2013

NEWS ALERTS

Daily News

WEDNESDAY, NOVEMBER 13, 2013

PAK LAW PUBLICATION

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Top Stories

GHQ visit: Prime Minister pays tribute to soldiers

November 13, 2013

Prime Minister Nawaz Sharif Tuesday said the people of Pakistan have full faith in democracy and believe that a strong defence and stable democracy are essential for the country. Addressing senior army officers here during his visit to the Pakistan Army General Headquarters in Rawalpindi, he said Pakistan is a democratic and peace-loving country and wants stability in the world.

The PM said the nation held Pakistan Army in the highest esteem as they had always shown professional excellence in times of war and peace. Talking to Army Chief General Ashfaq Parvez Kayani, the PM said Pakistan Army had set an historic example by sacrificing lives for defending the motherland. "Those who have fought for Pakistan, Ghazis (living) and Shaheeds (martyred), have sacrificed their today for ensuring a better tomorrow for our future generations and all of them are our benefactors," a statement released from the Prime Minister House quoted the PM as saying. Nawaz Sharif said he had utmost confidence in the professional capabilities of Pakistan Army. He expressed the hope that "Insha Allah Pakistan would soon be recognised as a peaceful and developed country among the comity of nations."

Prime Minister Sharif said each soldier of Pakistan Army entered the battle-field with a passion to lay his life for the country and desired of attaining martyrdom. "It is this passion and high morale that is the biggest strength of our forces. Those who have laid their lives in the fight against terrorism would be remembered forever," the PM said.

Chief of Army Staff and Principal Staff Officers briefed the PM regarding operational environment, spectrum of threat, national security issues, contributions of Pakistan Army in nation building, support to civil administration in law and order situation and natural calamities.

Prime Minister was also apprised on engagements of Army battalions at border areas of Pakistan and the level of preparedness against external and internal threats. After the briefing, the PM visited various sections of the General Headquarters and expressed satisfaction. Minister for Finance Ishaq Dar, Minister for Interior Chaudhry Nisar Ali Khan and Special Assistant to PM Tariq Fatemi also accompanied the Prime Minister.

Government defends ISPR press statement

November 13, 2013

Minister for Information and Broadcasting Senator Pervaiz Rashid says ISPR's clarification is not an interference in politics. Talking to media in Rawalpindi on Tuesday, he said ISPR has represented the sentiments of every patriotic Pakistani. The minister said the visit of Prime Minister Nawaz Sharif to the General Headquarters Rawalpindi was aimed at expressing solidarity with martyrs. To a question, Rashid said the prime minister had not yet received any letter from Jamaat-i-Islami leader Liaquat Baloch.

Reform prospects uncertain: IMF

November 13, 2013

TAHIR AMIN

The Interna-tional Monetary Fund (IMF) has stated that economic reform prospects in Pakistan are uncertain and difficult, given the challenge of building strong public consensus. The IMF "World Economic and Financial Surveys" Regional Economic Outlook: Middle East and Central Asia states that "Morocco and Pakistan have newly formed governments that have the multi-year horizon needed to enact reforms for growth and employment; but even in these countries, reform prospects are uncertain, given the challenge of building strong public consensus for difficult economic reforms activity.

The IMF said that Pakistan's growth rate could remain at 2.75 percent during the current fiscal year, while the high expenditure and low income could result in the financial deficit to gross domestic product at 5.5 percent. The IMF further projected consumer price inflation at 7.9 percent by 2014. According to the survey, foreign exchange reserves remain strikingly low in Pakistan and are vulnerable to the realisation of downside risks. The current account deficit for Pakistan is projected at 6 percent by 2014.

It further states that sustained large fiscal deficits have augmented already high debt ratios (Egypt, Jordan, Lebanon, Mauritania, Sudan) and raised susceptibility to shocks in the countries in which debt ratios were moderate (Morocco, Pakistan, Tunisia). These higher ratios have been largely the result of increases in generalised subsidies and public wage bills since 2011 that were intended to soothe political and social unrest and ease the burden of elevated international food and fuel prices.

Low tax revenues and sometimes large quasi-fiscal activities have compounded pressures on deficit and debt. In many cases, reliance on domestic banks for financing runs the risk of reducing the availability of credit for the private sector. In other cases, monetisation of deficits is creating inflationary pressures. The IMF further states that implementation of fiscal consolidation in the current socio-economic environment is challenging. After the region's deficits peaked in 2013, national policymakers expect to bring deficits down in 2014 (Afghanistan, Jordan, Morocco, Pakistan, Sudan, Tunisia) by improving revenue collection and, in some cases, further phasing out energy subsidies.

The survey further states that official financing can help accommodate a slower and less painful adjustment, provided it is offered in the context of credible medium-term reform plans. The official financing can alleviate fiscal pressures and provide an opportunity for a more gradual and less painful fiscal consolidation.

It can also give countries more time to develop sound structural reform plans and build consensus for them. In countries already prepared to move quickly with difficult reforms, official financing can help catalyse additional, private financing. Recent IMF arrangements in Jordan, Morocco, Pakistan, and Tunisia aim to achieve these goals. However, if financing is absorbed without formulating medium-term reform plans, including plans for maintaining fiscal and external debt sustainability, it would only delay the inevitable unwinding of the underlying imbalances and require a larger and more painful adjustment in the future, when financial support may not be forthcoming.

According to the IMF, lower capital inflows would erode reserves in Pakistan and Afghanistan. Both countries, along with Sudan and Tunisia, would experience greater exchange rate depreciation, despite likely increases in foreign aid. The exchange rate depreciation would fuel inflation in these countries.

Increase in discount rate expected: MPS today

November 13, 2013

The State Bank of Pakistan will announce Monetary Policy Statement (MPS) Wednesday (today) with expectations of some increase in the discount rate. Economists are expecting a tight policy by the central bank as inflation and government borrowing for budgetary support continue to surge, forex reserves deplete and the PKR depreciate against the dollar. Economists said the status quo will be a surprise for the market.

In the previous monetary policy, announced in September 2013, the SBP, sensing the inflationary pressure on the economy, increased the policy rate by 50bps to 9.50 percent. "The inflation and government borrowing from SBP is increasing and forex reserves are dwindling, a tight monetary policy is required to move these indicators in a right direction," said Sayem Ali, an economist at Standard Chartered. He said the SBP had increased key policy rate by 50bps in previous MPS on higher inflation, which is still on the upward side and stood at 9.1 percent in October 2013. "We are expecting another increase of 50bps in monetary policy to be announced today," he added.

Renowned economist AB Shahid said some 50-100 bps increases is necessary to settle the economic issues being faced by the country. He criticised the government policy saying that increase in high speed diesel is the main reason for rising inflationary pressure on the economy. "Presently, market is expecting a raise of 50bps, however, we believe that higher policy rate is not the way to contain inflation and the government borrowing," said Khurram Shahzad, an economist at Arif Habib.

Despite inflationary pressure on the economy, we suggest SBP to maintain key policy rate at 9.5 percent to achieve a long-term growth, he added. "The SBP should adopt a wait and see policy as present economic growth is fragile and needs a soft monetary policy for stability," he said and added that SBP is already aware that rising electricity rates is the main reason for higher inflation, therefore in order to focus growth, the SBP should maintain policy rate at present level. Muzammil Aslam Director Emerging Economies Research is expecting no change in the discount rate. Although CPI inflation is on higher side, however still there is a difference of some 130 basis points between policy rate and inflation, he said.

Presently, four months inflation stands at 8.2 percent compared to discount rate of 9.5 percent, while monetary supply growth has also shrunk to 0.8 percent during the first four months of current fiscal year relative to 3.5 percent in the same period of last fiscal year, he said.

ECF instalment: IMF paid $26 million

November 13, 2013

The country on Tuesday paid $26 million to the International Monetary Fund (IMF) on account of Extended Credit Facility (ECF) installment. This payment is other than the Stand-By Arrangement (SBA) installment paid on November 11, 2013. Cumulatively, Pakistan paid some $174 million to the IMF in two days on account of repayments. Sources said both payments have been made from the reserves held by the State Bank of Pakistan. Two more SBA instalments worth Special Drawing Rights (SDR) 354.2 million are due this month.

Pakistan, US discuss advancing cooperation: Energy Working Group meeting held

November 13, 2013

As part of their Strategic Dialogue, Pakistan and US officials discussed advancing co-operation in a range of areas at the fifth Energy Working Group meeting here on Tuesday. Ambassador Carlos Pascual, US Special Envoy and Co-ordinator for International Energy Affairs, Minister for Petroleum and Natural Resources Shahid Khaqan Abbasi and Minister for Water and Power Khawaja Muhammad Asif co-chaired the meeting.

The US Ambassador to Pakistan Richard Olson, Charge de Affaires at the Pakistani embassy in Washington Asad M Khan, and senior officials from the two countries attended the meeting. Pakistan is seeking US co-operation in a host of areas including exploration of its shale gas reserves, materialisation of its coal-based projects and liquefied natural gas.

Islamabad has also decided to build both multi-billion dollars Dasu and Diamer-Bhasha dams as part of its endeavours to meeting the country's exponential energy and water needs, and is expecting US and international financial institutions' support towards their completion. In addition, Pakistani officials will explore co-operation in getting US technology to exploit its huge reserves of shale gas, which are estimated to be one of the biggest in the world.

The two sides are also expected to discuss co-operation in alternate sources of energy. The Iran-Pakistan and Turkemnistan-Afghanistan-Pakistan-India pipeline projects for import of gas are also expected to figure during the deliberations. According to the State Department, the United States and Pakistan have worked closely and on a sustained basis to better develop and diversify Pakistan's energy sector, a key priority of the Pakistani government and people.

"The United States has supported increased energy generation, improved distribution, management, revenue collection, and policy reform. Since October 2009, the United States has helped add 1,000 megawatts of capacity to Pakistan's grid "enough to supply electricity for more than 16 million people." After a hiatus of two years of strained ties, the Strategic Dialogue framework between the two countries was re-energised during Secretary of State John Kerry's August visit to Pakistan.

During Prime Minister Nawaz Sharif's visit to Washington for talks with President Obama last month, the two countries reaffirmed their commitment to strengthening co-operation in five major areas under the strategic partnership. At the conclusion of the Energy Group meeting, the Pakistani delegation will proceed to Houston for exploring co-operation with American investors in a series of meetings.

LoC violations dominate Indo-Pak meeting

November 13, 2013

Prime Minister Nawaz Sharif's Advisor on Foreign Affairs and National Security Sartaj Aziz Tuesday met Indian External Affairs Minister Salman Khurshid and National Security Advisor Shivshankar Menon. According to the Pakistan High Commission, the meeting with Khurshid was "held in a cordial atmosphere. Both sides reviewed bilateral relations in a constructive and forward looking manner".

Sartaj Aziz, who was here to attend the Asia-Europe Meeting (ASEM), held a 30-minute meeting with Khurshid, the last of the 20 bilaterals the Indian external affairs minister held on the sidelines of the multi-lateral meeting. External Affairs Minister Salman Khurshid, who held a bilateral meeting with the Advisor on Foreign Affairs Sartaj Aziz on the sidelines ASEM ministerial meet, said there have been events in the recent times that are not seen by the government or by anybody in India as encouraging events, in an apparent reference to cease-fire violations along the LoC in which many Indian soldiers have been killed. "I think they are counter-productive and I could not imagine if there is a seriousness in desire to reach some kind of situation in which a dialogue meaningfully to take place, whatever be the end result of that dialogue..."

"For a meaningful dialogue to take place (between India and Pakistan), conducive circumstances have to be created and it have to be done by both sides, it cannot be only on one side. Some of these events have been somewhat counterproductive, unfortunately," Khurshid told reporters. Asked about Aziz's meeting with Hurriyat and other pro-freedom leaders immediately after arriving for the 11th ASEM Foreign Ministers meeting, Khurshid said, "I must say it is important that what we say and what we do, we have to carefully watch.

"It's not that I want to give any gratuitous advice to our very senior colleagues across the border, but if there is seriousness in wanting to communicate and have a meaningful dialogue with India for sustainable peace, it will be necessary to respect India's point of view, India's sentiments and sensitivities of our country.

"Because this is not a dialogue that happens in isolation, this is a dialogue that is contextual and this is a dialogue that needs public support. And we think that we have done a great deal to help Pakistan government to get the public support that it needs to be able to have a fair and transparent dialogue with India." After meeting Khurshid, at the Oberoi, Aziz met Menon at South Block.

Taxation: *Pakistan*

Tax deductions, statements filing: WHT agents fail to comply with major step

November 13, 2013

SOHAIL SARFRAZ

Over 700 sales tax registered persons operating as withholding agents have failed to comply with a major budgetary measure (2013-14) meant for deduction of income tax and filing of monthly withholding tax statements for current fiscal year. Sources told *Business Recorder* here on Tuesday that the scope of prescribed person for the purposes of Section 153 was extended to "a person registered under the Sales Tax Act, 1990".

It means that every person registered under the Sales Tax Act, 1990 shall also deduct income tax at the prescribed rate. The sales tax withholding agents were required to deduct along with filing of withholding tax statements. However, these sales tax registered persons have not complied with the provisions of the new budgetary measure of 2013-14.

Sources said that only in few month people are making purchases to the tune of billions of rupees on which they were to withhold income tax at prescribed rate during the current financial year. The prescribed rate of tax is 3.5 percent for companies and 4 percent for non-corporate units under section 153 of the Income Tax Ordinance. If these defaulters are pursued vigorously the recovery alone from this budgetary measure can go up by estimated around Rs 3 billion per month.

The FBR has also analysed purchases of billions declared by the withholding agents in their sales tax returns, but generally they defaulted in filing of withholding tax statements on the income tax side as well as they also failed in making the payment of withheld income tax. It is understood that certain taxpayers have obtained exemption certificates which makes their sales exempt from withholding tax.

A tax expert was of the view that the purpose of merger of domestic taxes was to bring them on same page however, this did not happen rather the reform money was spend more on furnishing offices and creating posts. Now, the FBR is utilising the information available on the sales tax side for plugging the leakages on the income tax side. If this technology of integration is on the right track and made the driving engine, it could be instrumental in raising tax-to-GDP ratio.

The Computerised Risk-Based Evaluation of Sales Tax (Crest) of the Federal Board of Revenue (FBR) has been able to successfully detect income tax discrepancies on the basis of sales tax data. The Crest has played a key role in checking such defaulters of withholding tax statements based on analysis of sales tax data, sources maintained.

Incomplete declarations, avoiding customs valuation rulings: Importers of cosmetics, toiletries causing revenue loss to exchequer

November 13, 2013

Some importers are causing revenue loss to the national exchequer by making incomplete declarations, avoiding application of 4 new customs valuation rulings to import expensive/branded cosmetics and toiletries in the garb of low quality products.

Sources told *Business Recorder* here on Tuesday that the Federal Board of Revenue (FBR) has directed Collectors of Customs to intercept suspected consignments of cosmetics and toiletries, where importers try to by-pass the new customs valuation rulings to evade taxes at the import stage.

It is learnt that certain importers are violating valuation ruling No 588/2013, 589/2013, 590/2013 and 596/2013 issued for accurate assessment of customs duty on the import of toiletries, perfumes and deodorants. The FBR has further directed the Collectors of Customs to exercise due vigilance at both assessment and examination level to control import of expensive/branded cosmetics and toiletries under the cover of low quality items.

The investigation carried out by the Directorate General of Customs Valuation Karachi revealed that valuation of toiletries was hitherto governed by Valuation Ruling 512/2012 dated 27.12.2012 that notified values of Unbranded Toiletries. For Branded Toiletries, no uniform practice was followed by the clearance Collectorates while assessing them to duty/taxes. For valuation of all types of Perfumes/Deodorants, Valuation Ruling No 513/2012 dated 27.12.2012 is applied.

The Directorate General of Customs Valuation has conducted the exercise of determining/revising the Customs values of Toiletries and Perfumes/Deodorants including high end branded Toiletries/Perfumes/Deodorants and unknown & inexpensive brands. After detailed consultations with stakeholders including President and other representatives of KCCI and FPCCI, four Rulings have been issued: 589/2013 governs only the high-end branded Toiletries whereas 596/2013 applies only to low end and inexpensive brands; rest of Toiletries falls within the ambit of 590/2013. Valuation of perfumes and deodorants is governed by Valuation Ruling No 588/2013 read with its Corrigendum dated 24.10.2013. In the said four Rulings, brand-wise determination of Customs values has been done to differentiate between high end known brands from low end unknown brands. The Customs values reflect their market values.

Perusal of import data and feedback by stakeholders reveals that certain unscrupulous importers of subject goods evade Government revenue by making incomplete declarations avoiding application of valuation rulings and by importing expensive/branded goods in the garb of low-end Cosmetics & Toiletries. To circumvent any effort at import stage to manipulate description and to clear cosmetics/toiletries/perfumes of high end/ known brands at lower values, clearance Collectorates are immediately required to exercise due vigilance at both assessment and examination level.

Duty assessment on BOPP films' import begins at MCCs

November 13, 2013

The Collectors of Customs at Model Customs Collectortes (MCCs) have started assessing customs duty on the import of BOPP film applying the new customs values ranging between US $2.42 per kg to US $9 per kg. Sources told *Business Recorder* here on Tuesday that the new customs values have been fixed on the import of the said item in view of prevailing market price in the international market.

Directorate General of Customs Valuation Karachi has issued new customs values on the import of BOPP film in exercise of the powers conferred under Section 25-A of the Customs Act, 1969. The new customs values of BOPP film to be applicable on imports made from all origins. The ruling said that the customs value of BOPP film were determined under Section 25-A of the Customs Act, 1969, vide Valuation Ruling No 406/2011. With a view to reflect the current prices prevailing in the international market, an exercise to determine the Customs values of the said goods afresh was taken up.

The valuation methods given in Section 25 of the Customs Act, 1969 were followed. Transaction value method provided in sub-section (1) of section 25 was found inapplicable because requisite information was not available. Identical/similar goods value methods provided in sub-section (5) & (6) of section 25 ibid were applied that provided same reference values of specified varieties of BOPP film. Local market enquiry in terms of Section 25(7) also could not be applied due to substantial variation in market price. Consequently, Section 25(9) read with Section 25(8) of the Customs Act, 1969, was adopted to determine Customs values for BOPP film in the case.

Meetings were held with stakeholders including representatives of FPCCI to discuss the current international values of BOPP film. In the meeting, the prices of basic raw material of the subject goods also came into consideration, sources said. BOPP film shall be assessed to duty/taxes on the following customs values: The customs value of BOPP Film Plain upto 12Micron would be US $2.66 per kg; BOPP Film Plain above 12Micron US $2.42 per kg; BOPP Film Metalized US $2.68 per kg and custom value of BOPP Film Capacitor Grade has been fixed at US $9 per kg.

In cases where declared transaction values are higher than the Customs value determined in this Ruling, the assessing officers shall apply those values in terms of sub-section (1) of section 25 of the Customs Act, 1969. In case of consignments imported by air, the assessing officer shall take into account the differential between air and sea freight while applying the Customs Values determined in the Ruling.

The values determined vide the Ruling shall be the applicable Customs value for assessment of said imported goods until and unless it is rescinded or revised by the competent authority in terms of sub-sections (1) or (3) of section 25 of the Customs Act, 1969, sources added. The Collectors of Customs would ensure that the values given in the Ruling were applied by the concerned staff without fail, sources added.

Cosmetics units: FBR fails to collect Rs 583 million FED

November 13, 2013

MUHAMMAD ALI

Despite having directives from ministry of finance, the Federal Board of Revenue (FBR) has so far appears toothless to recover Federal Excise Duty (FED) amounting to around Rs 583 million from cosmetics manufacturers, it was learnt here on Tuesday. According to sources, the Directorate of Intelligence and Investigation (DI&I), Karachi on the directives of Federal Tax Ombudsman (FTO) had raised a demand of around Rs 583 million against seven cosmetics manufacturers for the period July 2007 to June 2012 and communicated the case to Regional Tax Office (RTO)-II.

Instead of taking action on DI&me report, the RTO-II contested the case and termed it as incorrect. The RTO-II was of the view that these units were not required to pay FED as they instead of manufacturing goods by themselves had entered into an arrangement with another entity having its factory located at Mingora, Swat. These units only distribute these goods, manufactured in tax-free area, in tariff area. Therefore, these units are not liable to pay FED in pursuance of SRO 200(I)/2011 dated March 14, 2011.

However, the DI&I rebutted the contention of the RTO-II and termed it as contrary to facts and misleading. The DI&I was of the view that agreement between the FBR and group of cosmetics manufacturers and toiletries, Mingora related to tax period 2006-2007 whereas the non-payment of FED was for the tax years from 2007 to 2012. The issue was brought in light by Moin Aziz Mirza, M.A Mirza & Associates at FTO office Islamabad. The ministry of finance on the complaint of Mirza had also directed chairman FBR to take further necessary action in this case but the board after the lapse of almost five months was unable to resolve the issue for the reason known to the FBR.

The complaint filed by the Mirza in FTO, office alleged that some unscrupulous elements had exploited agreement signed between FBR and a group of cosmetic manufacturers and getting windfall by charging FED from consumers on various items including soap and cosmetics at the prescribed rate. However, these units only pay taxes on fixed-amount basis, which is much less than amount realised from the consumers.

The complaint said that this cosmetics mafia, which was involved in giving financial shocks of Rs 400 million, approximately, to the national kitty per annum, had been doing this illicit activity for the last 14 years with the connivance of tax officials. In early 90s, the revenue generated from these units in the absence of "agreement" was about Rs 200 million, however, the FBR after agreement had only collected Rs 130 million in 24 equal instalments in a year in FY07, the compliant said. For the last few years, this surplus or difference has been camouflaged as license fee, royalty, etc. The complaint said that arrangement of "agreed" FED was only for 16 units but many more companies were being benefited.

Business & Economy

Govt keen to enhance Kinnow export

Tuesday, 12 November 2013 14:17

Posted by Parvez Jabri

SARGODHA: Director Citrus Research Institute Altaf-ur-Rehman said that the Punjab government has initiated practical steps to enhance export of kinnow.

He was addressing a seminar on disease prevention of citrus fruits here at Citrus Research Institution on Tuesday.

The experts briefed the farmers on ways to enhance kinnow export, its better cultivation and steps for prevention of diseases of citrus fruits.

Director Citrus appreciated the steps taken by the government and said that higher exports of kinnow would offer opportunities to earn greater profit from the crop.

On the occasion, EDO agricultures assured of his complete cooperation to kinnow growers.

TDAP invites business persons to join two exhibitions in US

Tuesday, 12 November 2013 14:17

Posted by Parvez Jabri

MULTAN: Trade Development Authority of Pakistan (TDAP) has invited business persons and industrialists to participate in two major exhibitions to be held in USA next year.

The participants could avail the opportunities to promote and market Pakistani products.

"One such event, 3-day 'Tex World New Year Exhibition' would begin in USA on Jan 21, 2014", Director TDAP Multan Alamgir Khan told APP on Tuesday. The process of receiving applications from the intending participants for this exhibition was in progress and would conclude by the end of next week, he informed.

The second exhibition,' Pak-US Trade Expo' would begin in Washington from May 2 next year and applications would be received by TDAP till Nov 15, it was learnt.

People associated with industrial, trade, or preparing products depicting Pakistani culture should apply to participate in the exhibitions.

Those willing to participate in Pak-US Expo would have to deposit US$ 3500 fee to cover their expenses on transportation, food, and five-day accommodation for two persons.

Pakistan should focus on trade ties with Kuwait

Tuesday, 12 November 2013 13:14

Posted by Parvez Jabri

ISLAMABAD: Economist Dr. Khawaja Amjad Saeed has said that Pakistan should focus on its trade ties with Kuwait.

Talking to Radio Pakistan, Dr. Amjad said that the agreements signed with Kuwait should be implemented without any delay.

"Pakistan highly values the contributions of Kuwait in Pakistan's endeavours for economic development", he said.

He said that trade ties between Pakistan and Kuwait were improving gradually, Pakistan should focus on training of labour force to compete with the trained labour force of the world.

He added, "we have competition of labour force with India, Bangladesh and Philippine existed a great potential for increased co-operation in a broad spectrum of areas between the two countries".

He said that Kuwait should support mega energy projects and invest in up-gradation of the existing projects as energy crisis has slowed our economy.

He said that Pakistani traders as well as labourers should be given relaxations in visas so that they could work with peace of mind, earn with dignity and help their country.

Cotton and Textiles: *Pakistan*

Cotton market: prices steadier on quality factor

November 13, 2013

Firmness prevailed on the cotton market on Tuesday as mills and expoters both preferred to make deals of fine quality at their psychological levels, dealers said. The official spot rate maintained an upward march, picked up more Rs 50 to Rs 6550, they said. Price of seed cotton in Sindh per 40 kg were unchanged at Rs 2100-3000, in Punjab rates followed same pattern at Rs 2900-3200, dealers said.

In the ready session, about 18,000 bales of cotton changed hands between Rs 6300-6800, they said. Market sources said that trading activity improved slightly as the mills and exporters showed interest in purchasing of fine type to cover the forward buying ahead of Ashura holidays.

In the meantime, it is likely that local traders may try to lay hands over the Indian cotton, if prices match with their psychological levels, cotton analyst, Naseem Usman said. According to the Reuters, the ICE cotton eased on Monday in heavy, spread-related dealings as trade selling weighed and worries lingered over excess global inventories forecast to record this year as high prices have crimped demand.

The benchmark March cotton contract on ICE Futures US edged down 0.44 cent, or 0.6 percent, to settle at 78.20 cents a lb. The spot December contract edged up 0.09 cent, or 0.1 percent, to finish at 76.97 cents per lb. Fiber underperformed broader commodities markets, with the Thomson Reuters/Core Commodity CRB index ending higher for a third straight session. Trading volumes were heavy, dominated by heavy rolling out of the spot contract and commercial selling activity in March, now the most-active contract.

The following deals reported as 400 bales of cotton from New Saeedabad sold at Rs 6450, 200 bales from Kazi Ahmed at Rs 6300, 400 bales from Khair Pur at Rs 6700, 400 bales from Upper Sindh at Rs 6700, 400 bales from Multan at Rs 6600, 1000 bales from Burewala at Rs 6600, 400 bales from Toba Tek Singh at Rs 6600, 400 bales from Rojhana at Rs 6600, 200 bales from Samandari at Rs 6650, 400 bales from Liaquat Pur at Rs 6650, 400 bales from Chinute at Rs 6650, 400 bales from Chak Jhumra at Rs 6650, 400 bales from Bahawal Pur at Rs 6675, 400 bales from Vehari at Rs 6675, 400 bales from Hasil Pur at Rs 6675, 1000 bales from Haroonabad at Rs 6700, 600 bales from Faqirwali at Rs 6700, 400 bales from Fort Abbas at Rs 6700, 400 bales from Sheher Sultan at Rs 6700, 400 bales from Jatoi at Rs 6700, 400 bales from Tonsa Sharif at Rs 6700, 400 bales from Jalal Pur at Rs 6700, 400 bales from Shujabad at Rs 6700, 800 bales from Ahmed Pur at Rs 6700, 400 bales from Bakhar at Rs 6700, 800 bales from Shadan Lund at Rs 6700, 400 bales from Ali Pur at Rs 6700, 1600 bales from Khan Pur at Rs 6700-6800, 1400 bales from Sadiqabad at Rs 6750/6800, 1200 bales from Rahim Yar Khan at Rs 6750/6800 and 1400 bales from Rajan Pur at Rs 6800, they added.

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The KCA Official Spot Rate 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	Spot Rate Ex-Karachi	Spot Rate Ex. KHI. As on 11.11.2013	Difference Ex-Karachi
37.324 Kgs	6,550	155	6,705	6,655	+50
Equivalent					
40 Kgs	7,020	155	7,175	7,121	+54

Brazil market 'textiles exporters can benefit from huge opportunities'

November 13, 2013

Pakistani textiles exporters can achieve huge opportunities in Brazil market. This was stated by Counsel General of Brazil in Pakistan Muhammad Jamil. He was addressing at Pakistan Yarn Merchants Association Punjab & KPK Zone members on Tuesday. He said Brazil is a vast market for textile exporters in this purpose Pakistani should made concerted efforts to develop the market.

"The textile exporters should marketing their products through personal visits and contacts with Brazilian importers on direct basis to achieve solid progress and should arrange exhibitions on reciprocal basis, he assured that they would get positive response." He also said that the Nawaz Sharif government was steadily bringing stability in the economy and the government was seriously addressing the energy crises the situation appears to be improving. It was in this context that he was calling upon the business community to avail the export opportunities by tapping and developing non-traditional markets.

Earlier, welcoming the chief guest Chairman Pakistan Yarn Merchants Association Punjab & KPK Zone Abaidullah Sheikh stressed the need for improving bilateral trade relations. He said that Pakistan was the fourth biggest cotton producing country in the world and its textile industry was dominant shareholder. He pointed out that of the total $24.5 billion exports, share of textile was 50 per cent at $13.2 billion. He said that Europe and America are major destinations of Pakistan but there is imperative need for diversification and development of new markets and Brazil presented a good opportunity in this respect. He said Pakistani exporters are determined to increase trade relationship with Brazil. Abaidullah Sheikh later presented the shield of Association to the visitor.

Consignments stuck up at Karachi Port: Transporters' strike causes heavy loss to exporters: PHMEA

November 13, 2013

Large numbers of export consignments have been stuck up at Karachi Port due to the continuous goods transporters strike that will cause heavy loss to the exporters as well as to the country, said Muhammad Amjad Khawaja Chairman Pakistan Hosiery Manufacturers & Exporters Association (PHMEA) (North zone).

Talking to media persons, he said that transporters are on strike for the last many days. But the government failed to resolve their issues and grievances that forced them to continue their strike. He said that government is fully aware of the situation that energy crisis has already inflicting colossal loss to the national economy.

Chairman PHMEA said that despite of the most discouraging economic situation within the country, the exporters were making strenuous efforts to earn precious foreign exchange in addition to providing much needed job to the unemployed youth. "We have prepared exportable products after painstaking struggle', he said and added that now the transporters strike has almost crippled the export business. He urged upon the government to take up the transporters issue seriously to end their strike without any further delay.

He further said that if export consignments is failed to reach on time, the products specially manufactured for the Christmas Eve would become useless and exporters would face the unbearable losses. The strike should now come to an immediate end as its continuity will create shortage of raw material as well as other commodities within the country.

Agriculture and Allied: *Pakistan*

Khyber Pakhtunkhwa minister for early completion of irrigation schemes

November 13, 2013

Khyber Pakhtunkhwa Senior Minister for Irrigation, Power and Energy, Sikandar Hayat Khan Sherpao has directed the early completion of the ongoing schemes in irrigation sector. Presiding over a meeting on Tuesday, he said that in this regard the timely provision of funds would be made possible. During the meeting, the senior minister was given detailed briefing regarding different ongoing irrigation schemes and discussed hurdles in this regard.

During the meeting, the provincial minister was given detailed briefing on Munda Head Works and other ongoing schemes in Mardan, D I Khan, Hazara and Peshawar divisions.

'NFML recovers Rs 570 million from fertiliser transporters'

November 13, 2013

On the directions of Federal Minister for Industries & Production Ghulam Murtaza Jatoi National Fertiliser Marketing Limited (NFML) recovered Rs 570 million from fertiliser transporters and deposited the money in the national exchequer, says a press release issued here on Tuesday.

Furthermore, case of a company which has an outstanding amount of Rs 450 million was given one month time to deposit the amount, but the company was unable to deposit the money within the stipulated time. Therefore, MOIP has referred the case to NAB for further action. Ghulam Murtaza Jatoi said he would ensure corruption-free administrative system in the public sector organisations working under the MOIP. He said public money is a sacred trust and he would not allow any misuse of that money. The Minister emphasised that he would follow a zero-tolerance policy towards the defaulters and would leave no stone unturned to bring back each paisa of the state.-PR

Sugar: current stock position discussed

November 13, 2013

MUSHTAQ GHUMMAN

Sugar Advisory Board (SAB), a body comprising representatives of federal and provincial governments and sugar mills" representatives, met Tuesday in Islamabad to discuss current stock position, prices and prospects of new crop. Secretary Ministry of Industries and Production (MoI&P), Shafqat Naghmi chaired the meeting. Sugar prices in retail market have touched Rs 80 per kilogram in rural areas due to an alleged nexus between policymakers and sugar mill owners. Chairman PSMA Shunaid Qureshi did not attend the meeting.

Provincial Cane Commissioners, sources claim, informed the meeting that current stocks are of about 882,000 MT of which 150,000 MT to be procured by the Trading Corporation of Pakistan (TCP) which 500,000 MT is meant for export - a quantity approved by the Economic Co-ordination Committee (ECC) of the Cabinet. According to the MoI&P, stocks with Punjab are of about 400,000 MT, Sindh 300,000 MT and KPK 23000 MT. This implies that stocks for open market will be about 232,000 MT till the end of current month against the monthly consumption of 390,000 MT. However, MoI&P claims that stocks are sufficient till January. MoI&P in its summary dated October 28, 2013 had claimed that stocks with the mills are 182, 861, 3 MT which would be enough till March 15, 2013.

The reason behind current prices hike is shortage of stock but the representatives of sugar mill owners are of the view that prices will come down from December with the arrivals of new sugar in the market. President Pakistan Sugar Mills Association Punjab, Riaz Qadeer Butt told *Business Recorder* that export of 500,000 MT will be materialised in five months, as 27000 MT sugar has been exported so far. At the same time, he said, mill owners are least interested in sugar export because the government has not yet issued any SRO meant for rebate. He was of the view when the local sugar rates will be better, no sugar mill will export the commodity. Replying to a question regarding floating of "black stock" in the market, he said that black stock is released during the initial crushing days, adding that now stock figures are real.

He further stated that Federal Board of Revenue (FBR) will invoke section 40 B of the Sales Tax Act, 1990 according to which tax officials can be deputed at mills to oversee sugar stocks. In reply to another question, an official of MoI&P told *Business Recorder* that Provincial Cane Commissioners informed the meeting that out of Rs 260 million, Rs 170 million of the growers are yet to be paid by the mills.

He said, the export of sugar has been linked to payment to growers and every mill which intends to export will have to produce a clearance certificate to be issued by the PSMA or Provincial Cane Commissioner. "There will be no further intervention in sugar matters till March 31, 2013. After the crushing season is over, meeting will be convened to review stock position for chalking out future strategy," he continued.

Riaz Qadeer Butt stated that those sugar mills which did not pay to growers will now pay them prior to the commencement of crushing season. He claimed that current sugar stock stood at 950,000 MT, which is more than the stocks mentioned by the MOI&P. He further claimed that Pakistan"s sugar production is estimated at 5.4 million MT this year.

Answering yet another question, he said that investors and stockiest are floating their stocks in the market and making money and not the mill owners. He was of the view that mill owners are holding back stocks for export purposes. An insider who requested anonymity be quoted said that every sugar mill owner, except Jahangir Khan Tarin, is showing a loss of Rs 350 million.

Met Office issues advisory for farmers

November 13, 2013

Farmers should complete wheat sowing by November 20 with a view to receive an optimum produce. However, after elapse of the prescribed period, the growers are advised to try recommended seed varieties to avoid production loss. The Met Office in its 10-day advisory, urged the farmers of wheat producing areas of the country to sow crops in time to get the optimum yield. "The best suitable time for wheat cultivation is November 1 to November 20," it said.

Farmers of rain-cropped areas should complete sowing of the Rabi crops before November 15 to get maximum yield. "After this time the yield of wheat crop decreases gradually," the office warned. It said farmers of irrigated areas should timely harvest Kharif crops including cotton so that sowing of Rabi crops especially wheat crop may be possible without any delay.

"Farmers of irrigated plains of Punjab, Sindh and Khyber Pakhtunkhwa are advised to complete sowing of wheat crop before December 15 to get maximum yield. In case of late sowing in December, recommended varieties should be cultivated to minimise the loss in yield, it suggested. Meanwhile, the Met Office forecast mainly dry/cold weather for most parts of Punjab in the next 10 days. However, it said, rainfall is expected at isolated places in upper parts of the province during November 12 and 13.

In Khyber Pakhtunkhwa, it said, mainly dry and cold weather is expected in its most parts in the next 10 days. Rainfall is expected at isolated places in upper parts of the province till November 15. In Sindh, mainly dry weather is expected in most parts of the province. Mainly dry and cold weather is likely for most parts of Balochistan during the period. The office said rainfall is expected at isolated places in south-western parts of the province in the next 10 days.

Weather in Gilgit-Baltistan is likely to remain mainly dry/partly cloudy and cold. Rainfall is expected at isolated places in Gilgit-Baltistan. In Kashmir, the office said mainly dry/partly cloudy and cold weather is expected in most parts. However, rainfall is expected at isolated places in Kashmir during the period.

Misuse of ATT: Illegal tea imports inflict heavy revenue losses

November 13, 2013

MOHAMMAD BILAL TAHIR

Country has incurred a revenue loss of Rs 500 million so far and further more is expected in ongoing fiscal year, due to illegal trade of black tea under the guise of Afghan Transit Trade (ATT), it was learnt on Tuesday. Industry sources said government's move to charge standard rate of sales tax on legal tea imports has given significant rise to smuggling of black varieties into Pakistan through ATT. "Every second cup of brewed tea is made with tea varieties brought in country through unofficial and undocumented sector", tea importer said.

Industry sources said that 39 per cent of the total tea consumption of the country, during last four months (July- October 2013), was smuggled through Afgan Transit Trade (ATT). "From July-October 2013, country has imported 40 million kilograms through legal channel while 26 million kilogram of A-grade tea varieties worth Rs 1 billion has been smuggled through ATT," industry sources told *Business Recorder*.

Despite the heavy influx of smuggled tea varieties in Pakistani markets and charging standard rate of sales tax on legal tea imports, the retail markets has witnessed sharp decline in commodity prices due to political turmoil in Egypt and civil war in Syria.

Market sources said that political instability in Egypt, since the ouster of President Muhammad Morsi, and civil war in Syria has pulled down tea import by crisis-hit Arab republics, resulting in a sharp fall of the commodity 's auction rates at global markets.

"Presently, we have been paying Rs 1. million to 1.9 million duty on import of single container carrying black tea varieties but at the same time only Rs 0.8million to 0.9 million is paid per container on tea imported through ATT, thus creating a difference of Rs 0.8milion to 0.9 million per container between legitimate and illegal trade under the head of taxes," tea importer said.

Earlier, on 2nd June, 2012, government had reduced sales taxes on tea imports to discourage smuggling of tea into the country and improve legal imports but it had been withdrawn in the budget 2013. Industry sources said increase in sales tax has encouraged the undocumented sector to saturate the local markets incurring the losses to national exchequer.

"Legal tea imports are hampered, official sector is passing through a tough time," Chairman Pakistan Tea Association (PTA) Hamid S Khuwaja said. He said the government has no check and balance system to curb the influx of smuggled tea varieties in Pakistani markets.

Exporters object to Malaysian team moot with only two abattoirs

November 13, 2013

ZAHID BAIG

Halal meat exporters from Lahore have strongly objected to the selective meeting of a Malaysian delegation with only two abattoirs of Lahore and urged the authorities concerned to investigate the discrimination shown against other companies. The Malaysian delegation had visited the provincial metropolis to audit and approve Lahore based abattoirs for meat export to Malaysia.

"Whether Malaysian delegation came to visit Pakistani abattoirs or meet only two companies," questioned Nasib Ahmad Saifi, a leading meat exporter and Convenor LCCI Standing Committee on Halal Food while talking to *Business Recorder* here on Tuesday. He said Halal meat is one of the fastest growing markets in the world and Malaysia seems to have a rapidly increasing contribution in it. According to Malaysian National Statistics beef imports to Malaysia have soared to record levels in 2013, he added.

He said prior to visit of the delegation, meat exporters of the provincial metropolis were contacted by the Pakistan Embassy in Malaysia and around 14 parties submitted their interest letter to meet the visiting audit delegation of Malaysia. He claimed that they also submitted a fee with the embassy. However, he regretted that they were totally ignored when the delegation came to Lahore and only two companies were invited to attend the discussion.

He said that the Malaysian delegation has come to Pakistan and wanted to visit abattoirs but they were restricted at upper level to visit only for two abattoirs; one is the slaughterhouse in government sector and the other is the first exporter of Halal meat from Pakistan to Malaysia. While about 8 to 10 modern abattoirs, other than these two are worth named here that made marvellous and rapidly growing contribution in export of Halal meat to all over the world.

Analysing the Malaysian market, Nasib Ahmad Saifi said that it imports shot to 84,118 tons to August 2013, after strong performance from Indian suppliers and growth from Australian exporters, up by 18 percent. India provides 80 percent of Malaysian beef, equating to 67,240 tons for the first seven months, an increase of 17 percent year-on-year. Increase in import value in last five years from A$2.70 per Kg to A$3.50 per Kg in 2013 is thought to be behind the demand.

Pakistan also started to contribute in export of Halal meat to Malaysia in February 2011. A private slaughterhouse made its first consignment. But unfortunately, it can never make even three shipments in three years which discouraged the Malaysian importers a lot, he alleged.

Saifi said that he always represented Pakistan all over the world and make an addition in its goodwill. Exactly should be done by the government representative slaughterhouse but unfortunately the case is reversed and they always try to promote their own business not the Pakistani Halal meat export, he concluded.

Fuel and Energy: *Pakistan*

Pakistan, US discuss advancing cooperation: Energy Working Group meeting held

November 13, 2013

As part of their Strategic Dialogue, Pakistan and US officials discussed advancing co-operation in a range of areas at the fifth Energy Working Group meeting here on Tuesday. Ambassador Carlos Pascual, US Special Envoy and Co-ordinator for International Energy Affairs, Minister for Petroleum and Natural Resources Shahid Khaqan Abbasi and Minister for Water and Power Khawaja Muhammad Asif co-chaired the meeting.

The US Ambassador to Pakistan Richard Olson, Charge de Affaires at the Pakistani embassy in Washington Asad M Khan, and senior officials from the two countries attended the meeting. Pakistan is seeking US co-operation in a host of areas including exploration of its shale gas reserves, materialisation of its coal-based projects and liquefied natural gas.

Islamabad has also decided to build both multi-billion dollars Dasu and Diamer-Bhasha dams as part of its endeavours to meeting the country"s exponential energy and water needs, and is expecting US and international financial institutions" support towards their completion. In addition, Pakistani officials will explore co-operation in getting US technology to exploit its huge reserves of shale gas, which are estimated to be one of the biggest in the world.

The two sides are also expected to discuss co-operation in alternate sources of energy. The Iran-Pakistan and Turkemnistan-Afghanistan-Pakistan-India pipeline projects for import of gas are also expected to figure during the deliberations. According to the State Department, the United States and Pakistan have worked closely and on a sustained basis to better develop and diversify Pakistan"s energy sector, a key priority of the Pakistani government and people.

"The United States has supported increased energy generation, improved distribution, management, revenue collection, and policy reform. Since October 2009, the United States has helped add 1,000 megawatts of capacity to Pakistan"s grid "enough to supply electricity for more than 16 million people." After a hiatus of two years of strained ties, the Strategic Dialogue framework between the two countries was re-energised during Secretary of State John Kerry"s August visit to Pakistan.

During Prime Minister Nawaz Sharif"s visit to Washington for talks with President Obama last month, the two countries reaffirmed their commitment to strengthening co-operation in five major areas under the strategic partnership. At the conclusion of the Energy Group meeting, the Pakistani delegation will proceed to Houston for exploring co-operation with American investors in a series of meetings.

Supreme Court raises questions on power subsidy

November 13, 2013

KHUDAYAR MOHLA

Resuming the hearing of a human rights case related to massive loadshedding in the country, a three-member bench headed by Chief Justice Iftikhar Muhammad Chaudhry asked why people should pay for illegal steps of the government. From the outset of hearing, in pursuance of the court"s orders, Attorney General for Pakistan Munir A. Malik submitted details pertaining to subsidy extended to various sector and power sector line losses since 2006.

He informed the bench that a total of Rs 344 billion subsidy had been given to domestic, industrial and agriculture sectors saying Rs 220 billion subsidy has been allocated for the current fiscal year. The Chief Justice Chaudhry remarked that the government should meet the concept of a welfare state and questioned whether or not the government is authorised to withdraw subsidy. He further observed that the government has not determined new price of electricity yet.

A member of the bench, Justice Hani Muslim, said that it doesn"t suits the government to withdraw subsidy once it has been extended. During proceedings, the counsel for fertilisers manufacturers apprised the bench about the process behind fertiliser production, gas supply to the sector on subsidised rates, its import and factors for determining price. To which, the Chief Justice observed that to discourage the trend of profiteering fertiliser companies should print price on bags. Later, the hearing of case was adjourned till Wednesday (today).

Pakistan, Iran urged to ink bilateral treaty to complete IP gas project

November 13, 2013

ABDUL RASHEED AZAD

Pakistan and Iran should ink a bilateral treaty to complete Iran-Pakistan (IP) gas pipeline project and to avoid international sanctions. This was stated by Dr Abid Suleri, Executive Director, Sustainable Development Policy Institute (SDPI), Arshad Abbasi, Energy Advisor SDPI, Shaukat Hameed Khan, Vice Chancellor Center for Advanced Studies in Engineering (CASE) and Saad Saleem, Managing Director NayaTel here on Tuesday while addressing a joint press conference.

Suleri said that Pakistan's growing energy needs can be substantially met through import of gas from Iran via the IP gas pipeline project. However, there is a need to re-evaluate the gas pricing mechanism for the purpose, he added. The press conference came following the recent statement by Hamid Raza, Managing Director of National Iranian Gas Company

(NIGC), suggesting that the gas price has not yet been fixed and can be reviewed if Pakistan formally requests Iran.

Regarding the anticipated international sanctions the project might draws, Suleri pointed out that Iran is already exporting gas to other countries including Turkey and Armenia. The average price of per unit electricity produced by using local gas costs five rupees while production of one power unit through IP would cost Rs 16 per unit, which is almost four times higher as compared to the domestic cost.

To a question, he said that funding options for the project would be more secure if a sovereign bilateral agreement is reached between the two countries and signed between Iran and Pakistan. Pakistan can also explore the option of exporting wheat to Iran in exchange for gas from the latter. On concerns regarding India blocking an Iran-Pakistan gas deal, he said that India is an emerging economy with higher energy needs; if a gas pipeline materialises between Iran and Pakistan, it can also be extended to India in the future.

Speaking at the press conference Arshad Abbasi said that SDPI's study on the IP gas pipeline had played an important role in generating a policy debate on the issue. He added that the report was reviewed by independent experts and requested all concerned stakeholders, including government, academia, media and intelligentsia to come forward and contribute towards a concrete policy framework particularly in the context of Pakistan's pressing energy needs.

He emphasised the need to de-link the price of gas from that of oil in international market, particularly considering Iran's willingness to reconsider gas pricing for Pakistan. Shaukat Hameed Khan said that drilling options had not yet been fully explored and utilised in Pakistan. The number of wells drilled in the country is already too low, despite Pakistan's persistent energy crisis.

He called for reform not only in the Oil and Gas Development Company but also in the Oil and Gas Regulatory Authority. He also opined that the IP project can generate economic activity in the less privileged areas of Balochistan. Saad Saleem observed that there was a need to dispel the notion that energy prices were completely linked to international oil prices, which, in turn are linked to movements in the US dollar.

APCNGA rejects new load management plan

November 13, 2013

ABDUL RASHEED AZAD

The All Pakistan CNG Association (APCNGA) while rejecting the new gas load-management plan by Sui-Northern Gas Pipelines Limited (SNGPL) said that the plan would ruin their business as well as create serious transport problems for the general public.

The people, who travelled between the twin cities of Rawalpindi and Islamabad by using Public Service Vehicles (PSV), faced serious problems due to the closure of CNG stations across the Pothohar region as per SNGPL new gas load-management plan. It was also observed that at every bus/van stop a large number of people were seen waiting for PSVs which remained off the roads and they faced immense problems in reaching their workplaces.

Availability of CNG for only two days a week will create problems for the masses, transporters and the CNG industry, said Muhammad Abid Hayat, Central Chairman APCNGA. "The CNG as a fuel is being used by over 90 percent of the PSVs, which includes taxis, vans, mini buses, rickshaws and buses. Annually, the sector is paying around Rs 70 billion on account of different taxes," he said.

In a statement issued here, he said that they cannot agree to the new schedule as the decision was unilateral and against the interest of masses as well as business community. Closure of CNG for five days will disturb the budget of common man and that of the CNG operators while it would unleash inflation and bring the forex reserves under stress due to high oil import bill, he said.

Hayat said that the decision has been taken to divert attention of masses from the real issues and that Punjab is subjected to exploitation which would not be allowed. He asked the government to review the decision and adopt measures that help the masses and the business community.

Defaulting departments: provinces not helping Pepco in dues recovery

November 13, 2013

ZAHEER ABBASI

Provincial governments are not providing needed support to the Pakistan Electric Power Company (PEPCO) for recovery of electricity dues from the defaulting departments, it was learnt. Sources in the Finance Ministry told *Business Recorder* that officials of PEPCO have informed the federal government during a recent meeting about lack of co-operation by provinces against defaulting departments.

The issue of electricity arrears to be paid by the provinces to PEPCO was a regular agenda item of the recent meetings between federal and provincial finance departments, without making any tangible progress so far. Chief Financial Officer PEPCO referred to a decision in which PEPCO was authorised to disconnect electricity of defaulting departments except critical installations. He informed the meeting that co-operation of the provincial governments was missing and PEPCO was unable to implement the decision.

The CFO further informed the meeting about outstanding dues on account of electricity against the provinces with Punjab Rs 11 billion, Sindh Rs 48.6 billion, Khyber Pakhtunkhwa Rs 18.7 billion and Balochistan Rs 6.4 billion. All the provinces reportedly observed that figures of PEPCO were not current and also included certain amounts which were not reconciled. The provinces also observed that PEPCO had a tendency to include charges which were not due or justified due to governance issues in PEPCO, hence there was a need to reconcile the figures. The meeting decided that earlier decision for authorising PEPCO to disconnect the electricity of defaulting departments except critical installations would be implemented in letter and spirit. The provincial governments were asked to extend every possible help to PEPCO.

Moreover, all the provincial finance secretaries would hold a meeting with representatives of respective PEPCO/ D1SCOs for an early reconciliation. Afterwards, the reconciled claims of PEPCOs would be paid by the provinces forthwith. On the issue of co-operation, provincial finance secretaries reportedly assured their assistance and co-operation to the PEPCO wherever needed.

Fuel and Energy: *World*

US oil sheds $2 on fears of Fed tapering; supply

November 13, 2013

US oil futures fell more than $2 a barrel on Tuesday, posting a fresh four-and-a-half-month low, amid speculation the US Federal Reserve may ease up on its monetary stimulus program. Tapering the stimulus program would reduce the supply of easy money, likely lessening investors' appetites for risky assets such as oil.

Global equity markets and government debt also dipped as traders parsed comments from Minneapolis Fed President Narayana Kocherlakota and Atlanta Fed President Dennis Lockhart for clues on the Fed's stimulus, which has supported commodity prices. Any tapering would "tighten the screws on the market," said Bob Yawger, director of commodity futures at Mizuho Securities in New York.

"It's not good for any risk asset," he said. US crude for December delivery fell $2.10 to settle at $93.04 per barrel, after paring losses from a session low of $92.86. Its 2.2 percent fall was the largest drop, percentage-wise, since June 20. Brent crude for December delivery gave up 59 cents to settle at $105.81 a barrel. US crude was also pressured by an anticipated build up in US crude stockpiles. The spread widened between the two benchmarks by more than $1. The spread hit its widest point this month at $12.89 per barrel, its widest since October 31 when it blew out to a six-month high of $13.60, before settling at $12.77.

Heating oil fell in choppy trading, despite the market's expectation for tight supplies going into winter. The December contract fell by more than 1 percent to settle at $2.8532 per gallon, after posting a session high of $2.9015. Brent oil found some support from disruptions to Libyan oil exports and a lack of agreement between Western nations and Iran over its nuclear program.

Dozens of protesters blocked the front gate of Libya's Zawiya refinery and oil port on Tuesday, an oil official said, but production continued at the 120,000 barrel-per-day plant. Strikes and protests across the country have slashed Libya's oil exports to below 10 percent of its 1.25 million barrels per day (bpd) capacity, boosting oil prices.

Unsuccessful weekend talks over Iran's nuclear program lifted Brent off last week's four-month low on Monday, but investors were waiting for the next round of talks on November 20 for clearer signals as to whether sanctions against Tehran will be relaxed. The sanctions have buoyed global oil prices by removing more than 1 million bpd of crude from world markets. "The bounce we were getting off of geopolitical stuff, people are starting to realize it really doesn't matter here [in the US], because we are very well supplied," said Phil Flynn, an energy analyst at the Price Futures Group in Chicago, Illinois.

Expectations for an increase in US crude stockpiles pressured US oil in particular, as a preliminary poll of Reuters analysts forecast a 1-million barrel rise in stocks when the US Energy Information Administration publishes its data on Thursday. Industry group the

American Petroleum Institute will release its report on US crude stocks on Wednesday. On Tuesday, Opec predicted that demand for its oil in 2014 will average 29.57 million bpd, unchanged from its previous estimate.

BP clinches $6 billion fuel supply deal with Rosneft

November 13, 2013

Top Russian oil firm Rosneft said it would sell about $6 billion worth of refined products to BP, establishing the British major among its biggest buyers after years without any such deal. The latest transaction comes on top of a $5.3 billion deal for BP to buy crude, agreed earlier this year. Both came only months after Rosneft hired a former senior BP trader, Marcus Cooper, as head of its own trading arm in Geneva.

BP has become Rosneft's second-largest shareholder, behind only the Kremlin, after Rosneft took over BP's Russian venture TNK-BP for $55 billion in March. But the participation in Rosneft's ownership was slow to translate into co-operation in upstream projects, while Exxon Mobil signed a flurry of deals with Rosneft to tap the Russian Arctic together.

BP has also been absent for many years from the list of major buyers of Rosneft's oil and refined products, while rivals such as Shell have been among the biggest players in taking oil exports from the world's largest producer. Over the past year, Rosneft also has sold large amounts of crude to trading houses Glencore, Vitol and Trafigura as they have lined up $11.5 billion worth of pre-payment, which helped Rosneft ease the burden on its balance sheet.

BP had its first breakthrough in October, when it signed deals to buy $5.3 billion of crude oil from Rosneft. On Tuesday, Rosneft said in a regulatory filing it also agreed to sell up to 3.2 million tonnes of fuel oil worth up to $2.6 billion to BP Singapore from the Far East ports of Nakhodka or Vanino between November 2013 and December 2014.

It will also sell up to 1.44 million tonnes of diesel to BP worth up to $1.77 billion from the Black Sea port of Tuapse; up to 2 million tonnes of fuel oil to BP worth as much as $1.62 billion from the Baltic port of Ust-Luga; and up to 60,000 tonnes of naphtha worth $65 million from Tuapse. Rosneft and BP's Moscow office declined to comment on the deals. Cooper took over trading operations at Rosneft's Geneva office after years at BP, including a senior position at its office in Singapore.

US to become world's top oil producer in 2015: IEA

November 13, 2013

The United States will stride past Saudi Arabia and Russia to become the world's top oil producer in 2015, the West's energy agency said, bringing Washington closer to energy self-sufficiency and reducing the need for Opec supply. But by 2020, the oilfields of Texas and North Dakota will be past their prime and the Middle East will regain its dominance - especially as a supplier to Asia, the International Energy Agency (IEA) said on Tuesday.

A boom in shale oil in the United States has reversed a decline in its oil output and the IEA, adviser to industrialised nations, predicted in its 2012 World Energy Outlook the US would surpass Riyadh as top producer in 2017. Introducing this year's outlook at a news conference in London on Tuesday, IEA Chief Economist Fatih Birol said the agency now expects the re-ordering earlier.

"We expect in 2015 the US to be the largest oil producer in the world," he said. "We see two chapters in the oil markets," he told Reuters in an interview. "Up to 2020, we expect the light, tight oil to increase - I would call it a surge. And due to the increase coming from Brazil, the need for Middle East oil in the next few years will definitely be less."

Oil prices would continue to rise, the IEA said, and spur development of unconventional resources such as the light, tight oil that has fuelled the US oil boom, oil sands in Canada, deepwater production in Brazil and natural gas liquids. The average crude import price of IEA members will climb steadily to $128 a barrel in 2012 terms by 2035 - up $3 from 2012's outlook. The nominal price by 2035 will be $216, similar to last year's assumption.

Other nations are unlikely to match the success of the United States in tapping shale, the IEA said. While tight oil output is set to soar in the next few years, the Paris-based agency said the world was not "on the cusp of a new era of oil abundance" and repeated that investment in new supply needed to be kept up to avert any future supply crunch.

By the mid-2020s, non-Opec production will fall back and countries in the Middle East - home to core members of the Organisation of the Petroleum Exporting Countries - will provide most of the increase in global supply. Birol said it was essential that investments continue to be made in the plentiful, low-cost resources of the Middle East in order to meet growing demand from Asia. "The Middle East is and will remain the heart of the global oil industry for many years to come," he told Reuters.

"Giving the wrong signal to Middle East producers may well delay investment. If we want Middle East oil in 2020, the investments need to be made by now." Rising US tight oil production is for now helping to meet growing demand, which the IEA forecasts will reach 101 million barrels per day (bpd) in 2035, up from 86.7 million bpd in 2011 and up slightly from 99.7 million bpd expected last year.

"Shale oil is very good news for the United States and for the world. But the demand is in Asia," Birol said. "First China, and then after 2020 driven by India. Therefore we need Middle East oil for the Asian demand growth." China is due to overtake the United States as the largest oil-consuming country and Middle East oil consumption is expected to surpass that of the European Union, both around 2030, the IEA said.

India is forecast to become the largest single source of global oil demand growth after 2020. The share of the United States in global energy-intensive industries - chemicals, aluminium, cement, iron, steel, paper, glass and oil refining - will increase slightly thanks to cheaper energy. By contrast, the EU and Japan will lose one third of their current share. The IEA also said that up to 10 million bpd of global oil refining capacity was at risk as global refining centres were relocating closer to Asia.

Opec ticks up 2013 oil demand forecast

November 13, 2013

The Opec oil cartel on Tuesday increased its forecast for oil demand growth in 2013 on expectations of better-than-expected improvement in developed country economies. The Organisation of Petroleum Exporting Countries said in its November monthly report that demand would average 89.78 million barrels per day (mbpd) in 2013, a slight 0.04 mbpd increase from last month's forecast.

Most of the demand increase came from small adjustments in Europe and North America with non-OECD countries seeing demand forecasts in a slight decline. Opec, pumping about 35 percent of the world's oil supply, however held its demand growth forecast for 2014 at 1.04 mbpd with total demand expected to reach 90.78 mbpd next year. In the report, Opec kept its global economic growth forecasts at 2.9 percent this year and 3.5 percent in 2014, with a US economy that has "progressed better than expected" even after the government shutdown linked to a story budget debate.

Total CEO says Kashagan oilfield won't restart till 2014

November 13, 2013

Kazakhstan's giant Kashagan oilfield will not be able to restart production before the end of 2013, said the chief executive of French oil company Total, one of the partners in the project. Kazakhstan has been looking forward to revenues from Kashagan, which took nearly 13 years and about $50 billion to complete. It is the world's costliest oil project but also the biggest global oil find in decades - forecast to total 8 million tonnes next year, rising to 12 million tonnes in 2015.

However, production was halted two weeks after its September launch when a gas leak was found. Another leak was found in October after a brief restart. On Sunday Christophe de Margerie told a news conference in Abu Dhabi that Kashagan, in the Caspian Sea off western Kazakhstan, would not be able to start production again before the end of the year.

"It's more than simply repairing pipes," he said, adding the consortium must be sure before restarting production that the whole piping system would operate safely over the long term. The consortium operating the field includes Kazakh state oil firm KazMunaiGas, Italy's ENI, US major ExxonMobil, Royal Dutch Shell and France's Total. Each own 16.81 percent.

Japan's Inpex 1605.T owns 7.56 percent. China National Petroleum Corp CNPET.UL (CNPC) acquired a 8.33 percent stake this year. Kazakhstan is the second-largest post-Soviet producer after Russia - which holds 3 percent of global recoverable oil reserves - and hopes Kashagan can help it join the world's superleague of oil producers.

According to earlier comments by top Kazakh oil industry officials, the field's daily output before the second leak had exceeded 60,000 barrels per day (bpd). The field had been due to achieve commercial output of 75,000 bpd this month. The deal, estimated to be worth $5 billion, followed Kazakhstan's decision in July to use its pre-emptive rights to buy an 8.40 percent stake from US oil major ConocoPhillips COP.N in the field for a similar price.

Banking & Finance

SBP accepts bids of Rs 56,763.624mn for sale of MTBs

Tuesday, 12 November 2013 19:19

Posted by Imaduddin

KARACHI: The State Bank of Pakistan (SBP) on Tuesday accepted bids of Rs 56,763.624 million, with a face value of Rs 58,012.095 millions, for sale of 3-months, 6-months and 12-months Government of Pakistan Market Treasury Bills through its Primary Dealers.

The bids offered amounted Rs 61,073.256 million, having a face value of Rs 62,417.095 million, said a SBP statement here.

State bank to announce monetary policy on Wednesday

Tuesday, 12 November 2013 19:19

Posted by Imaduddin

KARACHI: The State Bank of Pakistan (SBP) will announce its Monetary Policy here on Wednesday.

The policy statement will be announced through a press release in the afternoon, said a SBP statement.

Markets

LSE gains 8.95 points

Tuesday, 12 November 2013 19:28

Posted by Imaduddin

LAHOREL: Lahore Stock Exchange on Tuesday witnessed bullish trend by gaining 8.95 points as the LSE-25 Index opened with 4522.41 and closed at 4531.36 points.

The market's overall situation, however, did not correspond to an upward trend as it remained at 2.218 million shares to close against previous turnover of 2.302million shares, showing a downward slide of 84,500 shares. While, out of the total 95 active scrips, 20 moved up, 50 remained equal with 25 shed values.

Ferozsons Laboratories Limited, Kohat Cement Company Limited and Pakistan Reinsurance Company were major gainers of the day by recording increase in their per share value by Rs 5.55, Rs 2.21 and Rs 1.26 respectively.

Pakistan State Oil Company Limited, Attock Refinery Limited and Nishat (Chunian) Limited lost their per share value by Rs 9.00, Rs 2.98 and Rs 2.10 respectively.

The Volume Leader of the day included The Bank of Punjab Limited with 600,500 shares, Lafarge Pakistan Cement with 372,000 share and Wateen Telecom Limited with 296,500 shares.

ISE-10 index stays bearish

Tuesday, 12 November 2013 19:16

Posted by Imaduddin

ISLAMABAD: The Islamabad Stock Exchange (ISE) Tuesday witnessed a bearish trend as the ISE-10 Index was down by 40.57 points to close at 4373.40 points.

A total of 5,000 shares were traded, which showed a negative growth of 2,900 shares when compared to previous day's trading of 7,900.

Out of 137 companies, share prices of 51 recorded increase while those of 86 companies decreased.

The share price of Siemens Pakistan Engineering increased by Rs 35.25 while that of Sanofi Aventis Pakistan decreased by Rs 22 per share.

Silkbank remained the top trading company with 5,000.

Egg, chicken rise with winter demand in twin cities

Tuesday, 12 November 2013 12:10

Posted by Parvez Jabri

ISLAMABAD: The increasing chill in the weather has multiplied demand of eggs and chicken in twin cities of Islamabad and Rawalpindi.

Chilling cold weather induces people to use boiled eggs and make chicken soups to have delight in cold.

Such trend throughout the country increases the demand of poultry products, said a resident Ayan Kashif at F-6.

A majority of the people use eggs in their daily breakfast, but now they will have to go for an alternative energy source.

Kamran Afzal, an employee of a private office, said that the demand for eggs usually increases in the winter season.

"People establish soup stalls and we see young boys selling boiled eggs at various places mainly at the bus stands and tourist areas and all this actually double the demand for the eggs," Muhammad Aslam, a shopkeeper while talking to APP said.

BR Research: *All*

Hawks likely to rule monetary policy decision

November 13, 2013

BR Research

In what comes across as a very short notice, the central bank notified yesterday that there is to be a monetary policy announcement later today. Assuming there is no coincidence, the fact that it comes right after the conclusion of talks with the IMF; the State Bank was perhaps just waiting for the round of negotiation with the fund to finish before releasing its MPS.

Sources privy to Ministry of Finance reveal that the IMF was not happy with what was happening at the monetary front and wants the central bank to run a tight monetary policy and stop intervening in the currency market. However, economic managers are not much comfortable with further rupee depreciation and probably would compensate it with a tightening monetary policy. So a 100-150 basis point hike in discount rate today cannot be ruled out.

BR Research conducted a quick survey, and eight out of fourteen research houses, banks and financial institutions contacted said they are expecting a 100 bps rise in policy rate, while the rest expects a mild hike of 50 bps. The market expects year-end interest rates around 11.5-12 percent against the current rate of 9.5 percent. Yesterdays auction of T-Bills also suggests that hawks are going to dominate today as the participation was thin and was virtually only in the 3-month paper.

Hence, the tone is set for a hike today. Lets delve on the rationale to do so. The money supply expanded by a mere 1.68 percent in the first four months of this fiscal year compared to 4.12 percent in the similar period of last year. Hence, the demand side management does not warrant any tightening. And the impact of last years easing is visible on private credit which is finally showing a bit of increase. Nonetheless, the business community is starved of cash and any tightening would further depress it. Plus lower GDP growth forecast needs some stimulus.

Inflation is up and is expected to surge further; but the factors behind it are supply-push, including tariff rationalisation, rupee depreciation, seasonal impact and low base. Average inflation for four months at 8.3 percent is comfortably below the discount rate and full year expectations are between 10-11 percent. International oil prices are down and expected to remain low amid sharp rupee depreciation has already taken place. This implies low upward risk to inflation, and its expectations are not much high either. In other words, inflation alone is not in favour of the hawks.

The worrisome fact is the falling foreign reserves and less saving in rupee denominating financial instruments including bank deposits and national savings scheme. To avert capital flight and induce savors, the discount rate ought to be high. The balance-of-payment vulnerability is paramount and SBP reserves are marginally covering a month of imports. With net IMF inflows well in red there is no room in the reserves to counter any shock. The luxury of low rates to spur economic growth is just does not exist.

Then the biggest player in the banking system is government and its domestic debt is facing severe rollover risk with virtually all the incremental fiscal financing is taking place in 3-month papers. Now, by increasing interest rates in a staged manner to match with the inflation rise would not help the cause at all. However, a onetime hike may help in improving maturity profile of domestic debt. Based on this single factor, chances of 150 bps hike in policy rate today are high.

The remittance respite

November 13, 2013

BR Research

Remittance inflows continue to relieve the pressure on Pakistans forex reserves. The latest State Bank data shows that overseas Pakistanis sent $5.275 billion in the Jul-Oct period, which translates into a healthy year-on-year growth of 6.27 percent.

The additional $311 million remittance dollars in 4M FY14 is most welcome, for all is not well on the external front. Between July 1 and November 1, Pakistans liquid foreign exchange reserves had fallen 14 percent to $9.5 billion. Deterioration in trade and services deficits led to a massive $1.23 billion 1st quarter current account deficit. Quarterly net FDI was only $230.9 million, despite large increase over last year.

It is good to see that remittance inflows recorded strong growth from major origins--including the UK, Dubai, Bahrain, Oman and EU countries--during this period. It is reassuring that despite the ongoing shakeup in the Saudi labour market, the inflows from the desert kingdom grew 11.5 percent year on year, increasing their share in Pakistans total remittances to 28 percent from 26 percent in the same period of last year.

However, proceeds from the United States and the UAE (excl. Dubai) have slowed down during the period under review.

Two Eid festivals occurred within the Jul-Oct period under review: Eid ul Fitr in August and Eid ul Azha in October. Recall that July inflows were an all-time high at $1.4 billion, thanks to Ramzan and Eid-related spending. Similarly, the October remittances grew by over 5 percent month on month, due to the Eid ul Azha, thereby ranking third among the highest monthly remittance inflows ever received at $1.347 billion.

Considering that more than $5 billion have been received in first four months, one can hope that full-year remittances will cross the $15 billion mark this fiscal year. However, that may not necessarily happen. Some independent economists maintain that the era of outsized or double-digit yearly remittance growth is gone. They predict that future growth will most likely be

ormal in the range of 5-7 percent per annum.

That view is consistent with the recent data. For instance, the FY13 remittances, which had summed up to $13.92 billion, had grown by 5.56 percent year on year. The ongoing fiscals year on year growth rates are also within the 5-7 percent, ormal range. That implies that even with 7 percent year-on-year growth rate, FY14 remittances will clock in at $14.89 billion, about a $100 million shy of the $15 billion threshold.

But, the target is achievable, for the average monthly remittance this fiscal year is $1.318 billion, which is greater than the $1.16 billion monthly average seen in FY13. It depends on how robust the inflows are in the coming months. For that, the concerned authorities must redouble their efforts to channel remittance inflows through formal channels. That will help create a bigger cushion against external shocks.

All quiet on the autos front

November 13, 2013

BR Research

The sales figures released by Pakistan Automotive Manufacturers Association (PAMA) for October display business-as-usual for auto assemblers. Unfortunately, over the years business-as-usual in the auto industry has come to mean under performance.

For the 4M FY14, sale of passenger cars grew by nearly nine percent, compared to the corresponding period of the previous year. Growth is never bad, except that this growth came on the back of low-base effect from last year.

The influx of used cars during CY12 had severely battered new car sales for local assemblers, as sales for 4M FY13 dropped by 32 percent on year-on-year basis. The 2,000 or so additional cars sold in the four-month period are a welcome respite, but still far off from 52,000 cars sold in the peak four-month period of FY12.

A year-on-year analysis shows a remarkable performance by Honda, with Civic and City sales growing by 52 and 22 percent, respectively. But all is not well for Honda; the company launched its new Civic in September last year, with sales peaking in 2H FY13. Total Civic and City sales topped out in May when the company sold a total of 2,392 units after the launch of City Aspire in April. Honda sales have since gradually declined, with a new low reached in October with 1,720 units indicating a lull in buyers craze for new models.

Sales for other assemblers also remain modest, with Corolla sales growing by approximately 200 units for the four-month period, recording just two percent growth. The numbers are expected to remain stagnant primarily due to buyer anticipation of the new Corolla model and the setting in of the calendar year end--the weakest period for car sales historically, due to buyer preference for cars with New Year registration.

Within the 1,300 segment, Swift brought no happy tale for PakSuzuki, as sales declined not only on a month-on-month basis, but also compared to the previous year. A welcome sign, however, was a re-entry of Liana sedan in production with 72 units produced and 61 units sold during the month, highest ever since July CY11.

Cultus remained Suzukis tried and trusted model in the economy segment, with nearly hundred additional units sold compared to the 4M FY12. Mehran sales, however, were unimpressive and stagnant at 9,000 units; registering a dip of three percent.

BR Research has time and again lamented the flat lined sales in the auto sector, and this months numbers do not reveal any significant change in those trends. A new Auto Industry Development Policy is in the offing, dubbed AIDP-II, hinting (as if) the auto industry is in its second phase of development. But the truth is the industry is yet to recover its pre-FY08 levels, let alone achieve the scale required to become competitive.

However, it should also be noted that while some players have outperformed the rest at different points, these respite have only lasted for very brief periods. On most occasions, they have indicated buyer craze for a new model, than a result of a significant design-innovation. Such demand mainly stems from the luxury car buying segment, and dies down as the craze subsides.

The lack of sustained demand over time for these cars shows that the demand fails to trickles down (if prices were to drop as models grow older). On the other hand, lack of innovation (or choices!) in the economy and small car segment also show the disinterest of manufacturers in serving the lower segment.

While the auto industry has demanded protection against imported used cars in the new auto policy, the industry needs to achieve scale in order to become sustainable. A paradigm shift in the industrys orientation is thus required if it expects accommodation from the government.

Going nowhere: transporters still on strike

November 13, 2013

BR Research

Goods transport in the country is at standstill--for the seventh day in a row. Considering the upcoming long weekend, the stalled commerce is likely to persist. And, if the threats from various representative associations of transporters are anything to go by, it appears unlikely that their strike will be ending any time soon.

The charter of demands contains no fewer than 17 points; including some that have been reiterated time and again over the past decade or so. Talking to BR Research, chairman of United Goods Transport Alliances, Ghulam Yaseen Khan Niazi, alleged that the government has so far paid no heed to demands, which he asserted are "not very difficult to be met". He blamed the governments staunchness for jamming the wheels of commerce in the country.

"It is the governments strike, not ours, because they are the ones snatching our containers by force. They are the ones who have not paid us for heavy losses back in 2007 after the assassination of Benazir Bhutto, they are the ones who have not constructed link roads as earlier promised," said an agitated Yaseen.

It is pertinent to mention here that almost all commerce chambers, trade associations and trade bodies have relentlessly urged the government to seriously look into the matter and save the economy from a deeper mess. Though the transporters contend they are willing to go the long haul in their protest; they are willing to shorten their long list of demands.

The trouble is the UGTA representative has so far been elusive about which "4-5 top demands" is their most pressing concern. A meeting of some of the representatives with Governor Punjab also concluded on vague footing.

Still the most vociferous and oft-repeated demands from transporters hinge on seeking compensation for vehicles destroyed on December 27, 2007, or in other acts of terrorism. Though the sum of compensation can be doled out by the government, the key impediment appears to be governments reluctance to take on this responsibility.

For their part, chambers and trade bodies are urging the government to end the stalemate with transporters. The fact is the countrys economic engines cannot churn, unless the wheels of commerce start spinning again and soon.

Brief Recordings

Cherat Cement Company Limited

November 13, 2013

RECORDER REPORT

INTRODUCTION: Cherat Cement was incorporated as public limited company in 1981. It is engaged in the business of manufacturing, marketing and sale of cement. The Company is part of the Ghulam Faruque Group, and is listed on Karachi, Lahore and Islamabad Stock Exchanges.

The Company is a leading supplier of cement in the northern Punjab and Khyber-Pakhtunkhwa regions. Its manufacturing plant is located in Nowshera district, bordering the Cherat Hills--Company's source of high quality limestone. The Company claims to have created for itself a strong brand image in the export market through supply to Afghanistan.

GHULAM FARUQUE GROUP (GFG) GFG has been a prominent business house of the country, ever since its inception in 1964. The Group has diverse business interests in the country, ranging from air-conditioning, cement, CNG, power, packaging, sugar processing to software development. Companies managed under the GFG name include, Unicol Limited, Madian Hydro Power, Faruque (Pvt) Limited, Cherat Cement Company, Cherat Packaging, Mirpurkhas Sugar Mills, Greaves Pakistan, Greaves Air-conditioning, Greaves CNG and Zensoft (Pvt) Limited.

INDUSTRY REVIEW FY13 proved to be an excellent year for the cement sector, with total industry cement dispatches growing by nearly three percent. This was despite the two percent decline in cement export, which dropped due to lower demand for bagged cement. However, domestic sales proved to be the saving grace for the sector, which saw growth by more than 1.11 million tons, making up for the lost export volumes.

For several years, exports have stood at around a quarter of total cement dispatches for the industry. During the year, Cherat cement's cumulative share in the export market was 4.3 percent, a decline of 30 basis points since last year. Cherat share in the export market has progressively declined over the years, from 5.6 percent in FY08, a cumulative decline of four and a half percent.

In the domestic market, Cherat's share remained intact at 2.5 percent on a year-on-year basis. However, this was only a fraction of the domestic market share of industry leaders Lucky and DGKC, with share of 15 and 11 percent, respectively. Overall, Cherat's market share was 3.0 percent of total industry off-take. While the number seems insignificant, its plant did, however, operate near full-capacity with capacity utilisation for clinker standing at 91.3 percent and that for cement at 90.11 percent. (Clinker and cement operational capacity are 1.05mn tons and 1.10mn tons per annum, respectively).

PERFORMANCE BRIEF FY13 As for the rest of the industry, FY13 was a good year for the company as local sales rose by four percent on the back of growing domestic demand. According to the Company report, the catalysts for this demand was higher government spending on infrastructure during an election year, coupled with increased private spending on new construction driven by growth in remittances from expatriate Pakistanis. Growth in local sales was in line with the industry, growing by four percent.

Over the years, the Company has worked to develop a market for its product in Afghanistan. However, exports for the Company continued to decline for third year in a row, this time chiefly due to influx of cheaper Iranian cement in the target market.

For FY13, the share of exports in the total sales mix stood at 25 percent. The number has seen a steady decline from FY09, when exports stood at 32 percent of the total sales for the Company. Growth rate in local sales, however, has underperformed the industry for last couple of years, indicating that the lost share in export market has not entirely been made up for by increasing reliance on domestic market.

FINANCIAL PERFORMANCE FY13 Cement prices remained stable during the year, allowing turnover to grow by 15.34 percent compared to last year. Cost of input such as electricity saw an escalation over the year but the Company effectively overcame the challenge by employing alternate sources of fuel. Coal prices also remain under control, while the Company resorted to a cost-effective packaging solution that is purportedly also more durable. Put together, the combined effect of these factors allowed the cost of sales to decline as percentage over net turnover to 65 percent from 79 percent last year.

Distribution and administrative cost grew with inflation but remained stable as a percentage of sales. Other operating expenses, however, grew from Rs 34mn to Rs 230mn, on account of investment in the Madian Hydro-Power project by the Company. Decline in discount rate by the central bank also helped trim finance costs for the Company during the year, which declined by 65 percent on a year-on-year basis. Other operating income remained insignificant.

PROFITABILITY Stable product prices along with efficiencies in resource utilisation allowed gross margin to grow phenomenally during the year. Gross margin stood at nearly 35 percent, up from just 21 percent last year. Investment in the hydro-power project dented the operating margin only nominally, allowing the Company to sustain the growth in gross margin. Operating margin hence also grew by ten percentage points, unmatched by growth in previous years. Lower finance cost allowed Company to bag a fat bottom line, with profit after tax growing by nearly 200 percent, from Rs 437mn last year to 1,224mn in FY13. Earnings per share stood Rs 12.81, with net margin improving from 8 to 19.4 percent.

OUTLOOK Going forward, cement sector in general as well as Cherat is expected to see growth in FY14 on the back of higher budget allocations towards PSDP by the new Federal Government. However, inflationary macroeconomic outlook for FY14 and devaluation of Pak rupee may prove to be the sector's undoing. A successive rise in discount rate by the central bank could increase the finance cost for the firm. On the other hand, currency depreciation could increase the cost of inputs, eroding the ground gained by gross margins.

Political and security uncertainty in the region makes export to Afghanistan and India an unstable demand factor. The cement sector in general and Cherat in particular not only needs to look inward but also expand its export market from traditional Middle Eastern to potential markets in emerging African economies.

Going forward, Cherat cement has plans to incorporate cost reduction processes in production, including use of alternate fuels and reduction in reliance on coal and furnace oil in order to overcome price volatility of these commodities. The Company is also looking into expanding its plant capacity, due to improved demand prospects going forward, as well as the strategic geographical location of its facility, nearing the Afghan border.

Cherat Cement Company Limited

Rs (mn)	FY13	FY12	FY11	FY10	FY09	FY08
Financial Performance						
Turnover - net	6,294	5,457	4,244	3,469	4,567	3,014
Cost of sales	(4,108)	(4,305)	(3,677)	(3,380)	(3,897)	(2,834)
Gross profit	2,187	1,152	567	89	671	179
Distribution cost	(160)	(144)	(125)	(129)	(95)	(74)
Administrative expenses	(121)	(113)	(107)	(111)	(116)	(93)
Other operating expenses	(230)	(34)	(11)	(3)	(97)	(7)
Other operating income	15	21	18	17	8	19
Operating profit	1,691	882	342	(136)	371	25
Finance cost	(109)	(311)	(286)	(161)	(114)	(82)
Profit before taxation	1,582	572	55	(297)	257	(56)
Taxation	(357)	(135)	13	284	(98)	67
Profit after taxation	1,224	437	69	(14)	159	10
Earnings per share (Rs)	12.81	4.57	0.72	(0.14)	1.67	0.11

Source: Company Accounts

Cherat Cement Company Limited

Rs (mn)	FY13	FY12	FY11	FY10	FY09	FY08
Financial Position						
Share capital and reserves	3,709	2,748	2,331	2,246	2,268	2,158
Current liabilities	782	1,040	1,800	1,622	1,071	1,958
Non-current liabilities	574	923	1,234	989	1,404	626
Total liabilities	1,356	1,963	3,034	2,611	2,475	2,584
Total equity and liabilities	5,065	4,711	5,365	4,857	4,743	4,742
Current assets	1,534	1,289	1,718	1,239	1,343	1,720
Non-current assets	3,531	3,422	3,647	3,618	3,400	2,662
Total assets	5,065	4,711	5,365	4,857	4,743	4,382

Source: Company Accounts

Year ending June	UoM	FY13	FY12	FY11	FY10	FY09	FY08
Profitability							
Gross margin	%	34.7%	21.1%	13.4%	2.6%	14.7%	6.0%
Operating margin	%	26.9%	16.2%	8.1%	(3.9%)	8.1%	0.8%
Net margin	%	19.4%	8.0%	1.6%	(0.4%)	3.5%	0.3%
Return on equity	%	37.9%	17.2%	3.0%	(0.6%)	7.2%	0.5%

Return on capital employed	%	31.6%	11.4%	1.9%	(0.4%)	5.1%	0.4%
Liquidity							
Current ratio		1.96	1.24	0.95	0.76	1.25	1.08
Acid test ratio		1.41	0.93	0.74	0.64	0.99	0.95
Cash to current liabilities		0.03	0.04	0.04	0.03	0.06	0.04
Solvency							
Debt-to-equity		5.57	24.73	34.60	30.57	32.66	15.43
Financial leverage		0.12	0.56	1.08	0.99	0.78	0.49
Interest cover ratio		15.51	2.84	1.19	(0.85)	3.25	0.31
Investment							
EPS (basic)	Rs	12.81	4.57	0.72	(0.14)	1.67	0.11
Market value per share	Rs	58.19	29.62	9.00	9.22	12.00	27.09
Breakup value per share	Rs	38.80	28.75	24.40	23.50	23.73	22.58
Price to earnings ratio		4.54	6.48	12.50	(65.86)	7.19	246.27
Dividend yield		0.04	0.07	-	-	-	-

Source: Company Accounts

Miscellaneous News

Next generation: PTA receives seven bids for 3G auction consultant

By Farooq Baloch / Creative: Munira Abbas

Published: November 13, 2013

KARACHI:

Pakistan Telecommunication Authority (PTA) received seven bids from various consulting firms in response to its advertisements for the hiring an international consultant for the spectrum auction for next-generation mobile services, the regulator said on Tuesday.

It is a positive start for the telecom regulator that had failed previously on three occasions to proceed with the auction process right from hiring of the consultants.

The proposals submitted by various consultants were opened on Tuesday by the PTA's special evaluation committee constituted to evaluate of the bids. PTA will finalize the selection of consultants after evaluating the technical and financial proposals in accordance with the relevant rules, PTA said in a statement.

While the press release didn't give any time line for hiring the consultant, a PTA official said they are trying to shortlist and hire consultants by the end of November.

Once the consultants are on board, they will overview the information memorandum and finalise it

"It is really an encouraging response from both local and international firms," said the official who, at one stage, feared no one would submit the bid for the spectrum auction consultancy because of what happened to the three consultants PTA hired last year.

The telecom regulator had hired three individual consultants for the auction: Martin Sims, Dennis Ward and Rob Nicholls. However, their hiring was challenged and their contracts were later on cancelled without notice. They were not paid for the services they had already provided, and that prompted them to initiate legal action against the regulator.

Despite the fact that aforementioned consultants fell victim to the country's bureaucracy, PTA has managed to get seven bidders – more than twice the number of bidders it received earlier, in response to the last Reference for Proposal (RFP).

It was not easy for the telecom regulator to attract international bidders, especially because of controversial past of the auction process.

"We have made a lot of phone calls, exchanged emails and conducted pre-bid conferences to convince the bidders that the process will be transparent this time," the official said. PTA did not even extend the deadline for bids, he said. If the deadline was extended, three to four more consultants might have submitted their bids, he said.

Next, PTA will negotiate with the shortlisted consultants and sign the contract, the official said.

The selected consultant, the press release said, would be responsible for providing professional analysis, input, and advice/recommendations on the whole auction process as per PTA's RFP and Terms of Reference for the successful completion of auction in a transparent manner: averting collusion, ensuring competition and complete transparency in the auction process.

Once the consultants are on board, they will overview the information memorandum – the policy document for the spectrum auction – and finalise it, the official said. After that, he said, PTA will invite bids from telecom firms interested in next-generation mobile services and also hold a mock auction for awareness about the auction process.

In a separate development, Dr Ismail Shah, who was hired as PTA's member technical and acting chairman, has now been made chairman, says a notification. The move has been taken in response to the Supreme Court's latest hearing which directed the government to hire a permanent chairman.

Published in The Express Tribune, November 13th, 2013.

Possible revision: Analysts anticipate increase of 50 basis points in policy rate

By Kazim Alam

Published: November 13, 2013

KARACHI: A majority of banking sector analysts polled by *The Express Tribune* on Tuesday said they expect an increase of 50 basis points in the policy rate that the central bank will announce in its monetary policy statement today (Wednesday).

Revised every two months to control money supply in the economy, the monetary policy rate is the interest rate at which commercial banks borrow from the State Bank of Pakistan (SBP) through its discount window.

Four of the five analysts *The Express Tribune* spoke to said they anticipate a hike of 50 basis points in the policy rate while one analyst believed that an increase of 100 basis points can also be a possibility.

The current monetary policy rate stands at 9.5% after the central bank increased it by 50 basis points in its last announcement on September 13.

Alternate Research investment analyst Umesh Kumar said his research house expects a rise of 50 basis points in the discount rate. "This will be in line with the guidelines of the International Monetary Fund (IMF), which wants Pakistan to maintain a positive real interest rate in the economy," Kumar said, while referring to the difference between inflation and the discount rate, which is commonly known as the real interest rate.

Year-on-year Consumer Price Index (CPI) – a key inflation gauge – has been 8.3% in the first four months of fiscal year 2013-14. In October alone, CPI was 9.1%, with analysts expecting inflation to go further up in view of the upcoming revision in gas prices.

With the discount rate at 9.5%, a status quo in the monetary policy announcement can possibly lead to a negative real interest rate in the economy.

"We believe that by the end of fiscal year 2014, the SBP will have increased the monetary policy rate by 150 basis points," Kumar added.

The view of Syed Raza Mohsin, analyst at Fortune Securities, on the policy rate is also similar. "A 50-basis-point increase is most likely," he said, adding gradual removal of subsidies at the insistence of the IMF is likely to keep inflation high in coming months.

According to Topline Securities analyst Zeeshan Afzal, an increase in the discount rate will curtail currency depreciation and inflation, but also slow down the pace of economic growth. Since the beginning of the fiscal year, the rupee has already depreciated by 7%.

Noting that the balance of payments remains a major concern for policymakers, Afzal contended that the SBP will raise the discount rate. The central bank's foreign exchange reserves have dropped by $1.8 billion to $4.2 billion since July, which may reduce the value of the rupee by a total of 10%-11% by June 2014, he added.

Global Securities research analyst Umair Naseer said although monetary policy is used to ensure both price stability and economic growth, policymakers seem more focused on the former for the time being.

"I think the increase will be of 50 basis points at least, but a hike of 100 basis points cannot be ruled out," he noted, adding the CPI will likely cross the 10% mark in November.

Analysts at Elixir Securities and Shajar Capital also anticipate the SBP will increase the policy rate to 10% to ward off inflationary pressures in coming months.

Published in The Express Tribune, November 13th, 2013.

Market manipulation: Sugar millers set to pocket billions as prices shoot up

By Zafar Bhutta

Published: November 13, 2013

ISLAMABAD:

Sugar millers are set to pocket billions of rupees at the expense of consumers following a decision taken by the Economic Coordination Committee (ECC) that has allowed the

mills to delay the crushing season and asked the state-run grain trading agency to purchase 150,000 tons of sugar from the mills.

The ECC has also allowed export of 500,000 tons of sugar to enable the millers to dispose of their unsold stocks.

According to the sources, in the wake of alleged market manipulation, sugar prices in the cities have rapidly gone up to Rs80 per kg as compared to Rs50 in remote areas of the country.

"Sugar millers are set to flood the market with one million tons of 'black stock', which is not shown in their books, to pocket billions of rupees prior to the start of cane crushing season later this month," a source in the sugar industry said.

In a meeting here on Tuesday of the Sugar Advisory Board, comprising representatives of the federal and provincial governments as well as sugar mill owners, the millers could not be able to justify the sharp increase in prices, sources said.

"The sugar price hike is a temporary phenomenon and prices will come down after the start of crushing," a sugar miller remarked.

Provincial cane commissioners told the meeting that sugar stocks stood at about 882,000 tons, of which 150,000 tons would be purchased by the Trading Corporation of Pakistan and 500,000 tons would be exported.

According to the Ministry of Industries and Production, Punjab has stocks of about 400,000 tons, Sindh 300,000 tons and Khyber-Pakhtunkhwa 23,000 tons.

This shows that 232,000 tons will be left for the open market until the end of November against monthly consumption of 390,000 tons. The ministry of industries claims that the stocks are enough to meet the demand until January.

In a summary dated October 28, the ministry said the mills had 1.829 million tons, which would be enough until March 15 next year.

A member of the Pakistan Sugar Mills Association (PSMA) said the quantity of 500,000 tons would be exported over a period of five months and so far 27,000 tons had been shipped.

In response to the allegation of 'black stock' in the market, he said the black stock was released at the beginning of the crushing season and now all stock figures were authentic.

An official of the ministry of industries told *The Express Tribune* that cane commissioners of provinces apprised the Sugar Advisory Board that out of Rs260 million, Rs170 million was yet to be paid by the mills to sugarcane farmers.

He clarified that the government had linked sugar export with the payment to growers and every mill, which intended to export, would have to produce a clearance certificate to be issued by the PSMA or the provincial cane commissioner.

"There will be no further intervention in relation to the sugar industry until the end of March 2014. After the crushing season comes to a close, a meeting will be called to review the stock position to chalk out a future strategy," he said.

According to the official, at present sugar stocks stand at 950,000 tons, more than the figures given by the ministry of industries.

He said investors and hoarders were releasing their stocks in the market and making a quick buck, but not the mill owners. "The millers are holding back their stock for export," he added.

Published in The Express Tribune, November 13th, 2013.

Commodity prices: Govt to consider ban on onion and tomato exports

By Shahbaz Rana

Published: November 13, 2013

ISLAMABAD:

The government will today (Wednesday) consider imposing a ban on export of tomato and onion after prices for both the essential commodities skyrocketed, which demanded a review of the export policy and factors behind the price rise.

The Economic Coordination Committee of the Cabinet (ECC), the country's highest economic decision-making forum, will review the possibility of imposing a ban on export of both the commodities, according to sources.

The Ministry of National Food Security and Research had moved a summary to consider the last ECC meeting held on November 6 but, due to 'pressing engagements' of the ECC chairman, who happens to be Finance Minister Ishaq Dar, the ECC could not take up the important summary for a decision.

The summary has been placed on the ECC agenda for today's meeting. Due to delay in taking policy and administrative actions, prices of both the items have constantly increased in retail and wholesale markets. The International Monetary Fund's (IMF) preference for free markets may affect the ECC's decision, as the country is effectively on the IMF's radar.

According to the weekly Sensitive Price Index, which is calculated by the Pakistan Bureau of Statistics, the prices of onions, tomatoes and potatoes saw significant increases. The prices of tomatoes, which were available at Rs82 per kilogram at end of October, increased to Rs122 per kilogram within a span of a week, showing an alarming rate of increase of almost 50%.

As compared with the same week of the last year, tomatoe prices soared 186.5% last week, according to the PBS's statistics.

Similarly, the price of onions increased from Rs53 per kilogram to Rs60 week on week by November 7, depicting 12.5% increase. As compared to the previous year, onion prices have soared by 80%, according to the PBS.

Tight demand-and-supply situation of onions was seen while tomato supplies were also far less than the demand, according to an official of the Ministry of Food Security. He said the ministry had presented the demand and supply situation and comparison of previous years and now it was up to the ECC whether to slap a ban or not.

Pakistani onions and tomatoes are in great demand in India and the Gulf. There was also a shortage of onions in Indian markets as bad weather adversely impacted the crops. The domestic supply of onions may improve after arrival of Sindh's produce in the market.

While the government may impose a ban on export of these commodities, it has yet to find a solution to the problems of smuggling and hoarding. Officials admitted that there were no effective border controls to curtail smuggling, which will minimize the impact of any ban on increasing prices.

The federal government has also yet to develop a mechanism to improve coordination with the provinces to check increasing prices. After abolition of the magistrate system, the provinces find it difficult to check prices in the retail markets.

Published in The Express Tribune, November 13th, 2013.

Multan exports 10,000 tons of mangoes

By Our Correspondent

Published: November 13, 2013

MULTAN: Commenting on massive export of mangoes, President of the Mango Growers' Association Maj (retd) Tariq Khan has said that 10,000 tons of mangoes were exported from Multan alone last season. He said that with more support from the government mango export can achieve new targets.

He claimed that if the government had on board an appropriate mango export policy and the ministry of food and agriculture paid special care to the orchards, mango yield can earn one billion dollars revenue from export. However, he pointed out, the government has been too negligent in this sector.

Simply by starting cargo flights from Multan airport direct to the exporting country, mango exports can be increased to 20,000 tons. He stated that he had requested the government to arrange for this facility.

Khan said with government encouragement, South Punjab can yield much higher mango production. He added that the government should build storage houses and make the supply chain more user-friendly.

Zahid Gardezi, a leading mango farmer from Multan, shared with the audience that there was no proper marketing at the provincial and federal level. Similarly, there is no guidance available to the farmers to sell their mangoes in international markets. Individual farmers are doing everything on pesonal level as doing this properly is only possible for big landlords. Gardezi specifically praised the US government for providing useful guidance.

Published in The Express Tribune, November 13th, 2013.

TAPI pipeline: ECC likely to allow hiring of ADB as transaction adviser

By Our Correspondent

Published: November 13, 2013

ISLAMABAD: The Economic Coordination Committee (ECC), which is meeting today (Wednesday), is expected to approve the hiring of the Asian Development Bank (ADB) as a transaction adviser to help generate over $7.5 billion for the US-backed transnational gas pipeline starting from Turkmenistan, sources say.

It will be a significant development at a time when Pakistani officials are in the United States to discuss a financing deal with US energy firms for the project, called Turkmenistan, Afghanistan, Pakistan and India (TAPI) pipeline.

The US has been pushing for laying the pipeline in a bid to win big extraction contracts in Turkmenistan for its companies, such as Chevron, and press Pakistan to abandon the Iran pipeline project.

Leading US-based oil companies, Chevron and ExxonMobil, have expressed interest in financing and constructing the TAPI pipeline. The Ministry of Petroleum and Natural Resources, which has prepared a summary, will ask the ECC to give the go-ahead to the award of contract to one of these firms against provision of funds. The ministry will also seek approval for signing an agreement with the ADB.

DISCOUNT

70

cents per mmbtu is the rate at which Engro is seeking gas supply compared to current rate of $3.3

According to sources, the three other countries that are part of the project have already given their consent in writing, agreeing on hiring the ADB as a transaction adviser to help generate over $7.5 billion.

Each country will pay $5 million in fee to the ADB, which will deal with the company leading a consortium of financiers. Chevron has emerged as the potential leader of the consortium to finance, build and operate the pipeline.

The ADB has already warned that the pipeline cost could exceed $10 billion compared to earlier estimates of $7.5 billion because of delay in starting work on the venture.

All participating countries have signed a gas sale and purchase agreement with Turkmenistan for the import of gas.

On its part, Chevron has sought exploration rights in Turkmenistan as well as contracts in response to financing and running the project. However, Turkmenistan has offered exploration rights for offshore fields and asked Chevron to swap the gas found in these fields for onshore gas and then export it. Turkmenistan does not allow foreign companies to search for hydrocarbons in its onshore fields.

Under the TAPI project, Pakistan will get 1.365 billion cubic feet of gas per day (bcfd) from Turkmenistan, India will also receive the same 1.365 bcfd and Afghanistan will get 0.5 bcfd.

Gas for Engro fertiliser plant

The government is expected to give approval to the supply of gas to Engro's new fertiliser plant at concessionary rates.

Though the previous PPP government had decided to divert 103 million cubic feet of gas per day (mmcfd) from Engro's old plant to its new Enven plant, it did not accept the demand for setting the price at a sharply lower level at 70 cents against $3.3 per million British thermal units (mmbtu). The ECC will on Wednesday consider the proposal to supply gas at a discount.

Enven plant, located in Deharki, Sindh, is the world's largest single-train, ammonia-urea plant with a production capacity of 1.3 million tons per annum.

Engro, the food and fertiliser giant, has been receiving 103 mmcfd from the Mari field at a rate of $3.3 per mmbtu. It now wants Sui Northern Gas Pipelines – the gas distributor – to apply concessionary rates in line with a contract for securing gas supply from the Qadirpur gas field at 70 cents per mmbtu.

Published in The Express Tribune, November 13th, 2013.

Ministry sends defaulter's case to NAB

By Our Correspondent

Published: November 13, 2013

ISLAMABAD: The Ministry of Industries and Production (MOIP) has referred the case of Inam Transport Company to the National Accountability Bureau (NAB), The company has defaulted on payment of Rs450 million to National Fertilizer Marketing Limited (NFML).

A spokesman for the ministry confirmed to *The Express Tribune* that the case had been sent to NAB for recovery of Rs450 million. Two other companies have also failed to make payments to NFML, he said.

A statement issued on the directives of Federal Minister for Industries and Production Ghulam Murtaza Jatoi said NFML has recovered Rs570 million from fertiliser transporters and deposited the money in the national exchequer.

DEPOSITS

Rs570m

is the amount recovered by NFML from fertiliser transporters and deposited in the national exchequer

In the current case, Inam Transport Company was given a month's time to deposit the outstanding amount of Rs450 million but it did not meet the deadline. Consequently, the ministry of industries referred its case to NAB for further action.

Ghulam Murtaza Jatoi has stressed that he would ensure a corruption-free administrative system in public sector organisations working under the ministry of industries.

He emphasised that he would not allow misuse of money, strictly follow a zero-tolerance policy towards the defaulters and leave no stone unturned to bring back every penny of the state.

Published in The Express Tribune, November 13th, 2013.

Development roadmap: Leading universities to help Pakistan develop 2025 vision

By APP

Published: November 13, 2013

ISLAMABAD: Federal Minister for Planning, Development and Reforms Ahsan Iqbal has said that the Pakistan 2025 Programme will transform the country into a strong economy that will be ranked amongst middle-income countries.

Delivering a lecture at Harvard University, Iqbal said international projects are aimed at making Pakistan a hub of regional integration comprising South Asian economies, China and Central Asia.

He said the Pakistan 2025 Programme will be developed with the assistance of leading universities and research experts in an effort to gain an edge in policy formulation. Under the programme, data will be provided to researchers, businesses and technology entrepreneurs for its application.

Pakistan 2025 Programme will be developed with the assistance of leading universities and research experts in policy formulation

Iqbal told the audience that in the past Pakistan's human capital had been neglected, however, now there is an increased emphasis on harnessing its talented youth population.

"We plan to use biotechnology in development of the economy and leading Pakistani professionals in the US have volunteered to help," he remarked.

The government has launched a public sector reform programme aimed at improving services to citizens and performance of government departments. State officials and departments will be assessed on the basis of key performance indicators.

"Either people improve their performance or move out of the way of younger professionals," he said.

He stressed that the government has zero tolerance for corruption and is focused on reviving the economy. The security challenge is being addressed on priority basis, he said.

Blaming dictatorships for ethnic, sectarian and linguistic violence, he said there is no room for militancy and that the government is committed to creating a peaceful society for all Pakistanis regardless of race or ethnic differences.

Published in The Express Tribune, November 13th, 2013.

Housing policy: SBP and ABAD discuss ideas on low-cost housing

By PPI

Published: November 13, 2013

KARACHI:

Deputy Governor of State Bank of Pakistan Kazi Abdul Muktadir presented ideas on low-cost housing during a seminar at the Association of Builders and Developers of Pakistan (ABAD) House. It was organised by ABAD in collaboration with the government of Pakistan on Tuesday. He expressed optimism towards the new housing policy for 2013-2018, hoping for good results.

The Nawaz Sharif government had planned to build 500,000 houses, said Director General of Ministry of Housing, Muhammad Irfan. However, there is no free land available anywhere, so the government is planning to build 10,000 houses this year, awarding lands of five marla in size and one lakh rupees in cash to builders to start construction, Irfan adds.

ABAD Chairman Mohsin Sheikhani said that the construction of 500,000 housing units is an enormous challenge for the government.

Published in The Express Tribune, November 13th, 2013.

OPEN MARKET FOREX RATES

Updated at: 13/11/2013 6:32 AM (PST)

Currency	Buying	Selling
Australian Dollar	100.5	100.75
Bahrain Dinar	283.75	284
Canadian Dollar	102	102.25
China Yuan	17.45	17.7
Danish Krone	19.15	19.4
Euro	144.15	144.4
Hong Kong Dollar	13.55	13.8
Indian Rupee	1.73	1.83
Japanese Yen	1.0701	1.0805
Kuwaiti Dinar	377	377.25
Malaysian Ringgit	33.45	33.7
NewZealand $	88.75	89
Norwegians Krone	17.35	17.6
Omani Riyal	278.5	278.75
Qatari Riyal	29.5	29.75
Saudi Riyal	28.6	28.85
Singapore Dollar	85.5	85.75
Swedish Korona	16.25	16.5
Swiss Franc	116.25	116.5
Thai Bhat	3.25	3.4
U.A.E Dirham	29.25	29.5
UK Pound Sterling	172.1	172.35
US Dollar	108.35	108.6

INTER BANK RATES

Updated at: 13/11/2013 6:32 AM (PST)

Currency	Bank Buying TT Clean	Bank Selling TT & OD
Australian Dollar	99.91	100.09
Canadian Dollar	102.09	102.28
Danish Krone	19.22	19.26
Euro	143.39	143.65
Hong Kong Dollar	13.8	13.83
Japanese Yen	1.0753	1.0773
Saudi Riyal	28.53	28.58
Singapore Dollar	85.74	85.9
Swedish Korona	16.29	16.32
Swiss Franc	116.29	116.5
U.A.E Dirham	29.13	29.19
UK Pound Sterling	171.09	171.41
US Dollar	107	107.2

Bullion Rates (Gold Prices) in Pakistan Rupee (PKR)

As on Wed, Nov 13 2013, 03:00 GMT

Metal	Symbol	PKR for 10 Gm	PKR for 1 Tola	PKR for 1 Ounce	
Gold 24K	XAU	43,868	51,114	136,448	
Palladium	XPD	25,604	29,833	79,639	
Platinum	XPT	49,494	57,668	153,945	
Silver	XAG	714	832	2,221	

Gold Rates in other Major Currencies

Currency	Symbol	10 Gm	1 Tola	1 Ounce	
Australian Dollar	AUD	439	511	1,364	
Canadian Dollar	CAD	428	499	1,331	
Euro	EUR	303	354	944	
Japanese Yen	JPY	40,593	47,298	126,262	
U.A.E Dirham	AED	1,499	1,746	4,662	
UK Pound Sterling	GBP	257	299	799	
US Dollar	USD	408	475	1,269	

* These rates are taken from International Market so there may be some fluctuation from Local Market.