BUSINESS
RECORDER
Thursday, 17th August, 2017

PM will himself oversee all CPEC projects

NAVEED BUTT

Prime Minister Shahid Khaqan Abbasi would oversee the all China-Pakistan Economic Corridor (CPEC) projects and related matters. Informed sources told *Business Recorder* the Prime Minister has appointed Sartaj Aziz as Deputy Chairman Planning with the status of a federal minister, however the Prime Minister has kept the portfolio of Ministry of Planning, Development and Reforms as well as the Chairmanship of the Planning Commission with himself.

Soon after the Prime Minister stated he took oath, he stated that, "CPEC projects are our government"s highest priority and I am personally supervising progress of hallmark projects be it infrastructure, energy, railway or other sectors." Ahsan Iqbal was the Minister of Planning, Development and Reforms as well as Deputy Chairman Planning Commission during the Sharif administration.

According to sources, the objective of Prime Minister Khaqan Abbasi in retaining the portfolio of the Planning Commission is to ensure timely completion of the CPEC projects. They added that Secretary to the Prime Minister, Fawwad Hassan Fawwad, is behind this move as he wants the Prime Minister to control CPEC projects. When this newspaper contacted Deputy Chairman Planning Sartaj Aziz by phone for his views on the matter he said that "it is not an appropriate question to ask about developments or change in CPEC projects". According to informed sources Interior Minister Ahsan Iqbal, on the instructions of the Prime Minister, chaired a high level meeting of Planning Commission in the Ministry of Interior on August 11, 2017, which was attended by Secretary Planning and other senior officials during which preparations for "Pakistan Development Summit & Expo" scheduled for Thursday (today) at Pak-China Center Islamabad was discussed. A photograph of the meeting is available with *Business Recorder.* Special Assistant to the Minister for Planning, Development and Reforms, Asim Khan Niazi confirmed the meeting, saying it continued for 20 minutes. According to him, that Ahsan Iqbal has said that he will no more look after the affairs of Planning Commission as he is now the minister for interior. However, he said that Pakistan Development Summit & Expo will be held in accordance with its previous schedule.

When contacted Asif Sheikh, Advisor for Federal Budget Development Planning, said the Planning Commission is continuing the same policy on CPEC projects as adopted by former prime minister Nawaz Sharif and former minister of Planning Development and Reforms Ahsan Iqbal. He said that the Planning Commission is aggressively involved in the implementation of CPEC projects. Ahsan Iqbal had two designations during the Sharif administration as well: Minister for Planning, Development and Reforms as well as Deputy Chairman Planning.

BUSINESS
RECORDER
Thursday, 17th August, 2017

STPF: MoC tailors mid-course review for export boost

MUSHTAQ GHUMMAN

Under criticism for incessant negative growth in exports, the Commerce Ministry has reportedly tailored a Mid-Course Review Supplement of Strategic Trade Policy Framework (STPF) 2015-18, aimed at broadening incentives and enhancing competitiveness of neglected export-oriented sectors, well-informed sources told *Business Recorder.*

The Commerce Ministry''s Trade Policy Wing has almost finalised the draft of revised STPF for the remaining ten months of the current fiscal year, which also covers areas of concern leading to decline in exports, to be submitted to the federal cabinet soon for approval. The STPF will also identify the policy gaps and procedural requirements to further streamline the regulatory framework and reduce cost of doing business.

Under the STPF, 2015-18, a total Rs 6 billion has been allocated for the current fiscal year but Finance Ministry has not yet released the entire amount meant to be spent on export enhancement plans. Pakistan''s trade deficit increased to $3.204 billion in July 2017, up by 55.46 percent over $2.061 billion for the same month a year ago, according to Pakistan Bureau of Statistics (PBS). Provisional trade data released by the PBS for the month of July 2017 noted 10.58 percent increase in exports and 36.74 percent in imports during the month under review. Exports have increased to $1.631 billion in July 2017 from $1.475 billion for the same month a year before and imports to $4.835 billion from $3.536 billion.

According to sources, Commerce Ministry will relax conditions for exporters and recommend reduction in tariffs of electricity and gas for export-oriented industry to make it viable vis-à-vis Pakistan''s competitors. "We are aware that competitiveness of export sector is adversely affected by increased cost of production, including high labour cost, devaluation of currency by major competing countries, duties on input, eg, GIDC, surcharge on electricity and taxation structure," the sources added.

An official told *Business Recorder* that Pakistan''s poor export performance is due to the export base being narrow, ongoing but continuously declining power shortages, poor infrastructure, global price developments of commodities negatively impacting on our major exports, weak investment growth, business and security climate, weakening external demand and exchange rate appreciation.

Former Prime Minister Nawaz Sharif had announced a Rs 180 billion trade enhancement initiative for the business community which would be applicable for nearly 18 months, ie, from January 16, 2017 to June 30, 2018, of which Rs 107.5 billion were meant for textile sector whereas Rs 12.5 billion were allocated for drawbacks on export of non-textile products. Shortage of energy supply, poor quality of infrastructure, outdated technology, lack of export culture and weak contract enforcement mechanism are amongst the cross cutting factors, the sources maintained.

BUSINESS

RECORDER

Thursday, 17th August, 2017

Malaysia, China investments build up July FDI

RIZWAN BHATTI

Foreign Direct Investment (FDI) posted a healthy increase of 163 percent during the first month of this fiscal year (FY18), supported by Malaysian and Chinese investment. Economists said higher FDI inflows are a good sign for the economy and will help build the country"s foreign exchange reserves, which are depleting since the beginning of this fiscal year. "In the absence of a long-term investment policy, foreign investors are reluctant to invest in Pakistan, therefore there is need for facilitating foreign investors by bringing in stability in economic policies so that they could invest without any concern," they added.

They said foreign investment in Pakistan is likely to surge in coming days as the political uncertainty is almost over after the announcement of Panamagate case verdict.

According to State Bank of Pakistan (SBP), Pakistan fetched FDI amounting to $ 222.6 million during July of FY18 compared to $ 84.7 million in the same period of last fiscal year (FY17), depicting an increase of 162.8 percent or $ 138 million. During the period under review, FDI inflows stood at $ 248 million against the outflow of $ 25.1 million.

The detailed analysis reveal that most of investment has arrived from Malaysia and China as these two countries contributed some 73 percent in the total FDI arrived during this fiscal year. Malaysia"s Foreign Direct Investment in Pakistan surged to $ 91.6 million in July 2017, while Chinese investment stood at $ 72.7 million.

Sector-wise analysis revealed that most of foreign investment has been made in trade and power sector. The SBP reported that foreign investors invested an amount of $ 94 million in trade sector and $ 56.6 million in power during the first month of current fiscal year. According to SBP, during the period under review, portfolio investment witnessed continuous downward trend, declining by 122 percent. Portfolio investment stood negative at $ 11.4 million in July 2017.

Similarly, total foreign investment in Pakistan, comprising FDI, portfolio investment and foreign public investment, surged by 58 percent to $ 212 million in July of FY18 up from $ 134.3 million in the same period of last fiscal year. During the last fiscal year (FY17), foreign investment in Pakistan rose to $ 2.157 billion against $1.978 billion in FY16.

BUSINESS

RECORDER

Thursday, 17th August, 2017

Fatemi likely to head BoI

MUSHTAQ GHUMMAN

Prime Minister, Shahid Khaqan Abbasi is likely to appoint Syed Tariq Fatemi as Chairman Board of Investment (BoI) which directly comes under the Prime Minister"s Office, well informed sources told *Business Recorder.* Fatemi, a senior former diplomat, was sacked as Special Assistant on Foreign Affairs to the Prime Minister on 28 April 2017 for allegedly playing a role in the Dawn Leaks. Fatemi however categorically denied the allegations levelled against him.

In a farewell letter he stated "I reject recent allegations, insinuations and innuendos. Such suggestions are particularly hurtful to someone who has served Pakistan for nearly five decades with honour and dignity."

The former Chairman BoI Dr Miftah Ismail has been appointed Special Assistant to Prime Minister, Shahid Khaqan Abbasi, who is heading the economic team of Prime Minister Abbasi in Prime Minister House/Office. He is expected to be appointed Chairman Privatisation Commission as this position is vacant after Muhammad Zubair was elevated as Governor Sindh. There were unconfirmed reports that Ch Daniyal Aziz has been appointed Federal Minister for Privatisation, but no such notification has been issued so far.

BUSINESS
RECORDER
Thursday, 17th August, 2017

THE RUPEE: All-round gains

RECORDER REPORT

The rupee managed to gain against the dollar and euro on the money market on Wednesday in process of trading, dealers said. The rupee moved slightly versus the dollar for buying and selling at Rs 105.39 and Rs 105.40, they said.

INTER-BANK MARKET RATES: In the third Asian trade, the dollar was steady, holding onto most of its gains made after strong US retail sales data kept alive the chance of another Federal Reserve interest rate hike this year.

Minutes from the Fed's July meeting will be released later

Open Bid	Rs. 106.60
Open Offer	Rs. 106.80

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

Bid Rate	Rs. 105.39
Offer Rate	Rs. 105.40

RUPEE IN LAHORE: The Pak rupee stayed unchanged on buying side while it depreciated on selling side against the US dollar in the local currency market on Wednesday.

According to currency dealers, the dollar resumed on Wednesday, and will be watched for clues on the timing of rate hikes as well as whether the Fed is likely to announce a reduction in its balance sheet at its September meeting.

The dollar index, which tracks the greenback against a basket of six major rival currencies, was flat on the day at 93.835, well above its 15-month low of 92.548 plumbed earlier this month.

The dollar was trading against the Indian rupee at Rs 64.260, the US currency was available at 4.297 in terms of the Malaysian ringgit and the greenback was at trading on its overnight trend of Rs 106.40 and Rs 106.65 as its buying and selling rates, respectively.

At the close, no change in its value took place on buying counter as it sustained its opening rate of Rs 106.40. However, it appreciated by five-paisa on selling counter and ended at Rs 106.70, they added.

Furthermore, the national currency showed mixed patterns as it moved both ways against the pound sterling.

The pound was bought and 6.688 in relation to the Chinese yuan.

Inter bank buy/sell rates for the taka against the dollar on Wednesday. 80.70-80.70 (previous 80.70-80.70).

OPEN MARKET RATES: The rupee posted fresh gains in relation to the dollar for buying and selling at Rs 106.60 and Rs 106.80, they said.

The rupee also picked up 50 paisas in terms of the euro for buying and selling at Rs 124.00 and Rs 125.50, they said.

sold at Rs 136.00 and Rs 136.80 against Rs 135.80 and Rs 137.80 of Tuesday, they said.

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

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

BUSINESS RECORDER
Thursday, 17th August, 2017

Mid-term review of GSP+:

Efforts being geared towards mapping out strategy

MUSHTAQ GHUMMAN

Minister for Commerce and Textile, Pervaiz Malik Wednesday held back-to-back meetings to prepare a comprehensive strategy for mid-term review of Generalized Systems of Preferences Plus (GSP +) extended by the European Union (EU).

Well-informed sources told *Business Recorder* that the EU has raised a number of issues at the highest level in Brussels and Islamabad. The Commerce Minister discussed the issues relating to implementation of 27 UN Conventions in an inter-ministerial meeting in the committee room of Commerce Ministry and decided to press provincial governments to expedite realization of all Conventions.

Besides others, the officials from Ministry of Foreign Affairs, Ministry of Interior and Treaty Implementation Cell (TIC) headed by Attorney General of Pakistan, Ashtar Ausaf Ali attended the meeting.

Later, Commerce Minister and Secretary Commerce held a closed door meeting with Chairman National Commission for Human Rights, former Justice Ali Nawaz Chohan and Secretary Ministry of Human Rights Rabiya Javeri Agha and conveyed the concerns of Members of European Parliament and civil society. Pakistan''s embassy in Brussels is not satisfied with the performance of Ministry of Human Rights with respect to human rights situation in the country.

The biennial GSP+ report to the European Parliament and the Council is a status report on the effective implementation of GSP+ countries of the relevant GSP+ conventions and on compliance with reporting obligations. The first GSP+ report, covering the period 2014-2015, was issued in January 2016. The second one, covering the period 2016-2017 will be published by the beginning of next year.

An official on condition of anonymity told this scribe that the federal and provincial governments are taking all possible steps to eliminate or at least minimize human rights violations, adding that not a single country in the world is perfect on this front.

According to the EU serious situation remains on rights of women, death penalty, use of military courts, torture, extra judicial killings and enforced disappearances, rights of minorities, protection of journalists and human rights defenders. In 2016, Pakistan''s exports to EU increased to Euro 6.3 billion as compared to Euro 4.54 billion in 2013, showing a growth of 33 per cent.

The European Union (EU) has also conveyed serious concerns for not getting level playing field to its companies, especially EU car makers'' vis-à-vis Japanese car assemblers.

The EU''s trade concerns are as follows: (i) restriction on import of meat from EU; (ii) weak enforcement of Intellectual Property Rights; (iii) discriminatory treatment against international pharmaceutical companies vis-à-vis domestic industry; (iv) discriminatory customs valuation of European cars as compared to cars from Asian region; (v) Regulatory Duty of 25 per cent on powdered milk; and (vi) discriminatory imposition of sales tax on imported products.

Commenting on corruption, EU civil society is of the view that efforts to implement commitments in the convention have improved by strengthening the National Accountability Bureau (NAB), however, challenges are still considerable. On June 15, 2017 the EU parliament had also passed a non-binding resolution which took a serious view of human rights situation in Pakistan.

BUSINESS
RECORDER
Thursday, 17th August, 2017

Government step aimed at injecting credibility into economic data hailed

ZAHEER ABBASI

The government decision to separate Statistics Division from Finance Division would lend credibility to economic data only if the Ministry of Statistics is governed by an independent board, stated former Finance Minister Dr Salman Shah. Shahid Khaqan Abbasi after assuming the office of Prime Minister following the disqualification of former Prime Minister Nawaz Sharif issued a notification separating the Statistics Division from Finance Division.

Dr Salman Shah said that a long standing debate notably to separate the Statistics Division from the Finance Division has been ongoing for quite some time with the purpose of injecting credibility into economic data. Background interviews with officials of Finance and Statistics Division as well as independent economists revealed that there was a growing perception that the Finance Division under Ishaq Dar was influencing the Statistics Division through appointment of those who would be amenable to provide favourable, albeit inaccurate data, and that there was an emergent need to separate the two.

Dr Shah added that if separation was for the purpose of creating an autonomous statistics body then the decision must be appreciated because it would enable the country to formulate policy based on credible economic data. But cautioned that the government''s real intent will be revealed if it is placed under the Cabinet Division headed by the Prime Minister himself instead of moving towards an autonomous statistics body.

He urged the government to constitute an independent board of Ministry of Statistics by inducting professionals on merit, which would indicate that it was moving towards an autonomy, or else the separation would be an exercise in futility. Some senior finance officials on condition of anonymity told *Business Recorder* that the decision to separate the Statistics Division from the Finance division was one step towards creating an autonomous statistics division which would be free from the influence of the Finance Ministry.

BUSINESS
RECORDER
Thursday, 17th August, 2017

TDAP to hold Expo Pakistan in November

RECORDER REPORT

Trade Development Authority of Pakistan (TDAP) is making necessary arrangements for holding 10th Expo Pakistan, a mega event from 9th November in Karachi. Sources told *Business Recorder* on Wednesday that Expo Pakistan is the biggest trade expo in Pakistan, showcasing the largest collection of Pakistan's export merchandise and services. Foreign exhibitors from neighbouring countries also use this platform for displaying their products.

The four-day expo held annually. A large number of businessmen of Sialkot engaged with surgical instruments, diagnostic equipment, hospital beds and wheel chair, dental equipment and beauty care instruments, soccer balls, cricket kits, hockey sticks, basketballs kits, tennis rackets and martial arts products etc and leather gloves. Sources further told that textile, food and ingredients engineering, auto and auto parts services, mineral and metal, home decor, gems and jewellery, cosmetic etc would be showcased in Expo Pakistan 2017.

BUSINESS
RECORDER
Thursday, 17th August, 2017

Readymade garments' exports up by six percent

RECORDER REPORT

The country's export of readymade textile grew by six percent to $2.316 billion last fiscal year, official figures say. Increase in the garments export stands at $58.269 million last fiscal year compared to their export of $2.195 billion in fiscal year 2016, Pakistan Bureau of Statistics shows. Export volume of readymade garments went up by 6.13 percent or 2.010 million dozens to 34.785 million dozens last fiscal year from 32.775 million dozens in fiscal year 2016.

In June 2017, export of readymade textile shot up by 20 percent or $39.918 million to $242.951 million from $203.033 in June 2016. In terms of quantity, readymade garments export surged by 16.45 percent or 525,000 dozens to 3.715 million dozens in June 2017 from 3.190 million dozens in June 2016.- ends.

BUSINESS
RECORDER
Thursday, 17th August, 2017

Cotton prices fall as supply rises

RECORDER REPORT

Prices continued slide on the cotton market on Wednesday as seed cotton supply improved in the process of trading, dealers said. The official spot rate shed further Rs 50 to Rs 6200, they said. In the ready session over 22,000 bales of cotton changed hands between Rs 6100-6350, they said.

In both Sindh and Punjab, seed cotton rates were lower by Rs 100 at Rs 2600-2900 per 40 kg, they said. Commenting on brisk activity, market sources said that mills and spinners indulged in forward buying ahead of Eid-ul-Azha holidays. Cotton analyst, Naseem Usman said that arrivals picking up with better quality, which is helping buyers to take part in fresh purchasing.

Reuters adds: ICE cotton fell to a near one-month low on Tuesday after data from the US Department of Agriculture (USDA) showed an improvement in crop conditions in the US amid higher production expectations. Cotton contracts for December settled down 0.6 cent, or 0.87 percent, at 67.16 cents per lb. They traded within a range of 67.08 and 67.95 cents a lb. Prices hit their lowest since July 18 at 67.08 cents.

Total futures market volume rose by 1,371 to 18,583 lots. Data showed total open interest fell 932 to 218,278 contracts in the previous session. The following deals reported: 2400 bales from Kotri at Rs 6100/6200, 1400 bales from Mirpurkhas, 1400 bales from Hyderabad, 2000 bales from Sanghar, 1600 bales from Shahdadpur, 2600 bales from Tando Adam all done at the same rates, 200 bales from Maqsoodo at Rs 6150, 200 bales from Hala at Rs 6150, 600 bales from Kot Ghulam Mohammad at Rs 6150/6200, 600 bales from Sinjoro at Rs 6150/6200, 600 bales from Bakahar at Rs 6200, 200 bales from Hasilpur at Rs 6200, 200 bales from Sahiwal at Rs 6250, 1200 bales from Vehari at Rs 6275/6300, 200 bales from Chistian at Rs 6300, 200 bales from Jahanian, 200 bales from Arifwala, 600 bales from Haroonabad, 200 bales from Bahawal Nagar all were finalised at the same prices, 1600 bales from Chichawatni, 1400 bales from Burewala, 600 bales from Samundri all were sold at Rs 6300/6350 and 200 bales from Mongi Bangla at Rs 6350, they 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 15.08.2017	Difference Ex-Karachi in Rupees
37.324 Kgs Equivalent	6,200	145	**6,345**	**6,395**	-50
40 Kgs	6,645	155	**6,800**	**6,853**	-53

BUSINESS

RECORDER

Thursday, 17th August, 2017

Cotton falls for third day as record US output weighs

RECORDER REPORT

ICE cotton fell for the third straight session to touch a one-month low on Wednesday as expectations of record high output from major producer United States weighed on the natural fibre market. Cotton for December settled 0.34 cent, or 0.5 percent, lower at 66.82 cents per lb. Earlier in the session, the contract hit a low of 66.76 cents, its lowest since July 17.

"I think the reason the market is trending lower is because we've got an enormous crop out here," said John Bondurant, a trader in Memphis, Tennessee. "The big news is the fantastic yields in South Texas." The first survey of US 2017 crop production indicated an output of 20.5 million bales, 1.5 million above last month and the largest production in 11 year, the US Department of Agriculture said in its monthly World Agricultural Supply and Demand Estimates (WASDE) last week.

Meanwhile, output from top producer India was seen at 33.09 million bales for the 2016/17 crop year against the previous forecast of 32.58 million bales, according to data released by the farm ministry. Total futures market volume rose by 67 to 18,726 lots. Data showed total open interest gained 471 to 218,749 contracts in the previous session. Certificated cotton stocks deliverable as of August 15 totalled 17,315 480-lb bales, down from 18,082 in the previous session.

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	67.60	67.72	67.50	67.55	14:45 Aug 16	67.55	-0.13	7	67.68
Dec'17	67.22	67.40	66.76	66.82	14:45 Aug 16	66.82	-0.34	13229	67.16
Mar'18	67.04	67.18	66.65	66.72	14:45 Aug 16	66.72	-0.26	4330	66.98

BUSINESS
RECORDER
Thursday, 17th August, 2017

Revision in cotton estimates

RECORDER REPORT

The latest estimates of cotton crop for the current season are depressing. According to the Cotton Crop Assessment Committee (CCAC), cotton production is now estimated to be 12.6 million bales for the current season (2017-18) as against the initial estimates of 14.04 million bales. This was mainly due to failure to miss the sowing target by a wide margin of 12 percent. Punjab is estimated to produce 8.8 million bales of cotton, Sindh 3.7 million bales and KP and Balochistan 0.10 million bales. Punjab, which produces about 70 percent of the total cotton, has been hit hard as only 5.3 million acres were covered under the crop as against the target of 5.97 million acres. The area covered was 88 percent of the target set for the current season but higher by 19 percent compared to 4.48 million acres during the previous season. Sindh covered 1.5 million acres in the current season as against the target of 1.6 million acres. However, while there was no disagreement over these estimates, Textile Industry Secretary Hassan Iqbal is of the view that current estimates of 12.6 million bales are expected to improve as per acre plant population and per plant balls are likely to witness a significant boost as compared to last year. Besides, fertilizer intake and pesticides spray are also likely to increase and no major pest attacks are reported from the field units. Although the remarks of Hassan Iqbal give some hope of an improvement in the cotton crop estimates, the downward revision in estimates and that too by a margin of over 12 percent compared to the target in the CCAC meeting on 10th August, 2017 constitutes a cause of great concern. This is so because cotton crop is the mainstay of Pakistan's economy. It has a share of 1.0 percent in GDP and contributes 5.1 percent in agriculture value-addition. Besides, cotton is a cash crop for farmers and an essential source of raw material to the textile sector, enabling the textile industry to expand its base. Over 60 percent of Pakistan's exports owe their origin to cotton output and a large part of the country's labour force is productively engaged in the textile industry. It may be mentioned that cotton production has been declining or stagnant over the last three years, causing harm to the economy. Cotton output which was nearly 14.0 million bales during 2014-15 fell to 9.92 million bales in 2015-16 and was estimated at 10.67 million bales during 2016-17. The weaker than expected recovery in cotton production during 2016-17 was mainly due to a sharp decline of 14.2 percent in the sowing area on account of exceptional losses from previous year's pest infestation and low domestic prices at the sowing time that pushed growers away from cotton to other competitive crops like sugarcane and maize. During the current season, though the cotton output is likely to be higher than last year, it is not likely to reach the levels of 2014-15 or 2012-13. This is likely to adversely affect the economy in a number of ways. The import of cotton for the textile industry is a drain on the foreign exchange resources of the country. It is, therefore, high time our policymakers analysed the reasons for the shortfall in cotton production and rectified the situation in order to revitalise the economy. Some of the actions which could help farmers grow more cotton are the provision of good quality seed, fertilizers and pesticides at affordable rates at the appropriate time and some kind of procurement arrangements to safeguard the interests of farmers. Also, the government departments should be more proactive in training of farmers in the management of certain plant diseases like pink bollworm and leaf burning syndrome. Last but not the least, the government policy on sugarcane and sugar industry does not only lead to the misallocation of country's land resources but is a major cause of diversion of cultivatable area from cotton to sugarcane. A lot has already been said and discussed about this issue. Hopefully, the government will be able to resolve this issue in the larger interest of country's economy.

BUSINESS

RECORDER

Thursday, 17th August, 2017

State Bank: Losing focus?

SHABIR AHMED

For a state enterprise the State Bank is unusually well run. It has done a decent job of performing its core functions and is known to have a competent team. There might have been occasional errors of judgement but it is generally well respected for its propriety. To the extent its role permits, it conducts its operations in a transparent manner. But are there signs of SBP stretching itself out too thinly? Is it taking on functions that go beyond the mandate of a Central Bank?

Bared to the bones, SBP's primary responsibilities consist of monetary policy and financial stability. But we see disturbing indications of an enlarged SBP footprint moving away from the core to the periphery. Recent additions to its charter have been Pakistan Remittances Initiative, Financial Monitoring Unit, Deposit Protection Company, the Security Printing Press, and quite possibly the EXIM Bank.

Arguably, some of these can be deemed to be necessary 'enablers' to help SBP deliver on its main responsibilities. But it will be hard to justify creation of a subsidiary company to deal with Deposit Insurance and acquisition (at a prohibitive cost) of the Security Printing Press. The former poses conflict of interest hazards and the latter a departure from its mandate, unless it was meant to be a thinly veiled 'transfer pricing'.

Additionally, and in a clear violation of the Act, SBP is also a shareholder in the National Bank, mixing its ownership interests with its regulatory function. SBP's only logical and legitimate subsidiary is the Banking Services Corporation (BSC). It was a visionary move on the part of Governor Ishrat Husain to separate core functions from the routine ones like 'receipt, supply and exchange of Bank notes and coins' and prize bonds and other National Savings instruments. The idea was to focus on the 'nerve centre', and create space to develop and nurture the competencies required for the critical areas of monetary policy, foreign exchange reserves and exchange policy, banking policy and regulation, and research.

Sadly, the message was lost on the more recent Governors who tended to treat BSC not as a stand-alone subsidiary but one other department of the Bank. Worse, BSC became the purgatory, if not the 'dumping ground': you fall on the wrong side of the Governor and you end up in BSC till the atonement of your sins. SBP is also struggling to determine if it has a 'developmental' role; and if so, does it have the tools. It has created a development wing, but now that 'directed credit' (that allowed SBP to direct the banks to lend certain amounts to specified sectors) is out it can at best use 'moral suasion' in the form of assigned targets for SMEs, agriculture, housing, etc.

At least a part of the problem is the SBP Act. Enacted in 1956, it has been rendered dysfunctional by a flurry (20 plus) of amendments that looked at parts and not the whole, creating an inconsistent jumble of legal provisions. What we now have is a disjointed document, merrily interpreted by successive governors to suit their personal proclivities. At the heart of the mandate debate is whether or not the Act assigns to the Bank multiple roles; roles that go beyond financial stability and monetary policy (which also subsumes the rupee parity question).

The Act is less than unambiguous. It provides "for the constitution of a State Bank to regulate the monetary and credit system of Pakistan and to foster its growth in the best national interest with a view to securing monetary stability and fuller utilization of the country's productive resources". The protagonists latch on to 'foster Pakistan's growth' as the operative part. The antagonists look upon growth as an outcome of prudent monetary and credit policies; not as a specific goal assigned to the SBP.

The antagonists also take heart from Article 9A of the Act that specifies the functions and responsibilities of the Board, requiring the Board to "formulate and monitor monetary and credit policy and, "in determining the expansion of liquidity take into account the Federal Government's targets for growth and inflation". Antagonists interpret this to mean that growth is not a SPB responsibility; it merely has to ensure that expansion of liquidity is consistent with GoP targets. Besides, they

BUSINESS
RECORDER
Thursday, 17th August, 2017

assert, growth is a function of a lot more than liquidity or even monetary and credit policies, particularly given the time-lag factor. It is not the importance of the responsibilities assumed by SBP - from printing notes to selling deposit insurance to SME development - that is under question. In question are SBP's locus standi and its comparative advantage. This 'mandate creep' runs the risks of a potential conflict of interest on the one hand and likely erosion of focus (away from prime responsibilities) on the other. SBP has a good HR base but why fritter it away by employing it on functions that it is un-trained for? It is its regulatory tools and enormous influence that SBP should leverage to promote 'development' - whether exports or agriculture or housing - rather than 'hands-on' management.

Businesses and investors look to SBP for clues and guidance in such crucial matters as interest and exchange rates, which constitute Bank's prime functions. Absence of any kind of 'forward guidance' leads to speculations that have a snowballing effect. The market, for instance, knows SBP is resolutely defending the rupee but is not certain if that is sustainable. It fears diminishing reserves will adversely affect government's ability to borrow at competitive rates, and therefore the inevitability of IMF, with its prior condition of a sharp devaluation. The spectacular jump in FE 25 deposits, just as SBP's liquid reserves are dwindling, (along with slow down of remittances and export proceeds) sends a powerful message of how the market is bracing itself.

What can the SBP do to douse the speculative fire? How will the interest rates pan out? To what extent will the external sector impact rates, even in a benign inflation environment? Will the next Monetary Policy Statement be more equivocal and provide some 'forward guidance'? Meanwhile, let's welcome the new Governor and wish him luck. He comes with excellent credentials and is known to be a solid leader. Hopefully, he will steer the ship clear of uncharted waters.

[We are grateful to a former Deputy Governor for his useful inputs]

DAWN
Thursday, 17th August, 2017

Govt mulls surcharge to boost POL storage capacity

Khaleeq Kiani

ISLAMABAD: The government may soon impose a surcharge on the sale of all transport fuels to enhance storage infrastructure and product stockpiles for strategic defence requirements.

This is part of the recommendations of a high-powered committee on strategic planning for oil and gas stocks and storages comprising top officials of the various arms of the federal government, military and private sector.

The committee also seeks to beef up security at all key oil and gas installations and extend security cover to additional pipelines and other infrastructure.

"No decision has so far been made, but a proposal was discussed to levy a storage charge at the rate of 10 paisa per litre on petroleum products to enhance strategic reserves to at least 45 days of consumption," a senior official told Dawn.

However, he clarified that no formal summary had been moved to the Economic Coordination Committee of the cabinet or the federal cabinet. He added that a similar proposal was also discussed at the fag end of President Musharraf's rule, but it went nowhere.

Current infrastructure for petrol reserves is significantly lower than required level

The official said reserves of petroleum, oil and lubricant products for 45 days must be maintained at all times as strategic reserves or war stamina. Of this, the armed forces are required to maintain 20 days of general service reserve and the stocks for the remaining 25 days should be ensured as strategic reserves by the petroleum ministry through oil marketing companies (OMCs) led by Pakistan State Oil.

The armed forces are duly maintaining their part of the stock. They keep pushing the petroleum ministry to replenish any shortfall when OMCs fail to top up the reserves.

Under the existing Pakistan Petroleum (Refining, Blending and Marketing) Rules 1971, companies are bound to maintain minimum stocks of each product. Moreover, the government is empowered to direct them to top up their storage for at least 20 days during emergencies or war.

The defence authorities have now asked the government that it should be made binding on all OMCs to maintain 25 days of stocks for the armed forces at all 22 designated depots. The fortnightly stock positions should also be submitted to the defence authorities, they said.

Officials said the storage capacity and stockpile of petrol are a cause for concern as they are significantly lower than the required quantities. However, the country has diesel storage capacity for more than 45 days of reserves.

For example, the total storage capacity (not stocks), including those with refineries, oil companies, institutions and pipelines, provided cover for maximum 19 days of normal consumption. Stocks at any given time seldom touch 15-day coverage even when oil prices are at the lowest ebb.

Sources said oil and gas companies have been directed to enhance patrolling and security of key points, like storage depots, pumping stations and distribution points, and coordinate with paramilitary and military authorities for improved security.

These companies have also been asked to embark on a plan to gradually underground all transmission and distribution lines. Meanwhile, they have been asked to camouflage the exposed pipelines and installations.

They said these will be treated as updated standard operating procedures for all times with the help of the latest technological and communication techniques.

DAWN
Thursday, 17th August, 2017

China plans petrochemical complex near Karachi

The Newspaper's Staff Reporter

KARACHI: A Chinese proposal to set up a refinery along with a downstream petrochemical complex near Karachi is advancing steadily as requests for 500-1,000 acres has been submitted to the provincial governments of Sindh and Balochistan.

The estimated cost of the project is about $4 billion.

This was disclosed by Federation of Pakistan Chambers of Commerce and Industry (FPCCI) President Zubair M. Tufail after a meeting with the visiting Chinese delegation, led by Ms Li-Jial, Director Tianchen Engineering Corporation (TCC), at the Federation House on Wednesday.

Ms Li-Jial and Mr Tufail agreed in principle to establish and exchange investment missions to further enhance trade relations between the two countries.

The Chinese asked for land in Karachi since they found rents in Gwadar Free Zone to be too expensive, Mr Tufail told Dawn. "Port Qasim does not have enough space for a project of this size," he said. "So they have asked for land a few kilometres away or in the Hub area, which falls in Balochistan".

The project will cost $4bn; requests for land allotment have been submitted to Sindh, Balochistan govts

They will go with whichever provincial government best facilitates their interests, Mr Tufail added. "Any of the two provincial governments give better deal they would go for it and this would be a win-win situation for both the countries."

Mr Tufail said both the provincial governments are interested in this project but would depend how they make a land deal with the Chinese investors.

The complex envisions a number of jetties, a refinery with 10 million tonnes per year capacity, as well as downstream processing facilities for naphtha and its component chemicals. "Currently we are importing $2bn worth of these chemicals from the Middle East" Mr Tufail said, adding that the complex could help reduce Pakistan's external deficit.

Building of the complex will take four to five years, he said, "since they're starting from scratch".

Talks on the proposal have been under way for over a year now, but the proposal has begun to take shape more recently with the formal submission of a request for land.

Ms Li-Jial speaking on the occasion said that TCC would like to invest in Pakistan to enhance investment opportunities.

"Over the years, China had been extending cooperation in different sectors of the economy in Pakistan and lately there had been a sudden jump in these relations for the mutual benefit of both countries," she added.

The FPCCI president said that Pakistan could benefit from the TCC's vast experience in oil refinery, energy, chemical complexes and other projects and explore investment opportunities mutually beneficial to both the countries.

DAWN
Thursday, 17th August, 2017

Foreign investment jumps by 162pc

Shahid Iqbal

KARACHI: Foreign direct investment (FDI) jumped 163 per cent to $222.6 million in July on a year-on-year basis, the State Bank of Pakistan (SBP) reported on Wednesday.

FDI continued showing the upward trend that began in the second half of the preceding fiscal year. It grew 4.6pc in 2016-17.

Pakistan received $2.4 billion in 2016-17, highest since the present government came into power four years ago. FDI was $1.45bn in 2012-13.

Growth in FDI is encouraging, although the main contributor to net inflows has been China, which is investing heavily under the China-Pakistan Economic Corridor (CPEC).

Malaysia, China were biggest foreign investors in July

The highest inflow in July was from Malaysia, which invested $91.6m. It was followed by China that invested $72.7m. Other important sources of FDI in July were the United Arab Emirates and Japan, which contributed $16.2m and $12.2m, respectively.

Trade emerged as the most attractive avenue for foreign investors who contributed $93.9m in July to this sector. The power sector has also been attractive for foreign investors. It received $56.5m during July. Within the power sector, investment in coal projects was $41m.

The SBP report indicated that the construction sector maintained its attraction for foreign investors in July despite political upheavals. FDI in the construction sector was $20m in July against $1.4m a year ago.

The oil and gas exploration sector attracted FDI worth $20m in July. The sector has lost attraction for investors as it offers lower profits due to low oil prices worldwide.

Foreign portfolio investment registered a net outflow of $11.4m in July. However, portfolio investment from the United States during the month was $100.5m while that from China was only $3.7m.

Heavy withdrawals by many countries resulted in net outflows. The biggest withdrawal was from Hong Kong ($36.2m), followed by Luxemburg ($21.9m) and the United Kingdom ($17.8m).

The equity market has suffered in recent weeks because of political uncertainty. Portfolio investment can see a further drop in the near future.

DAWN
Thursday, 17th August, 2017

Major reforms to facilitate businesses: PM

APP

ISLAMABAD: Prime Minister Shahid Khaqan Abbasi said on Wednesday the government has initiated major policy reforms to facilitate the business community.

The prime minister said this while talking to a delegation of the Pakistan Business Council (PBC), led by Vice Chairman Towfiq Chinoy, at the PM Office.

He said laws relating to the establishment of Special Economic Zones (SEZs) have been formulated to attract investment.

The prime minister stated that the government improved the security situation, particularly in Karachi, to help the business community conduct trade in a peaceful environment.

Economic indicators are stable and improving, which is also being acknowledged by renowned international rating institutions, said the prime minister.

“Pakistan is poised to become a major player in the regional economy,” Mr Abbasi said. He appreciated the role played by the PBC in providing tangible advice to the government on important policy issues.

DAWN
Thursday, 17th August, 2017

Cotton prices continue to fall

The Newspaper's Staff Reporter

KARACHI: Higher arrival of phutti (seed cotton) and improved availability of quality lint further pushed cotton prices lower on Wednesday.

There is growing concern that if current falling trend in prices continues, the grower would suffer badly and this would have an adverse impact on the next cotton crop.

The minimum viable price for growers, as per cotton expert Naseem Usman, is Rs3,000 per 40kg but the prevailing prices of phutti both in Sindh and Punjab are much below the mark.

Mr Usman explained that when the season started, phutti prices were in the range of Rs3,000 to Rs3,300 per 40kg. However, as the season progresses, phutti prices are coming down and range between Rs2,600 to Rs2,900 per 40kg, he added.

Consequently, cotton prices which were being quoted at the start of the season at Rs6,700 for Punjab quality and Rs6,400 for Sindh variety are now being quoted at Rs6,250 to Rs6,350 for Punjab and Rs6100 to Rs6200 for Sindh, respectively.

During the last four sessions, lint prices recorded a fall of Rs500 per maund.

The leading markets in the world also remained under pressure on reports that US would be producing around 1.5 million more bales this season and has a closing stock of 1.4m bales from last crop. However, Indian cotton prices were steady on reports of crop damage by recent rains.

The Karachi Cotton Association (KCA) revised its spot rates downwards by Rs50 to Rs6,200 per maund.

The following deals were reported on Wednesday: 2,400 bales, Kotri, at Rs6,100 to Rs6,200; 1,400 bales, Mirpurkhas, at Rs6,100 to Rs6,200; 1,400 bales, Hyderabad, at Rs6,100 to Rs6,200; 2,000 bales, Sanghar, at Rs6,100 to Rs6,200; 1,600 bales, Shahdadpur, at Rs6,100 to Rs6,200; 2,600 bales, Tando Adam, at Rs6,100 to Rs6,200; 1,200 bales, Vehari, at Rs6,275 to Rs6,300; 1,600 bales, Chichawatni, at Rs6,300 to Rs6,350; 1,400 bales, Burewala, at Rs6,300 to Rs6,350; 600 bales, Samundri, at Rs6,300 to Rs6,350; and 200 bales, Mongi Bangla, at Rs6,350.

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	**6,250**	**135**	**6,395**
40 Kgs	**6,698**	**145**	**6,853**

DAWN
Thursday, 17th August, 2017

MARKETS

FOREX

Exchange Rates for Currency Notes (Rs)

	Interbank market*		Open market**	
	Buying	Selling	Buying	Selling
USA	105.30	105.50	106.60	106.80
UK	135.52	135.78	136.00	137.50
Euro	123.61	123.85	124.00	125.50
S.Arabia	28.08	28.13	28.15	28.40
UAE	28.67	28.72	28.85	29.15
Japan	0.9517	0.9535	0.9495	0.9695

*forex.com.pk **ECAP

KIBOR

Karachi Interbank offered rates

	Bid	Offer
Three months	5.89	6.14
Six months	5.90	6.15
One year	5.96	6.46

LIBOR

Special US dollar bonds for Aug 14

Three months	1.31417 %
Six months	1.45000 %

THE NEWS
Thursday, 17th August, 2017

FDI surges 162.8 percent to $222.6mln in July

KARACHI: The country's foreign direct investment (FDI) surged 162.8 percent year-on-year to $222.6 million during the first month of the current fiscal year of 2017/18 due to inflows mainly from Malaysia and China, the central bank said on Wednesday.

State Bank of Pakistan (SBP) data showed that the country received $84.7 million in FDI during the same month of the last fiscal year. Malaysia remained the largest source of FDI in July with $91.6 million.

In June, Malaysian telecommunications conglomerate Axiata Group Berhad announced acquisition of a Pakistan-based telecom tower operator Tanzanite Tower Private Limited at a purchase consideration of $88.9 million.

Besides, some Malaysian electricity utility companies have also invested in gas-fired power plants in Sindh and Punjab to address the growing energy needs of the country.

Analysts said the inflows from Malaysia might be to meet the working capital requirements of new ventures of the south east Asian country.

"It has nothing to do with a new investment made by the Malaysian investors, but it looks they have brought capital to finance their ongoing business ventures in Pakistan," an analyst said.

"Malaysia's major public sector electricity generation firm Tenaga Nasional has recently received a $176 million contract to manage gas-fired power plant in Punjab in a bid to boost its earnings from global markets," he added.

China continued to pour funds in energy sector as its firms have secured contracts to set up power plants under China-Pakistan Economic Corridor (CPEC). A majority of $56 billion CPEC projects belong to energy sector.

SBP's data showed that investments from Chinese companies rose to $72.7 million in July from $23.5 million a year earlier. Within economic sectors, trade accounted for almost half of the FDI flows in July, with investment totaling $93.9 million.

Besides, much of the investment was in power and oil and gas exploration industries. Analysts said FDI's prospect appears to be further improving in the backdrop of positive global economic outlook, while the country is in a dire need to attract more foreign investment to offset bleeding foreign reserves.

FDI rose 4.6 percent to $2.410 billion in FY17. SBP's figures showed that portfolio investment saw an outflow of $11.4 million from the local bourse in July. Total foreign investment rose 57.9 percent year-on-year to $212 million in the month under review.

THE NEWS
Thursday, 17th August, 2017

China's Belt and Road acquisitions surge despite outbound capital crackdown

HONG KONG: Mergers and acquisitions by Chinese companies in countries that are part of the Belt and Road initiative are soaring, even as Beijing cracks down on China´s acquisitive conglomerates to restrict capital outflows.

Chinese acquisitions in the 68 countries officially linked to President Xi Jinping´s signature foreign policy totalled $33 billion as of Monday, surpassing the $31 billion tally for all of 2016, according to Thomson Reuters data.

Unveiled in 2013, the Belt and Road project is aimed at building a modern-day "Silk Road", connecting China by land and sea to Southeast Asia, Pakistan and Central Asia, and beyond to the Middle East, Europe and Africa.

At a summit in May, Xi pledged $124 billion for the plan, but it has faced suspicion in Western capitals that it is intended more to assert Chinese influence than Beijing´s professed desire to spread prosperity.

The surge in Chinese companies´ acquisition-linked investments in the Belt and Road corridor comes as the volume of all outbound mergers and acquisitions from China has dropped 42 percent year-on-year as of Monday, the Thomson Reuters data showed.

Beijing´s move to prop up the yuan by restricting the flow of capital outside the country and clamp down on debt-fuelled acquisitions to ensure financial stability has made it tougher for buyers to win approvals for deals abroad.

Regulators have tightened the screws further since June, reviewing deal agreements in minute detail and ordering a group of lenders to assess their exposure to offshore acquisitions by several big companies that have been on overseas buying sprees, including HNA Group, Dalian Wanda Group and Fosun Group.

The heightened regulatory scrutiny of overseas acquisitions comes after companies spent a record $220 billion in 2016 on assets overseas, buying up everything from movie studios to European football clubs.

The scrutiny, however, has not impacted Chinese companies´ pursuit of targets along the Belt and Road corridor, as those investments are considered strategic for the companies as well as the Chinese economy.

"People are thinking in a long-term approach when making investments along Belt and Road countries," said Hilary Lau, a corporate and commercial lawyer and partner at the law firm Herbert Smith Freehills.

"The acquisitions are also policy-driven. There are funds allocated by Chinese banks and state funds for Belt and Road deals," he said. The number of Chinese deals targeting Belt and Road countries totalled 109 this year, compared to 175 in the whole of last year and 134 in 2015, the Thomson Reuters data showed.

Companies enjoy a relatively smooth approval process for deals along the Belt and Road project as regulators tend to put them in a different basket when reviewing outbound investments, according to lawyers and dealmakers.

"If you are doing One Belt, One Road, that becomes the first sentence in the document" to the regulators, said a senior investment advisor at a Chinese company that has acquired several overseas businesses.

"It is a wise thing to point out early on," said the advisor, who requested anonymity because he was not authorised to speak to the media. Outbound deals currently take as long as six months to be approved by Chinese regulators.

However, Belt and Road investments tend to get regulatory clearance within three or four months, according to a Hong Kong-based senior M&A banker. The largest deal in a Belt and Road country so far this year was a Chinese consortium´s $11.6 billion buyout of the Singapore-based Global Logistics Properties.

Other top deals include the $1.8 billion purchase of an 8 percent ownership interest in an Abu Dhabi oil company by the state-owned oil giant China National Petroleum Corp, and HNA Group´s $1 billion acquisition of a logistics company, CWT Ltd, which has not yet closed.

The State Administration of Foreign Exchange, China´s foreign exchange regulator, said this month that domestic companies would still be encouraged to participate in Belt and Road activities.

HNA, which has seen at least two overseas deals hit a hurdle as a result of the crackdown on transferring money, has said it

THE NEWS
Thursday, 17th August, 2017

plans to prioritize investments that are in industries and regions mapped out under the Belt and Road initiative.

The belt and road acquisitions are predominantly in energy and infrastructure sectors, said Hilary Lau of Herbert Smith Freehills. "We´ve seen a lot of activities recently in Indonesia, Malaysia and Myanmar. The whole Sri Lanka, India and Bangladesh corridor is also hot as it´s connecting the East and West," he said.

THE NEWS
Thursday, 17th August, 2017

Cotton declines

Karachi

Active trading continued at the Karachi Cotton Exchange on Wednesday, while spot rates fell Rs50/maund.

The spot rates decreased to Rs6,200/maund (37.324kg) and Rs6,645/40kg. Ex-Karachi rates also dropped to Rs6,345/maund and Rs6,800/40kg after an addition of Rs145 and Rs155 as upcountry expenses, respectively. An analyst said an increase in the arrivals resulted in decline in prices.

KCE recorded 23 transactions of around 20,000 bales at a price of Rs6,100 to Rs6,350/maund. Transactions were recorded from Mirpurkhas, Sanghar, Hyderabad, Kotri, Shahdadpur, Tando Adam, Maqsoodo, Hala, Kot Ghulam Mohammad, Sinjhoro, Bakhar, Hasilpur, Sahiwal, Chishtian, Jahanian, Arifwala, Haroonabad, Bahawalnagar, Chichawatni, Burewala, Samundri and Mongi Bangla.

The Nation on Web

The Nation

Thursday, 17th August, 2017

Oil tankers body warns of another strike

Gives govt Aug 20 deadline to fulfil demands

Fawad Yousafzai

ISLAMABAD - The deadlock between the government the All Pakistan Oil Tankers Association (APOTA) still persist and the association warned of discontinuing oil supply if their demands were not accepted till August 20.

“Our talks with National Highway Authority (NHA) and Oil and Gas Regulatory Authority (Ogra) have failed and the prime minister should resolve the issue till August 20 otherwise APOTA will discontinue oil supply,” said APOTA Chairman Yousaf Shawani.

Last month, after the oil tanker strike, it was agreed that APOTA will hold talks with NHA and Ogra for the resolution of the issues faced by the oil tankers operators. “No one is ready to listen to us, neither Ogra nor NHA. National Highway Authority is not ready to provide relief to the oil tankers and wants us to modify our fleet overnight which is not possible. We don’t want to go on strike but the government compelling us to resort to strike,” he said.

Shawani alleged Ogra of stereotype and said they are not cooperating with APOTA for the resolution of the issues. The government wants the upgradation of tankers in one go but there are thousands of tankers and it is not possible to upgrade all of them within day, week or month, he said. “We are ready to follow the Ogra’s quality standards but it cannot be done overnight. There are three companies who can upgrade the tankers and can built 350 to 400 tankers a months and if we want to replace all the substandard tankers it will require couple of years,” he added.

It is pertinent to mention here that in July, APOTA and APCCA observed three-day countrywide strike in protest of the implementation of 2009 safety rules imposed by the Ogra. On July 24, Ogra initiated checking the tankers being used for by oil marketing companies to reduce the frequent accidents being caused by substandard tankers. According to Ogra, around 40 percent of oil tankers are substandard and do not fulfil the criteria. Beside the Ogra regulations, the representatives of the oil tanker association were critical of Motorway and NHA police treatment and alleged them of highhandedness.

The APOTA presented 10 items demand list to the government which include delaying the upgradation of tankers, the increase in freight rate, abolition of National Logistic Cell (NLC) from the oil transportation business, stoppage of oil transportation to Peshawar via train, oil tankers be allowed to pass through the Kohat tunnel, decrease of explosive permit rate, The current regulations system be continued and stricter laws not be implemented etc.

Due to fuel shortage at petrol pumps the entire country came to stand still as a result of the strike and then after the government assurance to meet the demands of the APOTA the strike was called off. Now once again All Pakistan Oil Tanker Association has given the deadline to the government for meeting their demands and said that if their demands were not met by August 20 they will observe countrywide strike.

The Nation on Web

The Nation

Thursday, 17th August, 2017

Pakistan all set to become major player in regional economy: PM

APP

ISLAMABAD - Prime Minister Shahid Khaqan Abbasi on Wednesday said that the government had initiated major policy reforms to facilitate business community.

The prime minister expressed these remarks while talking to a delegation of Pakistan Business Council (PBC), led by PBC Vice Chairman Towfiq Chinoy, which called on him at the PM Office. PM Abbasi said that laws relating to establishment of Special Economic Zones (SEZs) had been formulated to attract investment in the country with complete freedom of transferring dividends and movement of capital.

Abbasi said that the government had also improved security ambiance, particularly in Karachi, to help business community for conducting trade in a peaceful environment. Indicators of Pakistan's economy are stable and moving towards positive growth which is being acknowledged by renowned international rating institutions, the prime minister said.

He said Pakistan is poised to become a major player in the regional economy. The prime minister appreciated the role of Pakistan Business Council in providing tangible advice to the government on important policy issues.

During the meeting, the PBC delegation thanked the prime minister and lauded the policy initiatives undertaken by the present government for restoring investors' confidence and paving the way for sustained business and trade growth.