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Security being beefed up around Chinese citizens

Drazen Jorgic & Jibran Ahmad

ISLAMABAD/PESHAWAR: Chastened by the Islamic State's claim to have killed two kidnapped Chinese teachers, Pakistan is beefing up security around Chinese citizens streaming into the country on the back of Beijing's "Belt and Road" infrastructure splurge.

China has often urged Pakistan to improve security after pledging around $57 billion to build power plants, railways, and roads that will cross the Himalayas to connect western China with Gwadar.

Pakistani officials have outlined to Reuters extensive security plans that include thousands-strong police protection forces, tighter monitoring of Chinese nationals, and in Balochistan - where the two teachers were kidnapped on May 24 - a review of security arrangements.

The protection forces will buttress a 15,000-strong army division set up specifically to safeguard projects in the China-Pakistan Economic Corridor (CPEC) initiative, which has been credited with rejuvenating Pakistan's $300 billion economy.

"We are already alert, but this incident has made us extra vigilant over Chinese security," said Amin Yousafzai, deputy inspector general of police for Sindh, which is home to about 50 million people.

Sindh is raising a protection unit of about 2,600 police officers to help safeguard 4,000 Chinese working on CPEC projects, and another 1,000 working in other businesses.

Khyber Pakhtunkhwa province, which signed billions of dollars in contracts with Chinese companies, is also conducting a census of Chinese nationals and raising a force of about 4,200 officers to protect foreigners.

Balochistan would "review the whole security arrangement" and Chinese nationals who come in a private capacity should inform the authorities about their activities, said Anwaar-ul-Haq Kakar, spokesman for the provincial government.

The number of militant attacks in Pakistan has fallen sharply in recent years, but violent Islamist groups still pose a threat, and in Balochistan separatists opposed to CPEC also carry out attacks.

The Islamic State killings were a rare attack on Chinese nationals in Pakistan.

Miftah Ismail, a state minister involved in CPEC planning, said Pakistan had devoted huge resources to improving security and Chinese investors should not be put off by a one-off attack.

"The country's security situation has improved," Ismail said.

The scale of the task facing security agencies is increasing by the day as more Chinese entrepreneurs arrive to set up businesses. Most stay in big cities, but some venture into riskier areas.

The challenge for authorities will increase in 2018, when the corridor is due to become operational and trucks ferrying goods to and from China cross more than 1,000 km (620 miles) of road in remote Balochistan areas currently off-limits to foreigners.

The new Sindh and Khyber Pakhtunkhwa forces resemble the Special Protection Unit (SPU) recently established by Punjab, which has attracted most Chinese investment.

Khyber Pakhtunkhwa was already working on plans to set up the force, but after the Quetta kidnappings the process was "accelerated", according to one regional official. Sindh was also planning to set up a force before the Quetta attack, and was now expanding it, another official said.

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Punjab's SPU, dedicated to protecting Chinese nationals and other foreigners, has more than 6,000 officers and is set to grow to 10,000.

Raja Jahangir, Punjab secretary for information, said SPU chiefs hold daily meetings with intelligence agencies and police chiefs to ensure Chinese nationals stay safe, while a database has been set up to track foreigners from their arrival, to their hotels, and their departure.

Jahangir said security has been stepped up since the Quetta attacks.

"Almost all personnel are on alert and they are on their toes," he said.—Reuters

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Proposed Pakistan-Turkey FTA: No breakthrough

MUSHTAQ GHUMMAN

ISLAMABAD: Pakistan and Turkey have reportedly reached a deadlock on the proposed Free Trade Agreement (FTA), after Turkey showed reluctance to reduce duties on textile products soon after signing of the pact which is Pakistan's main export product, well informed sources told Business Recorder.

Pakistani delegation headed by Secretary Commerce, Younas Dagha held meetings at a political and technical level with Turkish government on June 5-6, 2017 and offered a deal to Turkey one step beyond Pakistan's existing FTAs with other countries; however Turkey reportedly remained enmeshed in "ifs and buts".

"It was a good discussion which now requires political push. Another round of parlays is required to finalise the deal," said Dagha in a chat with this scribe.

Earlier, Prime Minister Nawaz Sharif and Commerce Minister Engr Khurram Dastgir held negotiations with their counterparts on the proposed FTA.

The sources said, Turkish negotiating team wanted a generous offer from Pakistan but was not ready to reciprocate; or to meet Pakistan's demand for inclusion of three or four textile products.

The Turkish team relaxed its rigid stance after a meeting between the Turkish Minister for Trade and Secretary Commerce, Younas Dagha Turkey agreed to reduce duty by 25 per cent on textile items in five years, with the remaining 75 per cent duty to be revisited after five years and agreed to reduce the duration of FTA- I to three years instead of five years.

Dagha has denied claims of a deadlock between the two countries but insiders point out that when minutes of scheduled parlays are not signed it means there is an impasse.

According to sources Pakistan argued that Turkey should offer what it gives to other FTA partners whereas Pakistan is ready to go one step more than what it offers other countries – an offer that implies Pakistan may open its auto sector to Turkey, a concession that is not available to any other country.

Turkey is reluctant to remove safeguard duty imposed on Pakistan's PET imposed in 2011-12 after Pakistan's exports to Turkey nosedived and if that is removed , then the purpose of the FTA becomes meaningless, sources stated. The safeguard measure on PET was announced in the official gazette on September 8, 2011. Duty is eight percent and became applicable from November 8, 2011.

Pakistan is insisting on removal of these additional duties as at the time Pakistan had a very small share of these products in the Turkish markets - 4.54 percent for fabrics and 2.3 percent for garments.

Major items of exports to Turkey include cotton fabric (woven), chemical material and product, chemical elements and compounds, cotton yarn, leather, rice (all sorts), articles of apparel and cloth knitted crochet and articles of apparel of textile material.

One tariff line (a variety of sesame seed) has been offered at 15 per cent MOP (MFN 10 per cent reduced to 8.5 per cent). The source said 19 high priority tariff lines were offered on reduced duty by Turkey in Round 5. In the revised offer two tariff lines, dates and flour meals of crustaceans have been offered at zero percent tariff, whereas nine tariff lines were offered for reduction to zero tariff in unequal phases in seven years. These include PET and other plastic items.

Turkey has offered these tariff lines to Pakistan's competitors such as South Korea, Germany and

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Malaysia at zero percent. Pakistan requested a level playing field on these items upon entry into force of the FTA. Four tariff lines were offered for reduction to zero over seven years and they remain in the same category and have not been offered for immediate reduction.

Pakistan requested 25 tariff lines that were offered by Turkey at zero percent in order to ensure that these concessions are not withdrawn in a revised offer. Turkey has withdrawn concession on 126 tariff lines of cotton and textured yarn and has now added them to the exclusion list in the revised offer for 6th Round.

The sources said Commerce Minister Engineer Khurram Dastgir Khan is expected to meet his Turkish counterpart soon in a European country wherein this issue will be discussed in detail for future line of action.

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THE RUPEE

Rates stable

RECORDER REVIEW

KARACHI: No major changes were witnessed on the money market due to balanced demand and supply of dollars during the week, ended on June 10, 2017.

INTER-BANK MARKET RATE: The rupee versus the dollar almost traded within a band of Rs 104.85 and Rs 104.86 and Rs 104.87 and Rs 104.88.

OPEN MARKT RATES: The rupee held the present levels versus the greenback for buying and selling at Rs 105.90 and Rs 106.10. The rupee rose by 50 paisas against the euro for buying and selling at Rs 118.30 and 119.30.

Commenting on the persistent firmness in the value of the rupee, some experts said that the rupee may maintain its firm trend in the near future because of easy supply of dollar.

They hoped that positive development is that construction of China-Pakistan Economic Corridor (CPEC), which most probably help to create jobs in the country. They said that CPEC projects have attracted a large amount of foreign currency.

They said that it was surprising to note that remittances dropped slightly to 17.46 billion dollars at the occasion of Eid-ul-Fitr.

OPEN MARKET RATES:

On Monday, the rupee maintained overnight level against the dollar for buying and selling at Rs 105.90 and Rs 106.10. The rupee gained 20 paisas versus the euro for buying and selling at Rs 118.80 and 119.80.

On Tuesday, the rupee maintained overnight level against the dollar for buying and selling at Rs 105.90 and Rs 106.10. The rupee also managed to hold overnight levels against the euro for buying and selling at Rs 118.80 and 119.80.

On Wednesday, the rupee held last level against the dollar for buying and selling at Rs 105.90 and Rs 106.10. The rupee picked up 40 paisas against the euro for buying and selling at Rs 118.40 and 119.40.

On Thursday, the rupee sustained overnight levels against the dollar for buying and selling at Rs 105.90 and Rs 106.10. The rupee failed to hold overnight gains, shedding 40 paisas against the euro for buying and selling at Rs 118.80 and 119.80.

On Friday, the rupee was unchanged against the dollar for buying and selling at Rs 105.90 and Rs 106.10. The rupee however, gained 55 against the euro for buying and selling at Rs 118.25 and 119.50.

On Saturday, the rupee held overnight levels against the dollar for buying and selling at Rs 105.90 and Rs 106.10. The rupee shed five paisas against the euro for buying and selling at Rs 118.30 and 119.30.

INTER-BANK MARKET RATES: On June 5, the rupee inched up by two paisas in terms of the dollar for buying and selling at Rs 104.85 and Rs 104.86. On June6, the rupee shed two paisas in relation to the dollar for buying and selling at Rs 104.86 and Rs 104.88, dealers said. On June 7, the rupee moved little in relation to the dollar for buying and selling at Rs 104.86 and Rs 104.87. On June 8, 8he rupee sustained overnight levels versus the dollar for buying and selling at Rs 104.85 and Rs 104.86. The rupee shed one paisa against the dollar for buying and selling at Rs 104.86 and Rs 104.87.

OVERSEAS OUTLOOK FOR DOLLAR: In the first Asian Trade, the dollar edged up, but remained not far from the seven-month low it plumbed against a currency basket after disappointing US employment data prompted investors to pare back expectations of US Federal Reserve rate hikes.

The dollar index, which tracks the greenback against a basket of six major currencies, edged up 0.1 percent to 96.798, not far from Friday's nadir of 96.654, its lowest since Nov. 9.

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The dollar was trading against the Indian rupee at Rs 64.335, the greenback was at 4.265 in terms of the Malaysian ringgit and the US currency was available at 6.804 versus the Chinese yuan. Inter bank buy/sell rates for the taka against the dollar on Monday: 80.57-80.59 (previous 80.57-80.57).

In the second Asian trade, the dollar hit a six-week low against the safe-ha en yen as caution mounted ahead of Britain's election, a European Central Bank meeting, and former FBI Director James Comey's testimony to a Senate committee - all of which are set for Thursday.

Inter bank buy/sell rates for the taka against the dollar on Tuesday 80.59-80.60 (previous 80.57-80.59).

In the third Asian trade, the dollar wallowed near a six-week low against the safe-haven yen on Wednesday, with traders cautious ahead of Britain's general election, a European Central Bank policy decision and testimony by former FBI Director James Comey.

The dollar was trading against the Indian rupee at Rs 64.403, the greenback was at 4.268 in terms of the Malaysian ringgit and the US currency was at 6.795 against the Chinese yuan.

Inter bank buy/sell rates for the taka against the dollar on Wednesday: 80.59-80.60 (previous 80.59-80.60).

In the fourth Asian trade, sterling held steady near a two-week high on Thursday, supported by expectations that Prime Minister Theresa May's party will win a majority in Britain's election, while the euro held steady ahead of a European Central Bank policy announcement.

The dollar was trading against the Indian rupee at Rs 64.350, the greenback was at 4.264 in terms of the Malaysian ringgit and the US currency was at 6.794 versus the Chinese yuan. Inter bank buy/sell rates for the taka against the dollar on Thursday: 80.59-80.60 (previous 80.59-80.60).

In the final Asian trade, the pound fell sharply after British Prime Minister Theresa May's Conservative Party appeared set to fall short of an expected majority in a general election.

Sterling was down 1.5 percent at $1.2764 after sliding to as low as $1.2693, down about 2 percent and the weakest since April 18.

The dollar was trading against he Indian rupee at Rs 64.253, the greenback was at 4.264 in terms of the Malaysian ringgit and the US currency was 6.800 versus the Chinese yuan

The dollar was trading against the Indian rupee at Rs 64.350, the greenback was at 4.264 in terms of the Malaysian ringgit and the US currency was at 6.794 versus the Chinese yuan. Inter bank buy/sell rates for the taka against the dollar on Thursday: 80.59-80.60 (previous 80.59-80.60).

At the week-end, the dollar rose against a basket of currencies on Friday, helped by a sharp drop in the British pound after Prime Minister Theresa May's Conservative Party lost its parliamentary majority in national elections.

The dollar index, which tracks the greenback against six major rivals, was up 0.37 percent at 97.273, after rising to a 10-day high of 97.5 earlier in the session.

The index had fallen to a seven-month low midweek on caution ahead of US Senate testimony by former FBI Director James Comey and the British election. But on Friday, it added to gains from the previous session.

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Gift arrangements

FBR cell intensifies efforts to finalise cases of money laundering

SOHAIL SARFRAZ

ISLAMABAD: The Anti-Money Laundering Cell of the Directorate General of Intelligence and Investigation Islamabad has intensified efforts to finalize cases of money laundering committed through gift arrangements by 2,785 individuals.

It is learnt that the Anti-Money Laundering Cell has begun investigating cases of money laundering committed in the name of gifts by various affluent individuals. It is observed that due to absence of gift tax in the country a large number of taxpayers are laundering their tax-evaded money through gifts received from their parents, siblings and spouses who are either out of tax net or have no known sources of income.

During the routine scrutiny of bigwigs, the Anti- Money Laundering Cell of the Intelligence & Investigation – Inland Revenue observed that in many tax returns, declared incomes and taxes paid on these incomes are very nominal. However, the accompanying wealth statements of these individuals, which have been made compulsory to file by the FBR, show the net assets running into hundreds of millions of rupees and even higher. Trend has been observed that, in many cases the net assets are gradually increased in wealth statements over the period of only few years, without any taxable income behind the accretion. In such cases, usually the reconciliation of net assets from previous years is made by claims of hefty gifts without disclosing any details of how and from where such gifts were obtained. This practice raised suspicion whether this was just another method to avoid payment of taxes through misreporting source of income. The agency also red-flagged these cases to analyze if the scheme of gift arrangement is being employed to launder the tax-evaded incomes, which is already causing irreparable loss to the national exchequer each year.

The amount of gifts claimed by these individuals is in tens of millions of rupees. In few cases, the gifts amounting to rupees one billion and higher have also been declared by individuals.

The data gathered by the Anti-Money Laundering Cell relating to tax year 2016 revealed that 2,785 individuals declared having received gifts in their wealth statements, aggregating over rupees 102 billion in tax year 2016 alone. The search criteria covered the cases where minimum amount of gift received is ten million rupees or above. In three of these cases, individuals declared gifts of over rupees one billion, with the highest amount of the gift was rupees 1.7 billion. Eight individuals declared gifts amounting between rupees 500 million to one billion, 49 individuals declared gifts worth between Rs200 million to 500 million. Likewise, 97 individuals declared having received gifts varying between Rs 100 million to 200 million rupees. 280 individuals declared gifts amounting between Rs 50 million to 100 million. While, the numbers of individuals who reported gifts worth between Rs 10 million to 50 million were 2348.

The data collected so far is being further scrutinized by the Anti-Money Laundering Cell and detailed investigations began on Friday at the Islamabad Directorate of I&I-IR.

It is pertinent to mention that not all such cases analyzed so far were found to be sham. In many cases, gifts were found genuine having been reported by those who donated and mostly came from affluent individuals to members of their family after paying taxes.

The AML Cell is now scrutinizing rest of these cases to see whether the lofty gifts declared before the tax authorities on which

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taxes were not paid by the receivers came from legitimate sources, i.e. duly reported and taxed incomes of those who gave these gifts, and even, if the "sources" wherefrom the gifts are coming actually exist or is it just another sham to trick the tax authorities.

The Directorate General of Intelligence & Investigation – Inland Revenue is FBR's criminal investigations' wing having exclusive jurisdiction to try cases of tax evasion and tax fraud.

Tax evasion is a predicate offence under the Anti-Money Laundering Act 2010, and the Government of Pakistan has recently empowered the Directorate General to investigate and prosecute cases of money laundering where predicate offence is tax evasion or tax fraud.

During the under reference investigations, cases where it is found that such gift arrangement is employed with an intent to commit tax evasion, the assets of such individuals will be confiscated as per law, under the Anti-Money Laundering Act 2010. Moreover, criminal references will be filed in the Special Court of Customs & Taxation. Such gift arrangements are liable to punishment with rigorous imprisonment for a term up to ten years, along with heavy fines as well as forfeiture of property involved in money laundering or property of corresponding value.

On the directions of Director General I&I-IR, Khwaja Tanveer Ahmed, the exercise has been initially started at the AML Cell Islamabad.

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OICCI's concerns about the budget

Overseas Investors' Chamber of Commerce and Industry (OICCI) is an organised body that often conveys its views to the government about latter's economic policies. In a letter sent to the Finance Minister, Chief Executive OICCI, Abdul Aleem, has forcefully argued that some of the taxation measures proposed in the Finance Bill 2017, including a few 'surprises', would hamper government's efforts towards building trust for foreign investors and attracting new FDI. Foreign investors are seriously concerned about the continuation of super tax which was initially imposed for one year in 2015-16 on large corporations. A large part of "super tax, we understand, is collected from OICCI members whose headquarter management takes a negative view of such ad hoc measures," the OICCI letter said. The Chamber also took exception to the abolition of tax credit that was introduced to encourage documentation of economy. The OICCI said this credit was enhanced to 3 percent during the last fiscal year and there is a proposal to increase it to 5 percent in the FY2017-18 budget. The Chamber also warned that the proposed 10 percent tax on companies, which do not distribute 40 percent of their profit as dividends, will work against capital formation in the economy required for growth and investment, and will also lead to multiple taxation on the same amount.

It may be mentioned here that policymakers of the country need to give due importance to the views of the OICCI due to their role in the economy as well as their perceived influence on the attitude of the potential foreign investors who may be still analysing the desirability of selecting Pakistan as a destination of their investment. Also comical is the fact that Pakistan requires FDI inflows urgently and in greater amounts due to very depressed rates of savings in the economy and the need to revive growth and reduce unemployment as soon as possible. Coming to the present concerns of the OICCI, all of them seem to be largely justified. Super tax on large corporations was imposed in 2015-16 but has continued since despite a general understanding that this tax was levied due to exceptional circumstances and would be removed in the subsequent year. It is also true that a fair chunk of this tax is collected from the OICCI members who are keen to see that the government's fiscal policy is consistent, predictable and transparent for attracting investment and creating jobs. Abolition of tax credit is also not advisable. This measure was introduced to encourage documentation of the economy. The Chamber seems to have rightly pointed out that "it is a matter of surprise that without any noticeable increase in the broadening of the tax base or documentation of the economy, this incentive has been withdrawn abruptly, which will be counterproductive and may encourage non-filers and those working against the documentation of economy." The proposal of 10 percent tax on companies that do not distribute 40 percent of their profit as dividend could certainly work against capital formation due to greater incentive for dividend distribution and be a constraint on higher retained earnings. Since a review of all the taxation measures proposed by OICCI do not involve large budgetary revenues, we are of the view that their concerns may be considered seriously, and if possible addressed, before the Finance Act, 2017 is approved in order to encourage foreign investment in the country.

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Post-budget business sentiments

Nasir JamalPublished about 4 hours ago

Early last week, the Pakistan Stock Exchange took out an advertisement in the country's leading newspapers, contending that the proposed federal budget for 2017/2018 was 'negative for investment'.

Among other things, it stated the exchange was 'extremely surprised with the budget proposals' and underlined that the securities industry cannot develop under such a tax regime.

Around the same time, the Overseas Investors Chamber of Commerce and Industry (OICCI), which represents large foreign firms operating in Pakistan, wrote a letter to Finance Minister, Ishaq Dar, to express its member companies' resentment against the tax measures on existing taxpayers instead of bringing untaxed and under-taxed segments of the economy into the net.

The chamber said some of the tax measures will negatively impact efforts to build trust for existing foreign investors and attract new non-CPEC FDI.

Angered by the 'lack of focus on revival of the export sector', the All Pakistan Textile Mills Association (Aptma) and several other textile associations were mulling the possible reaction of the government and the subsequent consequences of taking out a series of ads illustrating the fragility of economic recovery under Mr Dar in the last four years.

While one ad depicts the ship of the country's economy seesawing in the middle of a sea storm, another shows the minister cutting one of the most important branches of the economy — exports.

Indeed, the tax proposals contained in the last revenue-driven budget of the Nawaz Sharif government have peeved the business class.

Majority of the tax proposals, businessmen argue, run counter to (economic) policy predictability, consistency and transparency — crucial for making investment decisions.

The major proposed taxation measures that have upset the country's corporate sector include extension of one-off super tax for the third year and increase in minimum turnover tax by a quarter to 1.25pc, regardless whether a firm is making a profit or a loss.

Other major proposed changes in the tax regime include abolition of tax credit.

Businessmen insist that these measures will work against capital formation (required for growth and investment), discourage documentation of the economy, and lead to multiple taxation on the same income.

Other tax proposals considered 'harmful' for the stock market include enhancement of capital gains tax to 15pc-20pc for filers and non-filers, increase in tax rate on dividends from 12.5pc to 15pc and imposition of 10pc tax on profits of companies that do not distribute 40pc of their after-tax profit as dividend.

The market expected removal of 10pc tax on bonus shares but the government did not oblige.

"If approved, the suggested tax measures will suppress firms'' profitability and hamper capital formation necessary for making new investment," contended a multinational company's chief financial officer (CFO) on condition of anonymity.

"The increased tax rates on the documented segments of the economy clearly demonstrate the failure of the government to broaden the tax net.

"Instead of taxing the undocumented sectors operating from the shadows, the government has once again resorted to squeezing the existing taxpayers regardless of whether a business is making profit or losing money."

The continuation of super tax implemented on large companies for one year in 2015/2016 and the increased rate of minimum tax will, in effect, raise the effective tax burden on high turnover and low margin firms beyond 30pc, offsetting the impact of 1pc decrease in corporate tax proposed in the budget, the CFO said.

The budget though, has proposed continuing the cash subsidy and other incentives, like subsidised credit for machinery imports and so on, for the five major manufactured export industries.

This is especially for textiles, announced in the Rs180bn Prime Minister's Package for Exports during the next fiscal year; exporters remain unimpressed.

"The minister has allocated just Rs4bn in the budget for implementation of the package next year! That shows their

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seriousness in addressing falling exports," said PRGMEA chairman Ijaz Khokhar.

The government has so far disbursed just Rs1bn among exporters under the package, since January, when the incentives were announced.

Exporters are also furious because budget measures proposed for the next year will further squeeze their liquidity.

"The government has imposed a further 2pc tax on local sales to unregistered buyers. Why is the industry being punished for the government's failure to net the unregistered?

Abdul Basit, president of the Lahore Chamber of Commerce and Industry, said we were expecting the budget to declare the food sector zero-rated to push its exports," he said.

According to him, Pakistan could easily become a major player in the $300bn global halal meat market, provided the government curb cheap processed meat imports under FTAs and remove the high duty of 65pc on import of spices for cooked poultry meat.

"The government has reduced duty on machinery imports for new poultry projects. But what's in there for the existing players?" he asked.

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Investment rate inches up

Khaleeq Kiani

Powered by the China-Pakistan Economic Corridor projects, particularly in energy and infrastructure, Pakistan's investment scene may be preparing to pick itself up, albeit slowly.

Total investment is estimated to have inched up to 15.8pc of GDP during the current year compared to last year's 15.6pc, although the current year's target of 17.7pc was missed by a wide margin.

Fixed investment also increased slightly to 14.2pc of GDP against 14pc last year, staying significantly behind the target of 16.1pc.

Although a proportionate increase has not translated into an overall investment rate, the sliding investment-to-GDP ratio has not only been arrested but has also inched up

The country has been a low investment-low saving trap for quite a few years and even higher rates achieved in the past could not be sustained in the long run.

Pakistan's investment climate has been under clouds in recent years as the investment-to-GDP ratio declined and the overall global investment flows also fell.

More steps are needed to restore investor confidence. Privatisation — a key area of private investment — has been on a standstill after the government moved, rather half-heartedly, to get rid of loss making entities like the Pakistan Steel, Pakistan International Airlines and power sector companies, owing to political expediency.

Privatisation could have triggered domestic contribution instead of just facilitating Chinese investment because it is not unrealistic to expect quality foreign investment in the current environment — one which is tilted towards one side while local private investment is sluggish.

Pakistan's domestic savings rate — stuck at around 10pc of GDP for the last decade — has also limited the scope for increasing investment. Public investment was constrained by the limited fiscal space owing to low tax revenues, high current expenditures and loss making entities.

A report last week by the United Nations Conference on Trade and Development noted foreign direct investment to Pakistan rising by 56pc last year because of large amounts of foreign funds flowing to CPEC related projects.

Although a proportionate increase has not translated into an overall investment rate, perhaps mainly because of lag impact, the sliding investment-to-GDP ratio has not only been arrested but has also inched up.

This should be taken as a positive sign to build upon with better savings rates for sustainable economic growth and avoid entering a boom-bust cycle.

During the current year, major improvement was witnessed in PSDP investment and general government spending as it increased to 4.3pc of GDP compared to last year's 3.8pc — well above the target of 3.9pc of GDP set for the current year.

Sadly though, private sector investment during the current year went down, partially because of the crowding out factor by the government for budget financing. Private investment dropped to 9.9pc of GDP against 10.2pc of last year and missed the target of 12.2pc.

The planning commission believes that the economic activity in infrastructure, construction, transport, energy and allied sectors provided a favourable environment for growth and encouraged investment in the country.

Since 2010-11, investment to GDP ratio has increased by 1.09 percentage points: derived both by public and private investment. It said that private investment has the potential to grow more due to the expected investment in CPEC related activities.

Therefore, the target for the total investment-to-GDP ratio has been kept at a significantly higher level of 17.2pc for next year (2017-18). This is even lower that the 17.7pc target set for the current year. Yet, the government sees the aim for next year as realistic and important to achieve sustained and inclusive growth.

The target for fixed investment has been set at a realistically lower level of 15.6pc of GDP for the current year given the ambitious target of 16.1pc was earlier missed significantly.

Public investment including general government has also been rationalised at 4.5pc while private investments are projected to grow to a healthy rate of 11.2pc — up almost 1.3pc.

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National savings remained at 13.1pc of GDP as against the target of 16.3pc, according to the planning commission as consumption grew by 10.3pc in 2016-17 from 6.3pc in 2015-16 leading to sub-par growth of savings, given the inverse relationship between the two.

National savings have not been increasing at the same pace at which the middle class is growing. The planning commission expects this to pick up in-line with consistent growth in the industrial sector, increase in private sector credit and expected completion of early harvest CPEC projects.

According to the planning commission, the investment target is achievable given improvement in ease of doing business, affordable energy supply, reduced political uncertainty, prospects of higher profit and enhanced capacity utilisation rate.

Investment under CPEC is expected to improve the overall investment climate. The spill-over effect from public investment under CPEC is expected to catalyse the private sector and foster public private partnership.

Moreover, the lagged impact of current investments, including CPEC investments by the government and private local and foreign investors, coupled with a prudent monetary and fiscal policy, is expected to bolster the economy, the planning commission believed.

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Eyeing CPEC-related exports

Amjad Mahmood

PUNJAB is trying to develop its farm sector in a bid to claim a reasonable share in more than $111bn per annum farm imports of China.

The provincial government has created a special China-Pakistan Economic Corridor-related cell in the agriculture department and earmarked specific areas with budgetary allocations while according priority to projects like promoting high-value agricultural products along the CPEC route.

“To harness the potential of CPEC, we’ve have set up a full-fledged CPEC Unit in the department tasking it with not only identifying potential areas of partnership with China but also suggesting development along the western route of CPEC,” says a top official involved in planning for the CPEC-related projects.

He says the government has asked the department to work on projects that may tentatively fetch at least $1bn in agriculture exports to China at the earliest.

He says some planners believe that Punjab’s share in Chinese agricultural imports can be easily raised up to $10bn by investing in high-value agriculture on a sustained basis. The government plans to establish seven agro-economic zones along the CPEC route.

The provincial government has created a special CPEC-related cell in the agriculture department to promote high-value agricultural products along the CPEC route for exports to China

The Zone-1 comprises Talagang tehsil of Chakwal district, which has been identified mainly to promote farming of peanuts and grapes along with several other fruits, vegetables and allied businesses. In the Zone-2, that encompasses Chakri tehsil of Rawalpindi, olive cultivation will be encouraged.

Citrus and allied businesses will be promoted in Bhalwal tehsil of Sargodha, whereas grapes farms and allied industry will be developed in Bhakkar.

Mango, citrus, tomato and related businesses will be focused in Multan zone; guava and strawberry in Lahore, while potato and other vegetables will be promoted in the Okara zone.

Over 150,000 acres of land will be made cultivable in Chakwal, Attock and Mianwali districts by investing in small dams and reservoirs for harvesting rain water.

An official of the on-farm water management directorate says they have been asked to explore possibilities of water availability in 10km area along both sides of the CPEC route in the three districts. “As subsoil water yield in the region is not promising we are focusing on harvesting rainfall. There are already some mini dams in the area and a hefty amount of around Rs10bn is likely to be apportioned for constructing more such reservoirs.”

To promote corporate farming, contract farming and agro processing, the CPEC Unit has also identified projects for setting up cold chain and warehouses etc.

“We’ve prepared pre-feasibility studies of some value addition projects like batch dryer, quick freezing process, olive oil extraction and solar dehydration of vegetables and presented them to participants of the international seminar on Business Opportunities in Punjab recently held in Lahore,” says special secretary, planning, Dr Ghazanfar.

Referring to the over $25bn per annum imports of soybean (oil and by-products) into China, he says Punjab has set up a centre of excellence for soybean while a project is also underway to develop new and better varieties of the crop.

Dr Ghazanfar says the department is working on removing supply chain bottlenecks as well as introducing and promoting traceable farming and food certification system to bring the local agro-business at par with international standards.

The department is also trying to wooing investment from China, in the agriculture sector by offering partnerships. The potential areas of partnership include promotion of organic farming; introduction of collective/cooperative farming; establishment of hi-tech agricultural mechanisation industry; development of precision and high-value agriculture; development and production of seed and seed technology (hybrid and open pollinated varieties); manufacturing of pesticides and fertiliser units, and processing units for value-addition of agriculture products along the CPEC route.

At least eight MoUs were signed during the two-day international moot. Three of these were between government-to-business and five between business-to-business or for joint ventures between local, Chinese and Turkish companies, says an official of the Punjab Board of Investment.

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INSIGHT

Budgeting for polls

By Ihtasham Ul Haque

Unanticipated fast paced developments on the internal and external fronts are likely to increase uncertainty and further hurt the already subdued economy, as both the government and the opposition are not taking cognizance of the issue due to their expanding political and other vested interests.

The new jolt came from the Saudi led decision to sever all kinds of political, diplomatic and economic ties with the tiny state of Qatar which many believe could sabotage its $18 billion LNG deal with Pakistan.

Moreover, if the issue drags on there will be a setback to $20 billion annual home remittances that are profound to support the declining foreign exchange reserves. One cannot imagine the return of Pakistani workers due to Arab's quarrelling.

As if a yearlong confrontation over Panama scandal and Dawn leaks were not enough to negatively impact $300 billion Pakistani economy, the sad decision by Saudi Arabia and six other Middle Eastern allies against Qatar for allegedly supporting terrorism could cause new problems to the country.

What are the political and economic implications for Pakistan if it does not side with Saudi Arabia against Qatar and also Iran? The ruling elite have little time to set their own house in order, especially in terms of looking after the economy more zealously rather than protecting their own political interests.

In the absence of long cherished political stability, the economy continues to suffer, though the Pakistan Muslim League-Nawaz (PML-N) government has succeeded in giving its fourth annual budget.

The World Bank and Moody's International, a New York based credit rating agency, have forecasted about 5 percent plus GDP growth rate in 2017-18 and 5.5 plus in 2018-19, but their officials do warn about increasing political instability in Pakistan that is leading to economic instability.

The government claims it has done a great job to fix the tattered economy despite facing hardships and political wrangling by its opponents both in and outside the parliament. The finance minister maintains that the economy is no more in red and that major economic challenges have successfully been met if not completely tackled.

The finance minister claims that PML-N government would also present its fifth budget next year despite all hurdles being created by the opposition parties. The new budget, however, amply suggests that it is an election budget for which a massive amount of Rs290 billion has been earmarked for legislators to undertake new development schemes aimed at winning 2018 general election.

The government's opponents and critics allege that Rs1 billion has been allocated to every MNA, the objective of which is to help them win the next election. The allocation of Rs290 billion to legislators is unprecedented and speaks volumes about the political intentions of the government.

It is being said in this backdrop that the new budget's projections are overestimated, and meant to favour legislators. There are apprehensions that opposition legislators would be denied this funding which means the PML-N legislators would get double of their share to win the election by spending this money before the next election.

Prominent political and defence analyst Dr Hasan Askari Rizvi is of the view that the country's economy will continue to suffer due to deepening political squabbling which is causing growing instability across Pakistan.

"If judgment on Panama case comes against the prime minister and his family, the government will be pushed to hold early elections. In case the result goes in favour of the ruling family, it was likely to delay the elections with a view to manage Senate election to be held in March next year. Therefore, in both cases, political instability would increase that is detrimental to the country's fragile economy," he said.

But in that case, he pointed out, opposition parties would not sit back silently and would further create strong pressure on the government to hold early elections.

Another distinguished political and defence analyst retired Air Marshal Shahid Latif said the current government mismanaged all political and economic affairs.

He regretted that Nawaz Sharif administration has failed to stabilise the economy and was wasting time only to defend itself in courts and now before the Joint

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Investigating Team (JIT) set up by the Supreme Court. “Today Pakistan is in dire state both internally and externally,” he said, and added that on one had the economy was being handled by incompetent people and on the other hand there was no foreign minister to deal with issues like the new problems between Saudi Arabia and Qatar.

“This issue could harm our economic interests and who knows what would happen to the much talked about and very expensive deal with Qatar on the import of LNG,” he said.

Latif said the economy was already in the ICU notwithstanding tall claims of finance minister Ishaq Dar, as according to independent economists, fake and fabricated figures were given to the nation. “Those who know the economy are saying that trade deficit is increasing, budget deficit is getting unsustainable and foreign debt has reached $80 billion and feared to be soon reaching $90 billion. If that happens, all international financial institutions led by the IMF would seek denuclearisation of Pakistan at the behest of the United States,” he warned.

He regretted the government was not paying attention to the default situation which could occur due to falling imports and home remittances as well as foreign exchange reserves. “Honestly I do not see our economy improving due to the current government’s increasing political and monetary interests,” he said.

Meanwhile, the government is said to be focusing more on development activities rather than on any issue due to the fast approaching general elections. A record Rs1.8 trillion will be borrowed - 45 percent of the current expenditure - which will turn out to be 55 percent due to interest rate on this unprecedented borrowing for development aimed to lure voters.

National High Authority (NHA) will get Rs320 billion, an increase of 55 percent over last year’s allocation of Rs210 billion. This was done by increasing Public Sector Development Programme (PSDP) from last year’s Rs715 billion to Rs1.1 trillion, an incredible increase of 40 percent. But ironically, the power sector which got Rs134 billion last year, has been allocated Rs61 billion, which simply shows that the government does not intend to make investment in this vital sector of the economy.

Emerging details reveal that the government had originally decided to keep Rs377 billion for power sector in the new PSDP. But now Wapda has been asked to self-finance and generate Rs316 billion, which will put it in deficit. In fact, this is being done out of the budget, for which the government would extend guarantees for the money Wapda would borrow.

The government allocated juts Rs21 billion for the Rs894 billion Bhasha Dam, and experts say this means the close to 5,000MW dam would not be completed even in the next 50 years.

Special programmes of the prime minister would get Rs185 billion as part of the discretionary quota, which is called “pork barrelling” a metaphor about appropriating funds to please voters.

The worst is yet come as the government has decided to borrow Rs41 billion during the next financial year from the commercial banks to partially retire the circular debt which has again risen to over Rs400 billion. This is happening because the government did not adequately restructure the power sector. The new loan will be parked in the government owned Power Holding Private Limited where Rs375 billion was already parked.

The financial difficulties will continue to increase if the government does not go for complete restructuring of the power sector. And at the same time, does not revamp the Federal Bureau of Revenue (FBR) for collecting adequate resources without which the close to Rs1.5 trillion gap between income and the expenditure cannot be bridged.

Going forward the planners will have to introduce new and workable ways to collect the required revenue.

The writer is a senior journalist based in Islamabad

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AGRICULTURE

Saving seeds

By Jan Khaskheli

A group of farmers in disaster-prone Dadu district are advocating for ecological farming to increase food security by adopting conservation of vanished seed varieties in their areas.

This community-led conservation programme is a way to promote organic and indigenous seeds.

The move creates awareness among local farmers to avoid unnecessary expenditure of machinery, chemical input like fertiliser and pesticides, hybrid seeds, and insists to apply environment-friendly practices in crop cultivation.

The motivational factor behind it is to bring back the local crop varieties, which find the local weather more favourable and give more yields without chemical inputs. The idea was circulated after the devastations caused by frequent floods and emerging threats of water scarcity.

Reports gathered from the area reveal that initially 25 villages were selected in the district, where small-scale farmers were motivated to sow indigenous seeds, which had vanished three generations ago and had been replaced by hybrid seed crops after the green revolution in 1960.

These farmers while practicing learned about the negative impacts of chemical inputs, which not only caused soil infertility, but also poisoned water sources and killed birds and other earth-friendly insects. On the basis of carrying out this exercise, they believe that local seeds are not only more productive but also are heat and dryness resistant.

They contradicted the claim by certain multinational companies about the local seeds, which they have replaced by their own modified seeds, and said, "We have made experiments with three varieties of wheat in our family lands this year and proved successfully that the crops can sustain without chemical inputs, fertiliser, pesticides and grow on only one-time water."

Yar Muhammad Jatoi, who is small-scale farmer from Village Mithal Jatoi, Dadu district, said they have got Kahnni, Dendglo and Bekoria wheat seeds, which were not prone to any crop disease. “These old seed varieties need only one-time water and grow without chemical inputs,” he said.

About per acre cost high yield verity (HYV) wheat crops require four bags of fertiliser and more than one time weedicides/pesticides spray, which is more than Rs9,500 per acre. It also requires four to five times water till ripe and harvest.

A farmer Sajjan Jatoi told Money Matters about old variety ‘Dendglo’, which requires less than 16 kilogram seed for one acre land. The average per acre yield is around 40 mounds, which is favourable for them.

About indigenous variety of wheat seed ‘Kahnni’, the growers said they had been sowing this variety long before the introduction of new varieties under the green revolution in Sindh, and continued to so even after that. This variety of indigenous wheat seed is climate resilient. Its crop can be managed with organic agricultural inputs ie farmyard manure, green manure or compost and it doesn’t need chemical inputs. It is a drought and heat resistant wheat seed.

Farmers are familiar with its sowing and harvesting time. The sowing season starts from 15th of November and its crop is harvested from third or fourth week of March. The farmers can preserve this seed for next sowing easily, thus it remains in their access.

These farmers and local breeders have created space at their homes to store the local seeds of grains in earthen jars and baskets, and also for drying vegetables.

They admire the taste of flour made from wheat grains of this indigenous variety, saying it is more nutritional compared to other high-yield varieties of wheat. After harvest, the raw stems of the wheat plant are used to make baskets and other items to cover meals and keep them safe.

These farmers reside in the catchment area of the Indus River, and depend on winter crops. Traditionally they cultivate wheat, chilli and varieties of pulses.

Zulfiqar Jatoi, another farmer of the same village, said, "We experimented with sowing wheat varieties that our ancestors used to cultivate long ago, and now we are reviving the tradition here."

They had brought these varieties from different districts just for experiment. But they it was disaster-resilient and could survive with low water, in heat and dryness. “We keep this seed carefully for future and the next year we will have more land for the purpose," he said.

"It is a successful move. But we are looking for local seeds of pulses, like channa (chickpeas), mung (Vigna radiata) and masoor (red lentil), which are common crops in the catchment areas. We have lost our own seeds once used by our elders," Jatoi added.

Presently, the seed of these pulse crops available in the local market are not bona fide. "We have to buy new seed from the market every year," he said.

Farmers in non-irrigated areas sow lobia (black-eyed pea) and jowar (sorghum). They too have suffered from losses due to sowing unauthentic seed varieties.

These spate irrigation area growers usually depend on rains, floods in the Indus and waterways resulting from rains in the hilly areas.

Dadu district is a disaster-prone area. On one side, the district is on the floodplains of the Indus River and gets inundated during heavy rains; on the other side are the hills, which also cause flash floods during heavy monsoon rains. These hills are also known as the gateway to drought.

The arid parts depend on rains. Growers in barani (non-irrigated) areas of the district are solely dependent on spate irrigation for farming and livestock. They look oriented to adopt old crop methodology for saving their indigenous seeds to improve yield and avoid loss of using fake seeds.

Altaf Mahesar, leading Basic Foundation, said new crop varieties associated with the 'green revolution', were putting the old varieties at risk. He argued that seed conservation was a promising strategy to promote old vanished varieties and continue with cultivation of crops.

He disagreed with the claim that new seed varieties gave higher yield. He said the communities, based on their personal experiments, were able to prove that the older seed varieties of wheat not only gave higher yield, with better taste, but were also cost-effective and climate resilient.

Mahesar said this region was identified because it suffered heavy devastation due to floods in 2010, 2011, and 2012. Since it depended on agriculture, the main source of livelihood for the local communities, destruction during three consecutive years played havoc with their finances.

"Using tractors, fertilisers, and pesticides was an extra burden on their already meagre sources of income," Mahesar said, and called it unnecessary expenditure, which has negatively impacted the livelihoods of the communities.

Hence, these old varieties of seeds might be the only way to keep them safe from the high cost of crop cultivation connected with using unauthentic seeds.

Mahesar said people are crying against chemical use which has resulted in land degradation and contamination of water sources. The unaware farmers, following new methods, have already stopped using chemicals to protect soil fertility.

He said they are mobilising communities to at least set up 25 farmers' organisations in this district to lead the campaign, and then might replicate it in other areas. Research on echo-friendly pest management in agricultural crops is also the part of activities they are doing.

A recent meeting in Dadu attracted a large number of small-scale farmers, who demanded the provincial government to introduce Sustainable Agriculture Act to save the major economic sector, which contributes to the national exchequer. For this, they advocate to bring back the local varieties, which can withstand the local weather as well as climate change, and can also give higher yield.

The writer is a staff member

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REVIEW

Fascinating glimpses

By Aamir Ashraf

The Asian Development Bank (ADB) commemorated 50 years of its establishment in May 2017. To celebrate the rich history of assistance in development of the region, the Manila-based bank launched a book, "Banking on the Future of Asia and the Pacific: 50 Years of the Asian Development Bank" at its 50th annual meeting of the board of governors in Yokohama. The book tracks back events that led to the idea of a multilateral development bank to serve Asia and the Pacific regions.

The publication gives a panoramic perspective on ADB's establishment and region's economic progress. It is an exhaustive account of the bank's journey since its inception in 1966 and a walk through the decades to the present day. It's an objective and comprehensive illustration of ADB's 50 years of serving a region defined by abject poverty at the time of its initiation through three distinct historical narratives on; Asia's economic development, the evolution of the international development agenda, and the story of ADB itself.

The book has been skillfully crafted around these three major areas to illuminate the success story of ADB. Alongside it provides an interesting reading into the growth and development of a region that then had an annual per capita of $100 and the major challenge of the institution was to deliberate around ways to feed a large and growing population.

The book has been authored by pretty much an insider, Peter McCawley, who is an academic from the Australian National University and has worked with the ADB in various capacities for over 25 years. He has also served as a Dean of the ADB Institute.

In pursuit of writing this book he remained closely associated with a dedicated team of ADB staff and benefited from comments and inputs of numerous people, including former ADB presidents and senior officials. The ADB sitting President Takehiko Nakao's aspirations from the book were that it has to be informative, a narrative and an archive. He blissfully got all achieved.

The book presents an efficient record of ADB's presence in the region over 50 years and how it has unfailingly responded to Asia's challenges given its unique regional perspective. Nakao while commenting on the book said, "The unique character of this book is to discuss Asia's economic history, from the perspective of development and based on the rich experience of ADB's interaction with countries."

The Foreword of the book has been penned by Nakao himself. He writes: "From this 50-year ADB history book, we can tell that ADB is a child of the genuine aspiration by people across the region and that the establishment of ADB represents a spirit of regional cooperation."

In a quick flashback on ADB's achievements resulting in overall development of the member countries, he summarised them into three broad functions. First, combining finance (loans and grants) with knowledge in infrastructure and social sector projects; second, promoting good policies through dialogue, capacity building, and policy-based lending; and third, catalyzing regional cooperation and friendship.

The book has much to offer in terms of an authentic read on the regions' overall economic picture since this is the first detailed corporate history of ADB in 30 years, following "A Bank for Half the World" the last one published in 1987 to commemorate the 20th anniversary.

The contents, presented in over 500 pages of "Banking on the Future of Asia and Pacific" not just hold interesting episodes from the past, but also outlay the implications for future role of ADB in Asia and the Pacific.

This published account not just raises several questions but tries to answer many for "lesson learning". It deals at length with the outstanding features of regional development to which ADB had to respond to, the manner in which the bank has grown and evolved through changing circumstances, response of ADB's successive leadership in promoting reforms while preserving continuity, the role ADB has played in the transformation of Asia and the Pacific over the past 50 years.

As ADB continues to evolve and adapt to the region's changing development landscape, the experiences highlighted in this book can provide valuable insight on how best to serve Asia and the Pacific in the future.

What makes the book extra interesting is that it brings forth

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first hand experiences by drawing upon memoirs and records that subsequent presidents had left with the bank. For instance the first president, Takeshi Watanabe, published his memoirs, 'Towards a New Asia' and the fourth president Masao Fujioka had prepared a diary that provided glimpses of the role of ADB in the Asia and Pacific region in the 80s. Close to over fifty formal interviews and personal accounts such as mentioned above increase authenticity of the book manifolds.

At the very onset of the book a graphic outlay of members and a comprehensive timeline of the ADB give a quick succinct glimpse into institutional, operational and financial highlights of the bank thus inviting the reader to read on.

Introducing the very nature of the bank, it sets the tone by quoting from Article 1, ADB Charter 1966 that "The purpose of the bank shall be to foster economic growth and co operation in the region of Asia and the Far East…and to contribute to the acceleration of the process of the developing member countries in the region, collectively and individually".

The book gradually unfolds to give insights into bank's multilateral nature, its development role, and the type of financing institution it has been over these 50 years. By multilateral it means that the members of the institution are governments both from across the Asia and Pacific region and from non regional countries.

In early 1960s while discussing formation of the bank, one suggestion was that full participation should be restricted to Asian countries. But later on to attract greater international recognition and thereon funding, the membership was extended to countries in North America and Europe. Finally when the bank was established in 1966, it had 31 members: 19 from Asia and the Pacific region and 12 from elsewhere.

Presently by 2016 it had 67 members: 48 in Asia and the Pacific region and 12 from elsewhere, all with equal legal standing in the bank. However, to protect the Asian influence in key decisions in the organizstion it is set down in the ADB charter that regional members must always hold at least 60 percent of the capital stock.

At the time of the bank's establishment, prospects for developing countries in Asia and Pacific were not at all encouraging and average living standards in the three most populous countries - the People's Republic of China, India and Indonesia were very low. The ADB in 1966 saw a region largely defined by poverty, insecurity, and uncertainty.

However with the development agenda over the next half century, the picture was dramatically transformed. During the 1970s and into the 1980s, living standards rose on a strong tide of economic growth, propelled in many countries by the Green Revolution and export oriented industrialisation.

As the book proceeds to delve into the history of the region, three broad themes reflecting trends across the region emerge. The first is that of transformation. "The vibrant developing Asia of 2016 presents a picture entirely different from the discouraging scene of the mid 1960s," the book mentions, pointing towards determination to promote change that led to an astonishing transformation across developing countries in Asia and the Pacific.

The second theme points to the importance of resilience that the region has shown in times of confusion and distress. "Whether the shocks have been economic, financial, or humanitarian, developing countries in Asia have rebounded," says the book praising the countries struck by these shocks and their ability to sail through.

The third theme relates to stability; not just maintenance of fiscal and monetary policies but spread of peace and enhancing cooperation. The book recollects that in mid 60s much of the developing Asia was marked by regional instability and open conflict. However, the succeeding decades witnessed many successful steps to reduce conflict and encourage regional cooperation. Today, across developing Asia there is a strong sense of regional stability for mutual benefits.

The book outlines ADBs participation in this remarkable period of change. It details out, as said earlier, decade wise programmes and achievements. "In the early years, loans were mainly for public sector projects such as agricultural developments, roads, industrial programmes, and finance institutions. Later, the bank expanded into other areas, introducing new forms of loans and other financial assistance. Nowadays, ADB offers developing member countries access to a wide range of loans and grants as well as equity investments and bank guarantees."

While expanding on the bank's role for development, the book records that the ADB maintains a very efficient and extensive data base of knowledge and

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information. In the early 1980s, the fourth president, Masao Fujioka, planned for the ADB to become a “development resource centre for Asia and Pacific”.

Very interestingly the book mentions that the first loan at the ADB took a considerable length of time to get approved. “Takeshi Watanabe emphasised the importance of prudent considerations of lending and it took more than one year to approve the first loan.” It reflects upon the bank’s commitment to its charter that emphasises economy and efficiency.

When the bank was established in 1966, it had an initial authorised capital of $1 billion. By the end of 1966, members had subscribed $970 million of this amount, only 50 percent of which was “paid-in”. The other half was in the form of ‘callable’ shares. Compared to the needs for finance to support investment in developing countries in Asia, these amounts were modest.

As the institution expanded, it needed more capital. Subsequent increases in the subscribed capital, along with contributions from donor countries, allowed ADB to expand its lending. By 2009 the members had agreed to five general capital increases (GCIs). At the end of 2016, the total authorised capital was $143 billion; the subscribed capital was $142.7 billion, of which only $7.2 billion was paid-in. Separately, through 12 rounds of ADF replenishment, 34 donors had contributed $35 billion.

In the early years, ADB’s lending was around $100 million per year. By 2005, annual approvals were $6.3 billion ($4.7 billion in OCR loans, $1.4 billion in ADF loans, $247 million in ADF grants), and by 2016 they had reached $17.5 billion ($14.4 billion in OCR loans, $2.6 billion in ADF loans, plus another $518 million ADF grants).

The book provides a good read for all those interested in the region’s economic progress and its growth potential. It is easy to read, unlike many other texts on similar topics. The narration is slick and goes unharmed by intermittent mention of figures and stats. What makes the book more appealing is inclusion of first hand experiences and personal accounts along with some historic photographs.

Overall “Banking on the Future of Asia and the Pacific: 50 Years of the Asian Development Bank” qualifies to be an excellent historical account of the Asian Development Bank. It truly realises the vision of the sitting President Takehiko Nakao who believes “that it is the duty of any institution, specially a public one, to keep a good, objective, and comprehensive record of its history, preferably in a book which is interesting to read”.

As the ADB continues to evolve and adapt to the region’s changing development landscape, the experiences highlighted in this book can provide valuable insight on how best to serve Asia and the Pacific in the future.

The writer is the Business Editor at The News International

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Environment to enhance exports

Aptma for competitive business

ISLAMABAD (APP): Chairman All Pakistan Textile Mills Association (APTMA) on Sunday called for provision of competitive business environment to help industrialists compete with regional compotators for enhancing the country's exports. "We want to compete with the regional competitors including India, Bangladesh, Stri Lanka and Vietnam for enhancing the county's export to achieve the target of economic stability and growth," Secretary General, APTMA, Anis ul Haq told APP here. He said that Pakistan required export led growth for economic stability of country. Textile industry contributed 60 per cent in total exports of the country, which was considered backbone of the economy, he added. He hailed Rs 180 billion "Export enhancement package" adding the package would give huge relief to the textile sector for enhancing the exports in the sector. He said that in coming year's budget 2017-18, Rs 4 billion had been allocated for "Export enhancement package".

Secretary General, APTMA stressed the need for implementing this package. He said the package would strengthen the country's economy by increasing the country's exports.

Anis said that price of energy was an important element of production particularly for spinning, weaving and processing industry. He said that availability of energy at regionally competitive price was important. He urged for proving ease of doing business in the country.

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New cotton variety developed

FAISALABAD - Experts at the Cotton Research Institute Faisalabad have developed a new cotton variety 'FH-326'. Funding for the project was provided by the Punjab Agricultural Research Board (PARB). The new variety of cotton would need less water. Director Cotton Research Institute Dr Sagheer Ahmad told APP on Sunday that cotton and its products contribute 1.5 per cent to the gross domestic product (GDP) of the country and over 51 per cent to Pakistan's export earnings. He said Chaudhry Muhammad Riaz played the lead role in development of the new variety.

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Global warming and its impacts in Pakistan

HAMZA SARDAR, EHTISHAM HUSSAIN, M ADNAN ARSHAD

The term global warming means increase in greenhouse effect. The greenhouse effect is a natural process by which the earth holds some of the energy of sunrays, and utilizes it to warm it enough to sustain life on it. The human activities like burning of fossil fuels, excessive smoke discharges from factories and the depletion of forests have led to an increase in the concentration of the greenhouse gases, mainly carbon dioxide, methane and nitrous oxide, in the earth's outer atmosphere which are responsible for trapping excessive heat inside the environment and thus increasing the overall temperature of the earth, leading to the phenomenon of global warming. Global warming has emerged as one of the major threats to our planet in this century. It has been proved that due to the increase of the greenhouse gases in our outer atmosphere, the earth's temperature has warmed by 0.74°C over the last 100 years, leading to floods, famines, droughts and cyclones among other natural disasters. The major part of the Pakistani land is dry and barren, mainly because of the great variability in the climatic parameters. The major water resource of Pakistan is the melting snow from the Himalayan glaciers, as well as the heavy monsoon rainfalls.

Although Pakistan itself contributes very little to the overall emissions of the greenhouse gases, yet it remains one of the most severely hit countries of the world by the process of global warming. Global warming has affected the climate of Pakistan in the form of melting of glaciers, recurrent flooding, and droughts.

Pakistan's economy has been crippled heavily by devastating and repetitive floods during the last decade. In the past 10 years, Pakistan has been hit by floods almost every year. The flood of 2010 remains as one of the biggest tragedies in the world's history, with 20 million people affected by it. The floods resulted in approximately 1,781 deaths, injured 2,966 people and destroyed more than 1.89 million homes. Although nowhere near the 2010 flood, the 2011 flood also wreaked havoc, and affected 5.3 million people and 1.2 million homes in Sindh, as well as inundating 1.7 million acres of arable land.

A drought is a period of abnormally dry weather due to lack of rainfall. The chief characteristic of a drought is a decrease of water availability in a particular period and over a particular area. Pakistan's economy has been punched heavily by the continuous spell of droughts for many years, particularly in the provinces of Balochistan and Sindh. The droughts in these areas have reduced the river flows, resulting in drying up of the irrigation canals, leading to a severe agricultural deprivation. It has also been responsible for causing immense losses to poultry and other animals, causing a general deficiency of food and water for people. The increased temperatures because of the increased greenhouse gases as well as a mismanagement of the water reservoirs need to be blamed for the condition.

As an ill effect of global warming, the annual mean surface temperatures in Pakistan have been steadily increasing during the past century. A rise in mean temperature of 0.6-10c in the coastal areas along with a 0.5 to 0.7% increase in solar radiation over southern half of country has been observed. In central Pakistan, a 3-5% decrease in cloud cover with increasing hours of sunshine has also been responsible for increasing the temperatures. The year 2010 broke all records as Mohenjo-Daro; a city in Sindh, faced the temperature of 53.50c, the hottest temperature ever recorded in Asia and the fourth highest temperature ever recorded in the world. The summer of 2010 caused a temperature of above 500c in twelve cities of Pakistan.

The erroneous activities of the humans have finally started to take a toll on the earth's environment, leading to the formation of a volatile atmosphere, which is liable to be detrimental for the humanity itself in the form of unpredictable catalytic climatic events. The example of such recent events includes the ravaging droughts of 2006 in Australia and China and of 2011 in Texas, the floods of 2010 and 2011 in Pakistan and of 2012 in Spain, and the 2010 Northern Hemisphere summer which killed over 2000 people.

Pakistan, which is an already resource stressed country, has been crippled by the process of global warming, as the blatant floods and droughts continue to wreck the country's economy. More than 10 million people have been displaced over the last two years, the agricultural land lies barren and financial losses have been estimated at $2 billion. Therefore, there is a growing consensus that steps will have to be taken to uproot the cause of these events. In addition to the formation of well thought flood and drought prevention policies, steps to reduce the overall emission of greenhouse gases have to be taken so that the planet Earth and its inhabitants can survive.

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Full membership of SCO to boost Pak economy

Agencies

ISLAMABAD/KARACHI - Efforts of the Prime Minister Nawaz Sharif must be lauded which has resulted in full membership of Pakistan in the Shanghai Cooperation Organisation (SCO), a business leader said Sunday.

The SCO will not only give Pakistan a powerful platform to promote its economy, but it will also help our voice to be heard more clearly on regional and international matters, said Shahid Rasheed Butt. Now Pakistan will be better equipped to ensure peace, build trust, spur economic development, combat terrorism, reduce arms race, eliminate poverty, deal with natural disasters, tackle climate change and assure water security, he added. He said that expansion of the SCO has taken place at a time when China's 'One Belt, One Road' (OBOR) initiative has transformed the global economic landscape.

He also lauded the move of Prime Minister Nawaz Sharif to use the opportunity to meet Afghan President Ashraf Ghani on the side-lines of the SCO moot in Astana. Both the leaders have agreed to combat terrorism which is a positive development, he added. Tensions between Pakistan and Afghanistan frequently hit bilateral relations trade which is damaging both countries, he said.

Shahid Rasheed Butt said that both the brotherly Islamic countries should resolve this issue amicably as Pakistan plans to import 1300 megawatts electricity from central Asia through Afghanistan which will cost it 5 cents per KWH while Afghan government will get 1.25 cents per KWH as transit fee. Similarly, Pakistan plans to import gas from Turkmenistan which will be added to the national gas grid in Quetta for which friendly relations with Kabul are imperative.

Afghanistan is full of mineral, iron ore and coal which can be transported to Fata or Khyber Pakhtunkhwa for value addition. A big steel mill can be established in northern Pakistan for the purpose which can provide jobs and earn foreign exchange. The ongoing projects will bring Pakistan, Afghanistan, Tajikistan, Kyrgyzstan and Turkmenistan closer and make them interdependent with every country wanting stability in the partner nation.

Meanwhile, the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) has hailed the full-fledged membership status granted to Pakistan in the Shanghai Cooperation Organisation (SCO).

Ahmad Jawad, Chairman, Regional Standing Committee of FPCCI, here Sunday said the newly acquired status will have a positive impact on the national economy. Relevance of SCO in the region, he said cannot be ignored as it has been turned all the more vital for transformation of OBOR into a game changer for the entire region. The senior business leader said consequent to SCO membership, Pakistan will be in a better position to bank on regional cooperation for coordinated handling of terrorism and extremism.

SCO that covers a quarter of the entire planet's population, he said has enhanced its regional importance by emerging as a determinant of peace, security and efficient cooperation among its member and observer states.

Jawad emphasised that Pakistan's newly acquired status of SCO member will significantly strengthen the country's position in the region and the world.

It will have a positive impact on several major issues pertaining to technical cooperation between Russia and Pakistan and on huge communication projects jointly undertaken with China, he said.

The FPCCI official said Pakistan is being provided with a fresh opportunity of economic growth particularly due to plans under way to connect the Silk Road Economic Belt with the Eurasian Economic Union.

Role of Pakistan in regional economy will definitely expand as Kashgar-Gwadar project between Islamabad and Beijing is part of the Silk Road belt, he elaborated.

The FPCCI official hoped that the admission of India as full member of the SCO may lead to improved bilateral relations between Pakistan and India.

He in this context suggested that SCO Chamber of Commerce and Industry (SCOCCI) may be formed to increase the trade and investment volume among the member countries.

"Private sectors of the respective countries can develop close liaison among each other," he said mentioning that trade was the most effective tool to strengthen this forum.