

## **Electric Fan and Export of Raw Materials**

### **Introduction of Sector:**

Pakistan's fan industry is mainly clustered in two major cities namely, Gujrat, Gujranwala. 98% of the country's production is centered at Gujrat and Gujranwala. Out of the total production, approximately 30% fans consist of pedestals, 5% brackets, 55% are ceiling fans and 10 % others. Fan manufacturing belongs to the light engineering industry category, and is one of the industries that existed at the time of independence. Fan industry has been categorized in Gujrat and Gujranwala as a cluster by PEFMA because there is a geographical concentration of the fan industry within which firms and other actors in the spatial economic system are formally or informally interlinked, through their activities. This cluster offers the advantage of cutting the cost of production and complementarity of products. Moreover, the labor-division network in the cluster positively stimulates the diffusion of knowledge and information in the local industry.

The Electric Fan is being rated as one of the most emerging products, which can make significant contribution to the export revenue. It is a matter of immense importance that non-traditional export-oriented sector like Electric Fan has the tremendous potential to penetrate in the international market and become a most reliable source to earn precious foreign exchange for the country. Manufacturing of different categories of Fans in metal and plastic is also one of important factor making this sector most dynamic and versatile. Now Electric Fans Sector is total indigenous, except some of core raw material not being manufactured locally.

Electric Fan industry was established before the inception of Pakistan having industrial life of more than 70 years. Now around 300 manufacturing units have been established and playing significant role in the socio-economic development of the country. It has also become a primary source of employment generation and lot of other segments are the beneficiaries for being the part of supply chain: vendors, suppliers, service providers, distributors, dealers etc.

Pakistan Electric Fan industry is targeting the world's consumer Fans market having import volume of US\$ 3.8 billion. In 2020 Electric Fan exports revenue was around US\$ **27.59** million, Major Exports of Electric Fans are

being made to the least/under developed countries for instance Afghanistan, Bangladesh, Yemen, Sudan, Iraq etc. Some developed countries like UAE, Saudi Arabia etc. are among the Export countries.

**Source: PEFMA**

<b>HS CODE</b>	841451
<b>Total Exports in 2020-21in US\$</b>	US\$ 24 million approximately
<b>Exporters/Association Consulted</b>	Pakistan Electric Fan Manufacturers Association
<b>Top 05 Export Markets</b>	Iraq Bangladesh Oman United Arab Emirates Yemen Afghanistan Saudi Arabia Djibouti

**Source: Trade Map**

S#	Issue	
1	<b>Export of Raw Materials (Aluminum and Copper )</b>	<p>Non-ferrous metals such as Copper and Aluminum are most important raw materials for manufacturing of electric fans. Further these raw materials are not produced in the country, rather itself imported from abroad. Scrap of both the items is re-cycled again and again. By virtue of recycling of scrap both metals are mainly used by engineering sector especially fan industry.</p> <p>PEFMA has complained that after withdrawal of regulatory duty, the prices of both above mentioned metals have gone up rapidly as few traders buy whole scrap and export it to India, China and other countries via Dubai resulting in tremendous increase in prices of re-cycled material.</p> <p>PEFMA has also stated that the scrap is also available in the country in the shape of old non-serviceable utensils, ship breaking etc. Since scrap is cheaper than the prime material small industries prefer using scrap non-ferrous metals in their manufacturing for ultimate disposal of their products not only in the local market but also exporting to foreign markets after tough competition. According to PEFMA, if the scrap of both the non-ferrous metals is not exported, the fan industry earns more foreign exchange that earned through export of scrap of above metals.</p> <p>It has been proposed by PEFMA to restore regulatory duty on non-ferrous metals/scrap (Copper &amp; Aluminum) @ 25% on exports of waste &amp; scrap of copper and aluminum. Bars,</p>

		Rods, ingots, slabs and billet made of copper and aluminum as all the items are used by the local industry as raw material
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**Source: PEFMA**