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RLNG-III pipeline project

ECC for finalising financing plan

MUSHTAQ GHUMMAN
ISLAMABAD

The Economic Co-ordination Committee (ECC) of the Cabinet has directed Petroleum Division, Finance Division and Economic Affairs Division to finalise a financing plan of Rs 175 billion for RLNG-III pipeline project (Karachi to Lahore) to be undertaken by M/s SSGCL and M/s SNGPL, well-informed sources told Business Recorder. This decision was taken at a recent meeting of the committee presided over by Prime Minister Shahid Khaqan Abbasi.

Petroleum Division informed the committee that keeping in view the widening gap in demand and supply of natural gas in the country, the Government of Pakistan was aggressively engaged in import of Liquefied Natural Gas (LNG) to bridge gap in gas supplies. Accordingly, without involving any public money, an LNG receiving, storage and re-gasification terminal has been established at Port Qasim Karachi with the capacity of 600 MMCFD, which has been in operation since March, 2015.

Presently, 600 MMCFD re-gasified is being injected into gas transmission system with effect from February 2017, which is being consumed by power, fertilizer, general industry, CNG and cement. On the same pattern as the first LNG terminal, the government-owned company, ie, M/s Pakistan LNG Terminal Ltd, has been tasked to implement the project of 2nd LNG terminal having a capacity of 600 MMCFD, which was scheduled to be completed by August, 2017. Simultaneously, 3rd LNG terminal has also been planned at Gwadar with a 600 MMCFD capacity to be commissioned next year.

Meanwhile, two additional LNG terminals are in the implementation phase with a capacity of 1 BCFD and 600 MMCFD, respectively, and are being developed by two different consortiums with membership of Shell, Qatar Petroleum, ExxonMobil, Total, Mitsubishi, Hoegh, GEI, Engro & Fatima Group, etc. These two terminals of private sector are expected to be commissioned in the second and third quarter of 2018.

According to the Petroleum Division, in order to carry 1.2 BCFD RLNG from two terminals, a dedicated RLNG pipeline project has been completed which was scheduled to be commissioned by second quarter of 2017. However, for transportation of additional quantities of RLNG from other terminals, both Sui companies have been advised to co-ordinate and initiate a necessary action to complete RLNG-III pipeline project before October, 2018. Pursuant to these directions both Sui companies got the project approval from their Board of Directors respectively. They have now requested for arrangement of funds either from Gas Infrastructure Development Cess (GIDC) or loan bearing minimum markup. Both companies have provided a tentative project capital outlay.

Meanwhile, OGRA has advised Sui companies to provide policy guidelines of the project to the ECC as was done for the RLNG-II pipeline project. It was pointed out that in case of RLNG-II pipeline project, the ECC on September 3, 2015 had approved the proposal of bank borrowing to the extent of Rs 101 billion enabling both Sui companies to carry out RLNG infrastructure project, whereas Ministry of Finance was directed to provide a GoP guarantee to arrange financing from commercial banks.

As for provision of funds out of GIDC collection, Section 4(1) of the GIDC Act, 2015 stipulates that the cess shall be utilized by the Federal Government for or in connection with infrastructure development of Iran-Pakistan Pipeline Project, Turkmenistan-Afghanistan-Pakistan-India (TAPI) Pipeline Project, LNG or other ancillary project. Subsequently, under Section 6(1) of the GIDC Act, 2015, the GIDC Utilization Rules, 2015 have been notified in the gazette on March 4, 2016.

Under rule(2) of the said Rules, a high-powered project review board has been constituted which was headed by Finance Minister, including Minister for Petroleum and

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Natural Resources, Deputy Chairman Planning Commission, Secretary Finance and Secretary Petroleum Divisions tasked to review the projects proposed by Petroleum Division which are duly qualified for funding from GIDC and accord its approval for utilizing GIDC funds.

The Petroleum Division submitted the following proposals for consideration and approval: (i) the funds of Rs 175.510 billion as per project capital outlay schedule in favor of M/s SNGPL and SSGCL may be arranged from the GIDC collections under the provisions of Section IV of the GIDC Act, 201S and the GIDC Utilization Rules, 2015; or (ii) in case, if the funding from GIDC is not available, M/s SSGCL and SNGPL may be allowed to arrange commercial borrowing to the tune of Rs 175.510 billion based on sovereign guarantee provided by Ministry of Finance for undertaking the RLNG-III pipeline project as per project capital outlay schedule.

After a detailed discussion, the ECC directed Petroleum Division, Finance Division and Economic Affairs Division to examine the financing options of the project, incorporating a mix of local loans, financing by IFIs and loans under a sovereign guarantee. Once finalized, financing plan would be submitted to ECC for approval.

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Nepra criticises government for failing to implement reforms

MUSHTAQ GHUMMAN
ISLAMABAD

National Electric Power Regulatory Authority (Nepra) at a recent meeting of federal cabinet criticised the government for not implementing power sector reforms that began in the nineties in letter and spirit and not improving governance in NTDC, Discos and Gencos. The regulator, unhappy with the policymakers for not allowing it to work independently, gave an overview of power sector along with State of the Industry Report 2016.

The government began power sector reforms in the late nineties with financial support from the World Bank and Asian Development Bank including separation of water sector from power sector. However, the reforms in power sector were not implemented due to a strong bureaucratic lobby as well as those sitting in the helm in Pepco and the Discos.

According to insiders, the power sector is being directly controlled by senior bureaucrats (baboos) of Water and Power Ministry. Nepra in its presentation briefed the cabinet that 55 percent 220 kV and 44.30 percent 132 KV transmission lines are overloaded: in Punjab 64 percent 220 KV and 41 percent 132 KV are overloaded followed by Sindh's 35 percent 220 KV and 47.50 per 132 KV, KPK 57 percent 220 KV and 47.60 132 KV and Balochistan's 58.40 percent 132 KV.

According to the regulator, the main transmission issues are as follows: (i) overloading of power transformers and grid stations; (ii) delay in completion of transmission projects leading to inadequate power evacuation; and (iii) lack of maintenance of transmission lines/ grid stations resulting in tripping/ blackout.

Highlighting distribution system constraints, Nepra said that in Punjab 34.05 percent 11Kv feeders and 12.50 percent distribution transformers are overloaded. In Sindh, 31.40 percent 11 KV feeders and 21 percent distribution transformers followed by KPKs 52.10 percent 11 KV feeders and 31.90 percent distribution transformers. In Balochistan, 34.7percent 11 KV feeders and 16.20 percent distribution transformers are overloaded. Overall, 36.20 percent 11 KV feeders and 15.60 percent distribution transformers are overloaded in the country.

The key distribution issues are as follows: (i) overloading of power transformers, feeders and distribution transformers; (ii) low voltage problems; (iii) high transmission and distribution losses; (iv) Discos receive less funding than the amount allowed by Nepra; (v) lack of capacity of Discos to utilise the allocated amount; and (vi) poor safety standards result in a high number of fatal incidents in all Discos.

Nepra maintains that it has introduced regulations to regularise distribution of power between Discos and housing societies/high rise buildings as well as its net-metering regulations, 2015 whereby 149 licences have been granted having an accumulated capacity of 4.96 MW.

The cabinet was also informed that special purpose transmission licence to Fatima Energy Limited, Sindh Nooriabad has been granted whereby a private entity or a province can construct transmission lines. According to the presentation, Nepra also took initiatives on its own for improvement in the power sector which includes interconnection facilities for renewable generation facilities, regulations, 2015 whereby the issue of interconnection has been resolved.

The regulator also approved regulations ensuring open access to bulk power consumers. Through Nepra's announced upfront tariff under upfront tariff regime an overall 13,540 MW for different technologies has been opted.

The regulator also introduced Competitive Bidding regime for Renewable Energy (RE), short-term Independent Power Producers (IPPs) with a capacity of 181 MW on the basis of an upfront tariff. Upfront tariffs for Captive Power Plants ie baggase, coal, RFO and gas have been

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issued whereas a final decision on solid waste management and biomass power projects will be issued shortly.

The regulator has recommended to the government to expedite efforts for timely completion of planned power generation projects, specifically to ensure projects under the China Pakistan Economic Corridor (CPEC). According to Nepra, transmission line's availability for evacuation of power from the planned power generation projects must be ensured to match the timeline of generation projects, adding that constraints in the NTDC/Discos networks are considered a major concern as delivery of power to end consumers cannot be ensured unless Discos make efforts on a war-footing to strengthen their networks.

As the country has opted to establish coal-fired power projects, Nepra has suggested that for the protection of environment from the emissions by coal power projects the relevant agencies must adopt aggressive monitoring before and during operation of such power plants.

Pointing out lapses in completion of power projects, the regulator has recommended that infrastructure for coal transportation and R-LNG are potential hotspots on which success of the revival of power sector rests. Therefore work on these areas must be started immediately and their availability ensured. Encouraging renewable energy projects, Nepra argues that clarity of policies on induction of renewable energy is required along with encouragement of distributed generation for renewable energy.

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System efficiency, line losses

Ministry, Discos' chiefs directed to carry out comprehensive plan

RECORDER REPORT
ISLAMABAD

Prime Minister Shahid Khaqan Abbasi has directed Ministry of Power and the heads of the power distribution companies (DISCOs) to come up with a comprehensive plan for improving system efficiency, reducing line losses and equipping the system to meet increased demand and supply situation in the country.

This he said during a briefing on the performance of various DISCOs across the country here at Prime Minister's office Friday, says a press release issued here. Heads of various distribution companies briefed the Prime Minister about overall performance of their respective organizations focusing on load management profile in their areas and the measures being taken to reduce line losses and improve recoveries.

The Prime Minister directed the heads of the distribution companies to carry out a detailed diagnostic analysis of the technical and administrative issues of the existing system and come up with workable solutions for their redressal. Transmission and distribution losses, along with slippages in recoveries of billed amount were causing a huge drain in national finance. Taking note of various issues highlighted by the parliamentarians concerning developmental scheme in the power sector, the Prime Minister directed heads of distribution companies to adopt proactive approach with regards to implementation of projects being undertaken under Sustainable Development Goals. The Prime Minister also directed DISCO chiefs to put in place a robust complaint management system in their respective organizations and to be more responsive towards public representatives.

Power demand and supply situation in the country was also reviewed during the meeting. The meeting noted with satisfaction that there was a marked improvement in the power generation and supply situation compared to the years 2013-14. -PR

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<u>Importers" open accounts</u>

Submission of original shipping documents not needed: SBP

RECORDER REPORT

KARACHI

The State Bank of Pakistan (SBP) Friday said it is abolishing the requirement of submission of original shipping documents to the Authorized Dealers (ADs) by importers for payments against imports made on open account basis. Earlier, importers were, inter alia, required to present original shipping/transport documents to Authorized Dealers for effecting the related import payments. However, as per revised instructions regarding imports made on open account basis, the SBP has announced to waive this requirement.

"In the wake of successful implementation of Electronic Import Form (EIF) module, it has been decided to do away with the requirement of submission of original shipping documents for making payment against goods imported on open account basis (open account includes import transactions in which documents have been received by importer or AD directly from the foreign supplier)," said FE Circular No. 09 of 2017, issued Friday.

According to SBP, the initiative has been taken in the wake of requests from different stakeholders including various chambers of commerce, importers, banks, etc, as international trade is witnessing a shift from physical transfer of original transport documents to electronically transmitted transport documents, telex release, etc, to save cost and time involved in physical transfer of such documents from foreign seller to the importer.

Further, implementation of EIF by the State Bank and Pakistan Customs has strengthened the monitoring of imports into Pakistan and related payments, thus, the possibility of multiple payments against single import consignment through different banks stands eliminated. The SBP is expecting that this move would not only provide facilitation to importers but equally be beneficial for the exporters who import inputs/raw materials for manufacturing of exportable goods/products.

According to SBP"s circular, a new procedure will be adopted to make payments against goods imported on open account basis. As per procedure, an importer will get the EIF approved from an AD before clearance of goods by Pakistan Customs. The ADs will approve the EIF request upon submission/retention of photocopies of shipping documents, proforma invoice and commercial invoice, etc.

ADs are required to perform Customer Due Diligence (CDD)/Know Your Customer (KYC) of the importers, being their account holders/customers, as per applicable instructions. The ADs shall take all possible measures to verify the bona fides of importer and genuineness of the transaction before approving the EIF.

ADs will ensure that the goods imported into Pakistan are in conformity with the prevailing Import Policy Order issued by the Ministry of Commerce and payments against goods imported on open account basis are made by the importer within six months from the date of filing of Goods Declaration Form for which proper follow-up must be made with the importer.

ADs will also obtain copies of GD(s) and duty paid challan/payment receipt, wherever applicable, and make payment after verifying, through WeBOC user ID, attachment of GD(s) with the respective EIF. In case of bonded import, AD shall obtain duty paid challan(s)/payment receipt(s) from the importer in due course.

According to SBP, ADs must ensure that the payment being made against imported goods is not more than the declared value of goods imported into Pakistan and ADs will fill in Bank Debit Advice (BDA) for each EIF in WeBOC at the time of making import payment as provided in EIF module and settle the EIF in WeBOC as per applicable instructions.

ADs are also required to ensure compliance of proper AML/CFT guidelines while handling trade transactions. While, in case the importer

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fails to make remittance/payment of goods imported on open account basis within the stipulated time, appropriate regulatory/legal action may be initiated against the importer.

In case the importer/AD is unable to fulfill any of the conditions/requirements, Authorized Dealers will refer the case to the Foreign Exchange Operations Department, SBP-BSC, Head Office, for prior approval. The SBP said that all other terms, conditions and instructions in the matter will remain unchanged.

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THE RUPEE
Firm trend

RECORDER REPORT
KARACHI
The rupee gave up weakness, holding the overnight level against the dollar on the money market on Friday in the process of trading dealers said. The rupee managed to keep the last levels against the dollar for buying and selling at Rs 105.40 and Rs 105.41 respectively, they said.

INTER-BANK MARKET RATES: In the final Asian trade, the yen held steady against the dollar, having risen earlier as North Korea fired a missile over Japan into the Pacific Ocean, rekindling investor concerns over geopolitical risks.

In early trade, the dollar slid from around 110.25 yen to as low as 109.55 yen shortly after reports of North Korea's missile launch.

The dollar later pared its losses, however, and was last trading at 110.19 yen, little changed from late US trade on Thursday.

Japan is the world's largest net creditor nation, and at times of uncertainty traders assume Japanese repatriation of overseas funds will eclipse foreign investors' selling of Japanese assets.

As a result, the yen has continued to operate as a safe-haven currency despite Japan's geographical proximity to North Korea.

The dollar war available against the Indian rupee at Rs 64.09, the greenback was at 4.190 in terms of the Malaysian ringgit and the US currency was at 6.550 versus the Chinese yuan.

OPEN MARKET RATES: The rupee firmly held the overnight levels in relation to the dollar for buying and selling at Rs 105.70 and Rs 105.90 respectively, they said.

The rupee, however, lost 80 paisas in terms of the euro for buying and selling at Rs 125.30 Rs 126.70 respectively, they said.

Open Bid	Rs. 105.70
Open Offer	Rs. 105.90

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

Bid Rate	Rs. 105.40
Offer Rate	Rs. 105.41

RUPEE IN LAHORE: The Pak rupee depreciated on buying side whereas it remained unchanged on selling side versus the US dollar in the local currency market on Friday.

According to the currency dealers, the US dollar resumed trading on its overnight closing trend of Rs 105.70 and Rs 106.10 as its buying and selling rates, respectively. At the close, it further appreciated by 10-paisa on buying counter and ended at Rs 105.80.

However, no change in its value took place on selling counter as it maintained its opening trend of Rs 106.10, they added.

Moreover, the local currency remained under pressure for the fifth consecutive day against the pound sterling.

The pound's buying and selling rates further went up from Thursday's closing of Rs 139.37 and Rs 139.80 to Rs 141.70 and Rs 143.00 respectively, they said.

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

The dollar opened at Rs 107.10 (buying) and Rs 107.20 (selling) against same last rate. It closed at the same levels in evening session.

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Exports show positive growth in H2: SBP governor

RECORDER REPORT
KARACHI
State Bank of Pakistan (SBP) Governor Tariq Bajwa Friday said that recovery in exports that started in the second half of FY17 and continued in the current fiscal year, bodes well for the country""s economy. "Exports have shown positive growth during the last six months. In fact, during the last three months, exports grew by 13.2 percent, which shows that the decline in exports seems to have finally reversed," he maintained.

Addressing a delegation of Pakistan Business Council (PBC) and the senior management at SBP headquarters on Friday, the Governor SBP said the data of first two months of the current year points to recovery in key external indicators, particularly remittances, exports and FDI. "Workers"" remittances grew by 13.2 percent to $ 3.5 billion in July-August 2017 and inflows from all major corridors were higher as compared to July-August 2016. Bajwa elaborated that the country""s economy is increasingly becoming attractive for investment with continuation of supportive economic policies. "I believe at this juncture, it offers a lot of opportunities for businesses to grow and expand."

The governor said that the pace of expansion in the economy accelerated for the third consecutive year in FY17 amid improving security situation and better energy supply. It grew by 5.3 percent in FY17, compared to 4.6 percent last year. The growth was not only the highest in last 10 years but also broad-based. All the three major sectors - agriculture, industry, and services - contributed to acceleration in growth.

Bajwa pointed out that the accommodative monetary policy has played a key role in providing boost to private sector credit demand. Policy rate has come down from 10 percent in October 2014 to only 5.75 percent. With historic low interest rates the private credit growth was 16.8 percent in FY17, over and above 11.2 percent a year ago.

The overall expansion in private credit stood at Rs 747.9 billion during FY17. "Remarkably", said the governor, "About 40 percent of the expansion in credit was meant for fixed investment." On the supply side, a healthy deposit growth improved the liquidity of the banking system. The latest data shows the trends in private sector are continuing in FY18. A much lower net retirement in private sector credit of Rs 75.5 billion from July 1st to September 1st 2017 compared to a net retirement of Rs 224.3 billion in the corresponding period last year indicates that private sector has borrowed more credit during FY18 so far. This with a robust growth of 40 percent in import of machinery group in 2016-17 augurs well for future growth.

"In terms of agriculture," said the governor, "we are a low productivity economy and the SBP is doing whatever it takes to improve that." Availability of credit is one aspect. The government had set a target of Rs 1001 million but that was a broad target. Though the last year target was largely met, but the number of borrowers has actually gone down. It implies that the money was going towards processing but it was not going towards production.

He said that agriculture sector is now specifically focused with availability of pesticides and fertilizers. The governor said the SBP is also contacting private sector for agricultural extension services in order to boost productivity. Prior to SBP Governor""s address, Ehsan Malik, Chief Executive Officer, Pakistan Business Council spoke on contribution of members of the council, which includes 24 of the largest multinational corporations from 12 foreign countries.

Malik informed the participants that listed market value of the member companies has reached Rs 8.4 trillion and that in addition to contributing to Pakistan""s GDP, exports and taxes significantly, these companies provide 400,000 direct jobs and 2.0 million indirect jobs.

He stressed that Pakistan Business Council advocates national consensus around a "Priority Pakistan" approach as the member companies are

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involved in manufacturing and services sector. The delegation apprised the governor issues being faced by the business community. The governor keenly listened to their issues and ensured their timely resolution. The SBP governor reiterated that economic conditions in the country continue to remain favourable and offer unique opportunity for businesses to grow and expand and take their role by participating as an economic agent to serve our country in its best interest.

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CPFTA talks conclude with breakthrough

MUSHTAQ GHUMMAN
ISLAMABAD
After two days intense negotiations on FTA-II, China has indicated that it would consider allowing import of 70 high priority items of Pakistan''s interest prior to finalization of phase-II of the pact. This was conveyed in an official statement issued by Secretary Commerce, Younus Dagha who headed the Pakistani team in the negotiations held in Beijing.

The 8th meeting of 2nd Phase Negotiations of China-Pakistan FTA (CPFTA) held in Beijing on 14-15th, September, 2017 concluded with a breakthrough after an impasse that had lasted for a number of negotiation rounds, says the announcement.

Informed sources told Business Recorder that during two days detailed discussion following agenda for the 8th meeting was discussed:

Trade in Goods The meeting may discuss issues relating to the structure of tariff reduction modality, including final elimination level, phase-out periods and response to key items of export interest, etc.

Trade in Services The meeting may discuss both sides'' respective interests and concerns regarding the enhancement of market access of trade in services, including movement of natural persons, building upon the outcome of 1st phase negotiations.

The meeting discussed Chinese investment (relocation and Greenfield) in Pakistan''s export oriented and value added industrial sectors including discussion on amending protocol to the CPFTA

The meeting also discussed implementation issues relating to Electronic Data Exchange under CPFTA. The Chinese side will update the progress on this issue. The meeting discussed implementation issues relating to SPS/TBT issues under CPFTA.

Regulatory Duty of Pakistan The meeting discussed the issue of regulatory duty imposed by Pakistani side. The Pakistani side will update the progress on this issue. The meeting discussed issues relating to levy of 20% tariff on MDI by Pakistan due to the transposition of HS code. The Pakistani side will update the progress on this issue.

During discussion dead lock was created several times due to rigid attitude of China side. The round was not so successive. Pakistan side proposed TRMs as 40-45 percent immediate reduction, 15 percent to be reduced from 3 to 7 years, 20 percent in 5 to 15 years and 20 percent as sensitive. For China 70 percent immediate reduction, 10 percent in 5 years and 10 percent 10 years and 10 percent sensitive. The Chinese side suggested same as for Pakistan suggested it self. The minutes were proposed to signed during a week. Technical and legal experts of both countries will discuss and finalize the draft of FTA and will also prepare the lists. This all will be considered final after minutes are finalized.

The meeting was co-chaired by Younus Dagha, Secretary Commerce, Pakistan and Wang Shouwen, Vice Minister for Commerce, China. Pakistan Commerce Secretary pointed out that the preference on 79% of Pakistan''s exports to China had been eroded. Pakistan was also concerned over not having been able to get a meaningful market access during the first phase of the FTA.

Pakistan had been raising this issue with the Chinese side time and again during the previous rounds without any agreement on how to address these concerns. It was in this backdrop that Secretary Commerce decided to lead himself the negotiations with the Chinese Vice-Minister. "After two days of intense negotiations, the Chinese side agreed to address the major concerns of the Pakistani side regarding preference erosion for Pakistani exports and meaningful market access during the 2nd phase. In this regard, Pakistan shared a list of around 70 high priority items of its export interest for immediate market access, which the Chinese side agreed to consider favourably. These tariff lines constitute more than 80% of Pakistan''s current exports to China. The meeting ended with exchange of pleasantries and a resolve to continue working together to make China Pakistan Free

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Trade Agreement a win-win proposition for both the countries," says the announcement.

During the last seven rounds, Pakistan had been pleading the case for restoration of its preference under the FTA which had been eroded due to subsequent FTAs of China. Secretary Commerce, who is personally heading FTA negotiating teams, especially with Turkey and Thailand, recently informed a Parliamentary panel that in the past FTAs were not negotiated appropriately. A similar observation was made by Senate Committee headed by Syed Shibli Faraz. Senator Saleem Mandviwalla pointed out that under-invoicing of $ 4 billion per annum has been recorded in trade with China due to non-sharing of Customs live data.

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Norway FM appointed as new WEF president

RECORDER REPORT

OSLO

Norway's foreign minister Borge Brende on Friday announced he has been appointed as president of the World Economic Forum (WEF), a foundation that organises a high-level global economy event every year in Davos, Switzerland. Speaking at a joint news conference with Prime Minister Erna Solberg in Oslo, Brende, 51, said he would step down as foreign minister in mid-October. "World Economic Forum has some of the largest companies in the world as partners and works with politicians, the industry and the private sector to reach global goals," Brende said.

"There is more need than ever for an organisation that is impartial and can build trust in a geopolitical world where there are more players than before who want to have a say in the team," he said, noting the high tensions on the Korean peninsula. "It's a question of solving the major economic, political and social challenges of the world, and in this respect the WEF is playing an important role," Solberg added. Founded in 1971 by the German economist Klaus Schwab, the Geneva-based World Economic Forum brings together thousands of political and business leaders and academics to discuss major economic, social and environmental issues.

A graduate in history, law, and economics, Brende started to campaign for the Norwegian Conservative Party in the 1980s. Elected as a local politician in the western Norwegian city of Trondheim, Brende later became the environment minister in 2001 and the minister of economy and trade in 2004. Brende joined the WEF in 2007, where he was a leading member between 2008 and 2009, and then from 2011 to 2013. He was an active mediator in the talks between the Colombian government and the FARC rebels, who signed a peace agreement in November to solve a 53-year armed conflict.

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PSEs: AGP briefs Senate body on huge malfeasance

ZAHEER ABBASI

ISLAMABAD

The Auditor General of Pakistan (AGP) has given a brief to the Senate Standing Committee on Finance on audit paras pertaining to financial irregularities to the tune of Rs 387 billion and the cases pertaining to fraud and embezzlement, theft and misuse of resources of Rs 1.694 billion on the accounts of Public Sector Enterprises (PSEs). The committee has decided to hold a separate meeting soon on PSEs" audit paras for seeking explanation by inviting the relevant officials to the meeting.

According to the brief premise on audit report for the financial year of 2016-17, the audit paras of Pakistan International Airlines Corporation included; (i) recurring of loss to Pakistan International Airline Corporation (PIAC) on account of salary to 3,765 staff hired through M/s Fulcrum were Rs 1,246 billion; (ii) unsound Service Rules of PIAC prepared without approval of the federal government, Rs 3 billion; (iii) illegal appointments of 169 employees during a ban period by the PIA in contravention of orders of government, Rs 236.60 million; (iv) irregular procurement of turbo oil in violation of PPRA Rules, Rs 50.386 million; (v) irregular & unjustified co-sourcing of Internal Audit Department, Rs 24 million; (vi) and irregular award of international outsource catering contracts amounting to Rs 2,570.897 million.

Audit paras of Pakistan Industrial Development Corporation (PIDC) included irregular investment by violating the directives of Finance Division amounting to Rs 6.130 billion, etc.

House Building Finance Corporation (HBFC) audit paras included; (i) irregular enhancement in pay scales and allowances of the employees of HBFCL without obtaining the concurrence of Finance Division, Rs 55.661 million; (ii) non-appointment of Professional Investment/Fund Manager in HBFCL, Rs 7.685 billion. Pakistan State Oil (PSO) audit paras included; (i) irregular and unauthorized payment of bonus, Rs 844.956 million; (ii) and irregular procurement of LNG in violation of PPRs-2004, Rs 7.713 billion.

State Life Insurance Corporation (SLIC) audit paras included; (i) irregular and compromised settlement of funds of Rs 100 million in COIs of FDIBL; (ii) and non-reporting of contracts to NAB, Rs 252.18 million. Audit paras of SSGCL included: (i) irregular procurement of pipe layer machine in a forged manner amounting to US $ 1,040,000 in violation of PPRA rules; (ii) a loss of Rs 62.495 billion due to supply of gas to K-Electric in violation of company policy and payment agreement; (iii) a loss of Rs 5,331 billion due to non-receipt of shrinkage charges from Jamshoro Joint Venture Limited in violation of direction of the Supreme Court; (iv) and irregular sale of NGLs amounting to Rs 1.582 billion without agreement in violation of BoD decision and the court.

Employees Old-age Benefits Institution (EOBI) audit paras included irregular award of contract for construction of OEC Tower, Rs 1.539 billion; (ii) irregular opening of bank accounts and release of fund to M/s TMFBL for disbursement of pension.

Pakistan Petroleum Limited (PPL) audit para was of irregular purchase of ink for bank notes from M/s SICPA Ink Pakistan Ltd in violation of PPRA, Rs 1.803 billion.

Pakistan Engineering Company (PECO) audit para was of non-provision of mark-up payable to the government, Rs 15.250 billion. SNGPL audit paras included: (i) undue revenue earned based on incorrect UFG calculation, Rs 202.405 billion; (ii) excessive purchase of pipe due to preparation of incorrect estimates Rs 18.382 billion; (iii) chances of mis-appropriation due to non-physical verification of assets for the last eight years, Rs 10.701 billion; (iv) irregular capitalization of RLNG pipelines, Rs 1.701 billion; (v) irregular capitalization of 607 jobs during 2014-15, Rs

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1.005 billion; (vi) a loss on account of excess consumption of High Speed Diesel (HSD) and coating material, Rs 6.897 billion; (vii) irregular emoluments of the board of directors due to non-disclosure in accounts of the company, Rs 7.822 billion. The AGP brief also contained audit paras of various other public sector enterprises of ministries and divisions.

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Extension of SC, IHC jurisdiction to Fata: bill introduced in NA amid opposition

NAVEED BUTT & AAMIR SAEED
ISLAMABAD

The government Friday introduced a bill in the National Assembly to extend jurisdiction of the Supreme Court and Islamabad High Court to the Federally Administered Tribal Areas (FATA) amid opposition from one of its allied parties, Pakhtunkhwa Milli Awami Party. Apparently infuriated by the introduction of the bill, the government ally Mahmood Khan Achakzai pointed out the quorum and Speaker was left with no option but to adjourn proceedings of the House till Monday.

Achakzai warned the government to point out the quorum as soon as Law Minister Zahid Hamid rose from his seat to table the bill. "If the bill is tabled in the house, I'll point out the quorum," he said. The federal cabinet cleared the bill for introduction in the Parliament during its meeting on Tuesday last. The bill is aimed at bringing the people of FATA into the mainstream in accordance with their wishes and aspirations, and it is necessary that the jurisdiction of the Supreme Court and Islamabad High Court should be extended to such areas for safeguarding their rights and providing them proper administration of justice in accordance with the Constitution.

According to the "Supreme Court and High Court (extension of jurisdiction to Federally Administered Tribal Areas) Bill, 2017," it shall come into force on such date or dates in such Federally Administered Tribal Areas are; thereof, as the federal government may, by notification in the official Gazette, determine from time to time.

The bill said that the Supreme Court of Pakistan shall have, in relation to the FATA, the same jurisdiction as it has in relation to the Islamabad Capital Territory. It said that the Islamabad High Court shall have, in relation to the FATA, the same jurisdiction as it has in relation to the Islamabad Capital Territory.

On May 15 this year, the government introduced 'Tribal Areas Rewaj Bill, 2017' in the National Assembly, which focuses on the introduction of a legal system to provide for retaining the Rewaj in accordance with the aspirations of the tribal people while safeguarding their fundamental rights. The bill envisages that certain amendments may be incorporated in CrPC and CPC for customization and shaping it to incorporate the traditional Jirga System for adjudication in the FATA, thereby, determining the roles and fixing responsibilities between the executive and judicial officers.

The bill was referred to a relevant standing committee of the House, but has not been discussed so far due to resistance of the government allied parties; Jamiat Ulma-e-Islam (Fazl) and Pakhtunkhwa Milli Awami Party. The process of introducing legal reforms in the tribal areas has apparently been fast-tracked following a meeting of the National Committee on the Implementation on FATA Reforms on September 8 that was headed by Prime Minister Shahid Khaqan Abbasi. To ensure speedy implementation of the reforms package, the government has also included Chief of Army Staff, Corp Commander Peshawar and Chief Minister Khyber Pakhtunkhwa in the committee.

The federal cabinet on March 2 last approved to mainstream FATA in five years in consultation with different stakeholders of the area. The cabinet also recommended that National Finance Commission (NFC) be requested to consider making an allocation of three percent of the gross federal divisible pool on annual basis for the implementation of FATA Development Plan.

BUSINESS
RECORDER
Saturday, 16th September, 2017

Investors aim for LNG import terminal in early 2019

RECORDER REPORT
LONDON
Three Pakistani industrial groups plan to begin importing liquefied natural gas (LNG) through a private terminal due to be completed in early 2019, bringing the total number of potential LNG import projects in the country to eight. Currently, Pakistan has only one active LNG import terminal at Port Qasim in Karachi but is seen by traders and suppliers as a major growth market key to soaking up a growing glut of the fuel on international markets.

Yunus Brothers Group, Sapphire Group and the private backers of Pakistan's Halmore Power Generation Co are co-funding the Energas terminal to supply their power plants, cement, auto and chemical factories, and textile mills with about 2.1 million tonnes of LNG per year. The terminal at Port Qasim in Karachi will include a floating storage and regasification unit (FSRU), converting the LNG back into gas for feeding into Pakistan's pipeline grid.

"Energas is a buyers-only consortium, pooling demand together to secure long-term LNG supply on preferential terms," Energas Chief Executive Anser Khan said. Two further power generating companies are in talks to join the consortium, which expects to cut the running costs of its power plant fleet by switching away from burning diesel to cheaper, less polluting gas.

"Energas is currently engaged in talks to secure a 15-year LNG supply deal," Khan said. As electricity producers, Energas' three investors hold long-term power purchase agreements with the government, potentially making them attractive for LNG suppliers wary of emerging markets' heightened credit and non-payment risks.

Energas does not yet have government approvals.

K-ELECTRIC TENDER

A challenge facing some of Pakistan's proposed import projects is a lack of end-user demand needed to underpin investments in terminal infrastructure and LNG supply, industry sources said. As a result, Karachi utility K-Electric's tender to secure 1 million tonnes of LNG annually for 15 years drew heavy interest from competing terminal developers hoping to lock-in a major customer.

Last Friday K-Electric took bids from only three pre-qualified import project developers seeking to supply the utility with LNG, according to two industry sources. The Engro-led project - due to start in late 2018 - comprising Royal Dutch Shell, Fatima Group and trading house Gunvor submitted a bid. As did Pakistan GasPort (PGP), which opens in November. Trader Trafigura has access to a share of that project's 750 million cubic feet/day of regasification capacity, but it also plans to open another terminal alongside it.

The third K-Electric bidder was the Global Energy Infrastructure-led project - also set to start in late 2018 - made up of Exxon Mobil, Total, Mitsubishi and Qatar Petroleum, the sources said. Securing a utility customer would help underpin at least two of the projects. PGP has already locked in most of its demand via deals to supply three state-owned power plants. K-Electric expects to pick a winner in October although this could be delayed pending a government decision to approve its tariff, industry sources said. Two more terminal projects have been proposed - one near Karachi and another in port city Gwadar.

BUSINESS
RECORDER
Saturday, 16th September, 2017

LTU chief urges taxpayers to refrain from 'unnecessary' litigations

RECORDER REPORT

KARACHI

Seema Shakeel, Chief Commissioner Inland Revenue (LTU), has said that the taxpayers should resolve their issues directly with tax authorities instead of going for unnecessary litigations as Tax Officials are available to guide taxpayers in resolving their issues. In response to Shaikh Shakeel Ahmed Dhingra's proposal, she said that the facility of alternate dispute resolution is functional and is providing settlement of disputes free of cost to the taxpayers in a short span of time.

Speaking at the meeting of Federation of Pakistan Chambers of Commerce and industry (FPCCI), she elaborated that LTU Karachi which is the main revenue arm of FBR has Rs 52 billion stuck up in court cases. She said that the refund issuance procedure has been improved in the past few years as evident from the fact that FBR has released a sufficient amount of refunds during the first two months of current fiscal year.

Regarding consulting the concerned trade body before raid on the business premises she said, "It is difficult to apprise the trade body of raids due to confidentiality of the matter." She further said the Sales Tax registration was grossly misused for obtaining bogus refunds in the past; however, she appreciated the proposal of granting temporary registration of Sales Tax.

Irfan Ahmed Sarwana, Acting President of the FPCCI referring to the continuous decline in exports from USD 25 billion in 2014 to less than USD 20 billion in 2017, attributed it to the high cost of production of our indigenous goods due to variety of reasons including inordinate delay in payments of refund claims to exporters as it makes them suffer from liquidity crunch and therefore, they are compelled to take loans at high mark-up rates to meet their export orders well in time.

The FPCCI Acting President lamented, "In spite of Finance Minister's assurance, the refund claims whose RPOs have been issued before April 2017 are not paid as yet." The Acting Chief of FPCCI said that when nil Sales Tax Return Filers such as exporters, sole distributors etc., claim their refunds, they as a penalty are mainly served with the audit notices to discourage them. He proposed to dispose-off the audit within a stipulated time frame as over 200,000 audit cases were lying pending for settlement.

The Acting President of FPCCI referring to the complicated and cumbersome procedure of Sales Tax registration and deregistration due to which a large number of applications are lying pending, proposed that the trader should be temporarily registered within seven days of filing his application so that he may resume his normal business activities, however, the tax officials may continue to keep their verification process at their end and may revoke such provisionally issued STR certificates if verification report is not favorable.

S.M. Muneer Former Chief Executive (TDAP) and Past President FPCCI said that FBR only knows to collect taxes but does not facilitate the taxpayers. He said that due to high cost of doing business in Pakistan, the industrial sector which provides employment opportunities is gradually depleting which would result in severe law and order situation, inflation etc. He urged the Chief Commissioner LTU to issue exemption certificates on the same day.

In response to a query from Saqib Fayyaz Magoon, Vice President of FPCCI, the LTU Chief replied that whole stock should be declared by a Taxpayer in his return and should not hide anything for fear of incurring further tax.-PR

BUSINESS

RECORDER

Saturday, 16th September, 2017

18th Textile Asia Expo begins today

RECORDER REPORT
LAHORE

Federal commerce and textile minister Pervaiz Malik is going to open the three-day 18th Textile Asia International Exhibition 2017 on Saturday (today) at Expo Centre Lahore, which is organized by the Pakistan Readymade Garment Manufacturers and Exporters Association.

PRGMEA central chairman Ijaz Khokhar said that the Pakistan Readymade Garment Manufacturers & Exporters Association is organizing this mega textile exhibition third time in Lahore in collaboration with Ecommerce Gateway Pakistan, which will last for three days till Monday (September 18).

He said that more than 50,000 trade and corporate visitors from Sialkot, Faisalabad, Multan, Gujranwala and Lahore are expected to visit the Exhibition to see for themselves latest garment machinery and accessories to upgrade their standards and capacity. "It is great effort of PRGMEA to bring international exhibitors to Lahore for its members to see physically modern technology at their doorstep instead of travelling abroad," he said and added that more than 600 foreign delegates are also participating in the textile machinery show.

PRGMEA vice chairman, Jawad Chaudhary said the textile fair is Pakistan's biggest trade show of B2B Value Added Textile, Garment, Embroidery, Digital Printing Machineries, Chemicals and allied services. More than 550 international brands will display their products in over 515 booths.

Ecommerce Gateway Pakistan president Dr Khursheed Nizam said that the International Textile Asia Trade Show is one of the most enduring events to be held for the last 17 successive years. Ijaz Khokhar said that the event will provide an effective platform for collaborations to the textile sector's SMEs, majority of which are located in Punjab, having no financial capacity to attend international exhibitions. He observed that the local textile sector's whole chain has also been invited to attend this country's largest textile show.

BUSINESS
RECORDER
Saturday, 16th September, 2017

Cotton prices firm on restricted selling

RECORDER REPORT

Prices firmed on the cotton market on Friday amid restricted selling by the ginners, dealers said. The official spot rate was unchanged at Rs 5950, they said. In the ready session, as a result of cautious selling by ginners, trading activity came under pressure so over 12,000 bales of cotton changed hands between Rs 5850-6225, they said. In Sindh seed cotton prices were higher by Rs 50 to Rs 2800-2800 and in the Punjab, rates were at Rs 2600-2850, as per 40 kg, they said.

Some experts were of the opinion that the ginners refrained from new deals owing to falling rates the world over. Cotton analyst, Naseem Usman said the ginners were not ready to oblige the buyers, anticipating about the rise in prices in the coming days. Rates were on the downside after fading the fears of likely damages by the hurricanes in the US, other brokers said.

Adds Reuters: ICE Cotton futures ended nearly unchanged in low-volume trade on Thursday, hovering near three-week lows hit in the previous session on bearish weekly export sales data from the US Department of Agriculture. Cotton contracts for December settled up 0.03 cent, or 0.04 percent, at 69.12 cents per lb. It traded within a range of 68.43 and 69.45 cents a lb. In the previous session, prices touched 68.31 cents a lb - the lowest level since August 25.

The following deals reported: 200 bales from Tando Mohammad Khan at Rs 5850, 400 bales from Kotri, 600 bales from Sanghar, 400 bales from Mirpurkhas all done at the same rate, 800 bales from Tando Adam at Rs 5900-6000, same figure from Hyderabad at Rs 5850-5900, same figure from Shahdadpur at Rs 5900-6000, 1000 bales from Nawabshah at Rs 6000-6050, 2000 bales from, Khairpur at Rs 6050, 1000 bales from Rohri at the same rate, 200 bales from Mianwali at Rs 6100, same figure from Mohammadpur Dewan at Rs 6150, 400 bales from Shadan Lund, 600 bales from Burewala, 400 bales from Rajanpur, 1000 bales from Haroonabad all done at the same rate, 800 bales from Fazilpur at Rs 6150-6200, 400 bales from Dera Gazi Khan at Rs 6200 and 200 bales from Khanewal at Rs 6225, dealers said.

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 15.09.2017	Difference Ex-Karachi in Rupees
37.324 Kgs Equivalent	5,950	145	**6,095**	**6,095**	NIL
40 Kgs	6,377	155	**6,532**	**6,532**	NIL

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Saturday, 16th September, 2017

ICE cotton nearly unchanged

RECORDER REPORT

ICE Cotton futures ended nearly unchanged in low-volume trade on Thursday, hovering near three-week lows hit in the previous session on bearish weekly export sales data from the US Department of Agriculture. Cotton contracts for December settled up 0.03 cent, or 0.04 percent, at 69.12 cents per lb. It traded within a range of 68.43 and 69.45 cents a lb. In the previous session, prices touched 68.31 cents a lb - the lowest level since August 25.

"The export sales report was very weak ... the weakest it's been in a long time but part of it was because of the hurricanes," said Gabriel Crivorot, analyst at Societe Generale in New York. "Unless Hurricane Jose takes a really unexpected path, there's probably no more strain due to weather anymore. People will just be waiting for a damage estimate (from Hurricanes Harvey and Irma)."

Earlier in the day, the US Department of Agriculture reported net upland sales of 65,200 running bales for the 2017-18 marketing year and 26,400 running bales for the 2018-19 marketing year in itts weekly export sales report Total futures market volume fell by 16,416 to 20,571 lots. Data showed total open interest gained 54 to 243,940 contracts in the previous session. The dollar index was down 0.41 percent. The Thomson Reuters CoreCommodity CRB Index, which tracks 19 commodities, was up 0.23 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
Oct'17	69.95	70.26	69.95	70.13	14:45 Sep 15	70.13	0.35	35	69.78
Dec'17	69.26	69.30	68.63	69.07	14:45 Sep 15	69.07	-0.05	14475	69.12
Mar'18	68.60	68.69	67.88	67.99	14:45 Sep 15	67.99	-0.54	4576	68.53

BUSINESS

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Saturday, 16th September, 2017

ARTICLE

Decline in exports

FARHAT ALI

Pakistan's textile exports have declined in the last four years because of the high cost of doing business. This is the considered opinion of a large and growing segment of Pakistani businessmen. There was a comment this week on the statement of Muhammad Younus Dagha, Secretary of the Ministry of Commerce, that the textile industry is itself responsible for the continuous decline in exports. Zahid Mazhar, senior vice chairman of the All Pakistan Textile Mills Association is reported to have stated that it is the higher cost of doing business in Pakistan, compared to other cotton producing countries in the region, is only this: the higher cost of doing business.

He suggested that the government remove the levy of the gas infrastructure development cess on gas, and provide gas at the regionally competitive rate of Rs 400/MMBTU as was earlier announced by the federal cabinet's Economic Co-ordination Committee last November. He said that the spinning and weaving sectors, the backbone of the textile value chain, faced the brunt of the high cost of doing business.

"Today, the spinning industry is incurring heavy losses by selling yarn below cost," he said. "The production of yarn and fabric is substantially more than the local consumption; therefore, their exports must be encouraged."

He is also reported to have requested the payment of long outstanding sales tax refunds and other refunds to address the liquidity issue, to check the influx of imported yarn and fabrics in the country and to save the domestic industry. Free-trade agreements and preferential trade agreements should be revisited and reviewed in such a way that the exports of Pakistani goods to those countries are increased, he added.

While the observations of APTMA have merit, issues related to exports are far more complex and serious than the gas infrastructure development cess or outstanding sales tax refunds or free-trade agreements.

These and other such are issues which are on a merry-go-round for years with ad hoc reliefs provided to the industry. The industrialists do get pacified for some time, but the issue soon bounces back.

Pakistan's core issue is the cost of doing business which has slid down to a level where our industry is no longer competitive against competing countries in the region. These competitors have managed to move up. While Pakistan moved down they moved up, pushing Pakistan out of the global market, which is reflected in their growing exports at the expense of our sliding exports. It is easy for all of us to decode what is really happening in global trade and why Pakistan is left out.

It is not only the textile industry which has suffered, other export industries met the same fate.

Pakistan's global ranking of doing business is at 144 out of around 200 countries for 2017, according to the World Bank rankings.

Ease of doing business has 10 parameters which are considered in ranking a country, and this includes procedures, legal framework, taxation and related matters. The main components of the cost of doing business are the energy cost, HR costs vs productivity, raw material and inputs for production, incentives and the taxation regime of the government.

Pakistan is failing on all accounts. Ease of doing business is a victim of poor governance across-the-board, from incompetence to the lethargic mindset of business-as-usual. A close comparison on this account with competing nations in the region shows the edge they have achieved over us.

In availability and affordability of energy, Pakistan is far behind the competing nations and the gap is likely to widen further enhance with the replacement of natural gas with LNG, and power plants operated on coal and LNG thereby jacking up the energy bills of our export industries.

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Instead of endlessly debating and negotiating deals with exporters and always coming back to square one, the government should quietly and diligently work on bringing around significant improvements in ease and cost of doing business for the export industry.

But the task is not an easy one, and the government cannot do it on its own. They have to move from cosmetics to hard work on ground and the mind set positioned from business as usual to innovation and out of the box thinking and application.

The work requires exhaustive research in identifying the gaps in doing business in Pakistan. Once we are able to come up with a viable plan to bring Pakistan's competitiveness to the level of our competitors in the region, we need to put up a marketing and Pakistan branding strategy which also requires restructuring, including the responsibility of the otherwise idle and passive role of our commercial counsellors at our embassies abroad.

The principal responsibility of bringing around improvements in doing business in Pakistan can best be delegated to Trade Development Authority of Pakistan and the Federal Board of Investment, supported by the provincial Boards of Investment. The Planning Commission can take the lead as an overall manager of the task force.

Declining exports and depleting foreign reserves and closure of export-oriented industries is of serious concern.

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

DAWN
Saturday, 16th September, 2017

FPCCI urges FBR to expedite refund payments

The Newspaper's Staff Reporter

KARACHI: The acting president of the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) Irfan Ahmed Sarwana on Friday claimed that over 0.2 million audit cases were pending with the Federal Board of Revenue (FBR) causing liquidity crunch for the export trade.The FPCCI president attributed the falling exports, which have declined to $20 billion from $25bn in 2014, to the high cost of production and inordinate delays in payment of refund claims to exporters.

He further said that as the government fails to timely pay exporters their refunds, they are forced to take loans at high markup rates to meet their export commitments to ensure timely delivery to foreign buyers.

Sarwana lamented that even after the assurance given by the finance minister for paying refund claims against which Release Payment Orders (RPOs) have been issued up to April, no development took place on this front.

It was unfortunate, he said, when nil sales tax returns filers such as exporters, sole distributors etc submit their refund claims, they are served audit notices to discourage them.

Referring to the complicated and cumbersome procedure of sales tax registration and de-registration, he said, a large number of applications are pending and this retards growth of trade and industry.

He suggested that traders should be temporarily registered with sales tax within seven days of filing of application in order to allow him to start normal business activities and that tax officials may continue their verification process at their end.

Sarwana was critical about FBR and said that the tax collecting authorities only know to collect taxes, not facilitating taxpayers.

He said that due to high cost of doing business in the country, the industrial activity was shrinking day by day which results in declining job market.

DAWN
Saturday, 16th September, 2017

Petrol likely to get scarce amidst dwindling stocks

Khaleeq Kiani

ISLAMABAD: Petrol stations started drying up on Friday as stocks plummeted to a critical level.

A shortage of petrol looms amidst a spike in consumption, fewer imports, transportation challenges and chronic circular debt.

The country's total usable petrol stocks fell below 130,000 tonnes, which is sufficient for less than five days. Furnace oil stocks were also on the lower side at about 340,000 tonnes. But these were enough for 11 days of coverage for power plants. Kerosene stocks were even lower — enough for around four days. But that raises little concern because of kerosene's limited usage.

Stocks of all products were significantly less than the mandatory minimum 21-day consumption coverage. There was no apparent problem with high-speed diesel (HSD), the most strategic product for heavy transportation, as its stocks were in the safe zone — more than 530,000 tonnes — and sufficient for more than 21 days.

The country had faced a historic supply chain disruption of petrol in Jan 2015, causing transportation problems to the public, despite low international oil prices.

Informed sources said oil marketing companies, including Pakistan State Oil (PSO), were making extra efforts to mobilise stocks evenly to important points to avoid panic-buying. There were reports of petrol shortage in parts of Punjab. Sensing the gravity of the issue, the Oil and Gas Regulatory Authority (Ogra) issued on Thursday an advisory to the Petroleum Division to control the situation. "As per the daily stock position of the Oil Companies Advisory Council (OCAC) dated Sept 14, low stocks (seven-day cover) of petrol are present in the country. The above position may become critical in the next two to three days in the case of any delay or skipping of any scheduled cargo of petrol," Ogra wrote to the Petroleum Division.

The secretary-in-charge of the Petroleum Division, Sikandar Sultan Raja, did not respond to media calls to comment on the issue. However, Ogra directed his division to advise oil marketing companies to ensure their import plans as decided on Sept 11.

OCAC CEO Dr Ilyas Fazil said complaints were received from a couple of areas. "I concede stocks are not as much as they should be," he said, adding that the upcountry movement of the product had been maximised and the situation was under control.

He attributed the shortages in those areas to the post-Eid tanker availability and phenomenal growth in consumption, but added that the situation was not critical. He said the stock build-up was in process as two ships had been prioritised for berthing at Fotco and Keamari port facilities.

In contrast, Energy Ministry Director General (Oil) Abdul Jabbar Memon downplayed the shortage and said that a ship carrying 40,000 tonnes of petrol was now unloading the fuel while another ship of 20,000 tonnes would berth today. Another ship of PSO carrying 60,000 tonnes would be available by Sunday. He said shortages were reported in some parts due to the lower availability of tankers after Eid holidays.

The chief executive of an oil marketing company confirmed that the consumption was notably higher in August than last year. He noted that the Petroleum Division has been showing satisfaction about petrol stocks covering around 11-12 days.

He said the law required oil marketing companies to have a minimum of 21-day coverage of all products at all times in addition to the strategic reserves of the armed forces. The Petroleum Division and Ogra were responsible for ensuring compliance. However, he added that these companies could not be blamed when the market leader, PSO, had more than Rs285 billion worth of receivables and that too from the public sector mostly.

He said the petrol consumption in August surged 24pc to 680,000 tonnes against last year's 548,000 tonnes.

PSO has been facing cash constraints with international obligations standing beyond Rs62bn as of Sept 5.

DAWN
Saturday, 16th September, 2017

Pakistan's services export up 15pc

The Newspaper's Staff Reporter

ISLAMABAD: Pakistan's exports of services recorded a growth of 15.32 per cent year-on-year to $403.71 million in the first month of the current fiscal year, the Pakistan Bureaus of Statistics said on Friday.

The export of services entered positive growth in the past couple of months after recording negative growth in the previous months.

Pakistan's exports of services recorded a growth of 1.76pc year-on-year to $5.55bn in the fiscal year 2016-17.

The services sector has emerged as the main driver of economic growth. Its share increased from 56pc of the gross domestic product (GDP) in 2005-06 to 57.7pc in 2014-15.

Major sub-sectors include finance and insurance, transport and storage, wholesale and retail trade, public administration and defence.

The import of services was up 28.6pc to $893.13m in July 2017 as against 694.49m over the corresponding period last year.

The import of services increased 2.96pc to $9.12bn in July-June 2016-17.

DAWN
Saturday, 16th September, 2017

Declining trend in exports has reversed, says Tariq Bajwa

The Newspaper's Staff Reporter

KARACHI: Exports grew 13.2 per cent in the last three months, indicating that their declining trend has finally reversed, State Bank of Pakistan Governor Tariq Bajwa said while addressing a delegation of the Pakistan Business Council on Friday.

He said major external indicators were positive in the first two months of 2017-18. The governor said the pace of expansion in the economy accelerated for the third consecutive year in 2016-17 amid an improving security situation and better energy supplies. The economy grew 5.3pc in 2016-17 compared to 4.6pc in the preceding year.

Mr Bajwa pointed out that the accommodative monetary policy has played a key role in boosting private-sector credit demand. The policy rate came down to 5.75pc from 10pc in October 2014. Record-low interest rates were instrumental in the increase of private credit in 2016-17, he said.

The overall expansion in private credit stood at Rs747.9 billion in 2016-17. “About 40pc of the expansion in credit was meant for fixed investment,” he added.

A much lower net retirement in private-sector credit of Rs75.5bn from July 1 to Sept 1 compared to a net retirement of Rs224.3bn a year ago indicates that the private sector has borrowed more credit in 2017-18 so far.

“In terms of agriculture, we are a low-productivity economy and the SBP is doing whatever it takes to improve that,” he said. The availability of credit is one aspect, he said. The government had set a target of Rs1,001 million, but that was a broad target, he added.

“Though the last year’s target was largely met, the number of borrowers has actually gone down,” he said. It implies that money was going towards processing, not production, he noted.

DAWN
Saturday, 16th September, 2017

SBP issues import-related directives

The Newspaper's Staff Reporter

KARACHI: Importers are no more required to submit original shipping and transport documents to the authorised dealers for payments against imports made on an open-account basis, said a circular issued by the State Bank of Pakistan (SBP) on Friday.

Earlier, importers were required to present original shipping or transport documents to authorised dealers for effecting the related import payments.

The initiative has been taken in the wake of requests from different stakeholders, including various chambers of commerce, importers, banks etc, as international trade is witnessing a shift from physical transfer of original transport documents to electronically transmitted transport documents, telex release etc to save cost and time.

Further, the implementation of electronic import form by the SBP and Pakistan Customs has strengthened the monitoring of imports into Pakistan and related payments, thus the possibility of multiple payments against a single import consignment through different banks stands eliminated, said the circular. It will facilitate importers and benefit exporters who import raw materials.

DAWN
Saturday, 16th September, 2017

SNGP rebuts UFG report by independent consultant

The Newspaper's Staff Reporter

ISLAMABAD: Sui Northern Gas Pipelines (SNGP) has criticised the findings of an independent consultant appointed by the Oil and Gas Regulatory Authority (Ogra) on gas losses.

The company claimed that the consultant rejected the utility's views while finalising the report. "KPMG Taseer Hadi and Company has drawn wrong conclusions in its report, which was clarified during the stakeholders' awareness sessions conducted by Ogra in all major cities. But the consultants have not made corrections in their final report," SNGP said.

Interestingly, SNGP also hired the same consultant on the desire of the government to assess its proposed plans for gas sector reforms, including the unbundling of SNGP itself. Yet SNGP said, "Some of the tasks recommended by the consultants are irrational and against international practices".

The consultant had expressed concerns that actual unaccounted-for gas (UFG) swelled drastically over the past 10 years and that the two gas utilities did not have adequate measurement mechanism to properly quantify UFG contributing factors. "Sui companies are unable to determine the actual difference between the volume received and despatched for a particular network segment" and their claims about UFG contributing factors were "based on assumptions and estimates".

SNGP said the report regarding its "inadequate measurement mechanism" was incorrect. It said SNGP followed international codes and standards applicable in the case of natural gas business where gas is measured at the custody transfer point (CTP). All CTPs — ie gas sources, sales meter stations and consumer meter stations — of SNGP are 100 per cent metered, it said.

The company also challenged the figure of 15pc UFG and the loss of 550 million cubic feet per day (mmcfd), saying the total input of indigenous gas on the SNGP network was approximately 1,350mmcfd. This meant the loss of 550mmcfd worked out at 40pc, which was practically not possible, it added.

It said Ogra had determined SNGP's UFG at 9.21pc or the volumetric loss of 127mmcfd.

DAWN
Saturday, 16th September, 2017

Cotton prices steady

The Newspaper's Staff Reporter

KARACHI: Cotton prices stabilised amid falling trade activity on Friday due to the closure of commodity markets in Punjab.

However, world cotton prices remained under pressure under the lead of New York Cotton Exchange.

According to some estimates very little damage had been caused by two hurricanes — Harvey and Irma — while others believe the damage had been extensive and due to this there was sudden demand for Indian cotton in the world market.

There were reports that India has claimed to have sold around 1.3 million bales in a short period of 15 days on the world market.

For the last three years, cotton crop in Pakistan had been consistently falling causing huge losses to the tune of Rs127 billion to growers.

The current cotton season is free of problems so far, but September is normally difficult because much of the pest attacks take place during this period. However, falling prices could hurt growers as they would not be able to recover their cost.

As cotton prices slightly recovered, phutti (seed-cotton) prices also increased. The Sindh variety was being quoted between Rs2,600 to Rs2,800 and its Punjab counterpart at Rs2,850 per 40kg.

The Karachi Cotton Association (KCA) left its spot rates unchanged at the overnight level.

The following major deals were reported to have materialised on the ready counter on Friday: 800 bales, Hyderabad, at Rs5,850 to Rs5,900; 800 bales, Tando Adam, at Rs5,900 to Rs5,915; 800 bales, Shahdadpur, at Rs5,900 to Rs6,000; 1,000 bales, Nawabshah, at Rs6,000 to Rs6,050; 2,000 bales, Khairpur, at Rs6,050; 1,000 bales, Rohri, at Rs6,050; 400 bales, Dera Ghazi Khan, at Rs6,200; 800 bales, Fazilpur, at Rs6,150 to Rs6,200; 1,000 bales, Haroonabad, at Rs6,150; 400 bales, Rajanpur, at Rs6,150; 600 bales, Burewala, at Rs6,150; and 400 bales, Shadan Lund, at Rs6,150.

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	**6,950**	**135**	**6,095**
40 Kgs	**6,377**	**145**	**6,532**

DAWN
Saturday, 16th September, 2017

MARKETS

FOREX

Exchange Rates for Currency Notes (Rs)

	Interbank market*		Open market**	
	Buying	Selling	Buying	Selling
USA	105.40	105.60	105.70	105.90
UK	141.03	141.30	142.00	143.50
Euro	125.38	125.61	125.30	126.70
S.Arabia	28.08	28.13	27.95	28.20
UAE	28.67	28.72	28.60	28.85
Japan	0.9540	0.9558	0.9375	0.9575

*forex.com.pk **ECAP

KIBOR

Karachi Interbank offered rates

	Bid	Offer
Three months	5.89	6.14
Six months	5.91	6.16
One year	5.97	6.47

LIBOR

Special US dollar bonds for Sept 14

Three months	1.32111 %
Six months	1.45861 %

THE NEWS
Saturday, 16th September, 2017

Growing petroleum demand offsets benefits of low world oil prices

ISLAMABAD: Government's decision to keep oil prices unchanged led to more than 25 percent increase in gasoline consumption during the last fiscal year of 2016/17, but soft international oil prices couldn't translate into any larger benefits to the economy, a senior finance ministry's official said on Friday.

"And, so we have convinced the government that the keeping oil prices unchanged is a flawed policy that needs to be changed as we have already evaporated gains of reduced oil prices in international market," the official told The News.

The official said the finance ministry, in a briefing to the Prime Minister Shahid Khaqan Abbasi and federal cabinet earlier this month, informed them about the macroeconomic situation. Therefore, the government had decided to partially increase oil prices from September 1 in order to discourage rampant consumption of petroleum products, the official added.

The finance ministry's wizards told PM Abbasi that oil prices remained lowest in Pakistan during the last three years compared to other regional states, including India, Turkey, Sri Lanka and Bangladesh.

Finance ministry's calculations showed that average oil prices stood at around $0.61 a litre in Pakistan in 2016 as compared to $0.93/litre in India, $1.51/litre in Turkey, $1.12/litre in Bangladesh and $0.88/litre in Sri Lanka.

In 2015, average oil prices in Pakistan stood at $0.74/litre as compared to $1.51/litre in Turkey, $0.95/litre in Sri Lanka, $1/litre in India and $1.22/litre in Bangladesh. The finance ministry's data further revealed that oil prices were hovering around $0.93/litre in Pakistan in 2014 as against $2.11/litre in Turkey, $1.26/litre in Sri Lanka, $1.11/litre in India and $1.07/litre in Bangladesh.

International oil prices witnessed a major decline to below $30 a barrel on an average from around $120 a barrel during the last four years, but Pakistan's oil import bill couldn't decrease in the same proportion mainly because gasoline consumption increased in the domestic market.

The country's oil import bill stood at $10.606 billion in FY2017 as against $8.357 billion in FY2016. Oil imports, in terms of quantity, also surged and that offset the dividends of reduced oil prices in the international market.

Pakistan imported 8.122 million metric tonnes of petroleum crude in FY2017, up 37 percent as compared to FY2016. Import of petroleum products soared 46.12 percent to 14.79 million metric tonnes during the last fiscal year.

The Federal Board of Revenue (FBR) also had to face a major revenue shortfall for the fiscal year of 2016/17. Initially, the parliament had approved the tax revenue collection target for FBR at Rs3,621 billion for FY2017, but the actual collection by the apex tax authority was Rs3,362 billion, depicting a seven percent shortfall.

The official said the finance ministry expects that now the government would continue to raise oil prices for local consumers on monthly basis instead of doling out billion of rupees in petroleum subsidy that militates against taxation measures.

International Monetary Fund's economic reforms programme, which ended last year, encouraged economic managers to cut short subsidies given as social assistance to help people afford high prices of energy. Share of subsidies declined to 0.8 percent of GDP in 2015/16 from three percent of GDP in 2011/12.

THE NEWS
Saturday, 16th September, 2017

SBP chief upbeat on export-driven growth

KARACHI: Tariq Bajwa, governor State Bank of Pakistan (SBP), on Friday said recovery in exports that started in the second half of FY17 and continued in the current fiscal year bodes well for country's economy.

"Exports have shown positive growth during the last six months," Bajwa said, while addressing a delegation of Pakistan Business Council (PBC). "In fact, during the last three months, exports have grown by 13.2 percent, which shows that the decline in exports seems to have finally reversed."

The governor said the data of first two months of the current year points to recovery in key external indicators, particularly remittances, exports and FDI. "Workers' remittances grew by 13.2 percent to $3.5 billion in Jul-Aug 2017 and inflows from all major corridors were higher as compared to Jul-Aug 2016," he added.

Bajwa continued that the country's economy was increasingly becoming attractive for investment with continuation of supportive economic policies. "I believe at this juncture, it offers a lot of opportunities for businesses to grow and expand," he said.

He said the pace of expansion in the economy accelerated for the third consecutive year in FY17 amid improving security situation and better energy supply, while it grew by 5.3 percent in FY17, compared to 4.6 percent last year. "The growth was not only the highest during last ten years but also broad-based. All the three major sectors – agriculture, industry, and services – contributed to acceleration in growth."

The central bank governor pointed out that the accommodative monetary policy has played a key role in boosting private sector credit demand as policy rate has come down from 10 percent in October 2014 to only 5.75 percent. "Historic low interest rates were instrumental in taking the private credit growth of 16.8 percent in FY17, over and above 11.2 percent a year ago," he said.

Bajwa added the overall expansion in private credit stood at Rs747.9 billion during FY17 and remarkably about 40 percent of the expansion in credit was meant for fixed investment. On the supply side, he said, a healthy deposit growth improved the liquidity of the banking system, whereas the latest data shows the trends in private sector are continuing in FY18. "A much lower net retirement in private sector credit of Rs75.5 billion from July 1 to September 1, 2017 compared to a net retirement of Rs224.3 billion in the corresponding period last year indicates that private sector has borrowed more credit during FY18 so far," Bajwa said adding that this with a robust growth of 40 percent in import of machinery group in 2016-17 augurs well for the future growth.

Earlier, Ehsan Malik, the chief executive officer of PBC spoke on the contribution of members of the council which includes 24 of the largest multinational corporations from 12 foreign countries. "The listed market value of the member companies has reached Rs8.4 trillion and that in addition to contributing to Pakistan's GDP, exports and taxes significantly, these companies provide 400,000 direct jobs and 2 million indirect jobs," Malik said adding the PBC was an advocate of "Priority Pakistan" approach.

THE NEWS
Saturday, 16th September, 2017

Weekly inflation declines 0.27pc

ISLAMABAD: Inflation for the week ended September 14 for the combined income groups decreased 0.27 percent as compared to the previous week, according to the data released by the Pakistan Bureau of Statistics (PBS) on Friday.

Sensitive price indicator (SPI) for the week under review in the abovementioned group was recorded at 222.11 points against 222.71 points last week. SPI for the combined group witnessed an increase of 1.1 percent.

The weekly SPI has been computed with base 2007-2008=100, covering 17 urban centres and 53 essential items for all income groups. Meanwhile, SPI for the lowest income group up to Rs8,000 decreased 0.22 percent, as it went down to 213.01 points during the week under review from 213.48 points during 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 0.23 percent, 0.25 percent, 0.28 percent and 0.30 percent, respectively. Average prices of 14 items registered increase, 10 decreased, while the remaining 29 items' prices remained unchanged.

The items, which registered increase in their prices during the week under review included tomatoes, LPG (cylinder), salt (powder), wheat flour, sugar, gram pulse, wheat, masoor pulse, mash pulse, gur, electric bulb, vegetable ghee, mustard oil and rice (Irri-6).

The items, which registered decrease in their prices included onions, bananas, chicken (farm), garlic, eggs, potatoes, vegetable ghee, moong (pulse), cooking oil (tin) and red chilly.

The items with no change in their average prices during the week under review included rice (basmati broken), bread, beef, mutton, milk (fresh), curd, milk (powdered), tea (packet), cooked beef, cooked daal, tea (prepared), cigarettes, long cloth, shirting, lawn, georgette, gents sandal, gents chappal, ladies sandal, electricity and gas charges, kerosene, firewood, washing soap, match box, petrol, diesel, telephone local call and bath soap. —

THE NEWS
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Planners must focus on broadening export base

LAHORE: The debacle that Pakistan is facing in exports is not only due to the use of obsolete technology by our main exporting sector, but also due to lack of efforts on part of planners in broadening the export product base.

All export incentives are for five major exporting sectors, none of which command any significant share in the global market. Numerous other sectors that have the potential to make a mark internationally are either ignored or only lip service is provided to them.

The five major exporting sectors have access to the export package, whereas the rest of the sectors cannot even get back refunds on taxes they paid on their inputs. The main facilitation for exporters is zero rating. The duty structure in Pakistan is so cumbersome that it is impossible to get refunds for the duty paid on input.

The Federal Board of Revenue (FBR) has its own system of calculating the duty impact on each input on each item. It is so time consuming that the revenue authority has allowed the five main exporting sectors to buy inputs at no duty and hence no refunds. This was done despite the fact that the regulators' had access to necessary calculations to evaluate the duty on each item.

For the exporters other than the five designated sectors, the refund scheme still operates but it is next to impossible to get the refunds. There is a dispute between the exporters and the regulators about the exact refund based on the use of duty paid inputs.

The FBR officials do not take pain to calculate the exact refund. The Ministry of Commerce and its concerned department the Trade Development Authority of Pakistan also do not have any idea of the refund that should be given on many exported items. The result is that only those exports are made that are feasible even after accounting for local duties. This is economically criminal negligence, because if an item can be exported even after paying all local duties, then its export potential is very high. An exporter can fetch more orders if his exports are zero-rated. We have lost reasonable chunk of motorcycle exports after the FBR changed documentation procedures for exports to Afghanistan. Still thousands of international brand motorcycles are exported to that country without claiming any refund.

In the same way, most of the pharmaceutical exports are made without claiming refunds of inputs paid domestically. In the same way thousands of tons of poultry meat is being exported to Qatar without any refunds.

These sectors are rich avenues for exports and should be facilitated to become more competitive. Ideally, the FBR should ask each exporter outside the five designated sectors to provide them with the details of the input duties that they paid on exports and have not claimed refunds on. It can then scrutinise their data through third party creditable audit and make changes where required so that the exports of non-traditional items can be accelerated.

Unfortunately, the revenue authority is not doing that and is not even reacting to the demands made by some sectors which have requested for refunds on local inputs. The Pakistan Poultry Association for instance had provided the FBR with details of the locally paid taxes and demanded required refunds on export of raw meat, eggs and processed poultry. The letter was written in July 2017 and there is no response from FBR even after two months.

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SBP injects Rs1,590bln in market

KARACHI: The State Bank of Pakistan (SBP) on Friday injected Rs1,590 billion in the money market for seven days through its open market operation, a statement said. The rate of return accepted is 5.76 percent/annum, it added.

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Cotton unchanged

Karachi

Cotton trade slowed down at the Karachi Cotton Exchange on Friday, while spot rates remained unchanged.

The spot rates stood unchanged at Rs5,950/maund (37.324kg) and Rs6,377/40kg. Ex-Karachi rates also remained firm at Rs6,095/maund and Rs6,532/40kg after an addition of Rs145 and Rs155 as upcountry expenses, respectively. An analyst said slow cotton arrivals in the market stabilised the prices, which were, otherwise, going downwards.

A total of 18 transactions were recorded of around 11,000 bales at a price of Rs5,850 to Rs6,225/maund. Deals were recorded from Tando Muhammad Khan, Kotri, Mirpurkhas, Sanghar, Hyderabad, Tando Adam, Shahdadpur, Nawabshah, Khairpur and Rohri from Sindh and Mianwali, Mohammadpur Dewan, Shadan Lund, Burewala, Rajanpur, Haroonabad, Fazilpur, Dera Ghazi Khan and Khanewal from Punjab.

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Aptma to hold elections in KP on 18th

Our Staff Reporter

LAHORE - The All Pakistan Textile Mills Association (Aptma) Election Commission will hold annual elections for one vacant seat from Khyber Pakhtunkhwa Region on September 18.

Ahmad Kuli Khan Khattak of Rahman cotton Mills Ltd and Shahzad Ayub of Zainab Textile Mills Ltd are contesting against each other for one vacant seat from KP. The election commission has announced election schedule. It will be held through secret ballot. Voting shall be held at all three Aptma offices simultaneously, declared as polling stations. All authorised voters, including 194 from Punjab, 63 from Sindh and Baluchistan and 13 from KP, will cast their vote to elect one out of two members of the executive committee representing Khyber Pakhtunkhwa Region only. The authorised voters will cast vote at the polling station of the respective regions; however, voters who wish to opt for change of polling station will only be allowed to cast vote at the desired polling station.

Meanwhile, the Aptma office bearers for the central executive committee from Punjab, Sindh and Balochistan regions have already been elected unopposed for 2017-18. Gohar Ejaz, SM Tanveer, Ahsan Bashir, Tanvir Gulzar and Fazal Ahmed have been elected from Punjab for the Aptma central executive committee. No other contestant had filed nominations against six vacant seats from Punjab for the central executive committee.

From Sindh-Balochistan, Fawad Anwar, Tariq Saud, Muhammad Khalid Majeed, Khurram Inam and Rafique Ibrahim have been elected unopposed for the CEC. All the new elected members and office bearers of the executive committees will take charge of their office on September 29, 2017.

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SBP governor highlights revival of exports

Says economy becoming attractive for investment

Our Staff Reporter

KARACHI - State Bank of Pakistan (SBP) Governor Tariq Bajwa has said that recovery in exports that started in the second half of FY17 and continued in the current fiscal year bodes well for the country's economy.

"Exports have shown positive growth during the last six months. In fact, during the last three months, exports have grown by 13.2 percent, which shows that the decline in exports seems to have finally reversed," he said while addressing a delegation of Pakistan Business Council (PBC) that called on him at SBP headquarters on Friday.

The SBP governor said the data of first two months of the current year points to recovery in key external indicators, particularly remittances, exports and FDI. "Workers' remittances grew by 13.2 percent to $3.5 billion in July-August 2017 and inflows from all major corridors were higher as compared to July-August 2016. Bajwa said that the country's economy is increasingly becoming attractive for investment with continuation of supportive economic policies. "I believe at this juncture, it offers a lot of opportunities for businesses to grow and expand", he said.

The SBP governor said that the pace of expansion in the economy accelerated for the third consecutive year in FY17 amid improving security situation and better energy supply. It grew by 5.3 percent in FY17, compared to 4.6 percent last year. The growth was not only the highest during last ten years but also broad-based. All the three major sectors - agriculture, industry, and services - contributed to acceleration in growth.

He pointed out that the accommodative monetary policy has played a key role in providing boost to private sector credit demand. Policy Rate has come down from 10 percent in October 2014 to only 5.75 percent. Historic low interest rates were instrumental in taking the private credit growth of 16.8 percent in FY17, over and above 11.2 percent a year ago, he said. The overall expansion in private credit stood at Rs747.9 billion during FY17, he said. On the supply side, a healthy deposit growth improved the liquidity of the banking system, he added. The latest data shows the trends in private sector are continuing in FY18. A much lower net retirement in private sector credit of Rs75.5 billion from July 1, 2017 to September 1, 2017 compared to a net retirement of Rs224.3 billion in the corresponding period last year indicates that private sector has borrowed more credit during FY18 so far. This with a robust growth of 40 percent in import of machinery group in 2016-17 augurs well for future growth.

"In terms of agriculture, we are a low productivity economy and SBP is doing whatever it takes to improve that," he said. Availability of credit is one aspect. The government had set a target of Rs1,001 m but that was a broad target. Though the last year target was largely met, but the number of borrowers has actually gone down. It implies that the money was going towards processing but it was not going towards production. The SBP governor said that agriculture sector is now specifically focused with availability of pesticides and fertilisers. He said that the SBP is also contacting private sector for agricultural extension services in order to boost productivity.

Prior to the SBP governor's address, PBC Chief Executive Officer Ehsan Malik spoke on contribution of members of the council which includes 24 of the largest multinational corporations from 12 foreign countries. Malik informed the participants that listed market value of the member companies has reached Rs8.4 trillion and that in addition to contributing to Pakistan's GDP, exports and taxes significantly, these companies provide 400,000 direct jobs and 2.0 million indirect jobs.

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Pervaiz to open int'l textile exhibition today

Our Staff Reporter

Lahore - Minister for Commerce and Textile Pervaiz Malik is going to open the three-day 18th Textile Asia International Exhibition 2017 on Saturday (today) at Expo Centre Lahore, which is being organised by the Pakistan Readymade Garment Manufacturers & Exporters Association (PRGMEA).

PRGMEA Central Chairman Ijaz Khokhar said that the association is organising this exhibition third time in Lahore in collaboration with Ecommerce Gateway Pakistan, which will last for three days till September 18. He said that more than 50,000 trade and corporate visitors are expected to visit during three days from Sialkot, Faisalabad, Multan, Gujranwala and Lahore to see latest garment machinery and accessories to upgrade their standard and capacity. "It is a great effort of PRGMEA to bring international exhibitors to Lahore for its members to see physically modern technology at their doorstep instead of travelling abroad," he said. He said that more than 600 foreign delegates are also participating in the textile machinery show.

PRGMEA Vice Chairman Jawwad said the textile fair is Pakistan's biggest trade show of B2B value added textile, garment, embroidery, digital printing machineries, chemicals and allied services. More than 550 international brands will display their products in over 515 booths. Ijaz Khokhar said that the event will provide an effective platform for collaborations to the textile sector's SMEs, majority of which are located in Punjab, having no financial capacity to attend international exhibitions.

He observed that the local textile sector's whole chain has also been invited to attend this country's largest textile show.

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SBP revises instructions regarding imports on open account

Our Staff Reporter

KARACHI - The State Bank of Pakistan, in order to facilitate international trade, has dispensed with the requirement of submission of original shipping/transport documents to the authorised dealers by the importers for payments against imports made on open account basis.

Earlier, importers were required to present original shipping/transport documents to authorised dealers for effecting the related import payments. The initiative has been taken in the wake of requests from different stakeholders including various chambers of commerce, importers, banks etc as international trade is witnessing shift from physical transfer of original transport documents to electronically transmitted transport documents, Telex Release etc to save cost and time involved in physical transfer of such documents from foreign seller to the importer.

Further, implementation of Electronic Import Form (EIF) by the SBP and Pakistan Customs has strengthened the monitoring of imports into Pakistan and related payments, thus, the possibility of multiple payments against single import consignment through different banks stands eliminated, said the central bank's statement released on Friday.

It would not only provide facilitation to importers but would equally be beneficial for the exporters who import inputs/raw materials for manufacturing of exportable goods/products.

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SPI inflation declines 0.27pc

APP

ISLAMABAD - The weekly inflation for the week ended on September 14 for the combined income groups decreased by 0.27 percent as compared to the previous week.

According to the data released by PBS on Thursday, the Sensitive Price Indicator (SPI) for the week under review in the above mentioned group was recorded at 222.11 points against 222.71 points last week. As compared to the corresponding week of last year, the SPI for the combined group in the week under review witnessed increase of 1.1 percent.

The weekly SPI has been computed with base 2007, 2008=100, covering 17 urban centres and 53 essential items for all income groups. Meanwhile, the SPI for the lowest income group up to Rs8,000 decreased by 0.22pc as it went down from 213.48 points in the previous week to 213.01 points in the week under review. As compared to the last week, the SPI for the income groups from Rs8001 to 12,000, Rs12,001 to 18,000, Rs18,001 to 35,000 and above Rs35,000, also decreased by 0.23pc, 0.25pc, 0.28pc and 0.30pc, respectively.

During the week under review, average prices of 10 items registered decrease, while 14 items increase with the remaining 29 items' prices unchanged. The items, which registered decrease in their prices during the week under review included onions, bananas, chicken (farm), garlic, eggs, potatoes, vegetable ghee, moong (pulse), cooking oil (tin) and red chilly. The items, which registered increase in their prices during the week under review tomatoes, LPG (Cylinder), salt (powder), wheat flour, sugar, gram pulse, wheat, masoor pulse, mash pulse, gur, electric bulb, vegetable ghee, mustard oil and rice (irri-6). The items with no change in their average prices during the week under review included rice (basmati broken), bread, beef, mutton, milk (fresh), curd, milk (powdered), tea (packet), cooked beef, cooked daal, tea (prepared), cigarettes, long cloth, shirting, lawn, georgette, gents sandal, gents chappal, ladies sandal, electricity charges, gas charges, kerosene oil, firewood, washing soap, match box, petrol, diesel, telephone local call and bath soap.