the United States and Germany remain the largest and most consistent buyers, particularly for high quality leather jackets and fashion wear.

Pakistan Textile Export Overview (2026)

Pakistan's textile industry remains the backbone of the country's export sector, contributing the largest share to national export earnings. The sector includes ready made garments, knitwear, bedwear, cotton yarn, towels, and other value added textile products. Despite global economic challenges and rising production costs, Pakistan's textile industry continued to demonstrate resilience during FY 2025-26.

During the first ten months of FY 2025-26 (July–April), Pakistan's textile exports reached approximately US$15.0 billion, compared to US$14.8 billion during the same period of the previous year, reflecting a growth of around 1.3%. Growth was primarily driven by higher exports of readymade garments, bedwear, and cotton yarn.

In April 2026, Pakistan's textile exports recorded a strong performance, reaching approximately US$1.48 billion, an increase of more than 21% compared to April 2025.The sector also showed month-on-month growth compared to March 2026, indicating improving demand from international markets and a recovery in export momentum.

Earlier, in March 2026, textile exports were recorded at approximately US$1.33 billion, slightly than February 2026 on a monthly basis but lower compared to March 2025. The decline was mainly attributed to weaker global demand and market uncertainty in key export destinations.

Among textile products, readymade garments remained the top-performing category, generating approximately US$3.56 billion during July–April FY 2025-26. Bedwear exports reached US$2.62 billion, while cotton yarn exports increased to US$641 million, highlighting continued demand for Pakistan's value added textile products.

Upcoming Trade Shows related to Leather & Textile

READY TO SHOW 2026
Date: Sept. 12 - 14, 2026
Country: Milan (Italy)
Sector: Fashion - Clothing, Leather & Fur, Fabrics - Clothing Textiles

MIPEL '2026
Date: Sept. 13 - 15, 2026
Country: Milan (Italy)
Sector: Fashion - Clothing, Leather & Fur

MERCEDES-BENZ FASHION WEEK MADRID 2026
Date: Sept. 14 - 19, 2026
Country: Madrid (Spain)
Sector: Leather & Fur, Fashion - Clothing

LINEAPELLE 2026
Date: Sept. 15 - 17, 2026
Country: Milan (Italy)
Sector: Fashion - Clothing, Leather & Fur, Fabrics - Clothing Textiles

FASHION SOURCING TOKYO 2026
Date: Oct. 07 - 09, 2026
Country: Tokyo (Japan)
Sector: Fashion - Clothing, Leather & Fur, Fabrics - Clothing Textiles

FASHION WORLD TOKYO 2026
Date: Oct. 07 - 09, 2026
Country: Tokyo (Japan)
Sector: Leather & Fur, Fashion - Clothing

FUTURMODA 2026
Date: Oct. 14 - 15, 2026
Country: Alicante (Spain)
Sector: Leather & Fur, Fashion - Clothing

ANPIC 2026
Date: Oct. 15 - 18, 2026
Country: Oct. 22 - 24, 2026
Sector: Fashion - Clothing, Leather & Fur

AYSAF EXPO 2026
Date: Nov. 11 - 13, 2026
Country: Istanbul (Turkey)
Sector: Fashion - Clothing, Leather & Fur

ITF - INTERTEX SPAIN 2026
Date: Nov. 16 - 18, 2026
Country: Jeddah (Saudi Arabia)
Sector: Fashion - Clothing, Leather & Fur, Fabrics - Clothing Textiles

FOOTWEAR & LEATHER SHOW AUSTRALIA 2026
Date: Nov. 17 - 19, 2026
Country: Istanbul (Turkey)
Sector: Fashion - Clothing, Leather & Fur

FFANY MARKET WEEK 2026
Date: Nov. 30 - Dec. 04, 2026
Country: New York, NY (USA)
Sector: Leather & Fur, Fashion - Clothing

Source: EventsEye
https://www.eventseye.com/fairs/st1_trade-shows_leather-fur_1.html

Closing Thoughts:

PLGMEA remains dedicated to guiding its members through this new era of regulation, sustainability, and technology. By embracing digital tools, aligning with global compliance, and leveraging government support, our industry can not only survive but thrive. We encourage all members to stay engaged, participate in our initiatives, and capitalize on the emerging global leather opportunity.
Let's keep building a future where Pakistan's leather garments are known not just for quality, but also for innovation, transparency, and responsibility.

Central & Southern Zone
ST#20, Central Avenue, Sector
7/A Korangi Indusrial Area, Karachi
0092-21-35116821, 36022403
0092-21-35116822
plgmea.iq57yahoo.com

Northern Zone
BASF Building, Main Defence
Road Sialkot, Pakistan
0092-52-3254401, 3254403
plgmeaskt@gmail.com

www.plgmea.pk
www.facebook.com/PLGMEA
www.instagram.com/plgmea