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Energy issues come into sharper focus

MUSHTAQ GHUMMAN

Prime Minister Nawaz Sharif has convened another meeting of Cabinet Committee on Energy (CCoE) on Friday (today) to discuss revised load management plan and deadlines for the upcoming hydel and thermal power projects. Informed sources told *Business Recorder* that Prime Minister and Secretary to Prime Minister Fawad Hasan Fawad gave a tough time to the Ministry of Water and Power for missing different scheduled completion dates. Efficiency of power projects is also one of the headaches of the government.

The government promised the nation that load shedding will be eliminated from the country by 2018 before the general elections. Prime Minister's spokesman Dr Musaddak Malik, who was a caretaker Minister for Water and Power, is reportedly providing facts to the Prime Minister about the power sector.

Ministry of Water and Power, sources said, would also update the committee on third-party validation of distribution system and transmission data. Secretary Water and Power, Yousaf Naseem Khokhar, recently informed the CCoE that National Electric Power Regulatory Authority (Nepra) is responsible for the growing circular debt. He argued that owing to the difference between Nepra's assumption of 100% bill recoveries and average 15.3% line losses and actual recoveries and losses, the circular debt had surged from Rs 320 billion in October 2014 to Rs 374 billion in December 2016.

Ministry of Water and Power recently informed the Prime Minister that it is mulling over the option of taking the power-sector regulator to court if it refuses to burden consumers with the annual cost of power theft amounting to Rs 82 billion. Secretary Water and Power will also submit update on resolution of upfront tariff issues with Nepra for different kinds of sources including LNG, solar, coal, furnace oil, diesel and gas. The Prime Minister had also directed that line departments should work out immediate solutions for administrative and legal issues faced in implementation of energy projects on priority

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Power tariff:

Government asked to file concise statement

KHUDAYAR MOHLA

The Supreme Court on Thursday sought a concise statement from the government over pleas seeking court's directives for notification of determination of electricity tariff in accordance with the provisions of the Nepra Act in response to appeals filed against Lahore High Court (LHC) Multan bench's verdict. A three-judge bench led by Justice Azmat Saeed Sheikh asked the Deputy Attorney General for Pakistan Sohail Mehmood to file statement till May 16.

While dismissing all the petitions on April 04, 2016, a single member bench of Lahore High Court, Multan, said that since the MEPCO has challenged the tariff determination before the Islamabad High Court which had passed a status quo order and the new tariff has not been notified, hence the consumer's will continue to pay the already determined tariff which was higher.

Subsequently, all the petitioners - Khokar Textile Mills and 19 others - challenged the Lahore High Court Multan bench's decision before the Supreme Court under Article 185 (3) making the Federation of Pakistan through secretary Ministry of Water and Power, managing director Wapda House Lahore, Nepra through its registrar, Multan Electric Power Company through its chief executive and others as respondents. The hearing of matter was adjourned till May 16.

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Business premises:

Raids must have prior approval of FBR chief: Senate panel

ZAHEER ABABSI

The Senate Standing Committee on Finance has recommended that no raids should be conducted at business premises without seeking prior approval from the chairman Federal Board of Revenue (FBR), after the chambers and trade associations complained of facing harassment at the hands of tax officials. A meeting of the committee was held Thursday in the chairmanship of Senator Saleem Mandviwalla to listen to the grievances of chambers and trade associations regarding discretionary powers of the Inland Revenue offices under sections 83A, 38B, 40A, 40B, 176 and 177.

The representatives of different trade bodies said that raids are conducted on the business premises and bank accounts of registered persons are also being attached for withdrawal of money without following due procedure. Lahore Chamber of Commerce and Industry President Abdul Basit complained that field officers of FBR are conducting raids on business premises along with media persons to give an impression of apprehending a thief. This, he continued, sends a very negative message to the importers who are very sensitive and "say they can not work with a thief."

Moreover, he said that FBR is attaching accounts of registered persons for withdrawal of money without following due procedure. He suggested that raids should be stopped. President Peshawar Chamber of Commerce and Industry, Haji Muhammad Afzal said that FBR is misusing the powers of above-stated sections. He said that the powers of these sections are being misused because these are not clearly specified and RTOs' powers are being misused by "inspectors and even Naib Qasid."

Saleem Mandviwalla and members of the committee asked the representatives of the trade associations, "You have to stand up for your rights. The situation has worsened to this extent because you never stood up for your rights." Maqsood Butt of garments sector stated that the sector's share is almost 40 per cent in the textile but this sector did not get differential of 2013-14 and 2014-15. He further added that of Rs 120 billion package for textile sector, Finance Ministry has released only Rs 1 billion for two months against the requested amount of Rs 12 billion.

The president of Islamabad Chamber of Commerce and Industry said there are so many complaints of small traders against tax officials. He complained that FBR issued 4 million NTN numbers after the traders provided it their data, lamenting that number of tax payers has not increased in recent years and as a result existing taxpayers are being burdened to achieve the revenue target set in the budget for the current fiscal year.

When the committee asked the representatives to explain their grievances against the FBR openly as this was the purpose and agenda of the meeting, some representatives of trade associations and chambers stated that 70,000 cases of zero-rated were turned down by the FBR and office of the ABAD chairman was raided.

Former Chairman, Karachi Chamber of Commerce and Industry, Haroon Farooqui said that KCCI proposals of 2016 should be considered as its proposals for the next fiscal year and cases in litigation should be sent to the Alternate Dispute Resolution Committee (ADRC) for clearance.

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ECB nods to euro zone recovery

RECORDER REPORT

The European Central Bank stuck to its ultra-easy policy stance on Thursday as inflation continues to undershoot its target but explicitly acknowledged the vigour of the euro zone economy, now on its best run since the global financial crisis. Despite calls from Germany, the euro zone's economic powerhouse, for a gradual reduction of stimulus, the ECB even left the door open to further rates cuts or an increase in asset buys.

But ECB President Mario Draghi noted that the euro zone's economy had further improved and the risk of a new downturn had receded, a signal seen by many as foreshadowing a bolder change at the next meeting in June. "Incoming data since our meeting in March confirm that the cyclical recovery of the euro area economy is becoming increasingly solid and that downside risks have further diminished," Draghi told a news conference.

"At the same time, underlying inflation pressures continue to remain subdued and have yet to show a convincing upwards trend," he added, justifying the continued stimulus measures. Traders argued that Draghi's comments were more cautious than they had expected and the euro fell against the dollar while yields on euro zone government bonds, which tend to move in tandem with central bank rates, dipped. Euro zone economic growth is steadily picking up pace and the risks to the survival of the single currency are receding after pro-euro centrist Emmanuel Macron won the first round of France's presidential vote.

In this context, sources on and close to the ECB Governing Council told Reuters before the meeting they were seeing scope for taking out some of the easing biases, such as the reference to "downside risks", at their June meeting. Indeed, Draghi said some ECB rate setters had become more sanguine about the economy. "There's enough from today to suggest that we might see a material change in policy in June," James Athey, an investment manager at Aberdeen Asset Management, said. "But no one should get ahead of themselves. There's clearly not enough consensus on the Governing Council."

SNAIL PACE Having missed its 2 percent inflation target for years and even flirted with deflation, the ECB confirmed it would buy 60 billion euros worth of bonds per month at least until the end of the year and keep interest rates in negative territory until later. With its policy arsenal nearly depleted and inflation now comfortably above 1 percent, policymakers from Germany and other northern euro zone countries are calling for mapping out the way to the exit. However, Draghi said that inflation was still not firmly in place despite better economic growth.

"We have not seen sufficient evidence to alter our assessment of the inflation outlook, and we are not sufficiently confident that inflation will converge to levels consistent with our inflation aim in a durable and self-sustaining manner," said. ECB policymakers will have a chance to reassess the situation in June, when the bank publishes new growth and inflation forecasts. "The ECB is edging closer to the exit at a snail's pace," economists at Berenberg said in a note to clients.

Just over half of the economists polled by Reuters earlier this month expect the ECB's next move to be an extension of its programme. Draghi's caution was mirrored on Thursday by the central banks of Japan and Sweden, which stuck to their own bond-buying programmes despite better economic growth.

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Rs 700 billion allocation:

Punjab utilises Rs 361.8 billion agriculture credit

FAZAL SHER

Punjab has utilised Rs 361.8 billion agriculture credit out of the total Rs 700 billion allocated by the State Bank of Pakistan (SBP) for fiscal year 2016-17. The major share of agriculture credit of Rs 361.8 billion was disbursed in Punjab during the first eight months of the current fiscal year (July to February) 2016-17 against the target of Rs 507.9 billion - 71.2 percent of the disbursement for the entire year, according to official document available with *Business Recorder*.

In Sindh banks disbursed an amount of Rs 38.6 billion July February or 37 percent of the indicative target for the period projected at 104.3 billion. According to the document, Khyber Pakhtunkhwa (KP) received Rs 7.2 billion July-February or 15.8 percent of its allocated target for the first eight months.

Out of the total agricultural credited allocated by SBP, Balochistan received Rs 0.3 billion July-February against the target of Rs 34.3 billion, for the period, Azad Jammu Kashmir (AJK) received Rs 0.7 billion against the target Rs 4.1 billion and Gilgit Baltistan (GB) received Rs 0.3 billion against the period target of Rs 3.5 billion.

The SBP earmarked agricultural credit disbursement target of Rs 700 billion to the banks for the year 2016-17. The target was 17 percent higher than target of Rs 598.3 billion disbursed in 2015-16. During the period the banks disbursed Rs 409.0 billion which is 58.4 percent of the overall annual target of Rs 700 billion and 22.9 percent higher than disbursement of Rs 332.8 billion made during the corresponding period last year.

Five major banks as a group have disbursed Rs 204 billion or 60 percent of its annual target. Two specialised banks namely (i) Zarai Taraqiati Bank Limited (ZTBL) disbursed Rs 46.7 billion or 45.5 percent of its target of Rs 102.5 billion and (ii) Punjab Provincial Co-operative Bank limited (PPCBL) disbursed Rs 5.9 billion or 47.7 against its target of Rs 12.5 billion during the period under review.

Fifteen domestic private banks collectively disbursed Rs 78.5 billion or 56 percent of t their target of Rs 139.6 billion. Ten microfinance banks have disbursed Rs 55.2 billion or 91.8 percent of their annual targets, however, the four Islamic banks as a group disbursed Rs 7.8 billion against the target of Rs 11 billion during the period. Out of the total disbursements of Rs 409.0 billion during 2016-2017, Rs 19.6 billion or 51.447.9 percent was disbursed to farm sector and Rs 212.9 billion or 52.1 percent to non farm-sector.

During the corresponding period of last year, a total amount of Rs 332.8 billion was disbursed out of which Rs 163.3 billion or 49.1 percent was disbursed to farm sector and non farm sector received Rs 169.3 billion or 50.9 percent of total disbursement by banks.

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THE RUPEE: Rates ascend

RECORDER REPORT

The rupee, somehow, managed to show its muscles versus the dollar on the money market on Thursday in the process of trading activity dealers said. The rupee widened its ground after picking up four paisas versus the dollar for buying and selling at Rs 104.79 and Rs 104.81 respectively, they said.

INTERBANK MARKET RATES: OPEN MARKET RATES: The rupee sustained its overnight levels in terms of the dollar for buying and selling at Rs 105.90 and Rs 106.10 respectively, they said. The rupee gained 25 paisas in relation to the euro for buying and selling at Rs 114.50 and Rs 116.00 respectively, they said.

In the fourth Asian trade, the dollar held gains against the yen after US President Donald Trump's tax plan offered no fresh surprises, slowing the greenback's rally, while the market awaited the European Central Bank's upcoming monetary policy decision.

The Canadian dollar and Mexican peso, which had slumped earlier on reports the United States is considering withdrawing from the North American Free Trade Agreement (NAFTA), bounced sharply after Trump said he would not scrap the pact but renegotiate instead.

Against the Japanese yen, the dollar had surged to a four-week high of 111.780 overnight before the unveiling of Trump's tax reform plan, but it lost traction as it failed to excite investors. The dollar was last up 0.15 percent at 111.220 yen.

The yen showed little reaction to the Bank of Japan's decision on Thursday to keep monetary policy steady as the outcome was well anticipated. Trump's plan would cut the income tax rate paid by public corporations to 15 percent from 35 percent and reduce the top tax rate assessed on pass-through businesses, including small partnerships and sole proprietorships, to 15 percent from 39.6 percent.

The dollar was trading against the Indian rupee at Rs 64.090, the US currency was at 4.343 in terms of the Malaysian ringgit and the US currency was at 66.896 versus the Chinese yuan Interbank buy/sell rates for the taka against the dollar on Thursday: 80.23-80.23 (previous 80.13-80.13).

Open Bid	Rs. 105.90
Open Offer	Rs. 106.10

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

Bid Rate	Rs. 104.79
Offer Rate	Rs. 104.81

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

The greenback resumed trading on its overnight closing trend of Rs 105.80 and Rs 106.10 as its buying and selling rates, respectively. At the close, no change in its value took place as it maintained its overnight trend of Rs 105.80 on buying counter.

However, it appreciated by 10-paisa and ended at Rs 106.20 on selling counter, said the local currency dealers.

Furthermore, the rupee failed to hold its strength as it registered reduction versus the pound sterling. The pound's buying and selling rates rose from Wednesday's closing rates of Rs 134.60 and Rs 135.50 to Rs 135.30 and Rs 136.10 respectively, they said.

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FBR unveils new list of 1,106 items for duty, tax exemption

RECORDER REPORT

The Federal Board of Revenue (FBR) Thursday issued a new list of 1,106 locally manufactured items for granting exemptions/concessions of customs duty and sales tax on the import of different kinds of goods/items including engineering goods by the importers. The FBR has issued customs general order (CGO) 2 of 2017 here on Thursday, April 27, 2017.

The new list would help in determining whether the imported goods at concessionary rates of taxes is locally manufactured or not. The FBR said that the goods detailed in the appended list of this CGO are manufactured locally. This list is compiled and updated by the Engineering Development Board in consultation with stakeholders. Henceforth the appended list of locally manufactured goods is applicable for reference purposes to all the exemptions/concessionary notifications.

The Collectors of Customs and the staff responsible for allowing concessions under different notifications/orders are advised to follow the new list for the purposes of allowing concessions from customs duties and sales tax etc. The information if any, along with evidence regarding the local manufacture of goods, not indicated in the list, may be forwarded to the FBR forthwith so that the list of locally manufactured goods/items is up-dated in consultation with the Engineering Development Board.

The Collectors are, however, authorised to allow release of goods/items indicated in the list of locally manufactured goods/items against bank guarantee for a period of three months if the importer produces a certificate issued by the renowned local manufacturers of the disputed items from Engineering Development Board stating that the imported item is not being manufactured locally and the importer shall produce a clarification from ERR to this effect within the above stated period of three months. This Customs General Order supersedes CGO 11/2007, dated 28th August 2007 and all other instructions on the subject, the FBR added.

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Prolonged absence:

Officials refuse to extend assurance to NA body on behalf of Dastgir

MUSHTAQ GHUMMAN

Ministry of Commerce on Thursday refused to give any assurance on behalf of the Minister of Commerce Engineer Khurram Dastgir Khan to the National Assembly Standing Committee on Commerce, which expressed annoyance due to Minister's prolonged absence from its meetings.

Presided over by Siraj Muhammad Khan, almost the entire committee comprising ruling party members discussed proposals to boycott the meeting in protest against the Minister's absence, however, after timely intervention by Alhaj Shah Jee Gul Afridi, who, according to Chaudhry Asad ur-Rehman, PML(N) member, is a 'truck driver-turned-billionaire', the committee deferred its decision till the next meeting. "We are heading towards disaster/catastrophe due to rising trade deficit and no one is present to brief the committee on the reasons," said Chaudhry Asad-ur-Rehman.

As the meeting started, Ms Sajida Begum from PTI raised the issue of Commerce Minster's non-attendance of Standing Committee meeting, which is part of Parliament, asking the Chairman not to convene any meeting of the committee until Minister ensures his presence.

"Commerce Minister is always on foreign tours. His presence in the committee is essential. If the Minister is not available our presence is useless," she added.

At this Chairman Standing Committee, usually seen in the corridors of the Ministry to meet the Minister and Secretary, stated that probably the standing committee meeting is not the priority of Commerce Minister. However, the newly-appointed Secretary Commerce, Younus Dagha said as he was attending Commerce Standing Committee's meeting first time therefore he should be considered as an observer. Dagha added that the Minister is in Switzerland to attend a conference on E-Commerce which is very important for Pakistan but the standing committee members refused to accept this explanation.

However, when committee members raised a hue and cry over the continued absence of the Commerce Minister from its meetings and asked Commerce Ministry officials to give reasons for his absence, the officials distanced themselves from the activities of the Minister.

"When the Minister will be available, he will be in a position to explain the reasons for his absence; it is very difficult for me to speak on the Minister's behalf," said one of the officials. Shazia Marri from PPP (P) raised objections on a couple of points mentioned in the minutes of the standing committee meeting held in Gwadar including that "GDA may issue necessary NOCs for the construction of hotels, resorts, guest houses and restaurants etc in Gwadar at the earliest". She maintained that these matters were provincial hence the standing committee could not issue such directives.

"We can just recommend that investors should be encouraged but we can't interfere in the domain of another institution or authority," she continued. She also criticised the standing committee's secretariat for poor drafting of minutes especially in English. She also protested at the delay delivery of working papers prompting Chairman Standing Committee to announce the immediate removal of Committee Secretary.

The committee was visibly confused at the passage of State Life Insurance Corporation (Re-organisation and Conversion Bill 2016) by the Senate with amendments referred to the committee by the House on February 2, 2017. A majority of committee members challenged the passage of the SLIC Bill by the National Assembly Standing Committee without intimation to them and sent to the Senate. However, the Chairman Standing Committee pointed out that the Bill was approved by the standing committee.

Ms. Shahzadi Umerzadi Tiwana, ruling party MNA,

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stated that when most of the committee members did not "view" the Bill then how would they review it? Naveed Akram Baloch, Chairman State Life Insurance Company (SLIC) - a company worth $7 billion - gave a presentation to the committee on the previous Bill and the new Bill was prepared after incorporation of amendments approved by the Senate Committee. Baloch said that coverage of SLIC is gradually declining due to which the government has decided to run it in accordance with best international practices.

Shazia Marri opposed the Bill, saying that ultimately the company will be headed by the private sector due to majority of directors and a CEO will also be appointed in addition to Chairman. Most of the committee members opposed SLICs' change of structure and sought further details of the proposal. The bureaucrats representing the Commerce Ministry and SLIC gave their approval to the proposals of the committee members.

Secretary Commerce also instructed Chairman SLIC to examine if the change in structure is necessary for reforms in the organisation. Dr Ikram Ghani, Chairman Pakistan Tobacco Board, also gave a presentation with respect to grading and other issues of tobacco growers. Chairman Standing Committee and Musarrat Ahmad Zeb, MNA from Swat, appreciated the performance of Chairman PTB. The committee approved an amendment in the Tobacco Board Bill aimed at appointing the Chairman for three years. The committee also discussed issuance of permits to Afghan truck drivers under TIR (UN Customs Convention on International Transport of Goods). Most of the committee members stated that the government should not compromise on country's security while implementing the Convention. The committee was informed that drivers and cleaners of trucks are being issued multiple visas (permits) of entry and exist. Chairman Standing Committee urged the government to carefully examine it as Pakistani drivers are being slaughtered in Afghanistan.

Additional Secretary Commerce, Mian Asad Hayauddin assured the committee that Pakistan's security will not be compromised. Shahzadi Umarzadi Tiwana sought details of EDF funds stuck with the government for the last several years. Secretary Commerce said that off-hand he has no information, requesting the committee to send questions in writing and promising that the Ministry will submit a detailed reply.

Chaudhry Asad ur-Rehman sarcastically raised the issue of alleged Rs 10 billion offer to PTI Chief Imran Khan for his silence on the Panama case against the Prime Minister and his family requesting Alhaj Shah Jee Gul Afridi, to pay this amount to Imran Khan.

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Forex reserves plummet

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The country's total liquid foreign exchange reserves declined sharply by $417.3 million during last week, mainly due to external debt payment. According to State Bank of Pakistan's weekly report issued Thursday, the country's total liquid foreign exchange reserves stood at $21.151 billion as on April 21, 2017 compared to $21.568 billion on April 14, 2017.

During the week under review, the SBP's reserves decreased by $366 million to $16.05 billion down from $16.416 billion due to external debt servicing and other official payments. Reserves held by banks declined by $51.3 million to $5.1007 billion at the end of the week compared to $5.152 billion a week earlier.

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Textile industry:

Continuity of government policies prerequisite for increasing production

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Immediate payment of refund claims and continuity in government policy are prerequisite to enhance production of local textile industry up to 80 percent, said Engineer Muhammad Saeed Sheikh President Faisalabad Chamber of Commerce and Industry (FCCI).

He was addressing the participants of 23rd Mid Carrier Management Course of the National Institute of Management Peshawar (NIM Peshawar). He said that according to conservative estimate the population of Faisalabad has crossed the barrier of 10 million. Similarly Faisalabad has been ranked as second revenue generator after Karachi. He clarified that many Faisalabad-based organizations have their head offices in Lahore or Karachi. If these incomes are included under Faisalabad head, then Faisalabad may become the first maximum revenue generating city of Pakistan.

He said that share of Faisalabad is $13 billion. Textile export is contributing 55 % as compared the same with total national export. He said that Faisalabad is contributing 30 % in total export of Pakistan. Responding to a question, President FCCI said that despite repeated commitments the government has failed to enhance scope of tax net rather more and more burden is being shifted to the existing tax payers. He said that few years ago the total number of filers was 3.3 million which has come down to 1.1 million.

He said that the government has ensured uninterrupted power supply to the industrial sector. Though other economic indicators have also improved, yet most of the industries are working with only 50 % of their installed capacity. He said that the government has taken yet another bold step of zero rate to 5 important export sectors but the SRO in this respect has totally changed the basic spirit behind this decision and hence our exports are declining continuously.

He also mentioned costly gas being supplied to Punjab as compared to other provinces and told that no refund claim of sale tax and income tax has been paid after August 07, 2016. He said that millions of rupees refund claims of exporters are stuck up with the government where as they are forced to get fresh loans at high mark-up from the banks in order to meet their daily requirements of finances. He also mentioned textile package of Rs 180 billion and said that it also failed to give relief to the exporters.

Regarding China Pakistan Economic Corridor (CPEC), he termed it a double-edge sword and said that it could damage us if we fail to exploit its potentialities. Regarding BREXIT, he said that it has no negative impact on our export to the UK. Responding to a question about value addition, he said that the government should prefer revival of sick industries and establishment of new and high tech industries units.

Quoting some information, he said that China was relocating coal-fired power plants and other old industrial units to Pakistan. This process should be stopped and China may be requested to set-up high tech industrial units in Pakistan along with technology transfer, he advised. He said that language was yet another barrier. However, FCCI has started Chinese language course to bridge this gap. He told that R&D section of FCCI has also compiled a comprehensive study report on CPEC, clearly identifying its pros and corns. This book has been provided to the government departments and policy makers in order to address the pinching points.

Earlier Mirza Khalid Amin Chief instructor NIM Peshawar told that the study tours arranged by NIM play an important role in the orientation of the participants of these courses. He said that the bureaucracy is responsible for effective implementation of government policies. However, for this purpose they must be fully aware of ground realities

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July-March bedwear export up by 5.11 percent

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The country's bed-wear export grew to $1.585 billion in July-Mar 2017, up by 5.11 percent, official statistics show. Rise in bed-wear export comes to $77.082 million in July-Mar 2017 from $1.508 billion in July-Mar 2016, Pakistan Bureau of Statistics says. Export volume of bed-wear also showed an increase of eight percent or 195,19 metric tons to 263,814 metric tons in July-Mar 2017 from 244,295 metric tons in July-Mar 2016.

In Mar 2017, bed-wear export went up to $180.482 million from $175.381 million in Mar 2016, depicting a growth of 5.43 percent or $5.101 million. Bed-wear export, in term of quantity, posted just one percent increase or 255 metric tons to 29250 metric tons in March 2017 from 28995 metric tons in March 2016.

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APBUMA holds seminar on Oeko-Tex Certification

RECORDER REPORT

Khawaja Muhammad Younas, Chairman of All Pakistan Bedsheets & Upholstry Manufacturers Association (APBUMA) while addressing a seminar jointly organised by Hohenstein Pakistan and APBUMA on Oeko-Tex Certification in Multan on Thursday has said that value-added sector should come forward for OEKO-Tex certification to get access to international markets without any hurdle. Khawaja Younas said that Ministry of Science and Technology would repay Rs 200,000 to Rs 400,000 as compensation.

They can submit their claims through the association. He said that some member of APBUMA have submitted their claims which were referred to the ministry for payment and other should submit their claims as early as possible after getting certification which was necessary for international trade. He said that last year Pakistan, Bangladesh and India suffered a severe setback when the company cancelled the OEKO-Tex certification.

The seminar was intended to create more awareness to the standard and the services provided by the company. Country Head S M Khalid has presented the details of Oeko-Tex testing.

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Cotton prices stable on low turnover

DR ZAFAR HASSAN

Cotton prices on the domestic market remained stable on Thursday but turnover was said to be moderate with only about 225,000 bales (155 Kgs) of unsold cotton remaining unsold from the current crop (August 2016/July 2017). Even though the international prices of lint are mostly firm, local cotton business is said to be slow.

Thus lint prices have remained mostly ranged bound in the domestic market. In both Sindh and Punjab, lint prices were generally said to have ranged from Rs 6500 to Rs 7000 per maund (37.32 Kgs), depending on the quality. Mills are only lifting cotton sparingly, according to their immediate needs. The larger mills with required liquidity have even imported cotton in desired numbers earlier in the season.

Now new crop (August 2017/July 2018) sowing is taking place steadily in Sindh which started a few weeks ago. Now cotton sowing has also started in the Punjab which should increase steadily according to conducive weather.

The textile industry in Pakistan remains in a very serious situation and its condition continues to get worse. Cotton and textile traders and industrialists including the ginners conveyed their serious concerns last Wednesday to the members of the National Assembly Standing Committee on finance which was presided over by Qaiser Ahmed Sheikh where proposals for the forthcoming federal budget were discussed. Amongst the major difficulties discussed were high cost of energy, non-treatment of package materials under zero-rated regime, pending of large sum of refunds payable by the government to the textile industry which are being withheld since a long time and excessive borrowing by the government from the banks leaving little funds with the banks for paying to the cotton and textile industry.

Thus the cotton economy in Pakistan is said to be suffering since a very long time. The textile industry also needs restructuring of loans and also foreign exchange components which would enable it to earn one billion dollars for the country and will also create employment for nearly five million workers. This restructuring of loans should be done for a period of eight to ten years.

The meeting was also informed that exports of Bangladesh had shot up from 24 to 34 million dollars where as exports in Pakistan have fallen by five billion dollars during the last four years with no improvement visible.

In another news, the Karachi Cotton Association (KCA) is said to have expressed its serious concern on the reports that the government is considering to levy duties and taxes on import of raw cotton. Due to shortage of local crop over the past two seasons (2015/2016 and 2016/2017), the domestic textile mills have been compelled to import raw cotton from abroad to meet their requirements of cotton.

On the global economic and financial front, all eyes since the American presidential election (November 2016) have been primarily focused on the new White House occupant, viz. Donald Trump. And rightly so. Since the announcement of his candidacy and the unfolding of his economic programme, nothing substantial was generally seen expect an approaching economic gloom leading to doom.

However, since then two things have emerged on the economic scene. First, the equity and commodity markets have mostly seen an unexpected but definite rise around many parts of the world, and secondly president Trump has not been so foolhardy not show any flexibility in pursuing his economic programme as per his campaign promises even when he saw scope or the necessity to modify it in his national or even the global interest.

To begin with, the global markets saw good scope in American economic growth if the taxes were decreased materially which consequently would spur the global economy. Then Donald Trump also expressed flexibility on other issues like the future of NAFTA (North American Free Trade Agreement). Moreover, besides promises to cut taxes, rationalize regulatory provisions and build up the large infrastructure of America through vast public spending, pushed up optimism in no uncertain terms. These steps sent strong signals to the American populace that put life into the nearly decade old American economy which was hitherto dithering directionless.

This strategy became instrumental in giving rise to a number of economic gauges which instilled consumer confidence leading to spreading of consumer confidence amongst fellow Republicans and also the public at large.

Though American and other leading economies around the world have been performing relatively better than over the previous several years, there are still some very sensitive points around the world, both economically and politically, which can upset the improving global economy. These include the shattered Middle East, tension in the Korean peninsula, the elections next week in France, besides the threatening posture of North Korea which is pursuing a threatening nuclear programme coupled with a dangerous ballistic capability.

Whatever its merits, the International Monetary Fund (IMF) has warned the Trump administration that excessive deregulation of the economy could "increase the likelihood of another (economic) meldown". In France the global financial agencies see a victory of Marine Le Pen as being too much on the right side of the political spectrum encouraging pollsters to believe that Emmanuel Macron will be the next French president and with Brexit and Frexit around the corner, the fate of global politics as well as its economy remain very vulnerable.

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Lean business witnessed

RECORDER REPORT

Cotton prices held the present levels owing to lean business on the local market on Thursday, dealers said. The official spot rate was unmoved at Rs 6700, they said. In ready session, around 1600 bales of cotton changed hands between Rs 6800 and Rs 7000, they said. Market sources said that activity was thin as mills and spinners were confused under the circumstances.

Some experts said that earning of exports in Bangladesh went up to 34 billion dollars from 24 billion dollars due to the government's friendly policies and other concessions and facilities, they said. Whereas, they noted that the Pak exports fell to 20 billion dollars from 25 billion dollars against the last year.

In a surprising way, they said that during the Nawaz Sharif's government, exports came down in the absence of basic facilities. To achieve desired results, the government should make arrangement for immediate payment of refund claims and ensure continuity in it's policies, they said. Cotton analyst, Naseem Usman said that the United States Department of Agriculture (USDA) reports depicting a modest fall in exports.

Adds Reuters: ICE cotton futures were nearly unchanged in light trading on Wednesday as traders were awaited direction from a weekly federal report on US export sales. The July cotton contract on ICE Futures US settled up 0.04 percent at 79.39 cents per lb, after touching the highest since March 16 at 79.74 earlier in the session.

The July cotton contract on ICE Futures US settled up 0.03 cent, or 0.04 percent, at 79.39 cents per lb. It traded within a range of 78.71 and 79.74 cents a lb. Total futures market volume rose by 3,243 to 24,020 lots. The following deals reported: 1000 bales from Faqirwali at Rs 6800, 200 bales from Khanewal at Rs 6825 and 400 bales from Khanewal at Rs 7000, 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 26.04.2017	Difference Ex-Karachi in Rupees
37.324 Kgs Equivalent	6,700	135	**6,835**	**6,835**	NIL
40 Kgs	7,180	145	**7,325**	**7,325**	NIL

BUSINESS
RECORDER
Thursday, 28th April, 2017

Cotton down nearly two percent

RECORDER REPORT

ICE cotton futures shed nearly 2 percent on Thursday, in the biggest one-day percentage decline in over three-weeks, on the back of a negative US export sales report. The July cotton contract on ICE Futures US settled down 1.80 percent at 77.96 cents per lb, marking the largest daily percentage decline since April 3.

"The export sales report was surprisingly low today. Such a negative export sales had the capacity to take a lot of optimism out of the market, so by itself the export sales were enough to cause the drop today," according to Gabriel Crivorot, analyst at Societe Generale in New York.

Weekly export sales data from the US Department of Agriculture (USDA) showed net upland sales totalled 115,500 running bales for the previous week, down 49 percent from the week before and the lowest level since late September.

"Today's drop will likely lead to some additional selling tomorrow as speculative longs throw in the towel," said INTL FCStone analyst Andy Ryan in a note. "Should the market continue to fall, we believe physical demand will turn very strong for US bales again at 77.00 cents and lower." The July cotton contract on ICE Futures US settled down 1.43 cent, or 1.80 percent, at 77.96 cents per lb. It traded within a range of 77.85 and 79.36 cents a lb.

Total futures market volume fell by 2,899 to 21,170 lots. Data showed total open interest gained 5,028 to 252,911 contracts 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
May'17	79.91	79.91	79.23	79.32	14:45 APR 27	79.32	-1.37	24	80.69
Jul'17	79.31	79.36	77.85	77.96	14:45 APR 27	77.96	-1.43	17376	79.39
Oct'17	75.55	75.78	75.55	75.78	14:45 APR 27	75.78	-0.84	18	76.62

BUSINESS
RECORDER
Thursday, 28th April, 2017

The export slide

RECORDER REPORT

During the meeting of the National Assembly Standing Committee on Finance representatives of the textile sector - the largest contributors to export revenue in the country - stated that the Sharif administration must be held responsible for the slide in exports. The list of contributory factors listed by the textile sector was exhaustive ranging from the high cost of Liquefied Natural Gas (LNG) to package materials not zero-rated to non-clearance of refunds to the government increasing borrowing from the commercial sector thereby squeezing out private sector borrowing. These decisions can mainly be sourced to the Ministry of Finance with the exception of the high cost of LNG sourced to the 15-year deal by Pakistan State Oil (PSO) under the administrative control of the Ministry of Petroleum and Natural Resources.

The policy decision that has had a major negative impact on the country's exports and which is attributed to a decision by the Ministry of Finance is a sustained overvalued rupee. The rationale for an overvalued rupee by the Ministry of Finance is patently evident: to understate the budgeted allocation on the rising external debt servicing and payment of principal when due. Commercial loans acquired from abroad have reached alarming levels, estimated at around 2 billion dollars, accounting for net outflows in the second quarter of the current year.

The International Monetary Fund (IMF) under the three-year 6.64 billion dollar Extended Fund Facility completed in September last year did, in several of the mandated quarterly reviews, identify an overvalued rupee as a concern. However, the Fund never set a time bound action for the reversal of this seriously flawed policy decision which would have necessitated either a refusal to extend a tranche (as happened during the tenure of the PPP-led coalition government for failure to implement energy and tax reforms) or the grant of a waiver.

That an overvalued currency will dampen a country's exports is a well acknowledged basic economic principle understood by economic managers throughout the world which explains why the governments of China and India, to name just two of our competitors in the international market, depreciated their currencies in recent years to ensure their products remain competitive in recession-ridden West. Much to the embarrassment of the people of Pakistan the Federal Finance Minister Ishaq Dar, while on his current visit to Washington DC, boasted that the Pakistani currency remains strong and has not depreciated by more than 5 percent during his tenure.

In a rebuttal to an article that appeared in Business Recorder, the Ministry of Finance maintained that as regards a decline in the country's exports, it is primarily due to weak demand in major export markets. Not only Pakistan, but most emerging markets (EMs) have witnessed a drop in their exports. However, in a bid to save the external trade, the government has introduced a bailout package of Rs 180 billion for export sector to positively impact textile sector. Needless to add, the export package announced in January 2017 applicable till June 2018 has not yet achieved the desired result as exports continue to slide and a rise in input costs are inbuilt due to failure to implement governance reforms in the power and tax sectors.

Sadly, Prime Minister Nawaz Sharif, according to leaked Cabinet minutes which have not been refuted, has held the Minister for Commerce responsible for a decline in exports - a stance that is clearly unfair because of its inherent inaccuracy. But to hold the Commerce Minister accountable is as unfair as to hold the Minister of Finance responsible for the decline in exports. The reason: the ultimate responsibility for a sustained flawed policy decision must rest with the chair of the cabinet, notably the Prime Minister. One can only hope that immediate and appropriate measures are taken to rectify this flaw in our policy.

DAWN
Thursday, 28th April, 2017

Pakistan refuses ADB loan for railway as China becomes sole financier

KHALEEQ KIANI

ISLAMABAD: Pakistan has refused part financing from the Asian Development Bank (ADB) for the $8 billion Karachi-Peshawar Railway Line (ML-1) after China said it wanted to fund the project single-handedly.

"China strongly argued that two-sourced financing would create problems and the project would suffer," Minister for Planning and Development Ahsan Iqbal told a news conference on Thursday.

The minister said he would not comment whether the Ministry of Railways has resisted the Chinese request for fears of monopoly, but said the entire financing would now come from China. The project was originally planned to be partly funded by the Manila-based ADB.

Minister claims Planning Commission saved Rs560bn in four years

He said the ADB would be accommodated in some other projects, such as those under the Central Asian Regional Economic Cooperation programme.

Under the original plan, the ADB had to provide $3.5bn for the 1,700-kilometre-long line considered the backbone of the country's logistics connecting two major ports with the rest of the country for transporting goods and passengers.

The minister said the Chinese government therefore wanted that the project financing should be kept single-sourced. Pakistan and China are expected to sign a formal agreement in this regard next month.

Mr Iqbal said the Planning Commission was making efforts to maximise allocation of funds for the next year's development programme as it would be the final year of the current government. Therefore, the government would like to complete maximum number of projects during this period so as to support the growth momentum.

He said it was also important to have larger development portfolio for the next year because it would trigger activity in the construction industry on which a number of other growth-oriented industries were dependent because of its potential to create jobs.

"But we also have to balance ways and means," he said, adding that the Planning Commission demanded Rs1 trillion for the of next year's public sector development programme (PSDP), but the finance ministry has put a ceiling of Rs700bn.

He said the finance minister and the prime minister would be requested to increase development allocations. The minister said the annual plan coordination committee would meet on May 17 to finalise next year's development programme. And for a formal approval, the Planning Commission has proposed a meeting of the National Economic Council on May 21 or 22, depending on prime minister's availability.

Mr Iqbal said that since the current government came to power in 2013, the commission has saved Rs560bn by cutting project costs, transparency and scrutiny.

This included $1.6bn saving in highway projects under the China-Pakistan Economic Corridor (CPEC) and Rs70bn in Jamshoro Coal Power Project. He said another $1bn saving has been secured from three liquefied natural gas–based power projects through competitive bidding by the executing agencies.

He said the increased development portfolio has exposed the capacity of the various ministries and executing agencies to process a massive workload. Also, these agencies have formulated their project papers on the basis of feasibility studies prepared by international consultants.

Mr Iqbal said the government has decided not to include any major project in the PSDP without completion of technical designs and financial closures. Previous governments included thousands of projects through "token allocations" without protecting major ongoing projects, he added.

He said it was observed that 70pc of cost overruns were resulting because of inadequate financing in the PSDP. For example, the Bolan Medical College was started by former prime minister Zulfikar Ali Bhutto at an estimated cost of Rs7.5 million, but it was finally completed at a cost of Rs130m due to inadequate funding.

This also inflates projects' cost, delays implementation, and

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results in hundreds of white elephants like Neelum-Jhelum Hydropower Project, which was started at cost of Rs80bn but ended up costing more than Rs500bn because the project's design kept changing as the implementation progressed.

He said the government also revived some of the dead projects which had already consumed a lot of funds. Some of these included Quetta-Gwadar Highway (N-85) that was under suspension and was revived by the current government and made a connection under the western route of the CPEC.

Lowari Tunnel, Islamabad International Airport, Katchhi Canal and Chitral Hydropower Project were some other important projects that became a subject of neglect, corruption and mismanagement, but they have been revived and would be completed during the current fiscal year, he said.

Responding to a question, the minister said the current development portfolio involved 752 projects of Rs7.3tr.

DAWN
Thursday, 28th April, 2017

Reserves losing half a billion dollars every month

SHAHID IQBAL

KARACHI: Foreign exchange reserves have been dropping by a monthly average of half a billion dollars, making it difficult for the government to strike a balance between the outflow and inflow of greenbacks.

Market sources said public-sector companies are not buying dollars from the interbank market. Instead, they are taking loans so that foreign exchange reserves of commercial banks remain intact.

The State Bank of Pakistan (SBP) reported on Thursday reserves fell to $21.15bn, which shows a drop of about $3bn in the last six months.

The SBP report said the central bank's reserves decreased $366 million to $16.05bn due to external debt servicing and other official payments during the week ending on April 21.

The SBP has lost about $2.9bn since October 2016, which is a result of the rising current account deficit that widened to $6.1bn in the first nine months of the current fiscal year.

Currency dealers report no change in the exchange rate despite the country's declining capacity to service foreign debt. However, the situation can change in about six months.

A survey conducted by Tresmark, a terminal that tracks the global currency market, showed 70 per cent traders within banks and financial market expect the rupee to remain stable until the end of June. About 76pc of them expect the rupee to depreciate up to 3pc by June 2018 while 18pc expect the exchange rate to reach Rs110 or above.

"We are expecting reserves to go up with fresh dollar-based sukuk issuance and with China willing to lend $750m before the end of June," said Eman Khan of Tresmark.

Pakistan's reserves have lately been built on borrowed money. Policymakers were unable to address the foreign exchange bleeding caused by the trade deficit, said Ms Khan.

"Even if we account for the expected foreign direct investment (FDI) over the next three years, the recurring deficit will still be there and most likely worsen as oil prices fluctuate globally. Similarly, solid initiatives or reforms to boost supply-side policies have been missing."

Market experts said swap premiums have remained within the same range over the last few weeks. There is an increasing interest in booking forwards by importers. Exporters are still selling dollars forward in spite of low premiums for the one to two-month tenors.

"Devaluation in the currency will not come without a cost as inflation will spike and might need to be tempered with higher interest rates," said Faisal Mamsa of Landmark Investment.

"It will also adversely impact the performance of corporate (entities), especially state-owned enterprises (SOEs) that have taken dollar-based loans," he said.

The SBP report showed that reserves of commercial banks have remained unchanged around $5.1bn since October.

DAWN
Thursday, 28th April, 2017

Cotton prices stay steady

THE NEWSPAPER'S STAFF REPORTER

KARACHI: Short covering by spinners generated some activity on the cotton market on Thursday, although prices remained steady like elsewhere in the world.

Brokers said the market is expected to stay sluggish in coming days as most spinners are waiting for the new crop.

There are some quality issues, although around 250,000 bales are still held by ginners, they added.

Ginners believe a delay in the arrival of the next crop and shortage of cotton can lead to higher price in days ahead.

Leading world cotton markets, including New York, closed firm. There was no development that could change the current course of trading.

Meanwhile, the Karachi Cotton Association (KCA) has warned the government against imposing any tax on the import of cotton, saying it will disturb the existing free trade regime in the cotton economy.

Ginners are also demanding a tax relief. They have asked the government to reduce taxes on electricity consumed by ginning units.

The Karachi Cotton Association (KCA) spot rates were unchanged overnight. Following deals were reported on the ready counter: 1,000 bales from Faqirwali at Rs6,800 per maund (around 37 kilograms), 200 bales from Khanewal at Rs6,825, and 400 bales also from Khanewal at Rs7,000.

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	**6,700**	**135**	**6,835**
40 Kgs	**7,180**	**145**	**7,325**

DAWN
Thursday, 28th April, 2017

MARKETS

FOREX

Exchange Rates for Currency Notes (Rs)

	Interbank market*		Open market**	
	Buying	Selling	Buying	Selling
USA	104.50	104.70	105.90	106.10
UK	134.44	134.70	135.50	137.00
Euro	114.02	114.24	114.50	116.00
S.Arabia	27.86	27.92	28.10	28.30
UAE	28.45	28.51	28.80	29.00
Japan	0.9400	0.9418	0.9423	0.9623

*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	5.98	6.48

LIBOR

Special US dollar bonds for April 26

Three months	1.17178 %
Six months	1.43111 %

THE NEWS
Thursday, 28th April, 2017

Raw cotton exports plunge 48.71pc in nine months

ISLAMABAD: Pakistan's raw cotton exports plunged by 48.71 percent in the first nine months of the current fiscal year, numbers released by Pakistan Bureau of Statistics (PBS) showed on Thursday.

The PBS figures revealed that the country exported about 22,812 metric tons of yarn worth $38.631 million during July-March, 2016-17, compared to 48,513 metric tons, valuing $75.324 million, in the same period during the last fiscal year.

However, exports of natural fibre, carded or combed, increased by 85.27 percent as during the period under review about 237 metric tons of the good worth $239,000 were exported, compared to 135 metric tons worth $129,000, during the same period last fiscal.

On month-on-month basis, about 493 metric tons of raw cotton, worth $869,000, went abroad in March, compared to 619 metric tons valuing $895,000 during the same month a year ago.

Meanwhile, exports of the towel decreased by 3.18 percent as around 132,723 metric tons of towels worth $578.24 million were exported during the first nine months of FY2017, compared to $597.1 million in the same period last year.

Towels exports grew by 15.78 percent during March, compared to the same period in the previous fiscal. About 15,325 metric tons of towels worth $70.354 million were exported in March, compared the 13,551 metric tons valuing $50.76 million of the same month a year back.

Similarly, exports of bedlinen, in the first nine months, grew by 5.11 percent as about 263,814 metric tons of the merchandise worth $1.585 billion were sold overseas, compared to 244,295 metric ton valuing $1.508 billion in the same period of last year.

On a month-on-month basis, bedwear exports increased by 5.43 percent to be recorded at 29,259 metric tons valuing $180 million as against the 28,995 metric tons worth $171.182 million in the same month last year.

THE NEWS
Thursday, 28th April, 2017

'Around 400 foreign delegates visit textile expo'

KARACHI: The new and energy efficient machines at the 10th International Garments, Textile and Leather Machinery and Accessories (IGATEX) were the highlight of the second day of event on Thursday.

More than 550 companies from 35 countries have either displayed their textile machines or have presented them through videos and slides. "Around 400 foreign delegates are participating in the exhibition," Saleem Khan Tanoli, CEO, FAKT Exhibitions said.

The largest participation of machinery has come from European countries, with Italy leading with 73 companies, Germany 70 companies, and Turkey with 30 companies, while 40 textile companies from China are also exhibiting their machines. Companies from Austria, Switzerland, US and UK also participated in the exhibition. One Pakistani agent of an Indian manufacturer for a spinning machine has also displayed pictures and videos of the product.

Tanoli said since Pakistan did not manufacture textile machines. "We do not manufacture with exception to a few small machines in the industry. We are usually consumers of these products," he said. Japan was displaying its latest and heavy textile machines this year.

Prices of these machines start from hundreds of thousands to millions of rupees. However, "complete textile units are being offered in billions of rupees," Tanoli said. This exhibition retuned to Karachi after several years, as law and order situation improved. The last exhibition in Karachi was held in 2010. "Industrialists are showing interest and B2B meetings are continuing. However, there is more participation from the industrialists from Punjab," he said.

He said if government provided refunds to industrialists, and incentives under the Rs180 billion textile package exports would grow and industry would use latest machines. The IGATEX Pakistan 2017, organised by FAKT Exhibitions (Pvt) Ltd, will conclude on Friday (today).

THE NEWS
Thursday, 28th April, 2017

'Pakistan uses supercritical technology for coal power generation'

ISLAMABAD: Minister for planning, development and reform Ahsan Iqbal on Thursday came hard on opposition against coal-combusted power plants, saying the country is using supercritical modern technology, which reduces hazardous emissions.

Planning minister categorically rejected the claims that coal power plants would create environmental hazards. He was speaking at a seminar on "CPEC Myths and Realities", a statement said.

China has pledged at least $55 billion for Pakistan's infrastructure development projects under China-Pakistan Economic Corridor (CPEC). More than 60 percent of this investment has been committed for energy projects, which the country, suffering from crippling power shortages, is direly needed.

Experts are against mining of coal at one of the world's largest coal reservoir, Thar Desert, with an estimated 175 billion tonnes reserve. They said local coal is of poor quality, and needs heavy investment for treatment prior to power generation.

While government encourages coal import, yet it has also partnered China to embark on $3.5 billion project to mine local coal and generate 1,300 megawatts of electricity. "The present government for the first time under CPEC is tapping the Thar coal reserves, which can be a source of energy supply for many hundred years," Minister Iqbal said.

He said CPEC energy projects will result in generation of additional 10,000MW, which will be added into grid network by 2017. "Increased energy production capacity will help to overcome the prevailing energy crisis. "Energy mix, adopted under CPEC, includes coal, hydel and renewable energy projects."

Iqbal said CPEC is the platform of inclusive growth, where 85,000 jobs will create for youngsters. CPEC presents Pakistan with a historical opportunity to uplift the country's status as the hub of economic activity in the region.

He urged the youngsters to prepare themselves in order to benefit from the opportunities offered by CPEC and play a constructive role in transforming the economy to a modern industrial economy by adding value at different levels.

Planning minister further said Pakistan has achieved an economic growth of five percent and become able to create a favourable socio-economic ecosystem, which enjoys political stability. "A favourable ecosystem has resulted in attracting the interest of key global investors, which are now eyeing Pakistan as a potential market for investments."

He said China is promoting regional and global connectivity across Asia Pacific region as part of its 'One Belt One Road' initiative. Similarly, Pakistan's Vision 2025 focuses on helping Pakistan to leverage its geo-strategic location in order to explore the inherent economic options. "CPEC is a fusion of Pakistan's vision 2025 and China's Vision of One Built One Road initiative."

Iqbal said CPEC has changed the global narrative about Pakistan. "The country which was ranked as the most dangerous country of the world is now recognised as the next emerging economy." He said the government has convinced global media to recognise Pakistan as a safe haven for investments, which once called Pakistan as 'safe Heaven for extremists'.

THE NEWS
Thursday, 28th April, 2017

PPL discovers gas reserves in Sindh

KARACHI: Pakistan Petroleum Limited (PPL) has announced discovery of hydrocarbon reserves from its exploratory well, Zafir X-1 in the Gambat South Block in Sindh. PPL holds 65 percent stakes in the block, a bourse filing said on Thursday.

According to preliminary testing, the well has flowed 29.2mmcfd of gas. Importantly, the gas from the well will be priced as per the lucrative Petroleum Policy 2012. "Our initial estimates suggest an addition of Rs0.51 per share to the bottom line of the company, assuming an oil price of $50/bbl," Waleed Rahmanin said in a report issued by Arif Habib Limited. Just to recall, the company discovered eight wells in the said block, including Wafiq, Shahdad, Sharf, Kinza, Faiz (two formations), Kabir and Hatim.

THE NEWS
Thursday, 28th April, 2017

Adoption of waste economy in Pakistan to save money, environment

LAHORE: Pakistani entrepreneurs are gradually moving towards making the best use of consumed products, as the world has moved from reuse of wastes for environmental sustainability to consuming the waste to save money as well as this planet.

Preventing environmental pollution never appealed the businesses in Pakistan, and they continued to pollute water channels and air through their industrial processes.

They were not bothered about inefficient use of power and energy in their processes. However, this attitude is fast changing among the documented producers as the rates of power, energy and other inputs increased.

They are going for energy audits, since by making minor adjustments on their manufacturing floor they can save up to 15-25 percent in energy and power cost. They are going for recycling to reuse their raw materials and a few have gone to the extent of reusing components of the machines discarded by their end consumers.

Though the developed world has largely moved away from the linear business model of take, make and dispose; Pakistani entrepreneurs largely still adhere to this concept. We are at the primitive stage of the circular economy concept whereby we melt plastic products to remake similar or different plastic products.

We consider worn out machines a waste that could again be converted into another steel product after melting. This way we are using finished worn out products as raw material for our plastic and engineering industries.

In the past we used to dump these materials outside cities and created an environmental nightmare.

Now, even the shopping bags made from plastics are recycled. We have realised what developed world realized long time back that there is no waste in nature as the waste of one organism becomes the nutrient for another organism.

Circular economy is all about preserving value. The recycling as is being practiced currently does reduce waste by salvaging a part of the manufactured product. But during normal recycling one loses all the value, added by recovering the raw material only.

The energy, labour and assembly built during manufacturing is totally lost. For instance take the case of an iPhone that if refurbished retains 48 percent of its original value but if the gadget is recycled the retained value is only 0.24 percent.

This stands true for most manufactured products. A photocopier for instance loses most of its value on recycling, but if some parts of the machine and the main frame is retained and only faulty parts are replaced it would work as efficiently as a new one, while saying a lot of the cost .

Globally, companies evaluate the residual value of a product when it becomes useless for the customer. They take these products back from the end user and restore them in good working condition and redeploy them in the market at a lower cost.

Some high cost medical equipment that is out of reach of smaller clinics becomes available for them at a much lower price. Since many parts are not replaced, it saves the cost of energy, material and labour required to produce and fix that part.

This process could go on for many cycles. Globally renowned companies like Caterpillar, Phillips and canon are actively reusing their machines, taking it back from the users at the end of their utility. Remanufacturing this way is not only good for the bottom line, but is substantially beneficial for the environment.

Remanufacturing is also part of a larger circular-economy concept. Successive use of materials, component parts and whole products from one use-cycle to another is known as cascading. In cascading, there is some loss of value at each stage, but the overall value extracted from the original product is very high.

The used garments are a part of cascading process, and once they are no more wearable, the fibre can be used in many other ways.

These include using as a fill-in in the sofa sets, and then again in stone wool insulation for construction. Polyester is recycled from PET bottles and the fabric then weaved is used in making clothing for numerous fashion brands. The up-cycling of PET bottles to Polyester fibres has gained popularity even in Pakistan.

THE NEWS
Thursday, 28th April, 2017

Cotton stable

Karachi

axvSlow trading continued at the Karachi Cotton Exchange on Thursday, while spot rates remained unchanged.

The spot rates remained unchanged at Rs6,700/maund (37.324kg) and Rs7,180/40kg. Ex-Karachi rates also stood firm at Rs6,835/maund and Rs7,325/40kg after an addition of Rs135 and Rs145 as upcountry expenses, respectively.

An analyst said new crop would be available after three months with lots arriving from Sindh in July, while Punjab would be late because of the late sowing. “The government is trying to boost up the cotton crop by discouraging other crops in the cotton belts,” he added.

KCE recorded only three transactions of 1,600 bales at the rates in between Rs6,800 and Rs7,000/maund. Faqirwali’s 1,000 bales were sold at Rs6,800/maund, 200 bales of Khanewal at Rs6,825/maund and another deal of 400 bales of Khanewal exchanged hands at Rs7,000/maund.

The Nation on Web

The Nation

Thursday, 28th April, 2017

Textile exporters to get refund 'soon'

Our Staff Reporter

KARACHI - President of the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) Zubair Tufail has said that talks with the government are under way on payment of export refund so that the liquidity crunch faced by textile exporters can be addressed.

Talking to the media along with other senior members of the FPCCI during his visit to the 10th international textile machinery and garment technology exhibition on the second day of the event, IGATEX Pakistan 2017-Exhibition and Conference, on Thursday at the Expo Centre, Tufail expressed the hope that the issue of refunds would be resolved soon. "Payment of refunds would ease financial burden on exporters as cash flow position would improve. It will also boost morale of exporters," he added.

Appreciating the efforts of organisers of the exhibition, the FPCCI president noted that Pakistani exporters needed modern technologies and machinery to enhance their share in international market. "I am happy to see the products and their quality being displayed at the exhibition," he said.

He laid stress on introduction of latest machinery to increase textile production in Pakistan. "Bangladesh, despite being a cotton deficient country, has around $35 billion exports. Similarly, other countries, which are preferring to adopt modern ways of production, are increasing their market share," he added.

Saleem Khan Tanoli, CEO of FAKT Exhibitions, while sharing the feedback of the exhibition, told the media that hundreds of visitors, mostly engineers and technicians, were visiting to exchange views and get information about machinery being displayed.

He reiterated that Pakistan needed modern machinery and technology and this event provided avenues to traders and industrialists. "The exhibition is playing a vital role in the introduction of most modern machinery to the local industrialists, which increases productivity," Tanoli added.

Improved law and order situation in Karachi has encouraged foreign exhibitors, which is reflected by the number of companies participating in the show, he noted.

At the exhibition organised by FAKT Exhibitions, more than 550 companies of 35 countries are participating with their latest machinery. Among others, 73 are Italian, 70 German, 50 Chinese, 25 Turkish and 80 Pakistani companies are showcasing their products.

The Nation on Web
The Nation
Thursday, 28th April, 2017

Govt eyes $500m increase in textile exports by June

Our Staff Reporter

ISLAMABAD - After achieving a 6.2 per cent increase on year-on-year in March worth $1.064 billion, the government is eyeing more than $500 million increase in textile exports in next three months.

Officials at the Ministry of Textiles say the recent increase in the textile sector after a long dip is due to the decrease in duties. “We have zeroed customs duty from 4 percent. Likewise, sales tax has been zeroed from 5 percent. We have introduced made-ups,” an official said, terming the increase a result of those measures. He said it would take some time to get the maximum benefit of the government aid. “By end of June, we are expecting an increase of $500 to $1,000 million in exports,” an official said.

Textile and clothing exports rose, mainly due to value-added products such as garments, the Pakistan Bureau of Statistics said on Monday. The increase in export proceeds was also evident in rupee terms. According to the Pakistan Bureau of Statistics, textile and clothing exports rose to 6.2pc year-on-year basis, worth $1.064 billion in March. The export of value-added products grew during the month, both in terms of value and quantity. Export of readymade garments rose by 19.5pc and that of knitwear grew by 5.4pc in March. Exports of bedwear edged up by 5.4pc and those of towels 15.8pc during the month. Exports of cotton yarn witnessed a year-on-year increase of 5pc while those of cotton cloth and yarn, other than cotton, dropped by 5.5pc and 26.9 percent, respectively.

Export of made-up articles, excluding towels, increased by 16 percent, while export of tents, canvas and tarpaulin grew by 71.8 percent.

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‘Pakistan has low trade integration with SAARC countries’

Our Staff Reporter

LAHORE - Trade Development Authority of Pakistan (TDAP) is endeavouring to forge an effective liaison with private and public stakeholders to help promote the national trade at the international business markets with the purpose to add their contribution in the national development.

TDAP Lahore Director General Mian Riaz Ahmed expressed these views while addressing a group of officers from National Institute of Management (NIM) Peshawar who visited TDAP Lahore on Thursday. The TDAP DG apprised the delegate officers about TDAP role in the development of Pakistan’s external trade and illustrated about the working functions of the organisation. He expressed that Pakistan is facing challenges in enhancing export growth due to less value addition, low skilled labour and less competency at the international markets.

“Being the premier export organisation in the country, we at TDAP are working to strengthen the supply base including exporters’ capabilities and capacities through seminars, workshops and regular research,” he added. TDAP is also following a holistic marketing strategy to diversify export regime, he added.

During the question answer session, it was observed that Pakistan is having very low regional trade integration with the SAARC countries and it was mutually opined that regional trade needs to be enhanced in order to improve the trade scale of the country. TDAP Sub Regional Offices Director General Shazia Akram, TDAP Directors Nauman Aslam, Nudrat Hussain and Muhammad Irfan were also present during the meeting. The delegates thanked the TDAP DG for hospitality and knowledge orientation.

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Int’l media recognises Pak as ‘safe haven for investment’

Our Staff Reporter

Islamabad - Federal Minister for Planning, Development and Reform Ahsan Iqbal has said that Pakistan has achieved an economic growth rate of 5 percent and global media has recognised Pakistan as a safe haven for investments.

While addressing the seminar on ‘CEPEC Myths And Realities’ at Fast School Management Islamabad, he said that a favourable ecosystem has resulted in attracting the interest of key global investors which are now eying Pakistan as a potential market for investments. He said that CPEC presents Pakistan with a historical opportunity to uplift the country’s status as the hub of economic activity in the region.

The minister urged the audience to prepare themselves in order to benefit from the opportunities offered by CPEC and play a constructive role in transforming the economy to a modern industrial economy by adding value at different levels. The minister apprised the audience that China is promoting regional and global connectivity across the Asia Pacific region as part of its One Belt One Road initiative. Similarly, Pakistan’s Vision 2025 focuses on helping Pakistan to leverage its geo-strategic location in order to explore the inherent economic options, he added.

The minister noted that CPEC is a fusion of Pakistan’s vision 2025 and China's Vision of One Built One Road initiative. He said that CPEC has changed the global narrative about Pakistan. “The country which was ranked as the most dangerous country of the world is now recognised as the next emerging economy,” he added.

He further pointed out that the government of Pakistan's has forced the global media to recognise Pakistan as a safe haven for investments which once called Pakistan as safe haven for extremists. He further noted that CPEC energy projects will result in generation of additional 10,000MW which will be added into the national grid by 2017. He said that increased energy production capacity will help to overcome the prevailing energy crisis.

Ahsan further said that energy mix adopted under CPEC includes coal, hydel and renewable energy projects. He further stated that the present government for the first time under CPEC is tapping the Thar Coal reserves which can be a source of energy supply for many hundred years.

The minister categorically rejected claims that coal power plants would create environmental hazards, adding that Pakistan is using super critical modern technology which reduces hazardous emissions. He said that CPEC is the platform of inclusive growth, which would create 85000 jobs for youngsters.

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Decision of enhancing gas import lauded

INP

ISLAMABAD - Islamabad Chamber of Small Traders (ICST) on Thursday lauded the decision of the government to hike import of gas to four billion cubic feet per day as soon as possible and to end the role of different government departments in the import of gas.

The decision to increase gas import will settle the energy crisis in the country while reducing the role of different departments including state-run gas companies, which will improve efficiency as well as transparency in the LNG sector, it said.

Improved supply of gas through private sector will reduce price of the fuel and minimise complaints which is laudable, said Islamabad Chamber of Small Traders Patron Shahid Rasheed Butt. He said that the government has allowed private sector to market LNG and import at a later stage despite opposition by the gas companies, which is a good decision.

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Foreign reserves decline by $366m

Staff Reporter

KARACHI - Pakistan's total liquid foreign reserves held by the country stood at $21,150.8 million on April 21, 2017. The break-up of the foreign reserves position released on Thursday showed that foreign reserves held by the State Bank of Pakistan stood at $16,050.1 million, net foreign reserves held by commercial banks are $5,100.7 million, hence total liquid foreign reserves reached at $21,150.8 million. During the week ending April 21, 2017, SBP's reserves decreased by $366 million to $16,050 million due to external debt servicing and other official payments.