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RECORDER
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Energy price disparity

# APTMA warns of rapid deindustrialization in Punjab

RECORDER REPORT

LAHORE: The All Pakistan Textile Mills Association (APTMA) leadership has warned of rapid deindustrialization in Punjab due to the energy price disparity and liquidity crunch, saying that an immediate intervention of the government has become imperative to save exports and jobs.

Central Chairman APTMA Aamir Fayyaz held a press conference after presiding over an emergent general body meeting at the APTMA Punjab office on Wednesday. Group leader Gohar Ejaz, Vice Chairman Ali Pervez and Chairman APTMA Punjab Syed Ali Ahsan were also present on the occasion.

Chairman APTMA Aamir Fayyaz said the trade gap has touched the alarming level, which could only be dealt with strengthening the exports.

He deplored that the Punjab-based textile industry has been crippled due to high cost of doing business, particularly the energy cost, both domestically and regionally.

"The government should take measures to enhance exports by 10 percent to the GDP. The overall exports have dropped by $5 billion while the textile industry capacity worth $4 billion has been closed due to its in competitiveness," he pointed out.

According to him, the government has not released funds for Rs180 billion export packages till date. "The Ministry of Finance has to disburse it in 18 months, i.e. Rs10 billion per month since January 2017," he said and added that the finance ministry is urged to allocate funds and direct the State Bank to disburse it among the textile exporters.

He lamented that the sales tax refunds RPOs worth Rs25 billion have been issued but no payment has been made to the claimants.

He has further urged the government to ensure Rs600 per MMBTU gas price inclusive GIDC and Rs7 per kilowatt hour electricity price for textile industry across the country to end the energy price disparity within the country.

Speaking on the occasion, group leader APTMA Gohar Ejaz said a rapid deindustrialization is underway in Punjab where 33 percent of the textile industry capacity has been closed due to Rs100 billion energy price disparities.

"The Punjab-based textile industry is a direct victim of this disparity that can only be done away with by implementing a unified energy price for the textile industry across the country," he added.

He said this step will also boost investors' confidence, particularly in Punjab.

Chairman APTMA Punjab Syed Ali Ahsan said more than 70 percent of the textile industry is located in Punjab where the energy price disparity has hit hard its viability.

He has urged the government to withdraw Rs3.63 surcharge on electricity tariff, saying that the burden of electricity theft and poor recovery in the shape of surcharge was hampering exports growth by and large. "Exporters cannot pass on this inefficiency to its international buyers," he added.

Vice Chairman APTMA Ali Pervez said the present balance of payment position is vulnerable as the debt to export has already crossed three times and it demands immediate revival of closed textile industry capacity to increase exports and controlling the gap between the debt and exports.

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<u>Changes in procedure allowed</u>

## Sampling, testing of imported petroleum products

**ZAHEER ABBASI**

ISLAMABAD: The Economic Coordination Committee (ECC) of the Cabinet has approved changes in the procedure of sampling and testing quality of imported petroleum products, thereby allowing re-sampling by a third party in case of disputes on Hydrocarbon Development Institute of Pakistan (HDIP) results.

Sources said the ECC while considering a summary submitted by the Ministry of Petroleum on “import of fuel oil/diesel oil by traders” approved the procedure for sampling/testing of imports of fuel oil and diesel oil.

The approved procedure includes: (i) the product will conform to approved specifications notified by the Petroleum Ministry; (ii) the quality of the product for all importers including oil marketing companies (OMCs) and industrial consumers will be tested by HDIP laboratory, Karachi, prior to unloading. Sampling of product for quality analysis will be done by Oil Company Advisory Council (OCAC) approved surveyors in the presence of HDIP representative as per prescribed procedure; (iii) and in case of quality dispute, second retained sample will be tested by HDIP in the presence of nominated representative of the importer and test results of second sample will be final and binding.

The Ministry of Petroleum & Natural Resources has received representation from Oil Company Advisory Council, a consultative forum of the oil industry, against the third condition.

The ECC was reportedly stated that the reasons behind the representation are various occurrences, where the test results of HDIP for 1st sample were declared off-spec but the test results of 2nd sample were found within the approved specifications, though both the samples were drawn at the same time.

The Ministry of Petroleum added that such occurrences lead to delays in discharge of vessels and consequent incidence of unnecessary demurrages. The OCAC has, therefore, suggested that in case the sample testing by HDIP fails, the second retained sample be tested by some other independent laboratory.

The ECC was told that OGRA has also concurred with the proposal and asked for approval of the ECC, as the existing procedure was backed by the ECC decision.

The Ministry of Petroleum & Natural Resources has considered the issue in consultation with the concerned stakeholders including OCAC/oil industry, OGRA and HDIP and since the frequency of failure in testing of first sample is around 3-5 cases per year, the consensus, therefore, was for introducing the option of re-sampling exercise in case the sample testing by HDIP fails.

Additionally, under the provisions of the Pakistan Oil (Refining, Blending, Transportation, Storage and Marketing) Rules 2016, sampling and testing of petroleum products now falls in the domain of OGRA. The changes in the existing procedure are proposed in order to introduce more transparency in the process of sampling and testing of imported petroleum products.

The ministry proposed that existing procedure may be revised with that: (i) the product will conform to approved specifications notified by the Ministry of Petroleum; (ii) the quality of the product for all importers will be tested by HDIP laboratory prior to unloading. Sampling of the product for quality analysis will also be done by HDIP in the presence of importer’s surveyors; (iii) and in case of quality dispute if the sample testing by HDIP fails, re-sampling will be made by a third-party surveyor in the presence of authorised representatives of concerned stakeholders including HDIP. The fresh sample, so taken, will be tested in the presence of nominated representatives of the importer and HDIP by another independent laboratory, pre-approved by the authority OGRA. Test results of fresh sample shall be final and binding.

The OGRA will also independently carry out a random sampling from vessels carrying imported petroleum products for testing through any of the laboratories approved by the authority for effective monitoring, quality assurance and greater transparency in the process.

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# PSDP 2016-17: Only 63pc of allocation released

**NAVEED BUTT**

ISLAMABAD: The government has released Rs 505 billion (63 percent), including Rs 122 billion foreign aid, for different development projects under the Public Sector Development Programme (PSDP) 2016-17 against the total budgeted allocation of Rs 800 billion.

According to the latest data released by the Ministry of Planning, Development and Reform, the government has released Rs 121 billion (51 per cent of total budgeted) including Rs 7.5 billion foreign aid for development projects of various federal ministries against the total budgeted allocation of Rs 235.7 billion.

However, the government has yet to release funds for development projects of Foreign Affairs Division, Textile Industry Division and GAS Infrastructure Development Fund.

The government has released Rs 150 billion including Rs 66.7 billion foreign aid for infrastructure projects of National Highways Authority (NHA) against the budgeted allocation of Rs 188 billion. The government has also released Rs 24.34 billion for development projects of Pakistan Railways Division against total budgeted allocation of Rs 41 billion for current fiscal year 2016-17.

Planning Commission released Rs 17.3 billion including Rs 7.3 billion foreign aid for different projects of the Pakistan Atomic Energy Commission against the total budgeted allocation of Rs 28.8 billion for fiscal year 2016-17. During the period under review, an amount of Rs 10 billion including Rs 96.8 million was released for Water and Power Division (water sector) for construction and development of water reservoirs, irrigation and power generations against the total allocation of Rs 31.71 billion. A total of Rs 108.83 billion, including Rs 38.97 billion foreign aid, was released for Wapda (power sector) for development power projects against the budgeted allocation of Rs 130 billion.

Under the PSDP 2016-17, the government has released Rs 13.35 billion for different projects of Higher Education Commission (HEC) as against the total allocation of Rs 21.486 billion.

The government released Rs 2.2 billion for Capital Administration and Development Division, Rs 572.9 million for Climate Change Division, Rs 1.5 billion for Defence Production Division, Rs 9.6 billion for Interior Division, Rs 177.7 million for Pakistan Nuclear Regulatory Authority and Rs 2.52 billion for Planning, Development and Reform.

Under PSDP 2016-17, an amount of Rs 4.75 billion was released for different development projects of Housing and Works Division against the total budgeted allocation of Rs 7.6 billion. The government released Rs 514.9 million for different developmental projects of National Food Security and Research Division against the earmarked Rs 15.2 billion for the development of agriculture sector in the country.

An amount of Rs 20.12 billion has been released for the National Health Services, Regulation and Coordination Division against the budgeted allocation of Rs 24.951 billion in the PSDP for the uplift of health sector of the country. The government has released Rs 51.7 billion for special federal development programme for temporarily displaced persons (TDPs) and security enhancement under current year's development programme for the rehabilitation of TDPs as against the total allocation of Rs 100 billion.

The government released Rs 10.65 billion including Rs 1.58 billion foreign aid for development projects of Azad Jammu and Kashmir against the total budgeted allocation of Rs 14.7 billion for current fiscal year. The government also released Rs 9.2 billion for development projects of

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Gilgit-Baltistan against the Rs 11.2 billion budgeted allocation, while Rs 15.3 billion including Rs 134.9 million have been released for the projects of Federally Administered Tribal Areas (FATA) against the total budgeted allocation of Rs 22.3 billion.

The Planning Commission of Pakistan has so far followed the stipulated mechanism for release of funds; first quarter (July-September) 20 percent, second quarter (October-December) 20 percent, third quarter (January-March) 30 percent and fourth quarter (April-June) 30 percent.

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Cash withdrawal by BB agents

# Finance Bill 2017 may incorporate amendment to IT Ord

**SOHAIL SARFRAZ**

ISLAMABAD: Finance Bill 2017 may incorporate an amendment to the Income Tax Ordinance 2001 for adjustment of withholding tax on cash withdrawals by branchless banking (BB) agents.

Sources told Business Recorder here on Wednesday that the issue of adjustment of withholding tax on cash withdrawals by branchless banking agents was discussed during the 4th meeting of National Financial Inclusion Strategy (NFIS) Steering Committee.

According to details, BB agents conduct banking transactions on behalf of their customers and such transactions are being settled on a daily basis which attracts withholding tax when withdrawals exceed Rs 50,000 limit. It was, therefore, recommended to the NFIS council that Federal Board of Revenue (FBR) may consider adjustment of withholding tax on cash withdrawals by BB agents to the extent of disbursements made to the clients.

A detailed proposal in this regard was developed in consultation with the industry and was shared with the FBR. Subsequently a meeting of concerned stakeholders i.e. banks, Finance Division and FBR was held wherein FBR principally agreed on the recommendation. The NFIS Council in its last meeting reviewed the said recommendation and advised that FBR may considerate subject to the conditions that agents shall maintain separate accounts for the BB transactions and such transactions would be verifiable and the aggregate withdrawal by per person per day will not exceed Rs 50,000. The chairman NFIS Council also advised that the proposed amendment in income Tax Ordinance for adjustment of withholding tax on BB agents would be adopted through Finance Bill 2017-18 at the time of budget. The text of amendment in this regard has been finalised and shared with Finance Division for further action.

Sources said that in order to address the challenges behind the low level of financial inclusion. Pakistan has developed a broader National Financial Inclusion Strategy (NFIS) in collaboration with the World Bank which was adopted by the GoP.

The objective of the strategy is to set national vision for achieving universal financial inclusion in Pakistan. The NFIS lays out the vision, framework, action plan, and target outcomes for financial inclusion.

Under the NFIS headline targets, the overall goal is to achieve universal financial access. However, other headline targets under NFIS, to be achieved by 2020, are 50 percent of the population will have a bank account; 25 percent of adult females will have a bank account and loans to SMEs will account for 15 percent of total bank loans to the private sector.

The NFIS main achievement is that it has mainstreamed financial inclusion as a national priority. This has been achieved through NFIS governance mechanism. The NFIS governance bodies have enabled advocacy ownership and support needed for NFIS implementation from various stakeholders.

The NFIS Council chaired by federal finance minister is the apex platform for advocating and securing ownership at the highest level for achieving Pakistan’s financial Inclusion objectives and vision. The NFIS Council has held 4 meetings and its fifth meeting is scheduled to be held on April 07, 2017.

The NFIS Steering Committee, chaired by SBP governor, has the overall responsibility of approving the action plans and monitoring the implementation of the Strategy. Seven technical committees

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(TCs) have been working in focus areas for preparing implementation plans and reviewing progress for achieving the NFIS objectives. Around 160 plus members have been taken onboard including ministries, government departments, regulators, associations & networks and providers. The technical committees have so far held 26 meetings and conducted focused and concrete deliberations to firm up action plans.

Key strategic actions approved by NFIS Council: The NFIS Council approved a number of strategic actions such as development of a national payment gateway (NPG), automation of the government collections and disbursements, introduction of a warehouse receipt financing (WHRF) system, integration of National Savings scheme (NSS) with national payments system; and initiation of new schemes of prize bonds.

Asaan (Easy) Mobile Account (AMA) Scheme: The NFIS Council in its last meeting held on January 11, 2017 approved an Asaan (easy) Mobile Account (AMA) scheme under which the digital finance service providers will join an integrated platform, allowing any person with a basic mobile phone to open a digital transaction account through a unified Unstructured Supplementary Service Data (USSD) code or String from anywhere at any time.

The objective of scheme is to improve accessibility of new customers for account opening drive usage digital financial services through increased number of account-to-account transactions across various networks and provide digital access to a range of quality financial services. This will facilitate the poor and marginalised section of the society towards adopting digital finance and also transform banks to shift their focus from Over the Counter (OTC) services to branchless banking (BB) account.

Opening of Asaan Accounts: To enhance the outreach of basic financial services to unbanked or underserved segments of the population and achieve the targets set out in NFIS, SBP introduced the Low Risk “Asaan Account” with simplified due diligence requirements. Minimum initial deposits (Rs100) and monthly debit limit of Rs 500,000 and overall credit limit of Rs 500,000. The initiative resulted into addition of 1.79 million accounts in the banking system as of December 31, 2016.

Rationalisation of NADRA’s verification Cost: In order to facilitate mass enrollment of DTAs, it was recommended that NADRA may consider providing additional data fields required for necessary KYC requirements irrespective of their volume to all BB providers for opening of BB accounts, under the agreed discounted price structure, as per MOU signed by SBP and NADRA. After substantial concerted efforts by all the stakeholders, the NADRA has agreed to provide additional data fields required for necessary KYC requirements. In this respect, NADRA has updated the services as per the above agreement and advised the banks to test the updated services.

Women Financial Empowerment: The focus on improving financial inclusion for women is an increasing attention globally. Recent researches provide solid evidence when women, almost 50% of the world’s population, participate in finance system, there are significant benefits in items of economic growth with greater equality and social well being. Formal financial access for women has also grown in Pakistan as female users’ formal financial services have increased from 5 percent in 2008 to 17 percent in 2015. Similar the number of women with bank accounts jumped from 4 percent to 11 percent during the same period. However, there is still huge potential as 26 percent of women avail financial services informally and 57 percent of women are financially excluded.

The NFIS is cognizant of the fact and has set a target of women’s financial inclusion up to 25 percent by 2020. To this end, development of a program for women entrepreneurship is one of priority actions approved by NFIS Steering Committee. In this regard, a workshop on ‘Women Financial Empowerment — Challenges & Opportunities’ would adopt an industry level approach and strategise/kickoff activities to promote women financial inclusion in Pakistan.

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# THE RUPEE
# Rates unmoved

RECORDER REPORT

KARACHI: The rupee held its firmness, depicting no change against the dollar on the money market on Wednesday in the process of trading, dealers said.

**INTER-BANK MARKET RATES:** The rupee was unmoved versus the dollar for buying and selling at Rs 104.85 and Rs 104.86 respectively, they said.

**OPEN MARKET RATES:** The rupee also showed no visible change against the dollar for buying and selling at Rs 106.30 and Rs 106.50 respectively, however it gained 80 paisas in terms of the euro for buying and selling at Rs 113.75 and Rs 115.25 respectively, they said.

In the third Asian session, the dollar pulled away from 4-1/2-month lows against a currency basket after solid data backed expectations for more US interest rate hikes this year, while sterling was knocked by Britain triggering its exit from the European Union.

The dollar index, which tracks the greenback against six major rival currencies, edged up slightly to 99.751. It managed to crawl off a low of 98.858 plumbed earlier this week, its weakest level since Nov 11, in the wake of US President Donald Trump's failed healthcare reform bill.

The healthcare failure reform raised doubts that Trump would be able to carry out his fiscal stimulus and tax cuts, and pressured the dollar to 110.11 yen, its lowest since Nov. 18. It last stood at 111.22 yen, up slightly on the day.

The dollar was trading against the Indian rupee at 64.94, the greenback was at 4.4200 in terms of the Malaysian ringgit and the US currency was at 6.8910 in relation to the Chinese yuan. Inter bank buy/sell rates for the taka against the dollar on Wednesday: 79.67-79.67 (previous 79.66-79.67).

| | |
|---|---|
| Open Bid | Rs. 106.30 |
| Open Offer | Rs. 106.50 |

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

| | |
|---|---|
| Bid Rate | Rs. 104.85 |
| Offer Rate | Rs. 104.86 |

**RUPEE IN LAHORE:** The Pak rupee was unchanged on buying side at Rs 106.10 while it shed 10-paisa on selling side at Rs 106.50 in relation to the greenback in the local currency market on Wednesday.

According to the currency dealers, the dollar did not observe any change in its buying rate that was finished at its day earlier closing of Rs 106.10. However, following fresh demand, the dollar's selling rate improved to Rs 106.50, the dealers said.

The rupee also showed strength and appreciated its worth against the pound sterling that was purchased and sold at Rs 131.00 and Rs 132.30 as compared with the day earlier closing of Rs 132.10 and Rs 133.00, respectively, they added.

**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 106.50 (buying) and Rs 107 (selling). It closed at the same rate. Pound Sterling opened at Rs 130 (buying) and Rs 131.50 (selling). It closed at the same rate.

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# What is driving economy?

**Analyses & Comments by BR Research**

Numbers don't lie. Look at the GDP graph; in nominal terms, it changed gears in FY02 and the turbo is on since then - It grew from $78 billion in FY02 to reach $284 billion in FY16. PwC predicts it to reach $776 billion by 2030. And the future number is not coming out of the blue. If the economy continues to grow at CAGR of 6.7 percent for past fifteen years till 2030, nominal GDP will cross the $700 billion mark.

What is driving this growth? There was an economic recession in between (2008) but that could not stop nominal economic growth. The shift in demand pattern of middle and upper middle class is observed in the period, both in urban and rural economies.

The country has long relied on textile for its production, employment generation and foreign exchange earnings. The sector is moving up a ladder on value addition - branding is the new craze amongst Pakistani textile players. Numerous brands exist and are growing at a decent pace within country, with a couple of brands moving to international arena. This is leading to mega mall culture in Pakistan. Can these brands, once established at home, generate export surplus from markets like South Asia, Middle East and Africa?

Pakistan used to assemble 200k motorbikes a year in 2002 and today that number is close to 2 million. Is a similar disruption in passenger cars in the offing? With three new assemblers coming in, the annual cars sale is expected to double to 500K mark over the next few years. How many mass transit systems the cities would have in five years?

There is a huge gap of affordable housing. Although, the construction sector is booming primarily backed by government infrastructure spending; is there a boom in housing on cards? There are policy level gaps which are required to fill including clear property rights and innovative REITS products to unlock real estate development potential. The mortgage financing is too low and at very high rates. Are government and regulatory bodies ready to make market oriented policies? Can we take our cement industry to generate sizable export surplus?

Can we move the ladder on agriculture value add? Will warehouse receipts system be a norm in the sector in a decade to bring efficiencies? The issue is not confined to food security; but the need of the hour is to look for earning foreign exchange from a large agri base.

The GDP per capita also moved in tandem to nominal GDP - it is up from $546 (FY02) to $1,465 in FY16. Assuming, population continues to grow at 2 percent, the GDP per capita will cross $2,000 mark in FY23 and will reach $2,762 in FY30. These are the levels that can cause demand disruption. Economists and business analysts argue that a shift in demand takes place once the economy goes through the tipping point or range that our economy is passing through.

There is a fair chance of economy to keep on growing and demand disruption to take place. But the question is what is driving that growth? Would it be sustainable? Where is the investment to match the demand? The investment to GDP ratio is falling which is partially explained by too high GDP growth - it averaged at 17.3 percent of GDP since 1960 and the last five years average is at 14.9 percent. There are talks, MOUs, a few firm commitments, and of course euphoria of CPEC here and there. But where is the actual investment? Why is it not depicting in numbers?

Pakistan is primarily a consumption based economy. According to GDP by expenditure at market price, consumption averaged at 88.3 percent of GDP since 1960 and currently it is at 91.9 percent. Now see the graph, the consumption has curved up since FY04, and initially investment went up in tandem but the latter dipped after 2008 crisis.

Thus, the balance of payment crisis in 2008 hurt investment but not consumption. Lately, the growth in consumption is primarily relying on foreign elements. Mostly it was home remittances which were 7 percent of GDP last year. Will remittances continue to grow to match consumptions growth?

The answer is no, based on the current model. The need is to work on developing value added services skill set from basic labour to market oriented skill sets. Why cannot Pakistani people compete with Asians or East Europeans in services industry in the Middle East like high end retailing? The need is to develop soft skills and mannerism amongst masses. Can we produce labour for precision engineering? Can we transfer adhoc tech freelancing into a meaningful industry to mimic Bangalore IT hub?

These are a few areas where the focus of policymakers should be to reap benefit from upbeat nominal economic growth. The point is that in the absence of requisite domestic savings and investments, funds have to flow in the country from abroad to feed the consumer demand. There are no two ways to it - all policy makers should work on non-debt flows such as exports, remittances and FDI. Else the debt would keep on pilling and the land of pure will keep on running on heavenly support.

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# PPL to supply gas to TPSG by enhancing production, ECC told

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ISLAMABAD: A meeting of the Economic Coordination Committee of the Cabinet has been informed that Pakistan Petroleum Limited (PPL) has agreed to increase the production of gas at its Kandhkot field from 200 to 250mmcfd for supplying it to the Thermal Power Station Guddu (TPSG).

Sources said that enhanced gas supply was contingent to firm gas off-take guarantee in the form of minimum take-or-pay quantity up to 80 per cent and construction/ commissioning of new line from Kandhkot to the TPSG.

They added that based on an understanding reached in meetings, PPL and M/s Central Power Generation Company Limited (CPGCL) negotiated and initialed Gas Sales Agreement (GSA) on 16.11.2016 wherein M/s CPGCL has agreed to take direct supply of 200mmcfd gas from M/s PPL's Kandhkot field subject to 72.5pc take-or-pay with effect from 1.06.2017 or the date of commissioning of the TPSG's new pipeline, whichever is earlier. The existing valid allocation of 50mmcfd gas for supply to TPSG through SNGPL would continue till reserve dedication 2024.

The Ministry of Petroleum stated that a meeting of the ECC, dated 23.05.2016, directed the secretaries of petroleum & natural resources and water & power to sort out the issues of outstanding receivables of PPL against TPSG and 'take or pay' clause for allocation of gas within a week and come up with clear proposals before the ECC.

Pursuant to the ECC's aforesaid decision, two meetings were held between the secretaries of petroleum & natural resources and water & power on 24-6-2016 and 31-8-2016, respectively, whereas a few meetings at the level of managing director/ chief executive officers of M/s PPL, TPSG/Central Power Generation Company Ltd (CPGCL) were also held to deliberate upon the issue of gas allocation and take-or-pay conditions.

During the first meeting held on 24.06.2016 between the secretaries of petroleum & natural resources and water & power, it was agreed that on account of gas sales invoices of M/s PPL, if any amount becomes due upon reconciliation against TPSG, the same will be cleared immediately by the water & power ministry. In respect of "take or pay" clause, it was agreed to cap the same at the level of 60pc (Take-or-Pay) against supply of 150mmcfd gas from Kandhkot field.

Subsequently, another meeting was held on 31.08.2016 between the secretaries of petroleum & natural resources and water & power and was also attended by the managing directors of M/s PPL, M/s SNGPL & M/s SSGCL. It was agreed upon in the meeting that M/s PPL will enhance its existing gas production at Kandhkot field from 200mmcfd to 250mmcfd for onward supply to the TPSG for which further investment would be required by M/s PPL. This enhanced supply will be subject to the condition that TPSG will provide firm gas off-take guarantee in the form of minimum take-or-pay quantity up to 80pc and construction/commissioning of new line from Kandhkot to TPSG.

On a proposal of petroleum ministry, the ECC meeting presided over by Finance Minister Ishaq Dar approved: (i) the allocation of 150mmcfd to TPSG (100mmcfd directly through PPL and 50mmcfd through SNGPL) which has since expired on 07.05.2013 may be validated; (ii) PPL will supply 50mmcfd additional gas along with 150 mmcfd directly to TPSG with effect from 01.06.2017 or the date of commissioning of the TPSG's new pipeline, whichever is earlier. The entire 200mmcfd direct gas supply would be subject to minimum 72.5pc take-or-pay quantity; (iii) and the outstanding receivables against supply of gas to the TPSG would be settled forthwith subject to reconciliation.

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| THE FOLLOWING ARE THE KCA OFFICIAL SPOT RATES FOR 2016-17 FOR LOCAL DEALINGS IN PAK RUPEES FOR BASE GRADE 3 STAPLE LENGTH 1-1/16" MICRONAIRE VALUE BETWEEN 3.8 TO 4.9 NCL | | | | | |
|---|---|---|---|---|---|
| **Rate For** | **Ex-Gin Price** | **Upcountry Expenses** | **Spot Rate Ex-Karachi** | **Spot Rate Ex-Karachi As on 22.03.2017** | **Difference Ex-Karachi in Rupees** |
| **37.324 Kgs Equivalent** | 6,800 | 135 | **6,935** | **6,935** | NIL |
| **40 Kgs** | 7,288 | 145 | **7,433** | **7,433** | NIL |

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# ICE cotton futures fall to one-month low

NEW YORK: ICE cotton futures fell 1 percent to their lowest in a month on Wednesday as traders remained wary and liquidated positions ahead of a federal crop plantations report later this week.

The May cotton contract on ICE Futures US settled 0.96 percent lower at 76.14 cents per lb after hitting 76.10 cents, the lowest since late February.

"We are probably seeing some liquidation ahead of the prospective plantings report," said Louis Rose, an independent cotton trader and consultant with Risk Analytics in Memphis.

"That report is probably going to be bearish. You are probably seeing a little risk being taken off the table," Rose added.

The US Department of Agriculture (USDA) will release its prospective plantings report on Friday.

The May cotton contract on ICE Futures US settled down 0.74 cent, or 0.96 percent, at 76.14 cents per lb. It traded within a range of 76.10 and 77.08 cents a lb.

Total futures market volume rose by 1,286 to 28,490 lots. Data showed total open interest fell 274 to 281,653 contracts in the previous session. The dollar index was up 0.37 percent.

# New York cotton

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The fluctuations observed during the day:

| | Current Session | | | | | | Prior Day | | |
|---|---|---|---|---|---|---|---|---|---|
| | Open | High | Low | Last | Time | Set | Chg | Vol | Set |
| May'17 | 76.99 | 77.08 | 76.10 | 76.14 | 14:20 MAR 29 | 76.14 | -0.74 | 13920 | 76.88 |
| Jul'17 | 78.31 | 78.48 | 77.54 | 77.63 | 14:45 MAR 29 | 77.63 | -0.65 | 8494 | 78.28 |
| Oct'17 | - | 74.72 | 74.72 | 74.72 | 14:45 MAR 29 | 74.72 | -0.81 | - | 75.53 |

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# Non-textile exports go down by 40pc

THE NEWSPAPER'S STAFF REPORTER

**ISLAMABAD: Pakistan's exports of non-textile products decreased 39.7 per cent during the first eight months of 2016-17 on a year-on-year basis, according to data released by the Pakistan Bureau of Statistics.**

In absolute terms, export proceeds of non-textile products fell to $5.1 billion in July-Feb from $5.5bn a year ago.

A source in the commerce ministry said low supply of electricity and gas to non-textile sectors increased their cost of doing business. Similarly, exporters have failed to avail the subsidy scheme announced last year owing to cumbersome procedures.

Product-wise details show a decline of 50.2pc in exports of petroleum crude. However, petroleum products and naphtha witnessed growth in exports during the period under review.



Exports of carpets and rugs witnessed negative growth of 17.86pc in July-Feb. Exports of sports goods fell 5.49pc year-on-year during the months under review. Foreign sales of footballs also dipped 9.96pc.

Exports of tanned leather declined 6.26pc in July-Feb from a year ago while those of leather products declined 6.61pc.

Exports of footwear dipped 10.14pc mainly because of 5.5pc negative growth in the exports of leather footwear. Exports of surgical goods and medical instruments went down 5.33pc and those of engineering goods dipped 7.66pc during the period under review.

Year-on-year exports of gur dipped 5.19pc, cement 18pc, gems 18.48pc and furniture 12.63pc during the first eight months of the current fiscal year. In the food basket, exports of rice witnessed negative growth of 14.54pc in July-Feb. The decline was witnessed in the exports of both basmati and non-basmati rice. Exports of spices, wheat, oil seeds and fish increased during the period under review.

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# Strapped for cash, govt 'reluctant' to pay dues of IPPs

**NASIR JAMAL**

**LAHORE: Struggling to meet its budget deficit target of 3.8 per cent for the ongoing financial year, the cash-strapped government does not appear in a mood to pay back private power producers their bills (commonly known as 'circular debt') amounting to more than Rs250 billion — at least not anytime soon.**

The recent correspondence between power companies and the Private Power Infrastructure Board (PPIB) shows that the government is turning up heat on the independent power producers (IPPs) for demanding payment of their overdue bills.

According to a letter sent to the 13 IPPs that had invoked sovereign guarantees on March 2 for the recovery of a portion of their long outstanding bills amounting to Rs48bn, the board has rejected their call. Besides, it has put them on a legal notice for running what it termed a false and malicious advertisement campaign against the government in newspapers.

The power producers claim that the government owes them Rs253bn as per its own record. The total size of the unpaid bills of the power sector is said to have shot up to Rs414bn if the dues of the public sector companies are also considered.

**Power producers' notices invoking sovereign guarantee for partial recovery rejected**

The PPIB held a meeting with the power companies on March 10 after receiving notices invoking sovereign guarantees and assured the producers that the matter would be settled through talks. But something changed in the evening and the board sent letters rejecting the IPPs' call for invoking sovereign guarantees. It also called off the second meeting with the industry at the last minute.

Explaining the reasons for rejection of the IPPs' notices, the board said the power companies did not adhere to the procedure prescribed in the power purchase agreements for making such a demand.

"The purported demand under the Guarantee, among others, was neither made in the prescribed manner nor any prior written default notice for non-payment by the power purchaser of such claimed amount was served on the government," the board wrote to the companies on March 10 and 18.

It has also taken exception to the IPPs' resort to "extraneous" means to "malign the government and its entities through newspaper advertisements containing ill-founded, baseless, disparaging, malicious and false statements and insinuations" through the IPP Advisory Council.

"… the libellous publication contained in the advertisements has compromised efforts of the government to facilitate and boost local as well as foreign investment in the country, and publishing of such malicious advertisements is construed as serious attempt to distort the factual scenario and propagate a false and misleading perception of panic, unrest and distress within the industry as well as public at large to harm the national interests and amounts to creating civil unrest by alleging the sovereign default," another letter sent to the power firms on March 18 stated. It went on: "… the contents of the advertisements have also scandalised sub judice matters before competent courts unlawfully and illegally against the settled legal norms".

The letter threatened that the government might initiate legal proceedings (civil and criminal) against the power producers for running the "illegal and malicious advertisement campaign" unless they denounced the contents of the advertisements, tendered an unconditional written apology and refrained from any such libellous and disparaging statements".

At a press conference on Tuesday, Minister of State for Water and Power Abid Sher Ali too threatened the IPPs that "the government will teach a lesson to the mafia for defaming it through advertisements in the print media".

Simultaneously, the Central Power Purchasing Agency (CPPA) has "disputed" all the invoices raised by the IPPs, claiming that the companies were in default of their obligation of 'maintaining fuel stock at full load operations for 30 days at all times' under the power purchase agreements.

The CPPA alleges that the IPPs have been raising their monthly invoices and demanding full tariff without maintaining fuel stock of 30 days. Thus, it adds, the IPPs have unjustly enriched themselves by receiving excess payment/amounts on account of working capital (included in their tariffs) required for the fuel stock.

"… as a result of this the IPPs have received payments which were not legal and contractually due and payable to them, and as a consequence a wrongful call upon the government guarantee has been made owing to delay in (their) payments by the power purchaser," argues a letter sent by the CPPA to the power producers.

It mentions an observation made by the auditor general (AG) that "the IPPs were benefiting from undue enrichment as a result of payments being made by the Power Purchaser without due consideration of applicable heat rate". The AG had made this observation in a special audit report of payment of Rs480bn made by the government in June 2013 to clear the unpaid bills of power sector accumulated by its predecessor and start with a clean slate.

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The CPPA also refers to the Public Accounts Committee (PAC)'s directive to the authorities concerned to conduct heat rate tests of all thermal IPPs to establish fair and equitable returns on (their) invoices in the light of the AG's report. "In the absence of such tests you are earning over and above the guaranteed internal rate of return of 17pc, which is liable to be adjusted against the invoices claimed (by the power producers)," the CPPA letter tells the power producers.

The IPPs contend that the PPIB's rejection of their demand under the sovereign guarantee was without any foundation as they had called the guarantees in accordance with the prescribed manner, and the board's rejection of their notices shows the government's mala fide intentions. "(The board's) rejection letter has no legal relevance since our company fully complied with the prerequisites and requirements of the guarantee," chief executive of an IPP told Dawn on Wednesday.

"They (the government) are now trying to intimidate us instead of paying back our money," he said on condition of anonymity.

"We (IPPs) are preparing a comprehensive reply to the letters sent to us by the board. But the government cannot force private power producers to withdraw their notices invoking the sovereign guarantee. In fact, we intend to make fresh demands for payment of our bills. At least four power companies have already raised another, fresh demand of their unpaid bills estimated to be around Rs6bn under the guarantee. More notices will follow in the next few days."

"The PPIB and CPPA correspondence shows that the government is using new coercive tactics in an attempt to further delay the payments of the IPPs under the sovereign guarantee," the chief executive officer of another private power firm said. He added that the government had actually defaulted on its sovereign guarantee by delaying payments on the demand created by power firms under the agreement.

"We see a long drawn legal battle with the government on the issue: while it may drag us into courts on technicalities to delay our payment, we are taking the case to international arbitration for recovery of our money. The government has lost all previous cases in the international courts against power producers and the result in future is unlikely to be different."

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# Wapda secures Rs144bn loan for Dasu project

**LAHORE: The Water and Power Development Authority (Wapda) secured Rs144 billion for 4,320-megawatt Dasu Hydropower Project by signing an agreement with a consortium of local major banks led by Habib Bank Ltd (HBL) on Wednesday.**

Wapda Chairman retired Lt Gen Muzammil Hussain, HBL President Nauman Dar, National Bank of Pakistan (NBP) President Saeed Ahmed Khan and representatives of United Bank Ltd, Bank Alfalah, Askari Bank, Faysal Bank and Meezan Bank signed the agreement on behalf of their organisations.

On the occasion, the Wapda chairman said this was the biggest single loan agreement by any public sector entity in the history of the country which reflected the confidence of financial institutions on the authority.

Mr Hussain said the Dasu Hydropower Project would be completed in two stages, each having generation capacity of 2,160MW, on River Indus in Kohsitan district of Khyber Pakhtunkhwa.

The stage-1 will be completed in five years with an estimated cost of $4.2bn for which World Bank is providing a credit of $1bn, while remaining funds are being arranged by Wapda under sovereign guarantees, he added.

Apart from the local financing of Rs144bn, a foreign loan of $350 million has also been finalised and an agreement to this effect will be signed soon, he elaborated.

Later talking to media, the Wapda chairman said that with concerted efforts the impediments in the way of ongoing water and hydropower projects have been removed.

Besides completing phase-1 of Kachhi Canal in August-December 2017, which would irrigate 72,000 acres in Balochistan, Wapda would also complete the 969MW Neelum-Jhelum Hydropower project, 1,410MW-Tarbela 4th Extension Hydropower project and 106MW Golen Gol Hydropower project in a phased manner by mid 2018, he said.

Answering a question, he said that low-cost hydro projects would help overcome electricity shortage.

He said that Diamir-Bhasha Dam was very important to enhance life of Tarbela Dam and all other low-lying dams, and work on this critical project would be started by end the current year. For financing Dasu model will be replicated.

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# PM for increased bilateral trade with Bahrain

AMIN AHMED

**ISLAMABAD: On the eve of the second session of Pakistan-Bahrain Business Opportunities Conference, Prime Minister Nawaz Sharif on Wednesday held a meeting with Bahrain's Minister for Commerce and Industry Zayed R Alzayani.**

Mr Alzayani is leading a delegation of prominent Bahraini businessmen and investors.

The prime minister welcomed the initiative of establishing the Pakistan-Bahrain Joint Holding Company. We are confident that it will be successful in increasing bilateral trade and investment, he said.

He informed the delegation about the China-Pakistan Economic Corridor and stressed the government and business community of Bahrain can benefit immensely from the opportunities offered by the megaproject.

The Bahraini delegates expressed their keen interest to take part in Pakistan's emerging economy. They also showed interest in further expanding Pakistan's to Gulf counties.

**Business opportunities**

Meeting the delegation, Minister for Commerce Khurram Dastgir hoped the moot will pave way for more business opportunities and enhancement of bilateral trade with Bahrain.

To enhance trade, non-tariff barriers and some tariff barriers needs to be removed, Mr Dastgir said, adding that Bahrain should ease the business visa process to encourage more business-to-business interaction.

Mr Alzayani invited Pakistan to hold food and cultural festivals in Bahrain. The commerce minister welcomed the invitation of his counterpart and said Pakistan may hold a food and cultural festival in Bahrain in October this year.

He also invited Bahrain to hold and participate in trade exhibitions in Pakistan and exchange business delegations.

The visiting delegation comprises Vice Chairman Bahrain Chamber of Commerce and Industry (BCCI) Sheikh Mohamad Bin Isaac, Senior Member BCCI Muhammad Sajid, Executive Board Member BCCI Muhammad Usman, Chairman Joint Council BCCI Ahmed Bin Hindi, Executive Board Member Ali Ahmed Bufarson, Member Parliament Ahmed Al Saloom, Chairman SME Council Ferial Nas, Chairwoman of Business Council Suhair Bokhammas.

The Pak-Bahrain Joint Business Council was set up in 2007 and its first meeting was held in September last year. Commerce ministers of the two countries will co-chair the conference.

In 2015-16, bilateral trade between Pakistan and Bahrain was $143.10 million including $66.47m exports from Pakistan and $76.63m imports from Bahrain.

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# Cotton prices steady on strong demand

THE NEWSPAPER'S STAFF REPORTER

**KARACHI: The cotton market remained steady on Wednesday on strong demand from spinners, but sellers temporarily withdrew to the sidelines.**

Spinners were keen to book big lot deals but ginners were in no mood to oblige them on the prevailing rates.

According to market estimates ginners still hold around 350,000 bales and are striving to sell them at a better price.

However, a sizeable business activity was witnessed and most of the deals were done at higher prices, brokers said.



Reports suggest acute water shortage in the interior of Sindh is affecting cotton sawing in Degree, Badin, Kundri and Kot Ghulam Abbas. It is feared that the Kharif crops, particularly cotton, will suffer badly as many areas are facing shortage of up to 35pc.

Chief Minister Sindh Murad Ali Shah has discussed water shortage issue with Prime Minister Nawaz Sharif who directed to shut many canals in Punjab and divert the water to Sindh. But it would take some more days before the water reaches lower Sindh, a grower from Badin told Dawn.

The Karachi Cotton Association kept its spot rates steady at overnight level.

The following deals were reported to have changed hands on the ready counter: 2,000 bales, Yazman Mandi, at Rs6,700 to Rs6,800, 600 bales, Rahimyar Khan, at Rs6,975 and 400 bales, Fazilpur, at Rs7,100 (conditional).

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

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# MARKETS

## FOREX

Exchange Rates for Currency Notes (Rs)

| | Interbank market* | | Open market** | |
|---|---|---|---|---|
| | Buying | Selling | Buying | Selling |
| USA | 104.50 | 104.70 | 106.30 | 106.50 |
| UK | 129.73 | 129.97 | 131.75 | 133.25 |
| Euro | 113.03 | 113.24 | 113.75 | 115.25 |
| S.Arabia | 27.87 | 27.92 | 28.25 | 28.45 |
| UAE | 28.45 | 28.51 | 29.00 | 29.20 |
| Japan | 0.9472 | 0.9490 | 0.9503 | 0.9703 |

*forex.com.pk **ECAP

## KIBOR

Karachi Interbank offered rates

| | Bid | Offer |
|---|---|---|
| Three months | 5.84 | 6.09 |
| Six months | 5.88 | 6.13 |
| One year | 5.91 | 6.41 |

## LIBOR

Special US dollar bonds for Mar 28

| | |
|---|---|
| Three months | 1.15222 % |
| Six months | 1.42489 % |

THE NEWS
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# Aptma slams delay in exports package implementation

LAHORE: All Pakistan Textile Mills Association (Aptma) has expressed concern over delay in the implementation of Rs180 billion export package announced by the prime minister, a statement said on Wednesday.

Addressing a press conference in Lahore, Aptma chairman Amir Fayyaz said that the package was announced after detailed deliberations and the prime minister had assured that the package would be implemented in letter and spirit.

The package of Rs180 billion, spreading over 18 months, means refunds of Rs10 billion per month. The government has so far defaulted on promised payments of Rs30 billion, he added. The Aptma chairman said power tariff in Pakistan are 30 percent higher than paid by competing exporters in the region. The energy crisis is impacting Punjab industry, as its gas rates are almost 100 percent higher than those paid by the industries in other provinces, Fayyaz said.

This has made the textile industry uncompetitive, he said, adding that 33 percent capacities of the industry are lying idle.

Former Aptma chairman Gohar Ejaz said Punjab industry is bearing additional burden of Rs100 billion annually because of the gas price differential as compared to the industries in other provinces.

The energy rates should be uniform across the country just like power and petroleum products, he added. Textile sector is the largest employer in the country and its 33 percent closure has wiped out millions of jobs, he said, adding that Punjab, in fact, is in the process of deindustrialisation because of energy prices.

THE NEWS
Thursday, 30th March, 2017

# Import policy favours consumers at domestic manufacturers' expense

LAHORE: The tendency to keep supplies of all products and commodities stable through liberal imports has played havoc with both manufacturing and the agriculture sector. This public appeasing policy has kept check on prices, but discouraged domestic production.

When the demand for car increased, the government did not allow the auto sector to increase capacities, but instead allowed import of used cars at low duties. When there is shortage of tomatoes in the country, the vacuum is filled by duty free imports from India.

The farmers lose the incentive to earn more in shortages to compensate for the losses that they suffer during bumper crops. The consumers are happy, but the industrialists and farmers stop planning for future. We see imported televisions, refrigerators, split air conditioners alongside the locally produced brands.

Why is it so common in Pakistan and not in India or Bangladesh to see all foreign juices, beverages, processed milk in the markets alongside similar Pakistani products? Why over 60 percent of textiles in India and China are marketed locally against only 15 percent in Pakistan?

This is all because of supply side approach of our planners. No one would starve if there is shortage of vegetables in the country. The farmers would be incentivised by this shortage and would strive for better harvest next time.

They will get better rates as well. They would not have to compete with heavily subsidised Indian vegetables. Agricultural growth would go into top gear. Pakistani agriculture has suffered badly ever since Shaukat Aziz liberalised the agricultural commodity trade with India. If the used car import is made as tough as in India, the local manufacturers would go for expansion. New entrants would eye the Pakistani market. The localisation of parts would speed up. Millions of jobs would be created.

At the same time, the consumers would settle for models available in the country. Pakistan cannot afford to import luxury cars and ban on their imports would bring austerity on large scale.

Tractor industry was allowed to develop through facilitation. Today Pakistan manufactures 90 percent of tractor parts domestically. This year, one of the local tractor manufacturers succeeded in obtaining foreign order for 16,000 tractors. All indications are that this export would increase with time. In the same way, the motorcycle industry in Pakistan has come of age. Today, we are producing two million bikes per year against only 100,000 at the start of century.

The rates of 50cc motorcycles are lower than they were in 2000. All this was possible because of economies of scale. The import of tractors and bikes in Pakistan is nominal, while that of passenger cars is phenomenal when seen in the context of car market size in Pakistan.

No government in the world provides incentive on imports at the cost of its manufacturing sector. The federal government should immediately provide suitable protection against imports of items produced in Pakistan.

Foreign clothing in Pakistan can be found in abundance because the import regime coupled with inability of the customs to check under-invoicing facilitates imports. Moreover, unhindered import of used clothing depresses the demand for new domestically produced clothing. India and other countries have cleverly fixed a minimum duty on import of textile or 10-15 per cent of the value whichever is higher. This checks cheap imports and provides Indian textiles a vast domestic market. Moreover, import of used clothing is banned in India, Bangladesh and many other countries.

The Chinese and Indian textile industries on the strength of their domestic market easily absorb every global recession, better than Pakistan, while textile industry here crumbles if there is any decline in exports. Not only textiles but other industries in Pakistan would stabilise if they were facilitated in capturing the domestic market.

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# Dasu hydropower project secures Rs144bln in local debt financing

**Munawar Hasan**

LAHORE: A local bank-led consortium on Wednesday agreed to lend Rs144 billion to the Water and Power and Development Authority (Wapda) to build Dasu hydropower project, covering more than a quarter of the project's total cost.

A consortium of major local banks, led by Habib Bank Limited (HBL), signed an agreement with the Wapda to lend Rs144 billion ($1.35 billion) for the construction of the first phase of Dasu hydropower project, located at seven-kilometre north of Dasu town in Khyber Pakhtunkhwa.

HBL President Nauman Dar, National Bank of Pakistan (NBP) President Saeed Ahmed Khan and representatives of other banks in the consortium signed the agreement on behalf of their organisations. WAPDA Member (Finance), Member (Power) and senior officers of Wapda attended the ceremony.

Stage-I of Dasu hydropower project would be completed in five years at an estimated cost of $4.2 billion and would add 2,132MW by 2021. The World Bank has already committed one billion dollar in financing for the project. Wapda has also arranged the remaining funds through various resources, including almost a final deal of $360 million with Swiss Bank.

The civil work is expected to start from May 2017. "We expect that this home-grown financial model will help in addressing financing of proposed Diamer Basha dam, Mohmand dam and other such projects," said Lt Gen (retd) Muzammil Hussain, chairman of Wapda.

Hussain said the domestic banking sector seems ready to play a proactive role in financing several hydropower projects, which may lead to reducing dependence on external resources. He said local banks for the first time made financial arrangements of Rs56 billion without the guarantee of the government of Pakistan, posing confidence on Wapda. "By forging a successful alliance with the local financial sector, we can turn around the whole power sector by improving share of clean and cheap energy significantly in the next 5-10 years."

Wapda chairman said the country produces only seven percent of the hydropower potential of 100,000MW. "There is long way ahead of us but keeping in view critical nature of challenges associated with the power sector, we need to strengthen this partnership (with local banks) for creating a win-win situation for all."

Hussain said the impediments in the way to completion of under-construction Wapda projects have been removed with the concerted efforts during the last six months. The completion of phase-1 of Kachhi canal in August to December 2017 would irrigate 72,000 areas of land in backward areas of Balochistan. Wapda will also complete the 969MW-Neelum Jhelum hydropower project, the 1,410MW-Tarbela 4th extension hydropower project and the 106MW-Golen Gol hydropower project in a phased manner from end 2017 to mid 2018. The low-cost hydro electricity to be added to the grid network through these projects will help overcome energy crisis in the country and significantly contribute to socioeconomic developments. Dar said the breakthrough arrangements would lead to unlocking capital in future for bankable national development projects.

"We must unlock financial resources as it is our duty to step up role in the national development," he added. "We must support national institutions that have strength to stand on their feet and Wapda is one of top such institutions."

HBL president further said collaboration between seven banks for national development is a good step. Ahmad said partnership among local banks for the agenda of power generation is a good step. "Leading development of national projects is a real contribution of our banking sector."

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## Energy price disparity

# Aptma warns of de - industrialisation in Punjab

**Our Staff Reporter**

LAHORE - The All Pakistan Textile Mills Association (APTMA) leadership has warned of rapid de-industrialisation in Punjab due to the energy price disparity and liquidity crunch, saying that an immediate intervention of the government has become imperative to save exports and jobs.

APTMA Central Chairman Aamir Fayyaz held a press conference after presiding over an emergent general body meeting at the APTMA Punjab office on Wednesday. Group leader Gohar Ejaz, Vice Chairman Ali Pervez and APTMA Punjab Chairman Syed Ali Ahsan were also present on the occasion.

APTMA Chairman Aamir Fayyaz said the trade gap has touched the alarming level, which could only be dealt with strengthening the exports. He said the Punjab-based textile industry has been crippled due to high cost of doing business, particularly the energy cost, both domestically and regionally.

“The government should take measures to enhance exports by 10 percent to the GDP. The overall exports have dropped by $5 billion while the textile industry capacity worth $4 billion has been closed due to its incompetitiveness,” he added.

He said the government has not released funds for Rs180 billion export package till date. “The Ministry of Finance has to disburse it in 18 months, ie Rs10 billion per month since January 2017,” he said. He also urged the finance ministry to allocate funds and direct the State Bank of Pakistan to disburse it among the textile exporters.

He lamented that the sales tax refunds RPOs worth Rs25 billion have been issued but no payment has been made to the claimants. He further urged the government to ensure Rs600 per MMBTU gas price inclusive GIDC and Rs7 per kilowatt hour electricity price for textile industry across the country to end the energy price disparity within the country.

Speaking on the occasion, APTMA group leader Gohar Ejaz said a rapid de-industrialisation is underway in Punjab where 33 percent of the textile industry capacity has been closed due to Rs100 billion energy price disparity. “The Punjab-based textile industry is a direct victim of this disparity that can only be done away with by implementing a unified energy price for the textile industry across the country,” he added. He said this step will also boost investors’ confidence, particularly in Punjab.

APTMA Vice Chairman Ali Pervez said the present balance of payment position is vulnerable as the debt to export has already crossed three times and it demands immediate revival of closed textile industry capacity to increase exports and controlling the gap between the debt and exports.

APTMA Punjab Chairman Syed Ali Ahsan said more than 70 percent of the textile industry is located in Punjab where the energy price disparity has hit hard its viability. He urged the government to withdraw Rs3.63 surcharge on electricity tariff, saying that the burden of electricity theft and poor recovery in the shape of surcharge was hampering exports growth by and large. “Exporters cannot pass on this inefficiency to its international buyers,” he added.

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# Govt committed to enhance bilateral ties with Italy: Dar

**Our Staff Reporter**

ISLAMABAD - Finance Minister Senator Ishaq Dar has said that Pakistan is fully committed to further enhancing and strengthening relations with Italy in existing and new areas including defence, economic cooperation, trade and investment.

He made these remarks during a meeting with visiting Italian Deputy Minister for Foreign Affairs and International Cooperation Benedetto Della Vedova. Dar welcomed the Italian deputy minister and members of the accompanying delegation. He highlighted the historic and long-standing friendly ties between Pakistan and Italy. He acknowledged the volume of bilateral trade between the two nations but emphasized that trade potential is much bigger than the current level. He appreciated the cooperation and support of the Italian government for various development projects in Pakistan.

The Italian deputy minister recalled Italian Foreign Minister Paolo Gentiloni's visit to Pakistan last year, as well as the visits by the Italian Minister for Defence, and the Italian Deputy Minister for Economic Development along with a delegation of Italian businesspersons. He said that the recent increase in high-level interaction between the two countries bodes well for relations between the two nations.

He said that bilateral trade figures are improving but there is a huge untapped potential for further increase in bilateral trade. He emphasized that Italy and the EU are fully committed to keeping international markets open for trade at the highest level. He said that the Italian Ambassador to Pakistan Stefano Pontecorvo is making active efforts to promote foreign direct investment by Italian companies in Pakistan in various areas including energy, infrastructure and machinery.

Dar shared with the Italian deputy minister that after having achieved macroeconomic stability in Pakistan, the government is now focused on attaining higher, sustainable and inclusive economic growth. He said that during the tenure of the present government, despite curtailing fiscal deficit by more than half, development spending has been more than doubled and spending on social sector has been nearly tripled. He also apprised the deputy minister of the merger of Pakistan's domestic stock exchanges last year.

He said that in June last year the Pakistan Stock Exchange (PSX) was declared the best market in Asia, and in December, KSE-100 was declared the 5thbest performing stock index globally in 2016.

Dar said that the government of Pakistan has submitted the letter of intent for joining the Open Government Partnership (OGP), after having become a signatory to the OECD Convention on Mutual Administrative Assistance in Tax Matters. He said that the government is fully committed to ensuring transparency and adoption of international standards of governance.

The Italian deputy minister appreciated Pakistan's commitment to join OGP and accession to the OECD Convention. He said that Pakistan's partnership with the OECD, including accession to its conventions, is an important step as OECD maintains shared statistics which facilitate international trade and investments.

Senior officials of the Ministry of Finance, members of the visiting delegation and officials of the Italian