BUSINESS
RECORDER
Saturday, 1st April, 2017

Current account deficit likely to widen further

RECORDER REPORT

The State Bank of Pakistan (SBP), in its quarterly report said the overall economic environment remains conducive for growth, on the back of accommodative monetary policy, increase in development spending and CPEC-inspired activities. The SBP on Friday released its Second Quarterly Report for FY17 on the State of Pakistan's Economy.

The report noted improvements in investor confidence as reflected in an uptick in private sector credit, especially for fixed investment purposes; foreign interests in Pakistani companies; and increased production of consumer durables. Similarly, a surge in import of machinery and raw materials also points to a robust industrial activity and build-up of future productive capacity.

According to the report, the growth in large-scale Manufacturing (LSM) recovered in Q2-FY17 with increase in production of food, cement, steel, pharmaceuticals, automobiles, and electronic industries. The growth in agricultural sector is also expected to rebound on account of higher production of cotton, sugarcane, and maize and increased prospects for wheat harvest close to last year after rains in early February 2017.

The Report highlights that current account deficit has almost doubled compared to the last year. This was due to a surge in growth-inducing imports along with non-realisation of CSF and decline in exports and remittances. On an encouraging note, the Report acknowledges that the foreign inflows - FDI, loans, and Sukuk issuance - were little more than sufficient to finance higher current account deficit. The Report, nevertheless, highlights the need to contain current account deficit to manageable levels to sustain external sector stability.

The Report also notes that fiscal deficit has increased due to low revenue generation amid higher development and security related spending. While the Report terms sustained increase in development spending commendable, it also underscores the need to enhance revenue collection. The Report shows that average CPI inflation has risen from 2.1 percent in H1-FY16 to 3.9 percent as in H1-FY17 which reflects higher domestic demand and an increase in global commodity prices. However, it highlights that on year-on-year basis, the CPI inflation has fluctuated in a narrow range during this period. Finally, the Report perceives the growth to maintain the upward trajectory while inflation to remain below the target during FY17.

Summary of Pakistan s External Sector

million US$	Q2			H1		
	FY16	FY17	Abs. Change	FY16	FY17	Abs. Change
Current Account Balance	-1,286	-2,234	-948	-1,865	-3,527	-1,662
Trade Balance	-4,609	-5,707	-1,098	-9,361	-10,809	-1,448
Exports	5,463	5,527	64	10,776	10,534	-242
Imports	10,072	11,234	1,162	20,137	21,343	1,206
POL(Inc. LNG)	2,071	2,649	578	4,784	4,998	214
Non-oil	8,001	8,588	587	15,353	16,348	995
Services Balance	-915	-821	94	-1,275	-1,731	-456
CSF	0	0	0	713	0	-713
Worker Remittance	4,722	4,760	38	9,688	9,458	(230)
FDI in Pakistan	575	806	231	978	1,081	103
FPI in Pakistan	-172	626	798	217	744	527
Eurobond/Sukuk	0	1,000	1,000	500	1,000	500
FX loans (Net)	1,982	710	-1,272	2,710	1,521	-1,189
IMF	500	0	-500	952	102	-850
SBP’s FX reserves (end-period)	15,884	18,272	2,388	15,884	18,272	2,388
Source: State Bank of Pakistan						

BUSINESS
RECORDER
Saturday, 1st April, 2017

LSM posts 3.9 percent growth in H1

RECORDER REPORT

Large Scale Manufacturing (LSM) sector recorded a growth of 3.9 percent during the first half of FY17, the same level realised last year, the State Bank of Pakistan's second quarterly report issued Friday said. The report said that after a dull first quarter, the recovery in LSM growth in the second quarter of FY17 came from food, steel, cement, pharmaceutical, automobiles and electronic industries.

"Going forward, multiple factors are likely to provide further impetus of LSM growth, the SBP report said adding that these factors include supportive economic incentives for export industries, improved energy supplies, strong domestic consumer demand and an uptick in private sector credit for fixed investment purposes. Furthermore, the constraints that inhibited the growth of some industries in first quarter of FY17 are expected to dilute in the future.

BUSINESS
RECORDER
Saturday, 1st April, 2017

Red tape hurts execution of second LNG terminal

ABDUL RASHEED AZAD

The second Liquefied Natural Gas (LNG) terminal of Pakistan is not likely to be completed on the scheduled date - June 30, 2017 - owing to bureaucratic hurdles, *Business Recorder* has learnt. In 2016, the government awarded the contract for building 2nd LNG terminal to Pakistan GasPort Limited-led Consortium at Port Qasim in Karachi after it emerged as the lowest evaluated bidder, but now the completion is not likely before some time in August, officials said.

According to officials privy to the developments, the consortium led by Pakistan GasPort Limited as the lead financier with $140 million investment (including Fauji Oil Terminal and Distribution Company Limited with a projected $40 million investment) had not yet opened a Letter of Credit (LC) or obtained No Objection Certificates (NOCs) from a number of relevant departments.

Sources also pointed out that the delay in the completion of 2nd LNG terminal would also adversely affect the efforts aimed at completion of two LNG-based power plants in Punjab and as a result the government may face serious challenges in containing power load shedding during peak summer months of July-September.

The entire project will cost $450 million of which Floating Storage Regasification Unit (FSRU) will cost $270 million and terminal $180 million. This terminal will have the capacity to handle 600 Million Cubic Feet per Day (MMCFD) of LNG and cater to the requirements of the Punjab based LNG power plants with a generation capacity of 3,600 Megawatts of electricity.

If the consortium fails to complete the LNG terminal by June 30, 2017, it will have to pay a hefty penalty of $272,000 per day as per contract. "If the project is delayed by a month the consortium will have to pay a penalty of $8.1 million and if for two months it will have to pay $16.2 million".

Sources said that LNG terminal is being built to supply fuel to Punjab-based LNG power station, ie, Balloki, located in District Kasur and Haveli Bahadur Shah, located in District Jhang and construction of these power houses would also be delayed hence there is a possibility that LNG terminal contactor may ask the government to ease the penalty clause.

When contacted the contractor Fasih Ahmed of LNG terminal said that the Pakistan Gasport Limited led consortium was working day and night to complete the terminal before June 30 and progress was on track. He said highly skilled local as well as foreign engineers were working on the project.

Pakistan GasPort Consortium Limited (PGPC) is establishing the country's second LNG import terminal. Currently, 200 personnel are deployed at the site, Mazhar Point, Port Qasim The project is being undertaken in association with, among others, FOTCO and Trafigura, which is the world's largest LNG trading company. The PGPC project is on track and shall be commissioned on target.

The consortium led by Pakistan GasPort Limited also includes the Fauji Oil Terminal and Distribution Company Limited (FOTCO) which had offered a levelized (service) charge of $0.4177 per MMbtu for handling of 600 Million Cubic Feet per Day (MMCFD) of LNG at the terminal which as compared with $.66 per MMBTU tolling fee of Engro Elengy Terminal (Pvt) Limited (ETPL) is much lower.

BUSINESS
RECORDER
Saturday, 1st April, 2017

Prices of petrol, HSD increased by Re1

RECORDER REPORT

The federal government on Friday revised upward the prices of POL products by increasing Re1 per litre for both motor spirit (MS) and high speed diesel (HSD). With the fresh increase of Re 1 per litre, MS will be sold at Rs 74 per litre and HSD at Rs 84 from April 1, 2017 (today). However, prices of light diesel oil (LDO) and kerosene oil will remain unchanged. During a press conference at Dubai, Finance Minister Ishaq Dar announced that the government would absorb an additional burden of Rs 3 billion for April by not transferring the full impact of the prices of petrol and diesel to consumers.

On Thursday last, the Oil and Gas Regulatory Authority (OGRA) had sent its summary to the Finance Ministry for approval, seeking an increase of Rs 2 per litre in prices of MS and HSD respectively while Rs 13 per litre hike in prices of kerosene oil and Rs 7.75 increase in LDO price.

When contacted about the recommended increase in the POL prices despite decrease in prices in the international market, an official of Ministry of Petroleum and Natural Resources said that OGRA determines the prices of kerosene and LDO on the basis of previous month's prices internationally. Similarly, the prices of petrol and HSD are being determined on the basis of five days average of import. Since prices of petrol and HSD increased in the international market during the five days under consideration, therefore the OGRA had recommended an increase in prices to the government. During the last three months, the government has increased the prices of MS and HSD multiple times but kept the prices of kerosene oil and LDO unchanged.

BUSINESS
RECORDER
Saturday, 1st April, 2017

THE RUPEE: Firm trend

RECORDER REPORT

Steadier trend was again witnessed on the money market on Friday as the rupee held present firmness versus the dollar in the process of trading, dealers said. The rupee inched up by one paisa in relation to the dollar for buying and selling at Rs 104.84 and Rs 104.85 respectively, they said.

INTERBANK MARKET RATES: OPEN MARKET RATES: The rupee showed no change against the dollar for buying and selling at Rs 106.20 and Rs 106.40 respectively, they said. It extended overnight gains, picking up more 45 paisas in terms of the euro for buying and selling at Rs 113.05 and Rs 114.55 respectively, they said.

In the final Asian session, the dollar edged up, poised for weekly gains after solid US economic data contrasted with cooling euro zone inflation, though it was set to book losses in the first quarter amid concerns about the direction of US President Donald Trump's policies.

The dollar index, which tracks the US currency against a basket of six major rivals, was up 0.2 percent at 100.59, up 1 percent for the week and within a hair of a two-week high of 100.60 hit overnight. It was down 1.6 percent for the first quarter, and 0.5 for the month. The euro nursed losses, flat on the day at $1.0675 and down 1.1 percent for the week. It was up 0.9 percent for March and 1.5 percent for the quarter.

German and Spanish consumer price data released on Thursday showed inflation slowed more sharply than expected in March as oil prices slumped, offering some respite to the European Central Bank as it faces pressure to wind down its monetary stimulus. The dollar was trading against the Indian rupee at Rs 64.84, the US currency was at 4.4240 versus the Malaysian ringgit and the greenback was at in relation to the 6.8973 Chinese yuan.

Open Bid	Rs. 106.20
Open Offer	Rs. 106.40

Interbank Closing Rates: Interbank Closing Rates for Dollar on Friday.

Bid Rate	Rs. 104.84
Offer Rate	Rs. 104.85

RUPEE IN LAHORE: The Pakistani rupee showed mixed patterns against the US dollar in the local currency market on Friday.

According to the currency dealer, the US dollar commenced trading on its overnight closing trend of Rs 106.20 and Rs 106.60 as its buying and selling rates, respectively.

At the close, it registered appreciation and ended higher at Rs 106.30 on buying counter.

However, it failed to sustain and slid to Rs 106.50 on selling counter, respectively, they added.

Furthermore, the local currency remained under pressure on buying side while it stayed unchanged on selling side against the pound sterling. The British currency was bought and sold at Rs 131.65 and Rs 132.50 against Thursday's closing rates of Rs 131.40 and Rs 132.50 respectively, they said.

RUPEE IN ISLAMABAD AND RAWALPINDI: The rupee remained firm against the dollar at the open currency markets of Islamabad and Rawalpindi here on Friday.

The dollar opened at Rs 106.50 (buying) and Rs 107 (selling). It closed at the same rate.

Pound Sterling opened at Rs 130 (buying) and Rs 131.50 (selling). It closed at the same rate.

BUSINESS
RECORDER
Saturday, 1st April, 2017

Major reshuffle in bureaucracy

RECORDER REPORT

In a major reshuffle at top level bureaucracy, the government has transferred a number of federal secretaries. According to the Establishment Division, Secretary Water & Power Mohammad Younus Dagha has been transferred and given new assignment as the secretary commerce. Secretary Planning and Development Division, Yousaf Naseem Khokhar has been transferred and posted as the secretary water & power. Outgoing Secretary Commerce Azmat Ali Ranjha has been asked to report to Establishment Division. He may be appointed as director IMF Washington, according to sources.

In another move, Chief Secretary Azad Jammu and Kashmir Muhammad Jalal Sikandar Sultan has also been transferred and posted as Secretary Aviation. He will replace Muhammad Irfan Elahi whose services have been rendered to Planning and Development Division as secretary.

BUSINESS
RECORDER
Saturday, 1st April, 2017

Capacity building project:

Ministry raises objections on PC-1

NAVEED BUTT

Ministry of Planning, Development and Reforms has raised objections on the PC-1 of the project titled Capacity Building of the Office of Pakistan Commissioner for Indus Waters (PCIW) at a cost of Rs 635.4 million. According to sources, PC-1 documents offer a short-term solution ie of hiring local experts who may leave the organisation after their contract is completed.

The related technical experts like water manager, water and agriculture engineers, technical staff and diplomats to deal with the issues of water at international level are not included in PC-1 of the project. A high official in Pakistan Commissioner for Indus Waters told *Business Recorder* on condition of anonymity that 12 permanent employees have been appointed in Pakistan Commissioner for Indus Waters in eight years but they had to quit the organisation due to low salaries and lack of housing facilities. Capacity building of the organisation, he argued, could be increased by training staff, constructing buildings for the department, increasing salaries of the employees and appointing high officials, engineers and technical staff on permanent basis. He said the major challenge for PCIW Office is lack of capacity and sufficient technical personnel.

The official said that Punjab government is ready to give 10 kanal free land to the Organization for construction of buildings but the commissioner has not taken notice of the offer yet.

When contacted, Pakistan Commissioner for Indus Waters Mirza Asif Baig claimed that all aspects have been covered in a comprehensive PC-1 documents. He said that some people do not appreciate good work. He admitted that the employees at high posts have left the Organization due to low salaries and lack of facilities; but added that matters relating to an improved salary structure for the staff and technical experts have been mentioned in PC-1 documents.

Answering a question, he said he has initiated land acquisition process with Punjab government but this is very slow. When asked whether he had plans to set up a local consultancy after retirement, he said it is always the prerogative of the government to hire local consultants or international consultants. According to PC-1 documents available with *Business Recorder*, the challenge of implementation of the treaty for safeguarding Pakistan's legitimate interests is the responsibility of PCIW, which is operating with depleted strength and is in dire need of capacity building.

The main objective of the project in question is to safeguard Pakistan's rights on river waters flowing from India and Occupied Jammu and Kashmir, and for this purpose enhancing the capacity of the office of PCIW is critical, the PC-I says. The PC-1 further says that the project would be implemented by hiring local consultants who would involve international experts through joint ventures, associations or sub-contracts. A team leader who would be an international expert would lead the project team. A deputy team leader from Pakistan would assist the team leader.

BUSINESS
RECORDER
Saturday, 1st April, 2017

To reconcile data: Finance Division in process of developing electronic interface

SOHAIL SARFRAZ

ISLAMABAD: Finance Division is in the process of developing an electronic interface with Federal Board of Revenue (FBR), Accountant General of Pakistan (AGP), banks and Central Directorate of National Savings (CDNS) and Economic Affairs Division (EAD) to reconcile data on government expenditures, tax receipts, domestic debt and external debt.

Sources said that in order to ensure timely and reconcilable information on government expenditures, receipts, domestic debt and external debt, the data on these transactions needs to be captured into the SAP based Financial Accounting & Budgeting system (FABS) of the government, in a timely manner. This data needs to be captured from both the bank end, where the actual cash transaction takes place, as well as from the entity through which the transaction is generated.

Such data could be captured through interfaces of FBAS with the relevant entities, or through extension of SAP system itself to the relevant entities, or else through access to a portal of the entity concerned.

The key entities with which interfaces, extensions of SAP system, or portal access need to be implemented are the State Bank of Pakistan(SBP), National Bank of Pakistan (NBP), Federal Board of Revenue (FBR), Central Directorate of National Savings (CDNS), Economic Affairs Division (EAD), Corporate Finance (CF) and Provincial Finance (PF) branches of the Finance Division (FD).

The Finance Division further informed that the said division is in process of developing an integrated IT system among the subject offices of federal government with the assistance of DG (MIS/FABS) at controller general accounts (CGA) office. In this regard, a series of meeting have been conducted among all stakeholders and considerable progress has been made towards implementing an integrated system ensuring accuracy and timeliness of the data collection.

The latest status of the implementation of interface has been provided to this division along with the identification of the necessary action and required support from the subject offices.

The recommendation and progress on establishment of interface revealed that the activation of interface has already been developed between FABS and Federal Board of Revenue (FBR) for in time capturing of tax receipts.

The FABS team has already developed an interface with the FBR database for capturing tax receipt data. An optic fibre link has been established that connects the database of FBR with the SAP based database of FABS at AGPR, Islamabad. Tax receipts data that is entered into PRAL system of FBR at designated branches of National Bank of Pakistan/State Bank of Pakistan, becomes part of FBR database, and through the interface can be captured in the SAP system at FABS in real time.

A reporting structure for capturing daily transaction data of tax receipts from the FBR/PRAL database has also been designed and shared with the FBR. Once FBR agrees to providing information on the shared reporting structure, the interface of FABS with FBR will become functional.

Activation of SAP system has already been extended to corporate finance/provincial finance wings of Finance Division for punching of direct releases to SBP. The direct release to SBP made by Corporate Finance (CF) and Provincial Finance (PF) wings of Finance Division currently do not get captured into the SAP system in time. Intimation of these releases currently gets faxed to SBP by the concerned CF and PF branches, and gets reported to the accounting system at a much later stage. Lately, the FABS team has extended the SAP system to CF and PF branches by making it available on the workstations in those branches, configured format of fax messages into the system, and provided requisite training to the concerned staff.

BUSINESS
RECORDER
Saturday, 1st April, 2017

This extension of SAP to the concerned CF and PF branches of FD will ensure that the releases are first punched into the SAP system by resources at the respective branches, and letters get printed out of the SAP system for onward communication of releases to SBP through fax. Once necessary instructions for punching all releases by CG and PF branches into the SAP system are issued by the FD, the described solution will become functional.

Web-portal based e-file made available by State Bank of Pakistan/ National Bank of Pakistan to be used for capturing bank data on transactions related to receipts, expenditures, domestic debt and external debt, sources said.

The State Bank of Pakistan has provided FABS with access to an electronic file that contains data pertaining to the government's daily bank transactions of receipts, expenditures, and financing instruments. Given availability of this file, there is no need for creation of a separate interface with SBP as requisite data planned to be accessed through an interface is already being captured in the stated file.

A similar file can be made available to the FABS by National Bank of Pakistan at a single portal, yielding data for receipts, expenditures, domestic debt and external debt transaction, segregated at transaction and bank branch.

The SAP system will be extended to Central Directorate of National Savings (CDNS) to capture transaction data on domestic debt.

A predominant chunk of domestic debt related transaction data pertains to the National Saving Centres under the CDNS. Physical copies of the transaction challans generated at respective National Savings Centers, are sent daily to the twelve Regional Directorates of National Saving (RDNS). The data from RDNS is then sent to the CDNS main office where it is entered into FoxPro-based software, on a weekly basis. This data ultimately gets post-punched into the SAP system on 5th of every month. The SAP system therefore cannot report on domestic debt related transactions during the month.

To improve timeliness in availability of domestic debt data in the SAP system following measures can be undertaken:

An upload programme can be developed through which the weekly data being entered into the FoxPro-based system at CDNS main office can be captured into the SAP system. For the purpose, based on agreement of CDNS, the FABS Directorate will make SAP system available on a dedicated workstation at CDNS main office and provide requisite training to the CDNS personnel.

Timeliness in capturing transaction data into the SAP system can be further improved, from weekly to daily availability of data, by providing SAP system on workstations at the 12 RDNS offices and ensuring punching of daily data being received from NSCs into the SAP system. Given agreement of CDNS to this arrangement, the second phase can be launched immediately.

Given that the CDNS management is planning a complete shift towards an IT-based environment over the next two years, by computerising transaction recording at NSCs and interlinking all NSCs with CDNS mains office through an intranet. Once full conversion to an IT environment is accomplished, the FABS can build an interface with the integrated IT system of CDNS to capture real-time transaction level information from CDNS.

Extension of SAP System to Economic Affairs Division (EAD):

Currently accounting information on external debts and foreign assistance comes from EAD to the AGPR quite late, by the 25th of the subsequent month, and cannot be made part of monthly accounts which are finalised by 10th of the month. It is recommended to place a SAP terminal in accounts branch of the EAD so that foreign assistance transactions pertaining to federal government gets recorded immediately on receipt at EAD.

BUSINESS

RECORDER

Saturday, 1st April, 2017

Economist calls for promoting Pak-China investors' JVs

RECORDER REPORT

LAHORE: Professor of Economics at the Lahore School of Economics (LSE), Dr Azam Chaudhry, said here on Friday that Pakistan has still not been given the same level of market access to China as the ASEAN countries as the Chinese tariffs on Pakistani goods tend to be higher than those on goods from the ASEAN countries.

"The level of exports in the sectors benefiting from lower Chinese tariffs is increasing though it has not increased as a percentage of Chinese imports which means that as Chinese imports have grown, Pakistani exports have not been able to significantly benefit from this trend, consequently, the higher level of exports in these potentially benefiting sectors has led to an increase in employment in these sectors," he added.

Prof Chaudhry, who is also Dean of the Economics at the LSE, highlighted these issues in his paper titled "Pakistan's Experience with the Pakistan-Chine Free Trade Agreement: Lessons for CPEC" at the 13th International Annual Conference on Management of the Pakistan Economy held here under the aegis of the LSE.

The theme of this year's conference was "Igniting Technology led growth in Pakistan: Role of Monetary, Fiscal and Investment Policies". The two-day event was devoted to discussions on past successes and constraints on technology-led growth and to draw insights on how macro and micro level policies can contribute to accelerating economic growth in Pakistan.

The author provided fresh insights on Pakistan's experience with the Pakistan-China Free Trade Agreement (FTA) to draw policy related conclusions for the CPEC-related initiatives. The author tested the impact of the last major economic agreement between the two countries, which was the 2006 Pakistan-China Free Trade Agreement (FTA).

The study found a significant impact of this trade agreement on the amount of trade between two countries, however, it also pointed out its suboptimal consequences in the context of Pakistan's growth strategy.

The author found a positive relation between Pakistan-China FTA and imports from China and a negative relation of this trade agreement with the productivity of the firms and value added in these sectors with adverse consequences for the economy, especially on the incentives of the producers in the country.

The rigorous analysis was followed by some interesting policy recommendations for CPEC-related industrial initiatives, such as, gaining the same level of tariff concessions from China as received from the ASEAN countries, promoting joint ventures between the Pakistani and Chinese investors, making the conscious decisions, which sector can lead to the greatest increase in value added, and which sectors have the greatest potential to increase exports.

Prof Azam Chaudry called for developing a labour policy that enables the manufacturing sector to switch from low skilled to high-skilled labour.

Assistant Professor Social Sciences Department at SZABIST, Dr Mehak Ejaz, in her work with Dr Kalim Hyder, senior economist, Monetary Policy department, State Bank of Pakistan, analyzed the presumption whether some groups are more vulnerable to business cycle shocks than others, and found that relative to males, females face higher risks when exposed to shocks. The index-based analysis revealed that females are the most vulnerable part of the society. Further, the new entrants and about to retire workers are more vulnerable to economic shocks. Similarly, while low educated females are less vulnerable to the economic shocks, graduate and higher educated females are more vulnerable.

Others who spoke on the second day of the conference included Dr Tayyab Shabbir, Dr Pervaiz Tahir, Dr Rajah Rasiah, Shujaat Mubarik, Dr Hanns Pichler, Dr Kumail Rizvi and Sadia Hussain.

BUSINESS
RECORDER
Saturday, 1st April, 2017

Lacklustre business on cotton market

RECORDER REPORT

Listless trading activity was witnessed on the cotton market on Friday in the process of trading, dealers said. The official spot rate was lower by Rs 50 to Rs 6700, they said. In ready session, only 600 bales of cotton from Burewal done at Rs 6900, they said. According to market sources attributed the fall in volume of business to spinners' lack of buying interest.

On the other hand, the ginners were keen to dispose of old stock owing to quality factor, but the mills showed no interest in purchasing due to quality factor. Cotton analyst, Naseem Usman said that mills still need to cover substantial quality of cotton to meet current season's demand. He also said that shortage of irrigation water likely to cause delay sowing and damage of crop, this factor is also affecting Kharif crops. Some experts said the country may face Kharif crops shortage in the coming days.

At the same time, country is unlikely to achieve wheat production target of 26.01 million tons for 216-17 as the crop in rain fed areas has badly suffered at germination stage because of drought conditions. According to satellite based wheat crop situation and forecast released by Pakistan Space and Upper Atmosphere Research Commission (SUPARCO) as a result of inadequate rains up to 25 to 35 percent reduction in wheat produce is expected in rain fed areas of the country.

Reuter adds: ICE cotton futures inched higher on Thursday, after settling lower for three straight sessions, ahead of the US Department of Agriculture's (USDA) prospective plantings report on Friday. The May cotton contract on ICE Futures US revisited a session low of 76.10 cents, after marking a one-month low at the same level on Wednesday.

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THE FOLLOWING ARE THE KCA OFFICIAL SPOT RATES FOR 2016-17 FOR LOCAL DEALINGS IN PAK RUPEES FOR BASE GRADE 3 STAPLE LENGTH 1-1/16" MICRONAIRE VALUE BETWEEN 3.8 TO 4.9 NCL					
Rate For	**Ex-Gin Price**	**Upcountry Expenses**	**Spot Rate Ex-Karachi**	**Spot Rate Ex-Karachi As on 30.03.2017**	**Difference Ex-Karachi in Rupees**
37.324 Kgs Equivalent	6,700	135	**6,835**	**6,885**	-50
40 Kgs	7,180	145	**7,325**	**7,379**	-54

BUSINESS
RECORDER
Saturday, 1st April, 2017

Cotton climbs 1.5 percent on demand for old crop

RECORDER REPORT

ICE cotton futures jumped about 1.5 percent on Friday after touching an over one-month low earlier in the session, supported by demand for the natural fibre even as federal data indicated an increase in the planting area for the crop this year. The May cotton contract on ICE Futures US settled up 1.44 percent at 77.33 cents per lb, after touching a session low of 75.80 cents, a bottom since February 23.

"The market is up due to demand for old crop," said Rogers Varner, president of Varner Brokerage in Cleveland, Mississippi. "The export sales (figures) yesterday were really good and there's demand again today. The old crop demand keeps the market supported." The US Agriculture Department, in its annual Prospective Plantings report issued on Friday, estimated cotton planted area for 2017 at 12.2 million acres, 21 percent above last year.

"The acreage increase was more or less expected so by itself it was not sufficient to drag prices down ... when the planting report was not bearish enough, some speculators likely increased their positions, pushing prices up," said Gabriel Crivorot, analyst at Societe Generale in New York.

The May cotton contract on ICE Futures US settled up 1.1 cent, or 1.44 percent, at 77.33 cents per lb. It traded within a range of 75.80 and 77.40 cents a lb. Total futures market volume rose by 14,975 to 41,108 lots. Data showed total open interest fell 2,166 to 277,371 contracts in the previous session. The dollar index was down 0.08 percent. The Thomson Reuters CoreCommodity CRB Index, which tracks 19 commodities, was up 0.18 percent.

New York cotton

RECORDER REPORT

The fluctuations observed during the day:

	Current Session						Prior Day		
	Open	High	Low	Last	Time	Set	Chg	Vol	Set
May'17	76.23	77.40	75.80	77.33	14:45 MAR 31	77.33	1.10	13989	76.23
Jul'17	77.58	78.64	77.17	78.59	14:45 MAR 31	78.59	0.99	7725	77.60
Oct'17	-	74.61	74.61	74.61	14:45 MAR 31	74.61	0.39	-	74.22

BUSINESS
RECORDER
Saturday, 1st April, 2017

CPEC the game-changer?

FARHAT ALI

China Pakistan Economic Corridor (CPEC) is all about connectivity, energy availability, infrastructure development and development of special economic zones. And all these are the assets of Pakistan paid for against loans from China. They make Pakistan an attractive place for investors to invest in and to do business with. CPEC could become a game-changer for Pakistan if it could comprehend CPEC's value and develop the competence to club it together and truly exploit it to draw a wider spread of local and foreign investment to be channeled for the country's economic development, then CPEC can truly come up as a game-changer for Pakistan.

The change starts when the availability of energy, establishment of special economic zones, development of the infrastructure and connectivity in the country and the region is presented to investors as a paradigm shift from the perception of Pakistan, a country riddled with acts of terrorism to a destination conducive to investment with availability of what an investor looks for.

The CPEC, much against the reality, is perceived as a China centric initiative driven by China to its advantage, thereby giving rise to perceptions that it will be another East India Company with political and economic dominance over the affairs of the country.

The only exclusive footprint China so far has in Pakistan is restricted to its domain in an enclave in Gwadar comprising the port, the container terminal and an economic zone leased out to it for a period of 4O years. The rest is all under the influence of Pakistan. The projects awarded to Chinese companies are funded by the Exim Bank of China, while open business is driven on the principles of free market. A free market is where the best wins, in which the Chinese are increasingly competing. This in a nutshell is the political and economic dynamics of CPEC.

Up to now, the government of Pakistan had not been able to present the CPEC in its true perspective, neither domestically nor globally, which is leading to confusion and apprehensions

It is reported that the first think tank under official supervision for undertaking research on different aspects of the China Pakistan Economic Corridor was established this week with the mandate to go ahead with doing research in six major areas.

This is a good step if it is directed towards maximizing and structuring the gains for Pakistan out of CPEC. The Minister for Planning, Development and Reforms, Ahsan Iqbal, inaugurated the CPEC Centre of Excellence in Islamabad last Monday. The Centre will conduct research on six thematic areas of CPEC, including (1) the socio-economic impact of CPEC (2) CPEC Trade and Industry Cooperation (3) Regional Connectivity under CPEC (4) Financing and Financial sector integration under CPEC (5) Urban development in Pakistan under CPEC and (6) Job growth and human resource development.

Speaking on the occasion, China's ambassador Sun Weidong said that supporting Pakistan's economic sector was an important manifestation of CPEC. CPEC, he said, was aimed at modernizing Pakistan with four pillars: Energy, Infrastructure, a state-of-the-art Gwadar port, and industrialisation. He said he hoped that around 11,000MW of electricity would be generated as a result of early harvest energy projects under the CPEC portfolio.

The ambassador also referred to positive reports on Pakistan by international financial institutions and publications which had noted the economic turnaround of Pakistan. He further said that the CPEC Centre of Excellence is going to be an interface that will engage with other research institutions and think tanks with the aim to provide technical input for identifying more potential areas for Sino-Pakistan multi-sectoral cooperation.

Federal Minister for Planning Ahsan Iqbal said that the Centre of Excellence will provide evidence-based policy suggestions to extract maximum benefits out of CPEC.

It will integrate and coordinate the institutions engaged in implementing CPEC by ensuring excellent research, utilising modern techniques to help us in policymaking and achieving our goal of sustainable growth and development, he added.

"The CPEC is an economic big bang which turned Pakistan's profile from a most dangerous country to a safe haven for billions of dollars of Chinese investment," he added.

The minister said that those who claim that China would prove to be a next East India Company are giving shallow arguments. "Pak-China relationship is 68 years old and now after CPEC, the friendship is much higher than the stars. So why would China erode this goodwill at the cost of money?" the minister said.

He dispelled the impression that the CPEC would create a burden and would negatively impact the industrial sector, saying that it will restart Pakistan's export engine. "We should work closely with Chinese to learn innovative techniques and quality. Industry cooperation would double the capacity of Pakistani enterprises."

The minister's rhetoric of providing exclusivity to China is restricting Pakistan's wider exploitation of CPEC and the investment mix to which Pakistan is entitled, as is China. Also, this exclusivity is invoking apprehensions, as highlighted above.

Some of the local and foreign entrepreneurs opted to be proactive and on their own in capitalizing on the business potential offered by CPEC. Habib Bank Limited (HBL), which opened its branch in Urumqi, is eyeing opportunities connected with CPEC. Xinjiang is the starting point of the CPEC, which links the region with the Gwadar Port in Pakistan.

Early this week, the Swiss Business Council (SBC) together with the Swiss embassy in Islamabad, held an event in Islamabad titled "Opportunities for the European Investors in Pakistan," which brought together ambassadors from most of the European countries, the Sindh, Punjab and KP Boards of Investments and the government functionaries to work out the European participation in CPEC. Europeans are the largest foreign direct investors in Pakistan and the backbone of Pakistan's economy in terms of FDI, revenue generation for the government, transfer of technology and human resource skill development.

The China Pakistan Economic Corridor offers huge investment opportunities and European investors need to take advantage of opportunities and make investment in the game changer project. Speaking at a media briefing here on Tuesday, Swiss ambassador to Pakistan Marc P George and the president of Swiss Business Council, Farhat Ali, stated that the European investors must capitalize on this opportunity.

They said that the perception that CPEC is a China-Pakistan project has now started changing with foreign investors viewing beyond that as it would provide connectivity to Europe. The Swiss ambassador said that he is a great advocate of Pakistan in his country as well as among European diplomats. He said this is good time to start discussing the project and how Europe can benefit from it. Similar is the thinking of other European and OECD countries. Pakistan too needs to be proactive to tap these positive developments and achieve a good investment mix.

(The writer is former President, Overseas Investors Chamber of Commerce and Industry)

BUSINESS
RECORDER
Saturday, 1st April, 2017

Confronting the challenges of international business disputes

ZAFAR AZEEM

Many challenges may be posed by international business transactions in the form of disputes and litigation arising out of international sales contracts. The factors that disturb the attorneys are the following:

(a) Choice of Forum; (b) Jurisdiction; (c) Service of Process; (d) Forum Non-Conveniens; (e) Parallel Proceedings; (f) Choice of Law; (g) Discovery Rules; (h) Enforcement of Judgements; and (i) Issues involving litigation against Foreign Sovereigns.

When a conflict or dispute arises, the first thing to determine is which is the appropriate forum having jurisdiction to settle the dispute - usually the prudent parties settle this issue by incorporating a clause in the contract by authorizing a specific forum to hear the disputes. International business contracts include a forum selection clause; a typical one might read as under:

"All suits arising out of or relating to the subject matter of this contract Shall be decided solely and exclusively by the courts of the city of London" One has to be careful while distinguishing between mandatory and permissive selections. The clause quoted above is mandatory as it requires to approach the courts of London for settlement of the dispute if arises, whereas a permissive clause would allow but not require litigation in London courts. A better way is to draft a clause broadly to include disputes relating to their contractual relationship, to include not just breach of contract claims but also related tort claims. And where such choices are not made then uncertainty looms.

The forum selection clause is now generally accepted by the municipal courts. In the light of Bremen and Carnival cruise cases, which were decided by the US Supreme Court, the US courts recognize this practice generally; similarly the European Union does recognize the forum selection clause. It may however be noted that courts apply foreign law in such cases and not the domestic law and this factor poses more difficulties.

Personal Jurisdiction is a more significant issue in international cases and for its determination there is a two-part test: first whether the defendant has minimum contacts with the jurisdiction and second whether the exercise of personal jurisdiction over the defendant is reasonable according to notions of fair play and substantial justice. (See Worldwide Volkswagen Corp's case).

Plaintiffs in such cases seek to establish either specific or general personal jurisdiction over the defendant. The elements which determine general jurisdiction over the defendant include either extensive contacts or operations in that jurisdiction or in other words a place of residence; however, for a corporation the scene is different. The required element includes the place of incorporation, the place of principal operations and includes conducting extensive business activities at the disputed place. However, for establishing general jurisdiction the recent trends of the courts are only to consider business operations. (In this regard, attention is invited to the case of Goodyear Dunlop Tires Operations).

In order to determine a specific jurisdiction, Plaintiff is required to establish that the harmful conduct of the defendant had a direct connection to the jurisdiction but the disputed acts must be connected to the jurisdiction. For example, In the Asahi Metal Industry Co's case, plaintiff was injured in a motorcycle accident in California, allegedly due to a defective part manufactured in Japan. The manufacturing company had not sold the part in the US nor taken action to cause it to be sold or used in the United States, the court found that there was no specific jurisdiction. However on the basis of negotiation of a contract at a specific place, it is easy to establish specific jurisdiction. For establishing such jurisdiction the contacts of a subsidiary, affiliate or agent are also relevant factors. It may however be noted that lack of personal jurisdiction can be waived, a forum selection clause is generally treated as an implicit consent to personal jurisdiction in the chosen forum, or there may a specific expression of consent to jurisdiction. However, in civil law the said two concepts tend to be fused under the doctrine of judicial competency.

As regards service of process in international disputes, the issue is governed by an international convention namely, The Hague Service Convention and it addresses service of process. So far 65 nations have become party to the convention. The Convention is the exclusive means of serving process in foreign countries. The convention requires each party to establish a central authority to receive requests to carry out service in their territory. The convention also lays down procedural steps that reasonably assure the plaintiff that compliance with convention will greatly reduce the possibility of successful challenge to the service of process or other documents. Where service is to be made in a country that is not party to The Hague Service Convention, the parties have to proceed through a process called rogatory or in other words, through diplomatic requests.

Forum non-conveniens or an incontinent forum doctrine allows courts to decline to decide a case even where they have jurisdiction for seeking more appropriate place for resolution elsewhere. It is generally dependant on case law. The considerations in this regard are: plaintiff's residency, availability of more adequate foreign forum, private and public factors, promises of the defendant; however this consideration is not available in non common law countries.

Sometimes parallel proceedings are initiated in two countries independently; for example, one party might file for damages in one country and the other party may seek rescission, or a declaration that no breach has occurred in a foreign country. In the United States defendant can ask for lis alibi pendens, that is, proceedings pending elsewhere, a court can grant injunction which is known as anti suit injunction, but such motions are granted in very unusual circumstances, but generally there is no presumption against parallel litigation. The EU law, however, does not recognise parallel litigation rule.

The Hague Convention on Taking of Evidence Abroad in Civil or Commercial Matters (Called the Hague Evidence Convention and not to be confused with the Hague Service Convention) is the instrument to manage international discovery. The Convention has been adopted by 58 nations; the convention helps to meet needs of a dispute resolution forum to obtain evidence while not imposing upon foreign entities demands that are excessive under rules of their nations. This convention also requires nations to establish a central authority to process requests. However, countries may decline to honour discovery requests for different reasons.

Choosing an appropriate law applicable to the dispute is an important decision for a court because the outcome may be very different depending on which substantive law the court applies. Parties may agree in their contract about the choice of law. Often the choice of law and appropriate forum clauses are added to the contract to avoid uncertainty. A typical choice of law clause may read as under:

"The rights and duties of the parties arising from or relating to this contract shall be governed solely and exclusively by the laws of the city of London with regard to its conflict of law rules." In the United States, such clauses are permissible to be incorporated under UCC, in the EU applicable regulations also allow broadly unlimited party autonomy (see EC Regulation No. 593/2008, other sets of rules are also available under the auspices of ICC or UN).

Choice of law for international sales of goods transaction has been partly harmonised by the UN Convention on Contracts for the International Sales of Goods (CISG) which provides a single set of substantive rules for international sales transactions within its scope.

As is evident international contracts for sale of goods provide numerous problems for the parties to the contract and that is why the choices regarding forum and law become important. Another issue relates to proving foreign law, and the courts generally rely on the opinion of the experts in this regard.

Another related problem is that of recognition of foreign judgements. There are different rules regarding enforcement of foreign judgements and parties to the contracts must be careful about these problems. In the Commonwealth countries, for example, it may be reciprocal or can be made binding through reciprocal arrangements. However, recent notable trend is that in many areas the states are recognising the awards and decisions of foreign tribunals and courts by making these arrangements as part of the domestic law. For example, the awards given by ICSID are being recognised as part of the domestic law in many countries. There is also the Hague Convention on Choice of Court Agreements, which requires recognition and enforcement where the parties chose the foreign court by contractual agreement.

There are special issues in litigation relating to Foreign Sovereign. The limitations include act of state doctrine. This doctrine comes into play even in those cases where sovereign may not be a party. However if possible, it is better to obtain waiver of enforcement immunity.

One has to consider alternate remedies available in this regard to avoid complex legal rules. Many different commercial arbitration options are available to parties; these include arbitration under, ICC, ICSID, UNICITRAl and others. These options are cost efficient and easy to handle

(The writer is an advocate and is currently working as an associate with Azim-ud-Din Law Associates Karachi)

DAWN
Saturday, 1st April, 2017

Economic environment is conducive for growth: SBP

THE NEWSPAPER'S STAFF REPORTER

KARACHI: The overall economic environment continues to remain conducive for growth on the back of accommodative monetary policy, increase in development spending and the China-Pakistan Economic Corridor (CPEC)-related activities, the State Bank of Pakistan (SBP) said on Friday.

In its second quarterly report for 2016-17 on the state of the economy, the SBP said the improvement in investors' confidence is reflected in an uptick in private-sector credit, especially for fixed investment purposes, foreign interest in Pakistani companies and increased production of consumer durables.

Similarly, a surge in the import of machinery and raw materials also points to a robust industrial activity and build-up of future productive capacity. According to the report, growth in large-scale manufacturing (LSM) recovered in the second quarter with an increase in the production of food, cement, steel, pharmaceuticals, automobiles and electronic industries.

Growth in the agriculture sector is also expected to rebound on account of higher production of cotton, sugarcane and maize and increased prospects for wheat harvest. The report highlights that the current account deficit has almost doubled compared to the last year. This was due to a surge in growth-inducing imports along with non-realisation of the Coalition Support Fund (CSF) and a decline in exports and remittances.

The report acknowledges that foreign inflows — foreign direct investment (FDI), loans and sukuk issuance — were little more than sufficient to finance a higher current account deficit. The report highlights the need to contain the current account deficit to manageable levels to sustain external sector stability.

It also notes that fiscal deficit has increased due to low revenue generation amid higher development and security-related spending. While it terms the sustained increase in development spending commendable, it also underscores the need to enhance revenue collection.

The report shows that average CPI inflation has risen from 2.1 per cent in the first half of 2015-16 to 3.9pc in the comparable period in 2016-17, which reflects higher domestic demand and an increase in global commodity prices. However, it highlights that on a year-on- year basis CPI inflation has fluctuated in a narrow range during this period.

The report expects growth to maintain the upward trajectory while inflation is likely to remain below the target in 2016-17.

DAWN
Saturday, 1st April, 2017

India’s cotton imports set to hit record high amid rampant rupee

REUTERS

MUMBAI: India’s 2016-17 cotton imports are set to jump more than a third from a year ago to a record 3 million bales as the rupee’s rise makes buying overseas cheaper, senior industry officials and executives said.

The strong rupee - now at its highest level in 18 months - has also braked cotton exports from the world’s biggest producer of the fibre, a trend that has helped rival suppliers in Brazil, the United States and some African countries boost their own exports.

“Usually (textile) mills in southern India import cotton,” said K. Selvaraju, secretary general of the Southern India Mills’ Association (SIMA), in a recent interview. “This year mills from even the north are importing. Overseas supplies have become competitive due to the strong rupee.” India’s currency has risen 4.8 per cent so far in 2017 versus the U.S dollar. Indian mills have contracted to import around 1.5m bales and another 1.5m bales will be imported by end of the current crop year, ending Sept. 30, Selvaraju said.

That total of 3m bales would be 36pc more than the 2.2m bales imported in the 2015-16 crop year, with stocks coming mainly from African countries, the United States, Brazil and Australia.

DAWN
Saturday, 1st April, 2017

Cotton trading slows

THE NEWSPAPER'S STAFF REPORTER

KARACHI: The cotton market on Friday turned slow as buyers and sellers withdrew to the sidelines. The past two day's brisk activity was no more evident as participants focused on the coming phutti (seed cotton) arrivals report.

It seemed that both buyers and sellers were making time to see new development which could give justification for their decisions and trading activity.

Though the US Agriculture Department's figures for the outgoing week have shown a 20 per cent increase in exports, the global markets remained steady with some correction noted in the New York market.

The Karachi Cotton Association left its spot rates unchanged on Friday.

Trading on the ready counter remained muted as only one transaction of 600 bales from Burewala was reported at the rate of Rs6,900 per maund (around 37 kilograms).

THE FOLLOWING ARE THE KCA OFFICIAL SPOT RATES FOR 2015-16 FOR LOCAL DEALINGS IN PAK RUPEES FOR BASE GRADE 3 STAPLE LENGTH 1-1/32" MICRONAIRE VALUE BETWEEN 3.8 TO 4.9 NCL			
Rate For	Ex-Gin Price	Upcountry Expenses	Spot Rate Ex-Karachi
37.324 Kgs Equivalent	6,750	135	6,885
40 Kgs	7,234	145	7,379

DAWN
Saturday, 1st April, 2017

MARKETS

FOREX

Exchange Rates for Currency Notes (Rs)

	Interbank market*		Open market**	
	Buying	Selling	Buying	Selling
USA	104.50	104.70	106.45	106.75
UK	130.03	130.28	131.25	133.00
Euro	112.35	112.57	114.00	115.20
S. Arabia	27.87	27.92	28.30	28.50
UAE	28.49	28.55	28.95	29.20
Japan	0.9335	0.9353	0.9300	0.9600

*forex.com.pk **ECAP

KIBOR

Karachi Interbank offered rates

	Bid	Offer
Three months	5.87	6.12
Six months	5.91	6.16
One year	5.94	6.44

LIBOR

Special US dollar bonds for Mar 30

Three months	1.14761%
Six months	1.41878%

THE NEWS
Saturday, 1st April, 2017

SBP sticks to growth forecast of 5-6pc in FY17

KARACHI: The State Bank of Pakistan (SBP) on Friday kept its economic growth forecast for the current fiscal year unchanged at five to six percent, predicting a robust recovery in agriculture sector.

Higher spending in infrastructure projects also improved hopes of achieving targeted growth during the current fiscal year of 2016/17, the State Bank of Pakistan said in its second quarterly (October-December) report on the State of Pakistan's Economy.

The gross domestic product growth was recorded at 4.7 percent in 2015/16 but the country wants to raise the growth to seven percent or more to alleviate poverty, boost tax revenue and attract investment.

"The growth in agricultural sector is expected to rebound on account of higher production of cotton, sugarcane, and maize and increased prospects for wheat harvest close to last year after rains in early February 2017," SBP said.

The central bank said the completion of early harvest energy projects under the China-Pakistan Economic Corridor is expected to provide an additional boost to industrial growth.

"These expectations are in line with continuing robust trends in private sector credit and import of machinery and raw materials," it added. "The growth in industry, though likely to fall short of its target, is expected to maintain the last year's level."

The bank said the textile industry, the largest sub-component of the large scale manufacturing sector, is expected to post some recovery in the second half of 2016/17 on the back of Rs180 billion exports package, while the annual growth in construction sector is likely to remain robust on the uptrend in cement and steel outputs.

LSM posted recovery in the second quarter of FY17 with increase in production of food, cement, steel, pharmaceuticals, automobiles and electronic industries. It further said the increase in liquefied natural gas import and start of new power plants are likely to keep the energy production at the last year's level.

The central bank forecast the full-year inflation in the range of four to five percent. "Increase in agriculture production and sufficient food supplies, stable exchange rate, and a limited pass-through of rising international commodity prices to domestic prices are expected to keep inflation low and stable," it said.

"Importantly, in case of oil prices, less-than-warranted increase in domestic motor fuel prices would limit its direct and second round impact on CPI (consumer price index) inflation." It said recent increase in investment demand, as reflected by the widening of twin deficits, may not have an adverse impact on inflation in the remaining months of FY17.

The SBP said the services sector, accounting more than half of the economy, is expected to achieve its annual target.

current trends in trade, especially imports, higher production and sale of commercial vehicles, substantial increase in bank credit, flourishing housing schemes and rising internet subscription – all suggest a vibrant services sector."

It, however, said current account deficit may widen on strong growth in imports. "Current account deficit has almost doubled compared to the last year… due to a surge in growth-inducing imports along with non-realisation of coalition support fund and decline in exports and remittances."

Yet, the bank added that foreign direct investment and proceeds from sukuk issuance are little more than sufficient to finance higher current account deficit.

There is a need, "to contain current account deficit to the manageable level to sustain the external sector stability."

The central bank projected foreign exchange reserves at the comfortable level till the year-end.

The bank said declining number of migrant workers, the pound sterling's depreciation against the US dollar and stricter regulatory controls in the US may keep remittance inflows close to the last year's level. It said muted remittance growth may corrode the export gains.

"The recent decision of Kuwait government to lift restrictions on issuing visas to Pakistani nationals bodes well for increased remittance flows going forward," it added.

On fiscal deficit, the SBP said it would be higher than the annual target of 3.8 percent, "keeping in view that the deficit is usually higher in the second half."

Fiscal deficit remained 2.4 percent of GDP in the first half.

The SBP added that expenditures are likely to remain elevated due to the government's commitment to complete most of the power

THE NEWS
Saturday, 1st April, 2017

and infrastructure projects by the close of 2017/18 and fund ongoing military operations.

It, however, assumed no significant change in the current pace of revenue collection in the absence of additional revenue generating measures in its economic report.

THE NEWS
Saturday, 1st April, 2017

'Pak-Bahrain economic partnership to grow under CPEC projects'

ISLAMABAD: The economic partnership between Pakistan and Bahrain would grow through mega projects of regional connectivity under the China-Pakistan Economic Corridor (CPEC), Minister for Commerce Khurram Dastgir Khan said on Friday.

The government had laid the foundation of economic engagements with Bahrain, which would increase trade and investment opportunities, the minister said, while addressing the second Pakistan-Bahrain business opportunities conference along with Minister for Commerce and Industry of Bahrain Zayed Rashid Alzayani and business leaders from the two countries.

"We get excellent support and cooperation from the Bahrain government, Dastgir said, adding that Bahrain is now going through economic reforms envisioned by the current leadership." Bahrain has important geographical location, as it is a gateway for six Gulf Cooperation Council (GCC) countries and also provides excess to all countries, the minister said.

The conference has been a milestone in reviving trade and investment, and would also enhance the confidence level between the business communities of the two countries.

The minister vowed the government would support and facilitate the private sectors of the two countries to build long-term investment and trade ties.

Dastgir appreciated the business growth of Al-Baraka Bank in Pakistan that had grown from four branches to 240. Pakistan would overcome the energy crisis by the middle of 2018, he said, adding that several foreign companies, including The Netherlands investment group would invest in the dairy sector.

Pakistan and Bahrain are committed for trade liberalisation and promotion of bilateral trade and business relations, he said.

According to the vision of Prime Minister Nawaz Sharif, the two brotherly countries are entering in new an era of economic partnership. Minister for Commerce and Industry of Bahrain Zayed Rashid Alzayani said Bahrain is committed to enhance trade and business relations with Pakistan.

"We have clear instructions from the leadership of both the sides for enhancing cooperation and investment opportunities," he added.

The Bahrain government has followed the policy of trade liberalisation to open the country's economy for foreign trade and investment, he added.

Rashid said, "We are negotiating on free trade agreement with the United States and other regional countries for trade openness and create business opportunities.

"This is the right time for the promotion of trade and economic relations between Pakistan and Bahrain, he added. The private sector would play an important role in enhancing the trade volume between the two countries, he said and invited Pakistan for concluding FTA with GCC countries to boost trade.

Later, Islamabad Chamber of Commerce and Industry (ICCI) and Bahrain Chamber of Commerce Industry signed a memorandum of Understanding (MoU) to enhance mutual cooperation.

In his address of welcome, Pakistan's Ambassador to Bahrain, Javed Malik said that Pakistan has a focus on trade and economic cooperation with Bahrain.

Pakistan has open policy of trade and investment and easy visa process for the business community of Bahrain, he added.

Federation of Pakistan Chambers of Commerce and Industry (FPCCI) president Zubair Tufail said that the China-Pakistan Economic Corridor would provide huge business opportunities for investors from across the world.

THE NEWS
Saturday, 1st April, 2017

Weekly inflation falls 0.19 percent

ISLAMABAD: Inflation for the week ended March 30 for the combined income groups decreased 0.19 percent as compared to the previous week.

According to the data released by the Pakistan Bureau of Statistics on Friday, the sensitive price indicator (SPI) for the week under review in the abovementioned group was recorded at 225.60 points against 226.02 points last week. SPI for the combined group witnessed an increase of 4.12 percent.

Meanwhile, SPI for the lowest income group up to Rs8,000 decreased 0.24 percent, as it went down to 214.96 points during the week under review from 215.47 points in the previous week. SPI for the income groups from Rs8,001 to Rs12,000; Rs12,001 to Rs18,000; Rs18,001 to Rs35,000 and above Rs35,000, also decreased 0.21 percent, 0.21 percent, 0.19 percent and 0.15 percent, respectively. During the week under review, average prices of 12 items registered increase, 11 decreased and the prices of the remaining 30 items remained unchanged.

The Nation on Web
The Nation
Saturday, 1st April, 2017

SBP terms overall economic situation conducive for growth

Zamir Sheikh

KARACHI - The State Bank of Pakistan (SBP), in its report released on Friday, said that current account deficit had almost doubled compared to the last year.

This was due to surge in growth-inducing imports along with non-realisation of CSF and decline in exports and remittances. The central bank, in its second quarterly report for FY17 on the State of Pakistan's Economy, says that the overall economic environment remained conducive for growth, on the back of accommodative monetary policy, increase in development spending, and CPEC-inspired activities.

The report shows that average CPI inflation had risen from 2.1 percent in H1-FY16 to 3.9 percent as in H1-FY17, which reflected higher domestic demand and an increase in global commodity prices. However, it highlights that on year-on-year basis, the CPI inflation has fluctuated in a narrow range during this period.

The report has also noted improvements in investors' confidence as reflected in an uptick in private sector credit, especially for fixed investment purposes; foreign interests in Pakistani companies; and increased production of consumer durables.

Similarly, surge in the import of machinery and raw materials also points to a robust industrial activity and increasing productive capacity in future. According to the report, growth in Large-Scale Manufacturing (LSM) recovered in Q2-FY17 with an increase in the production of food, cement, steel, pharmaceuticals, automobiles and electronic industries.

Growth in agricultural sector is also expected to rebound on account of higher production of cotton, sugarcane and maize and increased prospects for wheat harvest close to last year after rains in early February 2017.On an encouraging note, the report acknowledges that the foreign inflows – FDI, loans, and Sukuk issuance – were little more than sufficient to finance higher current account deficit.

It, nevertheless, highlights the need to contain current account deficit to manageable levels to sustain external sector stability. Similarly, the document notes that fiscal deficit had increased due to low revenue generation amid higher development and security related spending. While it terms sustained increase in development spending commendable, it also underscores the need to enhance revenue collection.

Finally, the report perceives the growth to maintain the upward trajectory while inflation to remain below the target during FY17.

The Nation on Web
The Nation
Saturday, 1st April, 2017

French Business Confederation all set to explore business in Pakistan

SAHIBZADA ATEEQ

Paris - A 21-member delegation of French Business Confederation (MEDEF) headed by Thierry Pflimin, Chairman of France-Pakistan Business Council of MEDEF and President of Total Global Services is travelling to Pakistan on 4 for a three-day visit to explore business, trade and investment opportunities in the country.

The Ambassador of Pakistan to France Moin ul Haque, who gave a detailed pre-visit briefing to the delegation earlier this week in Paris, termed the visit as historic.

He said that the visit would provide members of the French delegation a first-hand experience of attractive investment opportunities and facilitation offered by Pakistan to the foreign investors.

The ambassador briefed them about the economic turnaround of Pakistan, which has been termed as one of the world's top emerging economies.

He expressed the hope that the visit of the MEDEF delegation to Pakistan would give a renewed impetus to business, trade and investment ties between Pakistan and France.

The MEDEF visit is jointly organized by the Embassy of Pakistan in Paris and the Embassy of France in Pakistan.

It consists of senior representatives of renowned French companies including Airbus, Credit Agricole, Engie, JC Decaux, Suez, Thales and Total.

The delegation will visit Islamabad and Karachi and will hold meetings with ministers and senior officials and as well as private and public sector companies, Business Council of Pakistan and Pakistan France Business Alliance.

MEDEF is composed of 85 sectoral federations and 155 local federations, bringing together on a single platform more than 750,000 small, medium and large French enterprises.

Sahibzada Ateeq Paris

The Nation on Web
The Nation
Saturday, 1st April, 2017

Rs50b released as shortfall climbs to 4700MW

INP

KARACHI: In the wake of increasing electricity loadshedding, the government on Friday issued Rs50 billion to control the power shortfall that has reached 4700 megawatts. Traumatizing power cuts are gradually increasing across the country despite tall claims by the government regarding elimination of loadshedding in 2018. The urban areas are facing power outages of six hours whereas the rural areas are witnessing electricity cut for 12 hours. On the other hand, residents of North Karachi, Baldia Town, Landhi and Mahmoodabad are perturbed over the shortage of water.–INP