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FOR IMMEDIATE RELEASE

Chainstore Association of Pakistan (CAP) is the largest representative trade body of organized retailers and represents over 200 of the top retailers in the country. Its members comprise of a wide variety of retail sectors including fashion, shoes, food, super stores, department stores etc.

CAP Chairman Rana Tariq Mehboob talking to media persons in a press conference said that the lockdown caused by the corona virus has destroyed the retail sector. He said that members of the Chainstore Association are currently providing employment to more than one million families in the country through their factories and retail networks. Over 50 allied industries (such as raw material manufacturing, tanning, dyeing, processing, stitching, assembling, packaging businesses etc) and their workforce is also dependent on the orders from the retail sector. He said that due to government's inaction millions of families are fast heading towards economic ruin. It would be a huge economic and social tragedy if the government does not take immediate measures to protect this sector.

In the current scenario, even if retail is reopened from 10-May, the lockdown period would have reached 50 days. By that time, the retail sector would have lost over Rs. 900 billion with further billions of rupees worth of goods stuck in various stages of production. According to government studies, even if businesses reopen on 10-May, things will not return to normal due to limited operational timings and social distancing measures. The complete lockdown has created a severe shortage of working capital and none of the government packages have been helpful for the retail sector or local businesses. We as representatives of the organized retail sector of Pakistan have come to the conclusion that: First, the government has no strategy for small and medium businesses. Secondly, it is not possible to continue our businesses with current losses, so we hereby announce the following steps.

1. We are grateful to the management of the malls, the malls run by the Army Welfare Trust and the individual owners who have stood with us in this crisis and extended financial relief during and after the end of the lockdown period. With these business partners – our retail activities will continue in the future.

On the other hand, we will be closing and vacating locations where the owners have refused to cooperate in such an unprecedented crisis. In this regard, from May 1, 2020, our members will start identifying locations which are to be vacated and inform the owners so that no legal issue arises.

2-The above unfortunate process will lead to the loss of many jobs associated with these shops, offices and other business buildings as they become vacant and business becomes smaller. Once retail sector starts contracting we will have no option but to let go of employees present in these locations and this will eventually lead to layoffs at factories as well.

3- It will be impossible to maintain even a fraction of sales after the proposed closure as there will be almost no buyers in the market. Therefore, this new scenario requires that all purchases from vendors be stopped and existing orders canceled. This will unfortunately hit the local manufacturing sector very hard after the recent cancellation of exporter's orders. At the moment our warehouses and shops are full of unsold goods and therefore working capital is completely tied up with no cash to pay for new purchases, shop rents, salaries etc.

4- It is feared that the whole world will fall into recession this year, which will also significantly affect the purchasing power in the country. In view of this situation, we demand the Government of Pakistan to take immediate and necessary steps to revive local economic activities in the country.

- Sales tax rate to be single digit 5% as well as further reduction in interest rate. Turnover tax, income tax and holding tax should be revised so that prices can be reduced for end consumers.

- There is an urgent need for coordinated measures for local economic recovery based on the same principles implemented for the revival of the construction industry, otherwise with the expected economic depression there will be no buyers of houses and buildings.

The Chainstore Association of Pakistan urges the government to immediately provide interest-free capital with a government guarantee for the revival of the retail sector so that retailers can resume their business and play a key role in saving the country from the expected storm of unemployment. Others executive committee members were also present at the conference.

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