

PAK LAW PUBLICATION

NEWS

UPDATES

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Top Stories

Commanders meet in GHQ, contemplating

September 01, 2014

A Corps Commanders' Conference was held at General Headquarters on Sunday night after clashes between police and opposition protesters seeking to topple the government. Chief of Army Staff (COAS) General Raheel Sharif presided over the conference. While reaffirming its support to democracy, the conference reviewed with a serious concern the existing political crisis and a violent turn that it has taken, resulting in large scale injuries and loss of lives. Any further use of force will only aggravate the problem, according to commanders.

It was once again reiterated that the situation should be resolved politically without wasting any time and without recourse to violent means.

Army remains committed to playing its part in ensuring security of the state and will never fall short of meeting national aspirations.-PR

INP adds: The commanders underscored the need for finding a political solution to the current stand-off between the federal government, Pakistan Tehreek-e-Insaf (PTI) and Pakistan Awami Tehreek (PAT). According to ISPR, the conference expressed serious concern over the existing political crisis and the violent turn it has taken, resulting in large scale injuries and loss of lives.

General Raheel Sharif took the commanders into confidence over his meetings with Prime Minister Nawaz Sharif, PTI Chief Imran Khan and PAT Chief Tahirul Qadri last week.

The critical meeting, brought forward a day has a special significance in the situation, given the fact that the military had been engaged in 'mediating' the crisis.

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Hashmi accuses Imran of renegeing on agreement

September 01, 2014

Pakistan Tehreek-e-Insaf (PTI) president Javed Hashmi, who distanced himself from the anti-government sit-in, said on Sunday that party chairman Imran Khan had violated a party decision as it was agreed that marchers would not proceed towards PM's House or Parliament House. Speaking at a press conference here, he said that a party delegation had held a meeting with the government on Saturday evening and was looking forward to hearing from the government side.

He said all party leaders had agreed to continue the sit-in on Constitution Avenue instead of

shifting it to the PM House and Imran also agreed to the party decision. According to him, just after 20 minutes, Imran decided to follow in the footsteps of Dr Tahirul Qadri who had asked his followers to begin their march to the PM's House.

"Imran Khan had assured me that he would not move forward from Constitution Avenue, and it was the party's unanimous decision. My personal suggestion to him was also not to move towards the PM's House," he maintained.

He said that when Imran told him that there was no option to stay back and it became necessary to move forward after PAT protesters led by Tahirul Qadri began their march towards the PM's House.

Hashmi claimed that Imran changed his stance under the influence of Sheikh Rasheed and Saifullah Niazi who purported conveyed some 'message' to him. He added that although he did not agree with the current system, he would not seek to ruin the sanctity of Parliament.

He urged political parties and government to act responsibly, adding the PTI leadership also must not put people's lives at risk. Hashmi condemned police attacks on mediemen, saying the government should not punish the media for showing the truth.

Hashmi regretted that there was no democracy in the party, adding he had advised Imran to prefer talks to a sit-in in front of PM's House. "Shah Mehmood Qureshi had also supported my viewpoint," he claimed.

Hashmi asked Imran Khan to come back to 'D Chowk', the venue of the PTI sit-in, stating that he would stand by him if he did so. He said that Imran Khan will be responsible if democracy was derailed, adding there's hardly any distance between martial law and us [politicians]".

Hashmi urged Khan to take his party out of this embarrassment, adding that such protests were not even allowed in Washington and London. "I'm still with you but I request you to revisit your decision as it will harm our struggle for democracy," he added.

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Imran parts ways with Hashmi

September 01, 2014

ZULFIQAR AHMAD, FAZAL SHER & WAQAR LILLAH

In the face of stiff resistance from the government to disperse the sit-in protesters, demanding resignation of Prime Minister Nawaz Sharif, Pakistan Tehreek-e-Insaf (PTI) chairman Imran Khan on Sunday declared unequivocally to continue the protest until his 'last breath'.

Addressing PTI and PAT supporters, who have camped in the lawn of the Parliament House, Imran said he would not have enjoyed the premiership as much as he enjoyed seeing his people turning into a nation, adding the day is not far when Nawaz Sharif would be left with no option but to quit under public pressure.

"I salute my people for their support and standing up against the monarch of Nawaz Sharif. I would also like to ask those if you were to become slaves of Sharifs, why you sacrificed to get freedom from the Britishers as they were ten-times better than these blood suckers. They never did corruption, respected rule of law, equal rights and established merit," he maintained.

Dubbing Interior Minister Chaudhry Nisar Ali Khan as 'filed martial,' Imran said an FIR would be registered against him and his prime minister (Nawaz Sharif) for brutal use of force against 'peaceful' protesters. "Now I ask all Pakistanis: rise up against this government. This is not a constitutional government, they are killers," he added.

He said that any further use of force would create more problems for the government as major cities like Karachi, Lahore etc, have already been sealed. "The secretariat will also remain closed tomorrow as people will not be able to come to the offices. I will continue the protest till my last breath. I urge all Pakistanis to come out as I feel the fragrance of a new Pakistan," he contended.

"The real face of the Sharifs has been exposed. They are more dangerous than military dictatorship, as they don't allow people to make peaceful protests. The way they excessively used teargas is a violation international treaty of which Pakistan is a signatory and a case against the Sharifs is now a done deal because it was for the first time teargas was fired in such a large quantity that resulted in killing of some people," he lamented.

Imran also announced parting ways with his party president Javed Hashmi, saying the PTI would not have led a sit-in for 17 days if it was to come through the martial law. "We will be no more on the same track Mr Hashmi," Imran announced in response to an allegation in which Hashmi accused him of violating a party decision not to move towards the Prime Minister House.

He said that he was very disappointed from Javed Hashmi's allegations and said: "I never take dictations from anyone and Mr Hashmi knows it very well." Imran explained that he decided to march towards the Prime Minister House after Tahirul Qadri assured there would be no violence. "Had I relied upon martial law, I would have done it long ago," he retorted.

He also revealed that Javed Hashmi was the only one who refused to join 'Azadi March' with Pakistan Awami Tehreek (PAT)'s "revolution march".

Imran also terminated the PTI membership of three MNAs of his party who refused to submit their resignations. He also made it clear that there will be no further dialogue with the government in the wake of deadly police crackdown on 'peaceful' protesters. "Now the only thing which we want is resignation of Nawaz Sharif. I would like to tell my tigers to be ready to face any crackdown by the government. I was not prepared yesterday and today I'm ready...we'll deal with you (and) if you so desire," he warned.

He claimed that 20 people were killed and more than 500 were wounded in police shelling on demonstrators. The PTI chief also accused the Punjab police of taking away the dead bodies by killing the protesters.

He appreciated the police officers who refused crackdown on the protesters, and called upon all civil servants not to abide by any illegal orders of the rulers, as declared by the Father of the Nation Quaid-e-Azam Muhammad Ali Jinnah.

Imran Khan and Tahirul Qadri of Pakistan Awami Tehreek, who succeeded in extending their anti-government sit-ins to the lawn of the Parliament House Saturday night, are fully confident to advance towards the PM House if Prime Minister Nawaz Sharif did not step down.

The protesters of both parties camped in the lush green lawn of the Parliament House, while Imran and Qadri along with other senior party leadership remained in their containers on the Constitution Avenue, as police blocked their way to the PM House.

The clashes between police and supporters of PTI and PAT are still going on for the second consecutive day and people from other areas, especially from Khyber Pakhtunkhwa, started pouring in to join the PTI protest on the call of their leader.

The twin-cities of Rawalpindi and Islamabad give a look of a battlefield as hide and seek between protesters and the police still going on. A large number of protesters managed to enter the Red Zone, defeating heavy teargas shelling by the police. Some of the protesters had sticks and slingshots.

The enraged protesters of PTI set shipping containers' ablaze and torched several vehicles while the police was also seen snatching wallets from the people and destroying their motorbikes.

The PTI chairman had his breakfast in the shipping container, changed his dress, addressed his supporters from atop of the containers and also mingled with them for some time to boost their spirits.

TAHIRUL QADRI

Pakistan Awami Tehreek chief Dr Tahirul Qadri said on Sunday that murder cases would be registered against Prime Minister Nawaz Sharif and other ministers of his party, particularly Interior Minister Chaudhry Nisar Ali Khan.

"No power of the world can save the rulers from being hanged as whatever they did with 'peaceful' protesters is not way justified," he maintained. He said the government has especially called in the Punjab police for launching offensive on 'peaceful' protesters.

"It is now a joint battle of me and Imran," Qadri said, adding "no talks would be held with the government from today (Sunday) onwards no matter what. He regretted that had there been sincere and competent leadership, Pakistan would have been in the comity of developed and civilised nations.

"We have always struggled for establishment of civilized society to secure the future of new generation...people have braved government's brutality with peace, courage and patience. The incumbent rulers have a long history of oppression which will reach its logical end soon," he added.

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Rashid rejects Hashmi's claim

September 01, 2014

Rejecting Pakistan Tehreek-e-Insaf (PTI) president Javed Hashmi's claims, the AML chief Sheikh Rashid Ahmed said that he was never involved in decision-making process of Pakistan Tehrik-e-Insaf. "On oath I say I didn't advise Imran Khan to shift the sit-in venue to PM House; but I was bound to follow his decision," Sheikh Rashid said while talking to a private news channel. He said that the PTI had its own internal issues and he had got nothing to do anything with party's internal bickering.

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Government praises role of police, makes dialogue offer: joint sitting of Parliament on September 2

September 01, 2014

NAVEED BUTT

The government has decided to summon a joint session of Parliament on Tuesday to discuss the prevailing crisis in the country. This decision was taken at a high-level meeting chaired by Prime Minister Nawaz Sharif here on Sunday.

Federal Minister for Interior Chaudhry Nisar Ali Khan, Railway Minister Khawaja Saad Rafiq, Defence Minister Khawaja Muhammad Asif, Information Minister Pervez Rasheed, Minister for Planning, Development and Reforms Ahsan Iqbal, Minister for States and Frontier Regions, Lieutenant-General Abdul Qadir Baloch (Retd) and others participated in the meeting.

According to sources, the government also wants to adopt a resolution to reiterate its resolve in the supremacy of Parliament and constitutionalism.

The sources said the role of police was also appreciated against protesters. It was decided that all resources would be used to ensure security of state institutions and disperse supporters of Pakistan Tehreek-e-Insaf (PTI) and Pakistan Awami Tehreek (PAT).

The meeting also condemned an 'attack' on Parliament House by protestors and termed it an act against the Constitution. Prime Minister Nawaz Sharif once again made a dialogue offer to PTI and PAT leaders.

The sources said the Prime Minister also gave new directives to Interior Minister Chaudhry Nisar Ali Khan to ensure the security of state institutions located on Constitution Avenue.

According to a handout issued by Prime Minister's House, the meeting condemned the attack on

symbols of the state by two political parties and regarded it undemocratic and unconstitutional. The steps taken by police and security forces to defend and defeat such acts were appreciated.

It was maintained that the government adopted the path of negotiations but was betrayed and an invasion was made despite a prior commitment. It was agreed that this undemocratic onslaught should be withdrawn and parties should come back to the negotiation table.

The Ministry of Interior was directed to utilise all resources to ensure protection of state institutions without any loss of life.

The Prime Minister, in agreement with the proposal of Leader of the Opposition in National Assembly Syed Khurshid Shah and Leader of the House in Senate Chaudhry Aitzaz Ahsan, decided to convene a joint session of parliament on Tuesday, September 2, 2014. The meeting condemned 'few unauthorised acts' of violence against media persons, which resulted in injuries to them and damage to their equipment.

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Police officials 'desert' as defeat becomes inevitable?

September 01, 2014

Superintendent of Police (SSP) Islamabad Muhammad Ali Nekukara has quit his job following his serious differences with Interior Ministry over the handling of law and order situation in the Red Zone of Islamabad. The sources privy to this highly important development told *Business Recorder* that the interior ministry bypassed SSP (operations) Islamabad before ordering a crackdown on protesters and issued directives to his juniors to fire teargas and rubber bullets on protesters.

They said that instead of consulting SSP Nekukara, the interior ministry directed two of his juniors, SP Captain Muhammad Ilyas (retd) and Mustansir Feroz to start the operation, which left three dead and over 500 injured.

According to sources, the SSP refused to continue the job any further and applied for leave, making it clear to the government that he is no more interested in his job. Following his refusal, the interior ministry decided to give the charge of SSP (operations) to Captain Muhammad Ilyas (retd), who also showed his inability.

"I've also said no as this was simply not possible for me to go ahead with the job in the present circumstances," Captain Ilyas confirmed.

However, the interior ministry gave the charge of SSP (operations) to an over 6 feet tall Asmatullah Janjua, commonly known as "dabang or powerful". Janjua is currently SSP traffic with the additional charge of anti-riots force of ICT police.

Besides the two top male police officers, moreover, a woman deputy superintendent police

(DSP) of Punjab Police also rendered her resignation in protest against Islamabad violence.

DSP Khadija Tasnim of Punjab Police, who was deputed in capital in the wake of Pakistan Tehreek-e-Insaf (PTI) and Pakistan Awami Tehreek (PAT) sit-ins against the government, declared there was no point to stay in police uniform after unarmed protesters were subjected to 'inhuman treatment' by police.

"The government is lying about the number of casualties. I'm leaving my job and will join Imran Khan in his fight for 'a new Pakistan,' she added.

Some days back, Inspector General Police (IGP) Islamabad Aftab Ahmad Cheema was removed from his post under highly controversial circumstance. He was said to have refused to launch a crackdown on PTI and PAT protesters.

PTI chairman Imran Khan appreciated the bravery of lady police officer and her male counterparts for refusing to carry on what he called 'illegal orders' of the government. He urged all civil servants that they must not carry out any illegal orders of rulers.

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Three killed, 600 hurt in clashes

September 01, 2014

At least three sit-in protesters were killed and around 600 injured in clashes with police on Sunday as the government began a full-scale crackdown on Pakistan Tehreek-e-Insaf (PTI) and Pakistan Awami Tehreek (PAT) supporters who decided to storm the Prime Minister's House and managed to enter the premises of Parliament House.

A spokeswoman for Pakistan Institute of Medical Sciences (PIMS), Dr Ayesha, confirmed that of the three people killed, so far, two were identified as PAT workers while the third one was a resident of Islamabad.

She said that two PAT workers namely Rafiullah died of serious head injuries, while Ghulam Mahmood had injuries seems to be caused with a sharp-edged weapon in the stomach. Both of them succumbed to the injuries during their treatment in the hospital.

She added that Naveed Razaq, a resident of Islamabad, died on his way to hospital as he drowned into a ditch believed to be dug for metro bus project.

Dr Ayesha said that as many as 257 people were admitted to PIMS, of whom 80 were policemen, 36 women and five children. She added that right now 73 people are under treatment, while the rest of them were discharged after giving initial treatment.

She said majority of the protestors shifted to hospital received minor body and head injuries, while some became victim of suffocation due to heavy teargas shelling by the police on the protesters.

She denied of handing over the protesters with minor injuries to police after they were discharged. But, the PTI leaders accused the police of picking up their workers from hospitals.

It is since Saturday, emergency has already been declared in the hospital and almost all the staff members including doctors, paramedics and nurses are dealing with the emergencies.

Meanwhile, a spokesman for Federal Polyclinic Hospital, Dr Tanveer Malik, told *Business Recorder* that around 300 injured have, so far, been shifted to the hospital, of which 44 are security personal, 33 female, 14 children below 12 years.

He added that no critical case has yet been shifted to the hospital while no casualty took place. He said that out of total 300 injured, 80 are still under treatment while the rest have been discharged.

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Dar speaks to MQM chief

September 01, 2014

Federal Finance Minister, Senator Ishaq Dar telephoned Muttahida Qaumi Movement (MQM) chief Altaf Hussain on Sunday. Altaf Hussain termed the Islamabad turmoil an unfortunate and a highly inappropriate happening in the history of country's politics. He said that the government should avoid use of force against protesters.

He said that Prime Minister Nawaz Sharif should make direct contacts with Pakistan Awami Tehreek (PAT) Chief Dr tahirul Qadri and chairman Pakistan Tehreek-e-Insaf (PTI) Imran Khan.

The Finance Minister Ishaq Dar assured Altaf Hussain that the government would take all possible steps to restart negotiations.

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Defence Day ceremony cancelled

September 01, 2014

The General Headquarters on Sunday cancelled the programmes scheduled in connection with Defence Day in view of the current political turmoil. Heads of Pakistan Army and Pakistan Navy were supposed to attend the gathering at the GHQ. Invitations were also sent to the parliamentarians to attend the Defence Day gathering.

Defence Minister Khawaja Asif, Finance Minister Ishaq Dar, Advisor to Prime Minister on Foreign Affairs Sartaj Aziz and other high ups were also expected to make it to the ceremony.

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Army averts clash on Parliament's lawn

September 01, 2014

A clash between police and demonstrators was averted by a group of army officers and jawans on the lawn of Parliament House on Sunday. The protestors were challenged by police when they tried to move towards the building. Some army officers made a timely intervention to prevent a dangerous clash. They also laid down barbed wires with a view to segregating the two sides from each other.

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THE RUPEE: recovery continues

September 01, 2014

Recovery in the value of rupee continued against the dollar on money market during the week, ended on August 30, 2014. In the interbank market, the rupee gained Rs 1.40 in terms of the dollar for buying and selling at Rs 101.75 and Rs 101.80. In the open market, the rupee picked up 70 paise in terms of the dollar for buying and selling at Rs 101.50 and Rs 101.70, the national currency also rose by Rs 1.25 to Rs 132.75 and Rs 133.00.

In the beginning of week, the rupee surrendered its gains against the dollar due to political crisis in the country, experts said.

Nobody one can predict when political crisis will over but it looks that if it extends more, this would cause further loss, money experts said.

Timely, the State Bank of Pakistan's (SBP) corrective measure to bring back rupee on track, helped the national currency to recover more against the dollar in both the interbank and open market, they said.

Since the political crisis emerged the rupee has lost approximately, four percent versus the dollar, experts said.

INTER-BANK MARKET RATES: On Monday, the rupee slid versus the dollar, losing Rs 1.50 for buying at Rs 103.15 and it also fell by Rs 1.55 for selling at Rs 103.25.

On Tuesday, the rupee recovered 75 paise against the dollar for buying at Rs 102.40 and it also rose by 80 paise for selling at Rs 102.45. On Wednesday, the rupee maintained rise against the dollar, picked up 20 paise for buying at Rs 102.40 and it also rose by 15 paise for selling at Rs 102.30. On Thursday, the rupee picked up 15 paise against the dollar for buying at Rs 102.35 and it also lost 10 paise for selling at Rs 102.40. On Friday, the rupee rose by 60 paise against the dollar for buying and selling at Rs 101.75 and Rs 101.80.

OPEN MARKET RATES: On August 25, the rupee lost 90 paise in relation to the dollar for

buying and selling at Rs 102.20 and at Rs 102.40. The rupee also shed 50 paise in relation to the euro for buying and selling at Rs 134.00 and Rs 134.25.

On August 26, the rupee also picked up 90 paise in relation to the dollar for buying and selling at Rs 101.30 and Rs 101.50. The rupee also recovered 50 paise in terms of the euro for buying and selling at Rs 133.50 and Rs 133.75.

On August 27, the rupee, however, lost 40 paise in relation to the dollar for buying and selling at Rs 101.70 and Rs 101.90. The rupee sustained it's in terms of the euro for buying and selling at Rs 133.50 and Rs 133.75. On August 28, the rupee in relation sustained it's value in terms of the dollar for buying and selling at Rs 101.70 and Rs 101.90. The rupee shed 25 paise in relation to the euro for buying and selling at Rs 133.75 and Rs 134.00.

On August 29, the rupee also picked up 10 paise in relation to the dollar for buying and selling at Rs 101.60 and Rs 101.80. The rupee appreciated by 75 paise against the euro for buying and selling at Rs 133.00 and Rs 133.25.

On August 30, the rupee extended it's rise versus the dollar, picking up for buying and selling at Rs 101.50 and Rs 101.70. The rupee also appreciated by 25 paise against the euro for buying and selling at Rs 132.75 and Rs 133.00.

WORLD VAULE OF DOLLAR VS MAJOR CURRENCIES: In the first Asian trade, the Indonesian rupiah led losses among emerging Asian currencies as the dollar broadly rallied after US Federal Reserve chief Janet Yellen was seen as more hawkish than her European counterparts at a central bankers' meeting last week.

The rupiah slid on month-end corporate dollar demand, while investors remained concerned about the country's current and budget deficits. Offshore funds sold the South Korean won.

The dollar was trading against the Indian rupee at Rs 60.46, the greenback was at 3.1635 in terms of the Malaysian ringgit and the US currency was available at 6.1518 in relation to the Chinese yuan.

Inter bank buy/sell rates for the taka against the dollar on Monday. 77.41-77.43 (previous 77.43-77.43). Call Money Rates: 05.50-07.00 percent (previous 05.45-07.00 percent).

In the second Asian trade, the euro stayed plumbed a one-year trough against the dollar as prospects for further easing by the European Central Bank weighed on the currency along with weak euro-zone data and the resignation of the French government. Faced with a host of negative factors the euro dropped as low as \$1.3178 before limping back to \$1.3200.

The dollar was trading against the Indian rupee at Rs 60.53, the greenback was at 3.1620 in terms of the Malaysian ringgit and the US currency was at 6.152 versus the Chinese yuan.

Inter bank buy-sell rates for the taka against the dollar on Tuesday. 77.40-77.41 (previous 77.41-77.43). Call Money Rates: 05.50-06.75 percent (previous 05.40-07.00 percent).

In the third Asian trade, the dollar hit a 13-month peak against a basket of major currencies, with the euro still struggling amid expectations of further policy easing from the European Central

Bank.

The dollar index rose as far as 82.727 at one point, its highest level since July 2013. It was last steady on the day at 82.648.

The dollar was trading against the Indian rupee at Rs 60.47, the greenback was at 3.1515 versus the Malaysian ringgit and the US currency was at 6.147 in terms of the Chinese yuan.

Inter bank buy/sell rates for the taka against the dollar on Wednesday. 77.40-77.41 (previous 77.40-77.41). Call Money Rates: 05.50-06.75 percent (previous 05.50-06.75 percent).

In the fourth Asian trade, the euro inched higher and held above a one-year low versus the dollar, getting some respite as feverish speculation of an imminent round of easing by the European Central Bank cooled. Sources told Reuters on Wednesday that the ECB is unlikely to take new policy action next week unless inflation figures on Friday show the euro zone sinking significantly towards deflation.

The dollar was trading against the Indian rupee at Rs 60.41, the greenback was at 3.1460 in terms of the Malaysian ringgit and the US currency was at 6.1428 versus the Chinese yuan.

Inter bank buy/sell rates for the taka against the dollar on Thursday. 77.40-77.41 (previous 77.40-77.41). Call Money Rates: 05.50-06.75 percent (previous 05.50-06.75 percent).

In the final Asian trade, the safe-haven yen held firm on Friday, while the euro was on track to post its second straight month of declines as tensions between Ukraine and Russia flared again.

The dollar was trading against the Indian rupee at Rs 60.50, the greenback was at 3.1560 in terms of Malaysian ringgit and the US currency was at 6.1439 versus the Chinese yuan.

At the week-end, the dollar rose, with traders looking beyond soft US consumer-spending data, while the steadily sliding euro won a reprieve on diminished expectations the European Central Bank will soon ease monetary policy. Meanwhile, Russia's ruble hit an all-time low against the dollar as worries grew that the Ukraine crisis may bring even more economic sanctions.

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POL products' prices reduced

September 01, 2014

On the recommendation of Finance Minister Senator Mohammad Ishaq Dar, Prime Minister Nawaz Sharif has approved reduction in the prices of petroleum products for the month of September 2014. The following will be the new prices of the POL products during the month. The Finance Minister has observed that the POL prices would have been further reduced, had not the rupee value depreciated, during the month of August, due to the ongoing political situation.

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Product	Present price	New Prices w.e.f.w.e.f.1-8-2014	1-9-2014	Change in Price
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MS(Petrol)	107.97	106.56	-1.41 (1.3%)
HOBC	134.63	133.01	-1.62 (1.2%)
Kerosene	97.05	96.99	-0.06 (0.1%)
High Speed Diesel (HSD)	109.34	108.34	-1.00 (0.9%)
Light Diesel Oil (LDO)	93.27	92.08	-1.19 (1.3%)

Working boundary and LoC: Pakistan concerned over Indian violations

September 01, 2014

The government of Pakistan has noted with deep concern that India continues to engage in unprovoked violation of the working boundary. On 23rd August, indiscriminate firing on Charwah, Harpal and Chatrar sectors was the 20th violation during the month of August alone resulting in several casualties and injuries to our innocent people and soldiers, and damage to property.

From 1st June to 30th August, 93 violations by India of the working boundary and Line of Control (LoC) have been recorded. These violations have also been reported to UNMOGIP through established channels.

The continuing violation of the cease-fire by the Indian forces is a matter of grave concern for the Government and the people of Pakistan. We had lodged protest with the Indian government through diplomatic channels earlier this month. Pakistan's armed forces have exercised restraint to avoid worsening of the situation. Last Tuesday, 26th August, Director General of Military Operations in his weekly hotline contact conveyed the details of these violations to his Indian counterpart. At the suggestion of the Pakistani side, it was agreed that regular contacts be maintained between local commanders, sector commanders, and Pakistan Rangers and Indian Border Security Force to observe ceasefire and stop any ceasefire violations. Unfortunately, only a day after the conversation between the DGsMO and hours after the sector commander level flag meeting on 27th August, the Indian side carried out unprovoked firing on Charwah and Phukhlian sectors.

Pakistan urges India to refrain from such provocations. We also call upon the international community represented on ground by the United Nations Military Observer Group (UNMOGIP) to take note of such violations by Indian forces.

In the larger interest of regional peace, Pakistan would again urge the government of India to take notice of the continuing cease-fire violations of the working boundary by the Indian forces and take steps to stop them. For its part, in accord with the vision of our leadership to have good neighbourly relations with India, Pakistani forces would continue to exercise restraint but would have the right to respond in self-defence.

Pakistan also expresses its disappointment on the statement of the Indian government attempting

to shift the onus of cancelling the Foreign Secretary-level talks on Pakistan. We maintain that Jammu and Kashmir is a disputed territory as acknowledged through various UN resolutions and its final disposition is yet to be undertaken through a free and impartial plebiscite under the UN auspices. The meeting with Kashmiri leaders, prior to Pakistan-India talks is a long-standing practice.

Pakistan remains committed to meaningful and sustained dialogue with India to promote bilateral co-operation and address all outstanding issues between the two countries.-PR

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Prime Minister and others condemn attack on media

September 01, 2014

Prime Minister Office has lauded the role of media and ordered an investigation into the acts of violence against journalists. A spokesman for PM's Office said the responsible would be held accountable. He said such incidents were individual acts which were condemnable. He directed the authorities to provide best possible treatment to the injured journalists.

The Prime Minister also contacted Interior Minister Chaudhry Nisar Ali Khan over police torture on journalists.

Punjab Governor Chaudhry Mohammad Sarwar also condemned the police high-handedness. Sindh Governor Dr Ishratul Ibad also contacted the Prime minister and Interior Minister in this regard.

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Government planning to target Imran Khan: Mazari

September 01, 2014

Pakistan Tehreek-e-Insaf's (PTI) Central Information Secretary Dr Shireen Mazari Sunday accused the government of planning to target the party chief Imran Khan, who is leading an anti-government sit-in to oust Prime Minister Nawaz Sharif. She said the government is planning to target Imran Khan as it was sure he would not budge from his stance of prime minister's resignation.

Quoting official sources, she said that SP (Diplomatic Security) has been given the task to target Imran Khan. "Information received that confirmed report SP (Diplomatic Security) Suleman got tasked with hitting chairman Imran Khan", she tweeted. "Workers should remain watchful and

keep an eye on Gullu Butts of government," she said.

The PTI spokesperson urged workers to reach the site of protest immediately afterwards over 200 PTI supporters marched towards Parliament House, where Imran is leading the anti-government rally. The workers were chanting 'go Nawaz go' slogans. Despite repeated attempts the SP (Diplomatic Security), Suleman, could not be reached for comments till filing of this report.

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Earthquake jolts KP, Islamabad, parts of Punjab

September 01, 2014

High intensity earthquake jolted various districts of Khyber Pakhtunkhwa, Islamabad and some areas of Punjab on Sunday. According to geological wing of Pakistan Meteorological Department (PMD), tremors of intensity 6.0 on Richter scale were felt in Peshawar, Nowshera, Swat, Mansehra, Shangla, Bisham, Kohistan, Lower Dir, Malakand, Bajaur, Khyber Agency, Islamabad, Rawalpindi, Murree, Ghizer and other areas.

People rushed out of their homes and offices in panic but no causality or property loss was reported due to the earthquake. PMD said that the epicentre of earthquake was in border areas of Afghanistan-Tajikistan.

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Israel downs drone from Syria over occupied Golan

September 01, 2014

Israel downed a drone over the occupied Golan Heights on Sunday, the army said, amid mounting tension on the UN-patrolled armistice line with Syria on the strategic plateau. Air defences "successfully intercepted an unmanned aerial vehicle (UAV) that breached Israel airspace above the border with Syria," an army statement said. "We have said several times that we shall respond to any violation of our sovereignty," it added.

Defence Minister Moshe Yaalon meanwhile toured the region, as the army sent reinforcements along the armistice line and deployed armoured troop carriers, an AFP photographer said. Yaalon warned that Israeli "tolerance" should not be tested.

"These past weeks we have proven that our tolerance is minimal when our integrity is struck, either intentionally or unintentionally," he said. Heavy fighting between Syrian government

troops and opposition forces overflowed into the buffer zone separating Syrian and Israeli-occupied territory at the weekend.

Dozens of Filipino UN peacekeepers escaped the hot zone overnight after rebels rammed their Golan Heights outpost with armed trucks, the Philippine military said. A UN statement said the United Nations Disengagement Observer Force (UNDOF) "confirms that the Filipino forces formerly surrounded by armed elements... have relocated to an alternate site and are safe."

But UNDOF troops "remain on high alert" as the fate of 44 Fijian peacekeepers abducted on the Golan by Syrian rebels remains unknown, it said.

The statement said the peacekeepers "continue to be detained by armed elements.

"At this time, no additional information on their status or location has been established. The United Nations continues to actively seek their immediate and unconditional release."

Israel closed off the area around the Quneitra crossing on the Golan on Wednesday after an officer was wounded by stray fire as Syrian rebels seized control of the site.

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Putin seeks 'statehood' talks on east Ukraine

September 01, 2014

Russian President Vladimir Putin on Sunday raised the stakes in the Ukraine conflict by calling for the first time for statehood to be discussed for the restive east of the former Soviet state.

The remarks came just hours after the European Union gave Moscow - which the bloc accuses of direct involvement in the insurgency - a week to change course or face new sanctions. "We need to immediately begin substantive talks... on questions of the political organisation of society and statehood in south-eastern Ukraine," the Russian leader was quoted by Russian news agencies as saying.

Moscow has previously only called for "federalisation" that would grant greater rights to the eastern regions of Ukraine, where predominantly Russian-speakers live. But Putin had long sparked speculation that he may be seeking to create a pro-Russian statelet when he began to employ the loaded Tsarist-era term "Novorossiia", or New Russia, to refer to several regions in south-east Ukraine.

His spokesman Dmitry Peskov said Sunday that the Russian leader was not talking about "Novorossiia's" independence from Ukraine but "inclusive talks." "Only Ukraine can agree with Novorossiia," he was quoted as saying.

Putin's tough talk comes as rebels have begun to reject the concept of "federalisation" in recent weeks, calling for independence from Kiev, as they turned the tide on advancing Ukrainian troops by snatching a series of towns.

Kiev has warned that it was on the brink of "full-scale war" with Moscow which Europe fears would put the continent at risk of conflict.

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Health workers death toll mounts in West Africa as Ebola spreads

September 01, 2014

Nigeria on Sunday confirmed a fresh case of Ebola in a doctor whose husband died from the virus, adding to a growing list of healthcare workers in West Africa hit by the epidemic. The woman's husband was also a doctor and died in the city of Port Harcourt on August 22 after treating a patient who had contact with a Liberian man who brought the virus to Nigeria in late July.

She was in stable condition at an isolation unit in the financial capital, Lagos, said Sampson Parker, the health commissioner of Rivers State, of which Port Harcourt is the capital.

Nigeria's medics have paid a heavy price in the outbreak: of the six people who have died from the disease in Africa's most populous nation, two have been doctors and two others nurses.

Another doctor and a pharmacist were put into isolation at a unit outside Port Harcourt, Parker said. "They have not been confirmed (as having Ebola) and we are awaiting the result of investigation," he told a news conference.

The World Health Organisation has voiced concern about the number of healthcare workers hit by the Ebola outbreak: more than 120 health workers have died and over 240 others infected so far.

The disease has killed a total of 1,552 people and infected 3,062 as of August 26, according to WHO figures. In Guinea, where 430 people have died in all, nurses told AFP they lacked basic medical equipment to treat patients and had even bought items such as gloves and protective clothing themselves.

In Senegal, doctors were treating a young Guinean man who became the country's first confirmed case of the disease. He was said to be in a "satisfactory" condition in hospital on Saturday.

The case lends credence to fears that the haemorrhagic fever, for which there is currently no vaccine, is spreading rapidly.

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'Hundreds' of Americans linked to IS: lawmaker

September 01, 2014

Several hundred US citizens may have had contact with Islamic State jihadists in Syria, the chairman of the powerful House Intelligence Committee said Sunday. Republican lawmaker Mike Rogers, a former FBI agent, told "Fox News Sunday" he was concerned about efforts to keep track of Americans who had links to the group. "It's in the hundreds that have at least one time travelled, participated and trained with them," Rogers said. "Some have drifted back, some have gone to Europe."

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Several Swiss banks pull out of US tax programme

September 01, 2014

At least 10 Swiss banks have withdrawn from a US programme aimed at settling a tax dispute between them and the United States, Swiss newspaper NZZ am Sonntag said on Sunday, quoting unnamed sources. Around 100 Swiss banks came forward at the end of last year to work with US authorities in a programme brokered by the Swiss government to help the banks make amends for aiding tax evasion.

"At least 10 banks that had decided at the end of 2013 to pay a fine have withdrawn their decision," NZZ am Sonntag said, quoting unnamed lawyers and auditors. It did not name the banks concerned. The newspaper said the banks were convinced they had not systematically broken US law and lawyers of the US Department of Justice had actually been surprised to see them take part in the programme and did not object to the banks leaving the programme. Liechtenstein-based VP Bank came forward last week to say it had concluded that it no longer needed to take part in the programme.

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Major power outage hits Tunisia

September 01, 2014

A major power outage hit the Tunisian capital, its suburbs and other areas of the country on Sunday, residents said, without any immediate explanation for the cut. The cities of Hammamet in northern Tunisia, Monastir in the east and Zarzis in the south were left without electricity from 6 pm (1700 GMT), said local residents contacted by AFP.

Impasse mutes performance

September 01, 2014

Following the prevailing political uncertainty in the country, the Karachi Share market remained volatile during the last week end on August 29, 2014. Overall the benchmark KSE-100 index posted a decline of 304 points (weak on weak) to close at 28,568 points end of the last week compared to 28,872 points a week earlier.

Among five trading days of the week, initial four days market remained negative, while on last trading day the share market closed higher after the PAT and PTI accepted Army as mediators and announced to resume dialogues with the government to end the protest.

After declining 3.8 per cent during the first four trading days (Monday to Thursday) of the week due to continuing political deadlock, the benchmark index staged a strong recovery on Friday, gaining 793 points or 2.9 per cent as the midnight meeting between protest leaders and the Army chief fuelled the expectations of the conflict resolution. At the end of the week, the index closed at 28,568 points, down 1.1 per cent WoW.

The political noise kept the majority of investors on the sidelines, as average daily trading volumes declined by 4.4 per cent (WoW) to 119 million shares compared to 124.3 million in the pervious week.

In addition, with average daily value traded down 3.7 per cent (WoW) to \$61.84 million per day from \$65.18 million. The market capitalisation also posted a 0.5 per cent decline to Rs 6.727 trillion at the end of the week.

"Investors' concern on the current political crisis in the country muted the performance of the stock market as the benchmark KSE-100 index lost 1,100 points during the first four sessions of the week. However, the market recovered on the week's last trading day by 793 points on probable resolution of the deadlock given talks between the Army Chief and the protesting parties," said Rahel Ashraf of the JS Global.

Resultantly, the KSE-100 index closed the week at 28,568, down 1.1 per cent WoW, while low investor confidence reflected in the average trading volumes as well which declined by 4.4 per cent 19 million shares, he added.

Construction and Materials sector plunged by 4 per cent WoW on the risk of the imposition of anti-dumping duty on Pakistan Cement exports to South Africa. Meanwhile, better-than-expected earnings and dividend announcements led to KEL outperforming the market by 11 per cent WoW, Ashraf mentioned.

Other highlights of the week included Current Account deficit clocking in at \$454 million in July 2014 vs. \$125 million in July 2013, the LSM growth of 3.9 per cent YoY for the FY14, the Prime Minister signing \$664.8 million project financing for Dasu Hydropower Project and Sindh Agriculture Growth Project with World Bank, Pakistan receiving \$371.4 million from the US

under the CSF and forex reserves dipping by \$344 million to \$13.6 billion.

Commenting on the outlook of the market, an analyst at the KASB Securities said the next week's market performance depended completely on the resolution of the current political stalemate between the ruling party, Pakistan Tehreek-e-Insaaf and Pakistan Awami Tehreek.

"We believe that the involvement of the army as a facilitator in the political crisis is a positive development and has raised the possibility of an early resolution - a scenario, which can sustain the rally," he added.

"However, with the current situation emerged on Saturday night, when the government started an action against the PAT and PTI protestors, marching toward the Prime Minister House, has created another uncertainty regarding law and order situation," analysts said.

They said that clashes between police and protestors may hit the sentiments of the market players and investors.

The market participants shall continue to actively track political news flow with any possible resolution to be hailed at the bourse, they added.

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The inevitable has happened

August 31, 2014

FAZAL SHER, ZULFIQAR AHMAD & WAQAR LILLAH

Pakistan Awami Tehreek (PAT) and Pakistan Tehreek-e-Insaaf (PTI) protestors Saturday night stormed into the premises of Parliament House but they did not enter its main building because of army troops' presence there. A large number of protestors were chanting slogans, making victory signs amid full-throttle slogans of "Go Nawaz Go" in the lush green lawns of the Parliament House.

- Fortnight-long political impasse takes a violent turn;
- 'Red Zone red line' crossed;
- Protesters storm Parliament House;
- Cabinet Division, PTV besieged;
- At least 230, including several women, injured;
- Thousands led by Imran, Qadri advance towards PM's House;
- Clashes break out when PTI, PAT supporters try to 'take over' Presidency;

- Police fire tear gas, rubber bullets to disperse protesters but five receive live bullet injuries;
- Protests erupt in Rawalpindi, Lahore, Karachi, Faisalabad and Multan;
- Imran addresses workers amid pitched battles;
- PTI, MQM to observe 'Mourning Day' today.

At the same time, bullet-proof vehicle of Tahirul Qadri and the container of Imran Khan surrounded by their diehard supporters were on their way to the Prime Minister's House but at a snail's pace. The PTI chairman kept addressing his supporters from time to time by emerging from his container that he would not go back unless Prime Minister Nawaz Sharif stepped down. He also said he would file cases against Nawaz Sharif and his interior minister for taking a coercive action against his 'unarmed', and 'peaceful workers'.

The PTI chairman also gave a countrywide strike call. Minutes after his call PTI workers staged demos in various cities. Over 30,000 security personnel deputed on the security of the Red Zone resorted to unprecedented teargas shelling and fired rubber bullets on thousands when they began to remove shipping containers placed on the main gate leading to PM's House after they tried to storm Presidency on their way to the Prime Minister's House.

Constitution Avenue was turned into a battlefield, with thousands of protesters, especially women and children, running here and there for shelter, some were still lying unconscious in the absence of any medical assistance. The PAT and PTI rallies headed by Allama Tahirul Qadri and Imran Khan started marching towards the PM House, pressing for the resignation of Prime Minister Nawaz Sharif on the 17th day of their sit-ins. Before proceeding towards the PM house, both Imran Khan and Tahirul Qadri pledged that their protests would be peaceful. Imran warned the government of dire consequences in case of any use of force on protesters.

"This is our democratic right as such protests often take place outside the 10 Downing Street and the White House", he added. Thousands of protesters have been staging sit-ins in front of Parliament House since August 14, pressing for resignation of Prime Minister Nawaz Sharif's resignation, accusing him of stealing the mandate of people through pre-poll rigging in 2013 general elections but they remained peaceful.

On Saturday night, protesters threatened to move on the PM house, the official residence of Prime Minister Nawaz Sharif, but the local administration headed by interior minister Chaudhary Nisar Ali Khan finally lost patience and ordered the security personnel for a massive crackdown to disperse protesters before the siege the PM's House.

Addressing the participants of the sit-in before moving towards the PM house, Imran asked male members of the sit-in to lead. But Qadri decided to be in the forefront after he made an emotional speech in front of his followers, including children and women and little children. Young babies and women were the worst victims of tear gassing as scores of them were seen lying unconscious on the roads.

PTI chief said he was forced to proceed toward PM's House as the last resort after Nawaz Sharif refused to step down even for a month - a condition set by PTI to ensure a thorough probe into poll rigging through an independent judicial commission. "Nawaz Sharif told a lie on the floor of

parliament. Isn't the democracy in jeopardy when a prime minister lies on the floor of National Assembly! Any nation can accept any sort of a prime minister but a liar," he maintained.

Imran said that Sharif dynasty had stashed their ill-wealth in foreign banks and promised that he would bring back all the money after coming into power. "Let me deal with Nawaz Sharif first and then I'll do a ruthless accountability across the board and the ultimate destiny of Nawaz Sharif and former chief justice Iftikhar Muhammad Chadhary will be the jail," he added.

Despite the use of lethal tear gas and by rubber bullets by police, the protesters continued to march towards the Prime Minister's House situated on the hilltop of federal capital. A beleaguered interior minister Chaudhry Nisar also visited the Red Zone amid tight security. The minister reiterated that the government would leave no stone unturned in protecting the building.

The sources said that deputy commissioner Islamabad, Sher Dil, issued directives to the local police for firing tear gas and rubber bullets when they approached the gate of PM's House. An emergency has been declared in all city hospitals. The hospital sources said that over 200, including over 12 policemen, were rushed to Polyclinic and PIMS hospitals.

However, PTI central information secretary Dr Shireen Mazari said two women were killed, but PIMS spokesman Dr Wasim Khawaja reported no death. "We've received 110 people with rubber bullet injuries so far," he added. A spokesman for Polyclinic said that they have received 92 injured. The hospital sources said that the police was arresting the injured at hospitals. Ambulance sirens can be heard in Islamabad.

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'No conspiracy against democracy to be allowed': Prime Minister expresses firm resolve to restart process of progress

August 31, 2014

MUHAMMAD SALEEM

Prime Minister Nawaz Sharif on Saturday said that sit-ins have hit the country's progress but expressed his firm resolve to restart the process of progress with more determination and to overcome the losses caused to economy due to ongoing protests.

Talking to a private TV channel during his visit to the residence of senior journalist Mujeebur Rehman Shami to condole with him over the demise of his sister here on Saturday, the PM said the government is trying its best to resolve the present political situation and expressed optimism that situation will return to normalcy in a few days. The PM offered Fateha for the eternal peace of departed soul.

Nawaz said the ongoing sit-ins in Islamabad have affected public life and the national economy badly. Due to PTI and PAT sit-ins, the Presidents of Maldives and Sri Lanka had postponed their

visits to Islamabad. "Chinese President is due to visit Islamabad shortly to launch a number of mega projects for the development of Pakistan," he stated. The PM said National Assembly passed a resolution that no conspiracy against democracy will be allowed. "The government is determined to implement this resolution as it is the voice of the people," he said.

To a question, Nawaz said the government has accepted demands of the regarding reforms in the electoral system. He said most of the demands of the protesters are part of manifesto of the PML-N which the government is determined to implement. He further said the government has already written a letter to the Chief Justice of Pakistan to constitute a judicial commission to probe alleged rigging in the general elections.

Regarding his meeting with PTI Chief Imran Khan a few months ago, Nawaz expressed astonishment over his attitude. When asked who forced Imran Khan to join hands with Tahirul Qadri and arrange a joint march towards Islamabad, he said, perhaps both had a dream together. He also said smiling that people are fed up with the sit-ins.

He made it clear that the government will not tolerate any undemocratic step. He said that lawful demands of the protesting parties have already been accepted. He stated, "Demand regarding electoral reforms was already accepted while we also offered formation of a judicial commission to probe allegations of electoral rigging." Moreover, Nawaz also held meeting with his close aides to discuss the current situation. Punjab Chief Minister Shahbaz Sharif briefed the PM about latest developments. Sources claimed that the PML-N leaders expressed resolve to overcome the current situation showing calm and using the process of dialogue. Protesters.

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PTI and PAT sit-ins: government's claim of Rs 800 billion loss contested

August 31, 2014

ZAHEER ABBASI, SOHAIL SARFRAZ & TAHIR AMIN

The government's claim of Rs 500-800 billion loss due to ongoing sit-ins by Pakistan Tehreek-e-Insaf (PTI) and Pakistan Awami Tehreek has been challenged by economists, business community. Former Finance Minister Selman Shah said here Saturday that so far the ongoing sit-ins have not inflicted any major loss to the economy because these are being held in the federal capital where there are no production units.

However, he added that if these protests expand to other major cities like Faisalabad, Lahore and Karachi, the loss may be significant. Shah added that Finance Minister as well as other federal ministers claim of Rs 500 to Rs 800 billion losses to the economy on account of exchange rate and stock market is a loss on paper alone and is not real.

Finance Minister stated two weeks ago that the economy suffered Rs 500 billion loss including Rs 350 billion loss in the Stock Exchange due to the tense political situation and sit-ins by PTI and PAT. He also stated that the International Monetary Fund (IMF) team had cancelled its visit

to Pakistan due to the prevailing political situation. However the fourth quarterly review with the Fund was in Dubai due to security concerns as well.

Minister for Commerce Khurram Dastgir issued a statement claiming that the loss to the economy has risen to Rs 800 billion. Sources stated that a small component of revenue comes from units located in the jurisdiction of the federal capital; and the major chunk of revenue collection comes from the country's business hub, ie, Karachi followed by Lahore and other cities. Islamabad is not a major contributor to the overall revenue collection of the FBR. The ongoing sit-ins on Constitution Avenue and the civil disobedience campaign by the PTI have therefore had no significant negative impact on revenue collection.

They further stated that the FBR has provisionally collected over Rs 181 billion during August against assigned monthly revenue collection target of Rs 180 billion, reflecting an increase of Rs 1 billion. The revenue collection figures would further increase on compilation of final figures for the last August weekend in the coming days.

An Islamabad-based exporter maintained that he was unable to timely book orders due to blockage of roads as it was difficult to reach the dry port in the presence of containers blocking roads from one end of Islamabad to another. And if while sitting in Islamabad an exporter is unable to timely carry out banking transactions due to roads blockage, it would further delay booking of buying and selling orders.

President Rawalpindi Chamber of Commerce and Industry (RCCI) Shomail Daud told *Business Recorder* however stated that the ongoing political situation has caused billions of rupees loss to the economy; however, he did not quantify the amount. He said that the situation created uncertainty and disturbance in the market and consequently import of raw material and exports have been affected. He said that the depreciation of exchange rate against the dollar is going to increase the cost of raw material and may fuel inflation.

Chairman Pakistan Apparel Forum Javed Bilwani said that although there was no immediate impact on exports yet it may have long term impact as all the scheduled meetings with foreign business partners have been postponed. The ongoing exports of the country were ordered about 3-4 months ago and exports are on schedule, said Bilwani, adding that exporters are facing problems in getting new orders which may affect exports in coming months. Senior vice president Federation of Pakistan Chambers of Commerce and Industry said that the country has a total of \$25 billion exports annually and due to the ongoing political situation exports may suffer. It takes a long time to get a client and we may well lose our clients who would place orders with our foreign competitors.

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Showing reduction in losses: Discos send inflated bills

August 31, 2014

MUSHTAQ GHUMMAN

Power Distribution Companies (Discos) with a view to showing reduction in losses have reportedly sent inflated bills, well-informed sources told *Business Recorder*. Discos have sent extra reading over and above the consumed units which is the main reason for the inflated bills, the sources added. The government has also shown improved recoveries by withdrawing Rs 1.30 per unit subsidy for those consumers using 200-300 units in a month as per agreement with the International Monetary Fund (IMF).

Unconfirmed reports indicated that the government has increased power tariff by Rs 1.30 per unit for those consumers using 200-300 units monthly which implies the slab benefit is no longer available to that category of consumers. Another official hinted that Ministry of Finance might have shown the notification of Rs 1.30 per unit increase to the IMF at a meeting in Dubai as the officials of Water and Power Ministry did not attend the meeting with the Fund.

Government has done away with slabs implying that the benefits associated with the slabs previously available to consumers have been withdrawn. Earlier, consumers enjoyed the following categories of slabs: (i) 0-50; (ii) 0-100; (iii) 101- 300; and (iv) 700 and above. At present, if a client uses 700 units a month, he is liable to pay the entire bill in accordance with slab of 700 units and will not be entitled to the benefit of lower slabs.

Power sector consumers across Pakistan have complained about massive billing for the month past, but Discos and the Ministry of Water and Power have not come forward to clarify the reasons behind the almost doubling of bills. The sources said Water and Power Ministry dominated by District Management Group (DMG), now Pakistan Administrative Services (PAS), in consultation with Economic Reforms Unit (ERU) of the Ministry of Finance had prepared a summary to increase power tariff by Rs 1.30 per unit for domestic consumers using 200-300 units and Rs 2.50 per unit for agriculture tube-wells. However, the summary was not submitted to the Economic Co-ordination Committee (ECC) of the Cabinet as it was feared that any rise in tariff would fuel public discontent, thereby strengthening support for PTI's million march.

The government has withdrawn subsidy available to consumers who use 200-300 units monthly secretly, the source added. Ministry of Water and Power spokesman was not available for comments. National Electric Power Regulatory Authority (Nepra) has also finalised the FY 2013/14 determination of electricity tariffs expected to be notified during the current month. Tariff adjustment is expected to reduce electricity subsidies to 0.5 percent of GDP in FY 2014/15 from around one per cent during the previous year.

The sources said preparations are also underway for a multi-year tariff framework which, according to the Fund, is critical for eventually reaching full cost recovery. According to analysts, performance of power sector has not improved despite the fact that control of entire power sector is in the hands of DMG officers who are very close to Secretary Water and Power,

Mrs Nargis Sethi. Recovery of power sector receivables has declined to about 80 per cent in July against billing of more than 100 per cent which reflected continued poor performance of the incumbent power sector team, analysts added.

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Imran's submission to former CJ led to crisis: Zardari

August 31, 2014

Former President and Co-chairman Pakistan People's Party (PPP) Asif Ali Zardari on Saturday said the issue would have been resolved if Imran Khan had not submitted to Iftikhar Chaudhry in the Supreme Court on August 28, 2013. In a statement issued from Beijing on Saturday, Asif Zardari advised all the political parties to resolve the matter through dialogue.

Asif Ali Zardari said only negotiations will solve the ongoing political crisis in the country. He said he would still urge all the parties to solve their issues via dialogue. Zardari also said Pakistan Tehreek-e-Insaf (PTI) Chairman Imran Khan had "bowed down" to former Chief Justice of Pakistan Iftikhar Muhammad Chaudhry. "The situation had been solved if Khan would have refused to follow the orders of Chaudhry," Zardari said. Asif Zardari, while meeting Prime Minister Nawaz Sharif last week, had urged the premier not to resign and solve the political issues via dialogue.

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There's no question of Prime Minister's resignation: spokesman

August 31, 2014

A government spokesman on Saturday night categorically stated that there was no question of resignation of prime minister Nawaz Sharif. Moreover, he is not proceeding on leave nor has any member from the government side made such suggestion.

-PR

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Thai Prime Minister stacks cabinet with soldiers

September 01, 2014

Thailand's coup leader and newly appointed premier Prayut Chan-O-Cha on Sunday received royal endorsement for a cabinet stacked with soldiers, as the military extended its reach into the kingdom's politics. Nearly a third of the 32-strong cabinet are senior military officers. Among them are Prayut's close allies and key players in the recent years of political turbulence, including generals involved in the bloody 2010 crackdown on "Red Shirt" activists.

Former and serving generals will head the defence, justice, foreign affairs and commerce ministries, while an air marshal will take the top post at the transport department.

The civilian portion of the cabinet includes longstanding allies of the military, such as Sommai Pasri who returns to lead the finance ministry - a post he was given following the nation's last coup in 2006.

"His majesty has endorsed the cabinet members," put forward by Prayut, according to a royal decree released late Sunday.

Last week revered but ailing King Bhumibol Adulyadej, 86, formally endorsed Prayut as premier.

Prayut's predecessor as army chief, General Anupong Paochinda, was appointed interior minister - responsible for internal security.

Thailand's junta has muzzled dissent since seizing power in May. The appointment of Anupong, who played a key role in the crackdown on Red Shirts protesting in Bangkok four years ago, is likely to be seen as a sign of a continuing tough line on political opponents.

Another close ally, retired General Prawit Wongsuwan, returns to the defence ministry which he headed under the government of Abhisit Vejjajiva, which was humbled at the polls by Yingluck Shinawatra in 2011. Prayut says he was forced to take power after months of protests against Yingluck's elected government left nearly 30 people dead and hundreds more wounded, paralysing policy-making, cramping the economy and frightening off tourists.

He has ruled out holding new elections before October 2015, despite international appeals for a return to democracy, vowing first to oversee reforms said to be aimed at cleaning up politics and society.

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Business and Economy: *Pakistan*

Political instability to cause mass unrest, enhance debt burden: PEW

September 01, 2014

M RAFIQUE GORAYA

The Pakistan Economy Watch (PEW) on Sunday said that continued political instability had compromised government's ability to generate revenues which would result in increased debt burden inflation, and mass unrest.

Generally governments rely on taxes, exports, debt and printing currency to meet their expenses but Pakistan has last two options as there is no desire to broaden tax base or trigger exports, President PEW Dr Murtaza Mughal said.

He said that economy has never responded positively to uncertainty hence insufficient tax income will force the government to borrow more from different sources increasing debt burden which has already crossed over 60 per cent of the GDP. Alternatively, government can opt to print currency eroding exchange rate and triggering inflation, he added.

Dr Murtaza Mughal said that despite austerity claims, the government's expenditure continues to rise but tax collection, the primary source of income, continues to dip resulting in persistent budget limitations. The highly flawed tax system in Pakistan has helped rich to get richer on the cost of poor paving way to mass unrest, social problems and misbalanced budgets.

Dr Murtaza Mughal said that distorted distribution of wealth has reached new heights due to policy of unjustified exemptions, heavy reliance on indirect taxes which are bleeding the poor white.

The Government continues to provide incentives and exemptions to business community, especially manufacturers which augment their profits while ignoring the middle class and poor on whom burden is increasing by the passage of every day, he noted.

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China International SME Fair in October

September 01, 2014

Pak-China Joint Chamber of Commerce and Industry (PCJCCI) President Shah Faisal Afridi here Sunday urged the local SMEs to participate in China International SME Fair-2014 (CISMEF) to be held at Guangzhou city of Guangdong in October this year.

Afridi said the fair would provide an opportunity to have an exposure to 1.1 million business groups of the world, adding that SME (Small and Medium Enterprises) Bureau of Chinese Province Guangdong had invited Pakistani SMEs to participate in the CISMEF and a set of preferential incentives had also been offered for facilitation of the participating SMEs.

He appreciated the SME Bureau of Guangdong for offering 20 free stalls each to LCCI and SMEDA to encourage participation of the local SMEs in this trade fair. The offer was made by Zouxian, Deputy Director General of the Bureau during his visit to Pakistan in May last.

Afridi said that CISMEF-2014 would be creating a number of new export opportunities for various items produced in the local SME sector. Especially, the items belonging to handicrafts, Horticulture, food and Textile sector would be able to obtain adequate orders for long-term export trade in this Fair, as the CISMEF management was also going to arrange exclusive presentation event for Pakistan in the Fair.

The PCJCCI President said it was the top priority of Chinese government to expand trade relations with Pakistan to the optimal level that is why, Pakistan is among the top most countries bearing Chinese investment especially construction industry.

He was confident that CISMEF would prove to be the best international platform to get Pakistani SMEs introduced in the world market and also create joint venture opportunities to attract foreign investment. The CISMEF has successfully held ten editions since 2004 and attracted over 20,000 exhibitors and 1.1 million visitors from around the world.

The Exhibitors come from various industries including electronics, home appliances, machine-making, textiles and garments, food and beverage, pharmaceuticals, biotechnology, building materials, furniture, toys and gifts, cases, bags, headwear and footwear, he added.

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PTI, PAT urged to refrain from removing elected government

September 01, 2014

Voicing concern over the clashes between the workers of Pakistan Tehreek-i-Insaf (PTI), Pakistan Awami Tehreek and the law-enforcement agencies in Islamabad, Multan Chamber of Commerce and Industry's President Khawaja Muhammad Usman appealed to the government and the protesting parties to show flexibility to end the current political impasse.

Expressing his concern over the chaos and confusion prevailing in the country for the last 17 days, he said that the entire nation has already suffered a lot in the wake of continuing rallies and sit-ins of the PTI and PAT, besides the country's economy has suffered badly as it was incurring losses to the tune of billions of rupees daily.

He also urged PTI and PAT leadership not to adopt any unconstitutional means to remove an elected government.

He hoped that both the government and protesting parties will resolve the crisis amicably.

He also urged the leadership of both the PTI and PAT to wrap up their protest as they had already managed to get their protest registered internationally.

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Government accords great importance to business community: Sarwar

September 01, 2014

Punjab Governor Chaudhry Muhammad Sarwar has said that the government accords great importance to business community and is making hectic efforts to boost economic growth in the country. He was speaking at a dinner given by newly-elected Chairman of United Business Group, Iftikhar Ali Malik, at his residence here Saturday night.

The Governor was confident that the country would progress and prosper in the days ahead under the dynamic leadership of Prime Minister Nawaz Sharif and Punjab Chief Minister Shahbaz Sharif.

He said that the government was committed to implementing economic agenda to usher in an era of progress and development. He said that as a result of prudent economic policies of the government, foreign investment of billions of dollars was pouring in, especially in power sector.

Regarding power shortages in the country, he said that for the first time, China was investing huge amount of over 45 billion dollars in energy sector to meet the increasing demand of power in the country.

Sarwar said that the private sector and women had been given more than 50 percent representation in national policy organisations.

He lauded the services of Iftikhar Ali Malik for forging unity among the business community and his role for safeguarding their interests.

About current political situation arising out of the long marches and sit-ins, he said the government firmly believed in democracy and all political issues needed to be addressed strictly within the parameters of democratic norms.

Speaking on the occasion, S M Munir, former President FPCCI, said that the national economy was suffering adversely because of so called long marches and sit-ins by the PAT and PTI.

He said despite loadshedding and gas shortage, the business community stood united for the promotion of democracy in the country.

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FPCCI condemns vandalism by PAT, PTI activists

September 01, 2014

All the chambers of commerce and industries across the country including Federation of Pakistan Chamber of Commerce and Industry Sunday vehemently condemned vandalism by the activists of Pakistan Awami Tehrik and Pakistan Tehrik-i-Insaf and termed it a conspiracy against the country.

Talking to APP, acting President FPCCI, Shaukat Ahmad said that "Acts of vandalism, destroying or damaging public property deliberately, especially Parliament and PM houses, is not democracy."

He said PAT chief Tahir ul Qadri and PTI Chief Imran Khan are somehow promoting the politics of confrontation and agitation instead of strengthening the fragile democratic system in the country.

He said the country has been passing through a critical phase and it is the need of the hour that both economy and democracy are strengthened for the interest of the nation and the country.

He said that agitation had been causing huge losses to the national economy, besides hampering economic growth.

It is also adversely affecting foreign investment flow to the company, he added.

Shaukat said that in prevailing global scenario, states now absolutely rely on sound economy.

He said to achieve this target, political stability is imperative. He said that one-day strike call causes billions of rupees loss to national kitty besides rendering millions of daily wagers jobless. He said that political parties should shun the politics of strike and agitation in the larger national interests to strengthen both national economy and democracy.

Newly elected Chairman United Business Group, the largest alliance of chambers in the country Iftikhar Ali Malik announced that entire business community once again reposed full confidence in the leadership of Prime Minister Muhammad Nawaz Sharif.

In prevailing circumstance, the elected government must complete its five year term for sustained economic growth.

He said, "We strongly condemn the anti-democratic self-styled politics of Tahir Ul Qadri and Imran Khan".

He said that due to the volatile political situation, organized exhibitions and sports events in the country have been cancelled. Iftikhar stressed the urgent need for resolving political differences through holding peaceful parleys.

Capital businessmen express deep concern over sit-ins

September 01, 2014

The business community of federal capital on Sunday expressed deep concern over the continued closure of their shops due to sit-ins of Pakistan Tehreek-e-Insaf (PTI) and Pakistan Awami Tehreek (PAT). Islamabad Chamber of Commerce and Industries (ICCI) President, Shoban Khalid said that sit-ins, marches were causing huge financial loss to the capital Markets.

Talking to APP, he said that 'Azadi March' of Tehrik-i-Insaf (PTI) and 'Inquilab March' of Pakistan Awami Tehrik (PAT) were adversely affecting the national economy.

Expressing concern over the prevailing political crisis, the ICCI president said that PTI and PAT were on one side and the whole country was on the other.

Aabpara Market Welfare Association President Ajmal Baloch said that the business activities, especially in Aabpara Market had come to a complete halt, due to the marches and sit-ins.

"For last two weeks our shops have been closed due to the protest," Baloch said adding that the Aabpara market was most affected due to the marches. He claimed the traders had suffered losses to the tune of Rs 0.5 billion.

"Traders always become victims when political parties take the city hostage," Baloch said.

President Anjuman-e-Tajran G/9 Markaz, Raj Muhammad appealed to the district administration to allot a separate space for protests in future and not to allow such activities in Aabpara and other business centres.

"There was no reason for PTI Chief, Imran Khan and PAT Chief, Dr Tahirul Qadri to hold marches and sit-ins as their demand for the resignation of an elected prime minister is not only unjustified but also unconstitutional," he added.

He said both PTI and PAT wanted to derail democracy and destabilize the country through their unconstitutional demands.

President Islamabad Chamber of Small Traders and Small Industries (ICSTSI), Kamran Abbasi said that trade and commerce activities in the capital were affected due to marches and held PTI and PAT responsible for this loss.

He said the Supreme Court had given directions to PTI and PAT to vacate the Constitution Avenue.

Globally patent battles for Sovaldi's commercialisation: end result may bring bad news for patients

September 01, 2014

IQBAL MIRZA

Drug Regulatory Authority of Pakistan's (DRAP's) recent decision to register Sovaldi came at a time when globally patent battles over the lucrative market for the treatment of Hepatitis C are escalating and the end result of these legal scrambles can bring bad news for the patients in lower and middle income countries like Pakistan, according to stakeholders here.

The exclusive pharmaceutical that has successfully attained registration for this landmark drug is Ferozsons, which previously entered an agreement with Gilead pharmaceutical to market and distribute certain medications for the treatment of chronic Hepatitis-C; HIV and chronic Hepatitis-B virus (HBV) infection in Pakistan.

In such a situation, they said, where several global giants like Roshe, Merck and AbbVie have entered in legal battles with Gilead sciences in different courts, the dilemma of experts is whether DRAP can ensure the continuous availability of the miracle drug in the future when it has exclusively allowed one pharmaceutical to import and distribute Sovaldi.

These firms and Cambridge drug developer Idenix Pharmaceuticals Inc claim that Sovaldi contravenes their patents or contract rights and they deserve a cut of its Gilead's sale which was estimated \$5 billion in the first half of 2014 thus making the said drug best selling prescription medicine in the history.

Already the price of \$20 for one pill has stunted the masses where the majority of hepatitis C patients live under poverty lines and making both ends meet is a daunting task. Given the situation, rejecting the other 37 applications to the market the miracle drug seems a move that will only cater and bring relief to only a very small portion of the population.

Pakistan where the disease burden for hepatitis C is 11 million, the majority of the world's HCV-infected population, which is estimated at around 185 million people, lives outside of the wealthy regions of North America and Europe, as do most of the estimated 350,000 people who die every year from liver diseases associated with HCV infection.

The hepatitis C patent war looks extraordinary as branded drug makers are retaliating against branded drug makers rather than branded maker trying to prevent the competitors from selling cheap generic copies of their drugs.

Experts in the pharmaceuticals industry said what is more attractive about Sovaldi is, it is offering a cure which eliminates the hepatitis C virus altogether and that too with a shorter treatment duration and more tolerable side effects. Moreover, it could prevent the need of liver transplants in more severe cases. It is for this reason, AbbVie, Merck and Bristol-Myers Squibb

Co are planning to bring their own new regimens to market to compete with Gilead's.

Gilead is fielding against all these lawsuits filed by Abbvie and other companies and believes that it has sole right to commercialise Sovaldi and products containing Sovaldi's active ingredient known as Sofosbuvir.

Recently, Merck agreed to acquire Idenix's pharmaceuticals for \$3.85bn to widen its arsenal in the battle against Gilead as Idenix has developed an experimental drug with similar mechanism to Sovaldi. Meanwhile, Roche is expecting an arbitration decision later this year in which it is seeking ruling that it has an exclusive license to Sovaldi for it collaborated in research with Pharmasset in 2004 that developed the drug and was acquired by Gilead in 2012 for more than \$11 billion. And AbbVie has accused Gilead for focusing on profits to recover inflated price that it paid to acquire Pharmasset.

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Residential areas: steel, marble factories major threat to environment

September 01, 2014

Dozens of marble and steel factories, set up close to the residential area in sector I-9 have become the major threat to the environment. Air pollution is increasing day by day in twin cities of Islamabad and Rawalpindi as industrial zone was getting close to residential area.

The residents frequently complain of diseases like chest congestion and asthma, which are directly linked to air pollution according to residents.

Talking to APP, Daud Ali, a resident of sector I-9 said "we are living in worst environmental conditions, but the concerned authority was not taking steps to shift this industry. The marble factories caused air and noise pollution also, he added.

The residents demanded of CDA to take immediate action for shifting the industries far from the residential area.

These factories throw their waste into the nearby natural streams.

None of these factories follow any environmental or labour laws, says Aslam Tahir, a worker.

He said most of the workers developed chest diseases due to inhaling dust frequently and that the factory owners adopted no safety precautions.

A factory owner said that they need much money to shift their factories from the sector I-9, saying that the expenditures were unaffordable for them.

He said industries were adopting precautionary measures to avoid air pollution.

When contacted, an official of CDA Environment Wing, he said the authority was pursuing industrialists, with a special focus on steel and marble factories, to use treatment plants to filter hazardous smoke emissions.

The official agreed that the residents of the sectors close to the industrial area were suffering from air pollution, and as a result they were more prone to respiratory diseases.

He said the authority had devised a plan to check air pollution in the federal capital territory.

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Metro bus project slackens pace of work due to sit-ins

September 01, 2014

The protests and sit-ins in the federal capital have turned life and business in the twin cities uncomfortable where many mega projects, including the multi-billion Rawalpindi-Islamabad Metro Bus Project, have been affected badly.

The construction work of mass transit project, which is scheduled to be completed before the end of this year, is also facing slow pace of work.

Chairman of the Project, in his statements repeatedly termed the project as a unique example of speed, transparency and standard claiming that its successful launching would silence its critics.

However, the Rawalpindi-Islamabad Metro Bus Project, which was earlier going through a speedy construction work, is facing some hardships due to sit-ins in the twin cities which is causing panic among the residents of the twin cities.

Anis Ahmed, 42, a government employee told APP that he lives in Rawalpindi and works at Islamabad Secretariat that takes him about one and a half hour to complete his one side journey.

Looking somewhat gloomy, he said that when the project started he was very happy as he knew that it would reduce his travel time but the current sit-ins and protests have caused uncertainty.

"I pray for the peace and stability in the country, especially in the capital as without a stable atmosphere no development project could be completed," he maintained.

Nasreen Bibi, a government school teacher who also lives in Rawalpindi and works in Islamabad had the same sentiments.

She complained that it was tough for her to travel between the two cities being a female but the announcement of Metro Bus Project created a ray of hope for females like her.

"I don't know why some people believe in protests and agitation which is never in the interest of country, neither in public and nor for the general public," She stated.

Commuters' faces were glittering while seeing the Metro Bus work going on smoothly but suddenly with the protests, the body language of workers of the project seems to be confused.

A worker of the project said that they come on work everyday but there is an environment of uncertainty all around.

Most of the residents of Rawalpindi and Islamabad have an optimistic approach and believe that the political situation in the country would be settled down peacefully very soon.

The residents also look forward for the timely completion of the mega Metro Bus Project that would ease their sufferings.

The Rawalpindi-Islamabad Metro Bus Project was launched on March 23 this year after the great success of Lahore Metro Bus Project and the government further wanted to launch the similar projects in other major cities of Punjab.

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Government urged to introduce direct cargo flights from Multan

September 01, 2014

The business community of Southern Punjab has reiterated its demand for making Multan International Airport operational immediately. The businessmen also demanded completion of Multan's modern cargo complex without any further loss of time to preserve the perishable items.

Multan International Airport was completed at an estimated cost of Rs7.5 billion in five year, but it could neither be made operational nor cargo flights were introduced from there for European Union, South Africa, Australia, Toronto, and Gulf state.

Multan Chamber of Commerce & Industry's (MCCI) President Khawaja Muhammad Usman has deplored that Multan International Airport project could not become operational although more than four years had elapsed since beginning of its construction.

He said that this project was to be completed in 2012, but it could not be completed even after two extra years given for the purpose.

He said that inordinate delay in completing the project has, on the one hand, resulted in doubling of its cost and, on the other, causing immense hardships to exporters of perishable food items. He regretted that the former PPP government could not honour its commitment of introducing direct cargo flights from Multan to London, Toronto, Frankfurt, Abu Dhabi, Qatar, Bahrain and, as such, exporters receiving orders for supplying mango from abroad were unable to meet their demands owing to non-availability of direct flights. He demanded of the government to make Multan airport operational for international flights by introducing cargo flights from this season. He also urged federal minister for food security and research to use his good offices to make

Multan international airport operational.

He also voiced his concern over reducing the number of flights to Karachi from Multan and said that only one as against three flights was now available for Karachi daily. He demanded for restoration of all flights from Multan to different destinations.

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Pakistan Railways comes out of crisis: GM

September 01, 2014

The financial position of Pakistan Railways has improved tremendously after passenger and freight sectors attracted commuters and traders respectively after several measures taken by the PR administration. These views were expressed by newly appointed Pakistan Railways General Manager (Operation), Muhammad Javed Anwar while talking to APP in an interview after assuming office as GM Operation here on Sunday at Lahore Railway Headquarters.

Citing some examples like reduction in fares up to the level of buses, availability of locomotives in the freight sector which made it possible to ply up to 16 cargo trains in a single day, punctuality of passenger trains has been improved from 10pc to 55pc, fuel availability enhanced up to 15 days from zero level to streamline operation of trains and last but not the least several hundred acres of railway land has been retrieved so far, he said and added the PR administration had made an all-out effort to revive the department.

Javed Anwar said that due to strenuous efforts of Minister Khawaja Saad Rafique, PR managed to attract passengers who had left railways and were using road facilities for their travel because of many reasons including easy availability of buses and vans.

He claimed that in his tenure as GM, PR passengers would witness more facilities in near future.

Javed Anwar said that as massive revenue could be generated through cargo trains instead of passenger trains, the department had decided to restore freight trains to the extent of two trains daily from Karachi port to up-country, with hopes of increasing it to 8-10 trains by the end of the current financial year. The step will not only improve the financial position of the entity but also become a source of prosperity for its employees, he said and added that only transport of oil through cargo trains would fetch Rs 4.4 billion annually while around Rs 5 billion revenue could be earned through dispatching export/import containers through freight trains.

He said they had chalked out a plan to promote cargo service rapidly. For this, we need locomotives. In this regard, a project for rehabilitation of 27 locomotives is also in progress and it is expected that two locomotives a month will be rehabilitated and inducted into freight operations, he added.

Javed Anwar said that though Pakistan Railways had valuable assets worth billion of rupees in the shape of land but unfortunately it was illegally occupied.

He, however, claimed that for the last few years, his department had started a campaign against

illegal occupants and retrieved around 27,04,750 acres land so far.

He said the department was facing challenges as most railway land had not been transferred to the department and it was still in the provinces names. If the lawful hurdles are removed, Pakistan Railways can earn significant revenue by building shops, markets and plazas on the retrieved land, he added.

To a query, the newly-appointed GM Operation said that he did not believe in downsizing. He said he believed in enhancing workload so that all surplus employees could be engaged.

Answering a query, the GM Operations said Lahore-Karachi double track had been completed and would be inaugurated very soon. He said that with the inauguration, speeds of trains would be improved and passengers would reach their destinations on time, he added.

Javed Anwar claimed that he was going to introduce not only a passenger insurance plan like Pakistan International Airlines (PIA) but also a plan to provide life insurance to PR employees.

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Company News: *Pakistan*

'Insurance industry will see a major breakthrough in coming years,' Commissioner Insurance, SECP

September 01, 2014

Muhammad Asif Arif has over 25 years of experience in insurance, claims, reinsurance, management and finance! He is a qualified chartered insurer from the Chartered Insurance Institute, London. Besides, he is also an MBA from IBA, Karachi. Asif has also served on various committees of the Insurance Association of Pakistan and Karachi Insurance Institute.

Last week, BR Research sat down with Arif and held a discussion on the latest developments in the insurance industry and their prospects.

Following are the edited excerpts of the conversation:

BR Research: What major development has taken place in the insurance industry recently?

Muhammad Asif Arif: Conventional Insurers have now been allowed to offer takaful through window operations. However, there are certain requirements that ought to be met before any conventional insurer starts offering takaful window facility. These requirements include Shariah compliance, separation of funds, appointment of Shariah advisors and compliance officer.

With the allowance of takaful window operations, we are anticipating at least 10 conventional insurance companies to have takaful operations by December this year. Many insurance companies have appointed Shariah advisors, conducted EOGMs for the purpose of changing the object clause and allocated funds to meet the capital requirement. So, things are moving in that direction.

BRR: Will the allowance of window takaful operations give a rapid boost to the takaful industry?

MAA: Currently, the issue with takaful operators is that they don't have sufficient resources; hence, they haven't been able to reach to the masses. On the flipside, existing conventional insurers have strong footprints; they have adequate reach and have enormous resources available. Also, all Islamic banks in their reports have one qualification which says that they can get insurance from commercial insurers only where they are unable to get takaful owing to their capacity restrictions. Now, window operations will become a quick fix for this setback, thus giving a boost to Islamic banking as well. On the retail side, there is a big chunk of population that has been turning down insurance products based on religious grounds, now they have a Shariah compliant alternative available.

BRR: In order for a conventional insurer to start offering a window facility, what are the key prerequisites that it must fulfil?

MAA: To set off, a conventional insurer needs to allocate 50 million rupees from their existing paid up capital for takaful operations, and segregate funds while putting them in different accounts. All takaful expenses will then be paid out of this account. Further, a head of takaful operations who will be acting as the CEO of any takaful companies needs to be appointed.

Then there is a requirement to appoint a Shariah advisor and Shariah compliance officer whose core responsibility is to ensure that whatever policies are laid down by the Shariah advisor are followed in letter and spirit. The back office which is the 'insurance underwriting' would be common so these takaful windows will not have to incur additional expenses as they can initially deploy conventional staff. So, the mechanism has been defined already.

BRR: Is Pakistan the first country to introduce takaful window mechanism?

MAA: Years ago, this mechanism was introduced in Malaysia but due to loopholes in the firewall requirement it did not prove out to be successful and later in 'nineties the model was ruled out. Here, Pakistan will be the first country to offer takaful window operations. Also, the beauty of our model has drawn appreciations from around the world. Countries like South Africa, Sri Lanka and Tanzania are studying our models.

BRR: Will there be any difference in terms of profitability and working margins?

MAA: The only difference in takaful is that in the case of conventional insurers, shareholders are the owners of all the funds. On the other hand, there are two separate funds in takaful: one is owned by the shareholders and the other by takaful itself.

So, all claims and expenses are paid out of takaful funds and shareholders fund get a fee to manage the funds and its operations. This way, shareholders funds have fixed stream of income and operation of core income will depend on the takaful fund.

BRR: Besides takaful window allowance what major developments have taken place in recent times in Pakistan's insurance industry?

MAA: We have also launched Microinsurance regulations and it has received a tremendous response. Companies especially in life and health have started marketing Microinsurance products. Two institutions namely, MicroEnsure and BIMA have come to Pakistan. These institutions have played an eminent role in the development of Microinsurance in recent times.

Their basic objective is to develop Microinsurance products and simultaneously design IT solutions and then approach distribution companies (eg telecommunication, courier, or utility companies) to market their products. These institutions have a huge marketing network which has enabled them to enter into this market.

In this regard, some pilot projects have been started which have been very successful like with TPL Insurance and with some other insurance and telecom companies particularly Telenor. Micro life-insurance has already started and micro health insurance has also been launched, Tameer bank has joined hands with TPL Insurance to head out a pilot project to launch health card system for offering micro health. Their target is to initially sell 2,000 policies per month in the first three months and then will take it to 20,000 policies per month.

So, these institutions have essentially emerged as a solution provider as for an insurance company, it involves massive costs to develop new products and these institutions by having hands-on experience round the globe have provided the products and solutions which is, in effect, a cost-effective solution for any insurance companies planning to enter into Microinsurance.

BRR: Are there any regulatory issues in microinsurance?

MAA: Microinsurance regulations have been issued where microinsurance has been clearly defined and rules regarding consumer protection and product development have been laid out.

BRR: Will microinsurance be any bigger than conventional insurance?

MAA: Both will go side by side. First, issue of insurance being in conflict with religious beliefs has now been addressed with the launch of takaful window. Secondly, the reach was mainly limited to business and corporate circle, where common man had reservations if he would be cheated. Here, the basis of microinsurance is that it should have a strong mechanism of consumer protection requiring pre-product approval by SECP where conditions and warranties are kept at the minimum level to avoid complexities for a common man. And through telecom solutions, the process can be simplified further.

BRR: With these developments taking place have you seen any interest coming in from foreign investors?

MAA: Rosewood (a Swiss Venture Capital) has acquired 79 percent holding of TPL Insurance and will be going for two other insurance companies in the next six months; one from life and the other from non-life. It's a new initiative that foreign direct investment in insurance is coming after a very lapse. In Africa, they have picked seven companies and are further interested in other nine companies in Asia. Starting from Pakistan, it will then be approaching Sri Lanka then Bangladesh. It essentially picks companies with a market share of three to five percent and by providing the right products and support systems; it aims to increase the market share to 15-20 percent over a span of five years. This way, the penetration is bound to increase.

It's a good omen for Pakistan that technical expertise and foreign investment is coming to Pakistan. Coming to the fact that our industry which was once at a standstill position where there was lack of out-of-the-box thinking, these developments will be a major breakthrough in taking our industry to new levels.

On the regulatory front, the main thing presently happening is that we are revamping the entire insurance law in collaboration with the World Bank. In this regard, consultants have already been appointed and the first draft of the report is underway which is expected to be finished off within the next one month. Once the first draft is formulated, there will be a whole round of deliberations and debates. There are certain areas that are high on the priority list when it comes to the remodeling of insurance laws including consumer protection enhancement, electronic transaction, alternative distribution channels and focus on specialised companies (eg a health or liability specialised company).

Taxation: *Pakistan*

Issuance of NTN: tax experts detect possible misuse of CNICs

August 31, 2014

Tax experts have detected a damaging loophole in the taxation system where there is a possibility of manipulation of the Computerised National Identity Card (CNIC) of Pakistani citizen for issuance of National Tax Numbers (NTNs), which could be later used for filing tax returns and claiming refund without the consent of actual citizen.

Experts told *Business Recorder* here on Saturday that the NTNs were issued in certain cases without knowledge of the persons whose CNICs were used for the purpose of issuance of NTN certificate and thereafter mishandling/misuse of the same. Some taxpayers have brought to the notice of the FBR/Pakistan Revenue Automation Limited (PRAL) about misuse of the system and issuance of NTN without any application from the concerned person.

In one case, it has been reported that a strange activity was forwarded to the PRAL/FBR for appropriate strict lawful action against the real culprits to save the innocents citizens of Pakistan and protect the national exchequer. The citizen states that at the time of submission of application for obtaining NTN the eFBR system tells that NTN has already been issued somewhere in the month of March, 2010 by using CNIC and name. The Taxpayer Online Verification shows NTN has been issued under the business name "AKE" with business address "P., St No..., Jhang Bazar, Faisalabad". Quite surprisingly concerned Income Tax Office has been shown as RTO Karachi in the NTN details while business address is of Faisalabad. He categorically denies about issuance of said NTN, no application was ever submitted, the said NTN has been issued by misusing CNIC and submitting fake/forged documents: complainant/citizen added.

When contacted, a Lahore-based tax lawyer Waheed Shahzad Butt told this correspondent that the issue related to tax matters of individuals/ persons/citizens comes into the category of classified/confidential information under the provision of Income Tax Ordinance, 2001. The FBR is custodian of the confidential/classified/privileged information, but the practical example completely exposed different views and unmasked the negligence at the part of FBR functionaries.

Most confidential and classified data pertaining to tax matters of citizens/NTN holder of Pakistan is unsafe and any person having email ID of EI and any mobile phone SIM even not registered with the name of user may have free access to the most sensitive information related to taxpayer of Pakistan, he claimed.

It is quite strange that when the whole system of submission of applications, verification of data/documents regarding the issuance of the NTN is under the command and control of the FBR/NTN Cell, how and why the CNICs of some citizens have been misused by some culprits? Bogus NTNs issued on fake documents by misusing CNICs must be cancelled immediately and

FIRs be lodged against the real culprits.

Tax lawyer commented that leakage in shape of picking a tax record of persons/citizens/taxpayers and/or easy access of computer-based electronic information is a severe criminal offence and persons/officials responsible for the security and safety of most confidential data of the taxpayers may be liable to prosecution because they are the lawful custodians of the secret data.

Waheed added that earlier Federal Tax Ombudsman (FTO) Office has observed that the FBR appears to have badly failed to devise a secure automated online system to safeguard confidential and classified data of taxpayers. It was directed to commission a thorough investigation by a credible third party in relation to the vulnerabilities of the FBR e-system.

The FTO order suggested the FBR to take immediate remedial steps to ensure fool proof security of taxpayers' data; create a system where the addition of a client of EI is predicated on verification by the Commissioner concerned. It is quite strange when information like name, CNIC, date of birth, residential address, business address, mobile phone number, landline number, electricity/gas reference numbers, particulars of landlord including NTN/CNIC, bank accounts details, email address, signature with thumb impression, is needed for the issuance of NTN and the whole system of submission of applications, verification of data/documents is under the command and control of the FBR, how and why CNIC of some citizens have been misused by some rogue elements; Waheed added.

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Cotton and Textiles: *Pakistan*

Cotton market: monsoon rains slow down phutti arrivals

August 31, 2014

Monsoon slight rains in Sindh and Punjab caused temporary fall in seed cotton arrivals on the cotton market on Saturday, dealers said. The official spot rate managed to hold overnight level at Rs 5,600, they added. In ready session, trading activity came down, as over 12,000 bales of cotton changed hands between Rs 5600 and Rs 5800, they said.

In Sindh, prices of seed cotton were unchanged at Rs 2600-Rs 2650 and in Punjab prices were at Rs 2600-Rs 2700, they said. Some brokers said slight downpour in both Sindh and Punjab stopped seed cotton arrivals and also causing stability in the rates. Cotton analyst, Naseem Usman said that rains are good for the standing crop, this factor is giving an impression that production may improve in days to come.

Reuters adds: Cotton futures inched down on Friday, pressured by expected large supply from the new crop and as rain fell on dry and hot US Southwest and Southeast growing regions. The benchmark December cotton contract on ICE Futures US closed down 1 cent at 66.57 cents a lb. Cotton prices posted a 6 percent gain in August after hitting a near five-year low of 62.02 cents a lb at the start of the month.

The following deals reported: 800 bales from Shahdadpur at Rs 5650, 1200 bales from Tando Adam at Rs 5650, 1600 bales from Sanghar at Rs 5600-5625, 1600 bales from Mirpurkhas at Rs 5600-5650, 600 bales from Kotri at Rs 5600-5625, 600 bales from Hyderabad at Rs 5600-5650, 200 bales from Vinder at Rs 5675, 2000 bales from Vehari at Rs 5740-5750, 200 bales from Burewala at Rs 5740, 200 bales from Toba Tek Singh at Rs 5750, 200 bales from Pir Mehal at Rs 5700, 200 bales from Chichawatni at Rs 5750, 200 bales from Lodhran at Rs 5750, 200 bales from Chinute at Rs 5750, 800 bales from Mongi Bangla at Rs 5750, 200 bales from Jhang at Rs 5750, 1000 bales from Haroonabad at Rs 5750-5800 and 200 bales from Kabbirwala at Rs 5760, they said.

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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

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Rate	Ex-Gin	Upcountry	Spot Rate	Spot Rate	DifferenceFor	Price	Ex-Karachi	Ex. KHI. As
Ex-Karachion 29.08.2014								

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37.324 Kgs	5,600	150	5,750	5,750	Nil			
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Equivalent

40 Kgs 6,002 160 6,162 6,162 Nil

PTEA voices concern over drop in July export

August 31, 2014

Pakistan Textile Exporters Association (PTEA) has expressed deep concerns over drop of 7.89 percent in exports in July 2014 despite the availability of GSP Plus benefit. Unprecedented energy shortage was the prime reason behind the substantial drop in exports.

Sheikh Ilyas Mahmood Chairman and Adil Tahir Vice Chairman of the Association said that export numbers in coming months might be even worse as the textile industry in Punjab has been deprived of its basic fuels; and textile exports witnessed 2.37 percent decline in July over same month of outgoing fiscal. Energy shortage is the prime cause of decline in exports as 50% of production capacity of textile industry is dysfunctional due to short supply of electricity and gas.

Drop in exports would have serious consequences for the economy but Government is not addressing the reasons behind the drop in exports, they deplored. Policymakers are not serious in resolving gas supply issue of the textile industry. Instead the available gas is being supplied to the unproductive sectors, causing a loss in terms of foreign exchange, they argued. Situation is becoming unbearable for industry as constant inefficiency is plaguing the viability of production units.

Even, the GSP plus facility has not bring in any desired results and efforts have also gone wasted as we are unable to produce export surplus due to massive energy constraints, they said. Acute energy shortage has chucked the Punjab industry in a bottomless crisis and due to these jobs of thousands of workers is in danger as closure of industry has been started.

PTEA Chairman Sheikh Ilyas Mahmood was of the view that Non-availability of energy, high interest rate and stuck up liquidity on drawbacks and refunds have played a vital role in the lower growth and exports of Pakistan textile industry. Drop in exports and the health of textile sector is being taken up by PTEA at various forums but Government does not understand the gravity of the situation and no steps are taken to ratify the situation. Now is the time that the repair has to be made otherwise decline in exports would put irreparable loss to economy.

He criticised the policies, which had failed to encouraged investment in the textile sector during last five years whereas competitors made huge investments due to the positive and business friendly environment provided by their governments. Rivals, taking advantage of the situation, are creeping into our traditional markets throwing Pakistani textiles out.

Less increase in exports than non-GSP plus India is not a good omen for Pakistan, as India's extraordinary surge in exports reveals the preparedness of the Indians to deal with the GSP Plus advantage of Pakistan. It also shows the non-professional approach of the state machinery dealing with textiles, he added. PTEA urged the Government to take stock of the situation and

step up to save the largest export earning industry of the country by restoring viability of textile industry through provision of uninterrupted energy supply at competitive rates and immediate release of unsettled sales tax refunds.

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Training workshop for 'Energy Managers of Industry' concludes

August 31, 2014

Training workshop of Energy Managers of Industry concluded at a local hotel on Saturday. APTMA Punjab and GIZ organised the workshop, which continued for a week, August 25-30. Certificates were also distributed among the participants at the end of the workshop.

There was also a special half-day seminar for CEOs from textile industry of Punjab. The APTMA and GIZ co-operation was started back in 2008, followed by setting up of an Energy Cell, which later on converted into Sustainable Production Centre (SPC) in 2012. Prime objective of the SPC is to provide services including energy management system, energy conservation, renewable energy and technical trainings for the textile sector of Pakistan. Both sides are going to start social standards compliance and water management and climate change by 2015.

So far, both APTMA and GIZ have achieved many targets including saving of 10MW electricity in around 40 mills and 150 energy managers have been trained so far through extensive technical training sessions held across the country with the help of GIZ. Many mills are now considering go to renewable energy for power generation based on extensive reports.

Talking to media, Senior Advisor GIZ Dr Frank Fecher said the GIZ is a German development corporation, engaged with APTMA to make industry sustainable to meet challenges of energy security, affordability and environment. He said the participants in the training workshop were highly motivated and responsive to the trainers on every point.

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Agriculture and Allied: *Pakistan*

Farmers advised to sow good sugarcane varieties

September 01, 2014

Farmers should select sugarcane varieties of good yield and also best resistance quality against diseases and insects. A spokesman for the agriculture department said on Sunday that growers should adopt modern methods to get maximum produce. Early Sowing Varieties includes CPF 243, HSF-242, CP77-400, CPF-247 and SPF-245, he added.

He further said that seeds should be selected from healthy and best crops free from diseases and insects while the artificial fertilisers should be used after the analysis of the land.

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Minister orders report on misappropriation of wheat bags

September 01, 2014

Provincial Minister for Food Jam Mehtab Hussain Dahar, taking notice of complaint regarding embezzlement of wheat bags at Chhachhro godown, has ordered Food department officers to submit report into the matter within 24 hours. According to a handout, the alleged embezzlement of wheat stock of Sindh Relief Department, stored in the Food Department godown was noticed during the visit of provincial minister Ali Mardan Shah to Chhachhro wheat centre.

Over the complain of the provincial minister Ali Mardan Shah, Jam Mehtab immediately sent a special team of Food Department to Chhachhro and after inquiry it was found that 55 wheat bags were short from the stock. The special team also held Incharge of the centre Hussain Bux Magsi responsible in this matter and ordered action against him.

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Promoting high resistant crops: speakers call for ensuring food security

August 31, 2014

Speakers have called for ensuring food security by promoting high resistant crops in order to utilise maximum land resources. Addressing stakeholders workshop "Production and marketing aspects of Quinoa in Pakistan" arranged by Department of Crop Physiology, UAF Faculty of Agriculture.

Dean Professor Dr Muhammad Arshad said that Quinoa can be cultivated in drought-affected or salinity-stressed areas. He said that Quinoa is a gluten free food and demand of the gluten free food is increasing worldwide. He said the demand of the quinoa only in United States is standing at 43 million US dollar. He urged the scientists and other stakeholders to expedite their efforts in order to ensure the food security.

Dr Abdul Wahid said that the agriculture is the backbone of our economy, contributing 21 percent to the Gross Domestic Product. He said that the increase in per acre production was essential to ensure food security. Dr Shahbaz Talib Sahi said that the country has the potential to tap the international market by promoting its cultivation. He said that world key players of the production include Peru, Bolivia, Chilli and Argentina. Dr Shehzad Basra the world production of quinoa is standing at 90 thousand metric tonnes. He said that Pakistan per acre quinoa production is 32 mounds. He also stressed the need for seed management in order to get the maximum potential. Progressive Grower Muhammad Ehsan-ul-Haq said that adoption of modern techniques and practices will pave a way for increasing the agricultural productivity of the country.

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PODB, NARC to develop, plant display plots for promotion of canola sowing

August 31, 2014

ZAHID BAIG

Pakistan Oilseed Development Board (PODB) and National Agricultural Research Centre (NARC) have decided to develop and plant demonstration plots with complete technology at different locations in Punjab and Khyber-Pakhtunkhwa in consultation with National Rural Support Programme and Agri-Extension officials of the provincial agricultural departments for promotion of canola sowing in the country.

Sources in the PODB told *Business Recorder* here on Saturday that it is being planned to at least bring 20,000 acres of land in Pothowar and KPK during the coming season under sowing of canola crop with the objective of promoting oilseed crops in the country to achieve the ultimate

goal of self-reliance in edible oil. Stakeholders including PODB, NARC, National Rural Support Programme (NRSP), PARC Agrotech Company (PATCO) and representatives from Federal and Provincial Governments met recently at NARC to discuss the method and steps for promotion of canola and other oilseed crops, sources added.

The demonstration plots will be developed during the Rabi season 2014-15 for promotion of its sowing in Pothowar and KPK through cluster approach. PODB is also planning to involve solvent industry in canola plantation to build confidence of the farmers for marketing of canola produce on premium price.

The meeting among others was attended by PODB MD Muhammad Nasir Ali, NRSP Regional Manager Malik Fateh Khan, Senior Director NARC Dr Muhammad Zubair, PATCO CEO Dr Tariq Hassan and other high ranking officials. The meeting observed that demonstration plots would help to show the canola growers how to achieve potential yield of hybrid seeds. DG NARC Dr Muhammad Azam appreciated the participation and commitment of M.D. (PODB) along with his team and said their participation is very important and participation of other stakeholders should also be ensured in future for supporting quality seed production.

He disclosed that an effective promotional campaign will be launched during first week of September by organising farmers' field days, convincing slogans and distribution of brochures/pamphlets on production technology. Co-ordinator (Oilseeds) Dr Muhammad Amjad informed the meeting that about 22 tons seed has been cleaned and the remaining quantity would be cleaned soon for ensuring availability to the growers. DG NARC advised PATCO officials for the seed treatment and packing in two and five kilograms. Base and sale price of canola hybrid seed for cluster and non-cluster areas has also been fixed at Rs 300 per kg for farmers in cluster area and Rs 500 for farmers in non-cluster area. It was also informed that the provincial agricultural extension departments have also been asked for collaboration of their field staff for canola promotion in cluster areas.

The meeting asked the Managing Director of PODB and Regional Manager of NRSP for preparing size of cluster and seed distribution mechanism. The meeting also decided to arrange one-day training course during mid-September for tractor operators in cluster area to provide training for planting canola with drills in optimum seed rate, depth and moisture.

Other recommendations made by the participants included identifying areas, number and size of clusters and develop demand accordingly in consultation with other partners. Launch effective promotional campaign through print and electronic media. Seed will also be provided to Agricultural Research and Extension Departments for distribution among growers and plantation of canola may be managed under optimum soil and weather conditions keeping in mind the weather forecast to avail planting on optimum time and moisture.

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Prices of most kitchen items remain on high side

August 31, 2014

ABDUL RASHEED AZAD

Prices of most of the kitchen items remained on high side last week as compared to the preceding week, reveals a survey conducted by *Business Recorder* here on Saturday. Only a slight decline was observed in chicken price as it was being available at Rs 130-140 per kg during the period under review against Rs 150-160 per kg during the preceding week.

The survey observed no significant change in prices of sugar, ghee/cooking oil, flour, roti/naan, milk and tea during past week as compared to the preceding week. Traders and wholesalers in different markets of the twin cities of Rawalpindi/Islamabad said that normally prices of vegetables and fruits decrease during summer season as compared to the winter due to better supply. However, the ongoing PTI Azadi march and PAT Inqilab march against the government had disrupted supply due to which prices remained on high side.

A visit to different markets revealed that tomato was being available at Rs 70-80 per kg against Rs 60-70 per kg last week, potato at Rs 70-80 per kg, onion at Rs 50 per kg against Rs 50-60 per kg, cucumber at Rs 60-70 per kg against Rs 100 per kg, shimla mirch at Rs 130 per kg against Rs 120 per kg, carrot at Rs 80 against Rs 70 per kg and arvi at Rs 60 per kg against Rs 50-60 per kg during the period under review.

During the last week fruits prices remained mixed as prices of some fruits declined as banana (Pakistani) was being available at Rs 80-100 per dozen against Rs 100-120, while Indian banana was being sold at Rs 160-180 per dozen depending on quality against Rs 200-220 per dozen, mango was being available at Rs 60-100 per kg against Rs 80-120 per kg, guava at Rs 80-100 per kg and apple at Rs 80-180 per kg without any significant changes during the period under review.

Meat was being sold at different rates in the twin cities, as mutton was being sold at Rs 640-660 per kg while beef was available at Rs 370-420 per kg without any significant changes. Rice prices remained firm as super colonel was being available at Rs 140-155 while basmati at Rs 80-120 per kg during this period.

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Fuel and Energy: *Pakistan*

POL products'' prices reduced

September 01, 2014

On the recommendation of Finance Minister Senator Mohammad Ishaq Dar, Prime Minister Nawaz Sharif has approved reduction in the prices of petroleum products for the month of September 2014. The following will be the new prices of the POL products during the month. The Finance Minister has observed that the POL prices would have been further reduced, had not the rupee value depreciated, during the month of August, due to the ongoing political situation.

Product	Present price	New Prices w.e.f.1-8-2014	1-9-2014	Change in Price
MS(Petrol)	107.97	106.56	-1.41 (1.3%)	
HOBC	134.63	133.01	-1.62 (1.2%)	
Kerosene	97.05	96.99	-0.06 (0.1%)	
High Speed Diesel (HSD)	109.34	108.34	-1.00 (0.9%)	
Light Diesel Oil (LDO)	93.27	92.08	-1.19 (1.3%)	

Showing reduction in losses: Discos send inflated bills

August 31, 2014

MUSHTAQ GHUMMAN

Power Distribution Companies (Discos) with a view to showing reduction in losses have reportedly sent inflated bills, well-informed sources told *Business Recorder*. Discos have sent extra reading over and above the consumed units which is the main reason for the inflated bills, the sources added. The government has also shown improved recoveries by withdrawing Rs 1.30 per unit subsidy for those consumers using 200-300 units in a month as per agreement with the International Monetary Fund (IMF).

Unconfirmed reports indicated that the government has increased power tariff by Rs 1.30 per unit for those consumers using 200-300 units monthly which implies the slab benefit is no longer available to that category of consumers. Another official hinted that Ministry of Finance might have shown the notification of Rs 1.30 per unit increase to the IMF at a meeting in Dubai as the officials of Water and Power Ministry did not attend the meeting with the Fund.

Government has done away with slabs implying that the benefits associated with the slabs previously available to consumers have been withdrawn. Earlier, consumers enjoyed the

following categories of slabs: (i) 0-50; (ii) 0-100; (iii) 101- 300; and (iv) 700 and above. At present, if a client uses 700 units a month, he is liable to pay the entire bill in accordance with slab of 700 units and will not be entitled to the benefit of lower slabs.

Power sector consumers across Pakistan have complained about massive billing for the month past, but Discos and the Ministry of Water and Power have not come forward to clarify the reasons behind the almost doubling of bills. The sources said Water and Power Ministry dominated by District Management Group (DMG), now Pakistan Administrative Services (PAS), in consultation with Economic Reforms Unit (ERU) of the Ministry of Finance had prepared a summary to increase power tariff by Rs 1.30 per unit for domestic consumers using 200-300 units and Rs 2.50 per unit for agriculture tube-wells. However, the summary was not submitted to the Economic Co-ordination Committee (ECC) of the Cabinet as it was feared that any rise in tariff would fuel public discontent, thereby strengthening support for PTI's million march.

The government has withdrawn subsidy available to consumers who use 200-300 units monthly secretly, the source added. Ministry of Water and Power spokesman was not available for comments. National Electric Power Regulatory Authority (Nepra) has also finalised the FY 2013/14 determination of electricity tariffs expected to be notified during the current month. Tariff adjustment is expected to reduce electricity subsidies to 0.5 percent of GDP in FY 2014/15 from around one per cent during the previous year.

The sources said preparations are also underway for a multi-year tariff framework which, according to the Fund, is critical for eventually reaching full cost recovery. According to analysts, performance of power sector has not improved despite the fact that control of entire power sector is in the hands of DMG officers who are very close to Secretary Water and Power, Mrs Nargis Sethi. Recovery of power sector receivables has declined to about 80 per cent in July against billing of more than 100 per cent which reflected continued poor performance of the incumbent power sector team, analysts added.

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Turbela-Swabi: power transmission line to be completed before Eidul Azha: Khyber Pakhtunkhwa Speaker

August 31, 2014

Speaker, Khyber Pakhtunkhwa Assembly, Asad Qaiser Saturday said that work on Turbela-Swabi High Power Transmission Line will complete before Eidul Azha. Addressing different public meetings in his electoral constituency and foundation stone laying ceremonies in district Swabi, he said that work on the project is in full swing. He said the completion of the project will help resolve the problem of low power voltage in the area automatically.

The Speaker, Khyber Pakhtunkhwa Assembly, said that progress and development of the people of KP is their mission and for the achievement of this goal they are utilising all available resources. He said that they are serving the people without any political discrimination. He said

the era of personal like, dislike, bribe and commissions in awarding of the contracts of development schemes have been abolished and now all such contracts are given through fair procedure.

He said they are not getting any kickback nor will allow other to do so. The Speaker further ruled out any compromise on the standard of development schemes and also urged the people to keep strict vigilance over the quality of work on them and personally informed him of their complaints in this regard. He also expressed zero-tolerance for the use of the poor quality material in development schemes.

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Fuel and Energy: *World*

Saudi Aramco plans to invest \$40 billion

September 01, 2014

Saudi Aramco, the world's biggest oil producer, plans to invest \$40 billion a year over the next decade to keep oil production capacity steady and double gas production, Chief Executive Khalid Al-Falih said on August 25. State-owned Aramco sees more capital going into offshore projects and expects rising costs across the oil sector to underpin oil prices, Al-Falih told a conference.

Oil prices fell to a 14-month low of \$101.07 last week as global demand growth weakens, even as production ramp ups in several places create a glut of oil. "To meet forecast demand growth and offset (global output) decline, our industry will need to add close to 40 million barrels per day of new capacity in the next two decades," Al-Falih said.

"Although our investments will span the value chain, the bulk will be in upstream, and increasingly from offshore, with the aim of maintaining our maximum sustained oil production capacity at twelve million barrels per day, while also doubling our gas production."

Al-Falih said that the Organisation of the Petroleum Exporting Countries or the International Energy Agency should not try to control oil prices but fundamental problems within the industry, like rising costs, increasing technical challenges and the falling size of finds would support the price.

"I share the belief that this is a market driven business, it's not OPEC, the IEA, and consumers that should be in the business of trying to control the market," Al-Falih said. "OPEC will take the price as it comes."

"To tap these increasingly expensive oil resources, oil prices will need to be healthy enough to attract needed investments and long-term prices will be underpinned by more expensive marginal barrels.

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UAE to provide Egypt with \$8.7 billion petroleum products

September 01, 2014

The United Arab Emirates will provide Egypt with petroleum products worth \$8.7 billion over a year starting in September, an Egyptian official told Reuters on Sunday. Egypt has struggled to curb its swelling budget deficit and meet its soaring energy demands, which have resulted in daily electricity cuts around the country of 86 million people.

Oil-producing Gulf countries have come to Egypt's aid since the army, prompted by mass protests, ousted Islamist President Mohamed Morsi last year.

"We will complete all the details this week and the first shipment will be sent next week," the official said, referring to the UAE agreement.

He said some of the petroleum products would come as grants and the remainder under a credit agreement that would be repaid in instalments.

The United Arab Emirates, Saudi Arabia and Kuwait have together provided Egypt with more than \$20 billion in grants, loans and petroleum products since Morsi's overthrow.

Fuel subsidies have in recent years cost Egypt's government around \$15 billion a year, a fifth of the state budget. But the government slashed energy subsidies and increased prices by more than 70 percent in July.

"Egypt imports petroleum products worth around \$1 billion to \$1.3 billion a month," the official said.

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China's national carbon market to start in 2016

September 01, 2014

China plans to roll out its national market for carbon permit trading in 2016, an official said Sunday, adding that the government is close to finalising rules for what will be the world's biggest emissions trading scheme. The world's biggest-emitting nation, accounting for nearly 30 percent of global greenhouse gas emissions, plans to use the market to slow its rapid growth in climate-changing emissions.

China has pledged to reduce the amount of carbon it emits per unit of GDP to 40-45 percent below 2005 levels by 2020.

It has already launched seven regional pilot markets in a bid to gain experience ahead of a nation-wide scheme.

"We will send over the national market regulations to the State Council for approval by the end of the year," Sun Cuihua, a senior climate official with the National Development and Reform Commission (NDRC), told a conference in Beijing on Sunday.

The national market will start in 2016, although some provinces would be allowed to start later if they lacked the technical infrastructure to participate from the outset, she said.

The Chinese market, when fully functional, would dwarf the European emissions trading system,

which is currently the world's biggest.

It would be the main carbon trading hub in Asia and the Pacific, where Kazakhstan and New Zealand already operate similar markets. South Korea will launch a national scheme on January 1, 2015, while Indonesia, Thailand and Vietnam are drawing up plans for markets of their own.

The Chinese market will cap carbon dioxide emissions from sources such as electricity generators and manufacturers. Those that emit above their cap must buy permits in the market.

Five pilot markets that opened in China last year saw a high degree of compliance by included emitters in their first year, although data secrecy and a tendency to hand out too many permits made them inefficient in cutting emissions. The pilot schemes are keen to attract professional trading companies to boost liquidity, and Shenzhen - the smallest of the pilots - recently allowed trades to be settled in foreign currencies in a bid to make trading easier for foreign traders.

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Underground lab glimpses 'soul' of the Sun

September 01, 2014

A lab sited under 1.4 kilometres (4,500 feet) of rock has detected particles from the Sun that help to measure activity at the very heart of our star, scientists said on August 27. Deep beneath Italy's Apennine Mountains, the laboratory recorded low-energy neutrinos spewed out by the fusion of hydrogen protons, the mechanism by which the Sun's core generates energy, they said.

Called pp neutrinos, the particles are a tool for measuring the Sun's vital signs, the scientists reported in the journal Nature.

"By comparing the two different types of solar energy radiated - as neutrinos and as surface light - we obtain experimental information over about a 100,000-year timescale," said Andrea Pocar at the University of Massachusetts at Amherst.

"If the eyes are the mirror of the soul, with these neutrinos we are looking not just at its face, but directly into its core. We have glimpsed the Sun's soul."

Neutrinos are blasted out from the Sun at nearly the speed of light - 65 billion of them hit every square centimetre (420 billion per square inch) of Earth's surface every second.

They zip through matter with almost no effect, but are hard to discern because their signature is so similar to particles emitted by normal background radiation in rocks.

To get around the problem, Italy built a facility at San Grasso beneath the Apennines, the chain that runs down the spine of the country, to shield detectors as much as possible from other radiation sources.

The lab's Borexino instrument comprises a steel sphere surrounded by a shield of 1,000 tonnes of ultra-pure water. The sphere is filled with 300 tonnes of a purified hydrocarbon liquid, similar to

benzene, whose surface provides a tiny scintillation when it is hit by a neutrino.

Neutrinos are disgorged instantly from solar fusion and reach Earth eight minutes later.

On the other hand, it takes between 100,000 and 200,000 years for residual energy from fusion to be transformed into photons - the particles of light that reach us from the Sun.

Comparing the tallies of neutrinos and photons thus gives physicists a chance of seeing if solar output has changed during this time. The good news is that the Sun has been stable.

The unique experiment "shows that solar activity has been practically unchanged for more than 100,000 years," said France's National Centre for Scientific Research (CNRS), whose scientists took part in the study.

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Shell finds more gas offshore Malaysia

September 01, 2014

Oil major Shell said on August 26 it had found more gas at a block offshore Malaysia where it drilled a successful well earlier this year. The energy firm made the gas discovery in 800 metre-deep water at its Marjoram-1 well, 180 km off the Malaysian coast in Block SK318.

Shell announced in April its first successful gas find in this new drilling area. "Our strategy to expand our heartland areas through technologically advanced exploration is delivering tangible success in deep-water in Malaysia," said Andrew Brown, Shell's director of international upstream. Shell operates the block in which the gas find was made, holding an 85 percent interest, while Malaysian state oil firm Petronas owns the remainder.

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Sinopec SVP becomes head of Sinochem Group

September 01, 2014

A former senior vice president at top Asian oil refinery Sinopec Corp has officially taken office as the new head of state-run Sinochem Group, officials at the two companies said on August 26. Cai Xiyu, Sinopec's vice president in charge of oil trading and sales, replaces 61-year-old Liu Deshu, president of Sinochem Group since 1998. Liu will become chairman of the group, sources at Sinochem told Reuters.

Cai, 52, is a 30-year oil industry veteran and was previously a manager at Jinzhou and WEPEC refinery, head of Sinopec's fuel sales division, president of Sinopec's trading arm Unipec, and

chairman of Sinopec Engineering (Group) Co Ltd Sinochem Group, formerly China's monopoly oil trader until 1993, has diversified businesses in oil refining, chemicals trading, oil and gas explorations and real estate development.

The group formally started operating a 240,000 barrels per day refinery in July in south-east China, the group's first fully owned oil refining asset in China.

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Major power outage hits Tunisia

September 01, 2014

A major power outage hit the Tunisian capital, its suburbs and other areas of the country on Sunday, residents said, without any immediate explanation for the cut. The cities of Hammamet in northern Tunisia, Monastir in the east and Zarzis in the south were left without electricity from 6 pm (1700 GMT), said local residents contacted by AFP.

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US natural gas futures end up six percent

August 31, 2014

US natural gas futures ended up for a third straight day on Friday, rising 6 percent on the week for its best week in six months, as weather forecasts pointed to more energy demand for air conditioning. October, the front-month gas futures contract on the CME NYMEX, settled up 2.1 cents, or 0.5 percent, at \$4.065 per million British thermal units. It was the first time since mid-July that the market closed above \$4 per mmBtu.

"We remain of the view that price risks are skewed to the upside from these levels," Barclays said in a research note. The 6 percent weekly gain was the market's best since the week ended February 21. The front-month contract also finished up 6 percent for August, while it was down 4 percent on the year.

In the last fortnight alone, prices rose 8 percent, the biggest gain over a two-week period since mid-February. The rally came after signs that summer temperatures were finally heating up after almost two months of mild weather. MDA Weather Services said its six-to-10-day forecast showed persistent heat across the South and Texas. Its 11-to-15-day reading indicated that significant cool air was not expected across most of the United States. Thomson Reuters Analytics' US weather models predicted above-normal temperatures over the next two weeks, with 188 cooling degree days versus 185 on Thursday and a normal of 147 for this time of year.

While the weather was interpreted as bullish for gas, weekly supply builds in the fuel weren't too large to depress prices, even though US utilities were rebuilding stockpiles at a record pace since the end of winter. Last week's inventory build came in at the low end of market expectations,

with 75 bcf added to storage, against a Reuters poll that forecast an average injection of 78 bcf. Prices hit a six-week high of \$4.10 after the data.

Technically too, the market seemed set for further upside, with Thomson Reuters charts showing the October contract still trading below the 100-day moving average of \$4.32 and 200-day average of \$4.41. The 14-day average of 3.90 was, meanwhile, close to breaching the 40-day average of \$3.93. In power markets, the Mid Columbia hub in the Pacific Northwest rose \$8 to average \$38 per megawatt hour. PJM West in the Mid-Atlantic jumped \$29 to \$69.

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Refiners seek Jones Act workarounds as crude export debate heats up

August 31, 2014

As the first US oil condensate exports head to Asia from the Gulf Coast, crude producers and refiners are exploring ways to get around a century-old law that makes it three times more expensive to ship by water between US ports than to sail to a foreign port.

The Jones Act, originally passed to protect the US maritime industry, restricts passage between US ports to ships that are US-built, US-flagged and US-crewed. If oil exports pick up pace while the Jones Act is left in place, US crudes discount to Brent will likely narrow from its \$8 average through 2014, while domestic refiners' shipping costs will remain high, putting them at a disadvantage to foreign competitors.

"For heaven's sake, if we're going to take the crude and export it all around the world, please let us export it to the US East Coast," PBF Energy Inc. Executive Chairman Tom O'Malley said on a first quarter earnings call. "We cannot do that if you can export crude oil to Europe at a cost of \$2 a barrel and we have to use a Jones Act ship which cost us \$6 or \$7 a barrel."

Refiners aren't just moaning about the Jones Act's costs. They have increasingly sought ways around the pricey ships, whose day rates have nearly doubled to more than \$100,000 over the past five years as shale oil production has boomed. Of the six-dozen-strong coastal fleet of Jones Act tankers and barges, between 25 and 35 percent now carry crude oil between production hubs in Texas and refineries in the Northeast or further east along the Gulf Coast; before 2013, the bulk of the fleet ferried refined products to Florida.

Transport costs run from \$2 per barrel for the short trip between the western Gulf Coast and refining centers such as Port Arthur and Beaumont in Texas, or as much as \$6 or \$7 a barrel from Texas to the Northeast. Even before rates rose due to tight supply, Jones Act ships were expensive. US flag vessels cost about \$21,000 per day to operate, or three times as much as a comparable foreign-flag ship, largely because their US citizen crews command higher wages than foreign seafarers, according to a 2011 report by the US Department of Transportation's Maritime Administration.

On a tanker, crewing costs for US mariners contribute around \$11,500 per day, nearly six times

the \$2,000 of crewing costs on a foreign-flag ship. The spike in day rates has led some refiners, such as Philadelphia Energy Solutions (PES), to invest in rail capacity to source domestic crude. Nationally, crude oil movements by rail have jumped 71 percent in 2013, compared to the previous year.

In late July, Delta Air Lines subsidiary Monroe Energy LLC struck a deal with privately-held midstream company Bridger LLC to supply 65,000 bpd of North Dakota Bakken crude to Monroe's 185,000 bpd refinery in Trainer, Pennsylvania via rail and barge. Delta also took its first steps into the Jones Act market, chartering the 330,000-barrel Seabulk Arctic for around \$80,000 per day beginning in August, a comparatively cheap rate that results from its age, higher fuel consumption and the longer duration of the contract, according to market sources. That ship was previously chartered to Valero, which will now have no exposure to the Jones Act market.

Delta is also exploring constructing a five-mile pipeline to ship oil from a new crude-by-rail hub near Philadelphia to its Trainer refinery, a move that would allow it to scale back the use of Jones Act barges from the Eddystone rail terminal to the refinery, which adds about \$1 per barrel.

PES chief executive officer Philip Rinaldi said in a February interview that his company sought to avoid water transport where possible, even for short distances like the 200-mile trip from Plains All American's 140,000-bpd rail-to-barge terminal in Yorktown, Virginia, and called other refiners' Jones Act contracts "expensive arrangements." Other energy companies have looked to workarounds, like a March ruling granted to Buckeye Partners LP from the US Commerce Department's Bureau of Industry and Security (BIS). It allows foreign-flagged ships to carry gasoline components to and from the BORCO storage terminal in the Bahamas, as long as they are blended and return to the US as a "new and different product."

Gary Heminger, CEO of Marathon Petroleum Corp, said in a July interview with Reuters that his company could hypothetically turn to foreign refineries to save on shipping costs. "We take crude to the Gulf Coast, we put it on a foreign-flagged vessel, take it to a foreign refiner, because it's cheaper, and then bring it back as refined product. You add up all the transportation costs, you can do that cheaper," he said.

That's already happening in Canada. Valero, Irving Oil and Trafigura have been sending three to six crude cargoes per month from the Gulf Coast to Canadian refineries, averaging about 57,000 bpd through June 2014, some of which returns to the US East Coast as gasoline, according to Reuters' Trade Flows data. Previous attempts to repeal the Jones Act have all failed. Most recently, John McCain, a Republican senator from Arizona, was prevented from offering four Jones Act-related amendments to a 2012 energy bill by Harry Reid, a Nevada Democrat who's the Senate majority leader.

This March, Republican members of the US House of Representatives Duncan Hunter of California and Steve Scalise of Louisiana voiced their support for the Jones Act in a Washington Times opinion column, calling it a "commercial and public policy success" that protects jobs for shipbuilders and mariners. Refiners are seeking to educate legislators about how it affects American consumers, by raising prices for waterborne commodities such as grains and oil.

Jeff Peck, chief lobbyist for a coalition of independent refiners, said crude oil exports and the Jones Act were "inextricably linked." Extending the Jones Act requirement to crude oil exports

could be one way to level the playing field if the export ban is lifted, he said.

Charles Drevna, president of the American Fuel and Petrochemical Manufacturers, a trade association representing refiners, said he has "had meetings with certain legislators" on why re-examining the Jones Act must be part of energy policy reform. "The Jones Act has been like the crazy uncle you keep in the closet. So long as no one knows about it, no harm, no foul. But once you let him out and people start to interact with him, the family dynamic changes."

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India court should decide fast on coal mine fate: minister

August 31, 2014

India's Supreme Court needs to decide fast on the fate of nearly 220 coal blocks it has declared illegal, Finance Minister Arun Jaitley said Saturday, as the nation grapples with already bad fuel shortages. The court will hold a hearing Monday to consider what to do with the 218 coal licences awarded to companies over the past two decades to fuel their steel, manufacturing and other plants that it has pronounced illegal.

The court ruling last Monday "moves the system toward fairer allocation of resources," Jaitley told reporters. But he added, "We cannot allow the fate of these coal blocks to hang in mid-air. They need to be utilised." Analysts have warned prolonged uncertainty could be disastrous for the already struggling energy sector and lead to fuel shortages at manufacturing and power plants and more electricity blackouts.

India relies on coal to generate nearly two-thirds of its electricity. The court said in its ruling there were "legal flaws" in the transparency of the coal block awards. It said it might set up a panel of retired judges to investigate the matter further. The ruling stems from a 2012 charge by the national auditor that the government underpriced coal mines and giving away as much as \$33 billion in windfall gains to companies. "The question is whether the court will simply levy a penalty against companies like Hindalco and Jindal or take away their licences," Alok Brara, publisher of leading industry magazine PowerLine, told AFP this week.

"If it's simply a case of penalties, people will deal with that, but if it's a question of auctioning the blocks, that could make things more complicated". In 2012, when the previous Congress government was in power, the Supreme Court cancelled 122 telecommunications licences sold at below-market prices, causing upheaval in the fast-growing cellular industry.

India has one of the world's biggest proven reserves of coal but disarray in the sector means demand outstrips supply. Lack of power is a drag on economic growth with the peak-hour deficit - the gap between supply and demand - at 12 percent. The National Thermal Power Corp, India's biggest utility company, already warned before the ruling supplies at many power plants were severely depleted.

Analysts say failure to overcome India's power woes could scupper hopes of new Prime Minister

Narendra Modi of engineering a strong revival of Asia's third-largest economy. New legislation to auction coal blocks instead of awarding them through a government-screening committee became law in 2010. But no auctions have been held. Just 33 of the coal blocks singled out as illegal are in production, according to investment house CLSA Asia-Pacific Markets. The government has already seized back 80 blocks because they are not being mined.

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BR Research: *All*

KSE-100: It ain't over till it's over

September 01, 2014

BR Research

Much like every other sphere of life, in politics too, people only see what they want to see. Knee-jerk reactions at the stock market are also often a result of similar thinking. But, sooner or later, reality sets in and shaves off flawed perceptions.

Friday's bounce back at the KSE caught the attention of many investors; many, in fact, who were previously sitting on the sidelines, were responsible for Friday's rise. The benchmark index ended at a gain of 792 points, after making an intraday gain of 1,063 points. The volumes too picked up substantially.

The KSE-30 firms attracted a total volume of 95 million shares, the highest since the ongoing political row began around August 14. Trading at the broader market was also quite decent. KSE-100 firms put up a tally of 143 million shares on Friday as against an average of 63 million in the preceding five sessions. Likewise, the exchange volume stood at 187 million as against an average of 113 million between August 15 and August 28.

Clearly the market seems to have spoken. It likes certainty, regardless of howsoever it comes. So, when Friday's headlines said the army has mediated in politics, investors went gung-ho on buying stocks, leading to a gain of 2.85 percent by the day's close.

The last time when KSE-100 gained as much was 2.86 percent on 21 September 2011. And guess what; that very day the then COAS, General Ashfaq Kayani had met a delegation from Karachi's business community who apprised him about their concerns over the then prevailing law and order and overall security situation of the city and its effects on business and industrial activities.

The market's penchant for military intervention can also be gauged by KSE-100's performance following the 2009 behind-the-scenes intervention by General Kayani that restored the then chief justice and brought an end to the famous lawyers' movement. The immediate market reaction was a gain of 5.4 percent on March 16, 2009—the day when the restoration of chief justice was announced—followed by a 25 percent gain by April 17, 2009.

Veterans would also recall that the immediate reaction to the 1999 military coup was a cumulative 10 percent fall on October 14 and 15, 1999. However, the KSE-100 rose from about 1,129 index points on October 15, 1999, to about 2,000 points in late February 2000.

Seen in this historical context of market-army relationship, Friday's jump makes perfect sense. But then again, this time it may be different. Short of a hard coup that may or may not bring the political certainty that market men want, any other kind of soft intervention will not bring an end to political uncertainty.

At the time of writing this note, army's mediation had already left many confounded. Now, regardless of whether the army asks the government to wrap up and hold fresh elections, or asks PM Nawaz Sharif to resign while they 'guarantee' partial or complete election audit or any other combination of sorts, it appears that political uncertainty is here to stay for another two to three months.

Even in the unlikely scenario where PTI and PAT are sent home without anything, it is not as if that all would be hunky-dory for PM Nawaz. He would be squeezed between a rock and a hard place, as a result of which the economy would take a backseat.

The bottom line is that unlike previous military interventions, this intervention will not necessarily bring an end to uncertainty. It may only diffuse the existing one—the one that manifests itself in the Red Zone—but only to give birth to a fresh round of uncertainties. And this is why Friday's rebound is plausibly only a matter of flawed perceptions. Possibly even a kind of a dead cat bounce before it makes its way towards 25,000-26,000 or to late 21,000.

Of course, punters like to punt at every opportunity. But the average Joes, who don't have truckloads of monies with them, would do well to remember that 'it ain't over till the fat lady sings'. Best to sit tight; until she hits the stage!

GIDC: a non-event for fertiliser?

September 01, 2014

BR Research

Like most things in Pakistan today, the fate of Gas Infrastructure Development Cess (GIDC) is uncertain at best. The Supreme Court has reportedly annulled the cess terming it unconstitutional, ordering the authorities to reimburse the amount collected. Whether or not, actual reimbursement takes place is another story; but, it is sure to have an impact on the fertiliser industry dynamics.

As things stand today, those enjoying improved margins on the back of industry wide price hike will have to settle at lower margins. Recall that Engro and Fatima, both of whom have gas contracts at concessionary rates exempt from GIDC, benefited from an industry wide price increase, after GIDC imposition. In a world without GIDC, urea prices would have to be reversed, being a pass-on item.

Had it been 5-6 years ago, local players would not have reversed the prices in line with the cost impact. But, the fertiliser industry is a different place now. Pricing power has considerably weakened in the recent times, as the government has rightly or wrongly, very effectively used the lever, by gas curtailment in most cases. Even direct intervention has been made by the government to keep the prices in check or in line with their desires.

That said it is unlikely that the government would let go of a sizeable chunk of revenue this easily. It would try imposing alternative taxes with other names, which may not necessarily contain the word 'development'. Industry insiders too suggest that gas prices will eventually

increase, either through taxes or directly. So, there is no such misunderstanding on their end, as regards, a massive reversal in feedstock gas prices.

The recent urea off-take trend also suggests the government would be able to keep a lid on prices, in either case. Locally produced urea sales have largely been flat of late, with imported urea sales growing rapidly. The price differential here helps, and the government can use the tool to its advantage, should the industry not reduce the prices in line. So, all in all, GDC annulment may turn out to be a non-event for the industry, contrary to the general perception.

Petroleum sales highlights

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BR Research

The circular debt has crossed the Rs500 billion mark; thanks to increasing power sector receivables. And as per media reports, the growth in receivables is staggering as they jumped up by around four percent month on month in only one month, i.e. July 2014. Normally rising circular debt level starts haunting petroleum sales particularly that of furnace oil, when circular debt rises, power generation decreases and the fuel suppliers like PSO, APL and Shell lose sales volumes.

In FY14, furnace oil sales remained volatile to the circular debt. From this point of view, it is interesting and though provoking than even though furnace oil sales volumes in July 2014 were only one percent higher than those July 2013, furnace oil sales by the oil marketing sector and thus its consumption in the same month has been the highest since August 2012. In the first month of FY15, furnace oil sales crossed 946k tons mark the first time in the last two years, the month-on-month increase in July sales volumes was 5.8 percent.

Similarly, it does not seem that a rise in the circular debt levels has had an adverse impact on furnace oil imports in July 2014. High Sulphur Furnace Oil (HSFO) imports also hovered close to the highest furnace oil sales since August 2012: in July, HSFO imports escalated by nine percent year on year.

However, from the cyclical trend perspective, the increase in furnace oil sales and import seems pretty much in line tandem with the demand for power. June to August is the peak summer time, where the demand for electricity is the highest in the country. Keeping this in mind higher sales and thus higher imports of petroleum products, especially furnace oil, does have a perceptual standing.

As for other major petroleum products, motor gasoline and high speed diesel sales have been continuing their previous trends. Motor gasoline is steady due to the ongoing CNG curtailment in the country. High speed diesel volumes —volatile to the harvesting season—have been under duress due to the easy availability of cheaper, smuggled diesel from Iran.

Cement dumping in South Africa

September 01, 2014

BR Research

Aside from implications of the current political impasse in the country, news from the international front is seemingly not very encouraging for Pakistan's cement sector. Recently, the International Trade Administration Commission of South Africa accepted an application by South African cement manufacturers, which alleges that Portland cement imported from Pakistan is being dumped on the South African Customs Union (SACU) market.

According to the original notice on the Commission's website, 'The Applicant submitted sufficient evidence and established a prima facie case to enable the Commission to arrive at a reasonable conclusion that an investigation should be initiated on the basis of dumping, material injury and/or threat of material injury and causality.' The dumping margin for Pakistan is noted to be 48 percent.

Cement exports from Pakistan have already been under duress, while the sector is also undergoing an expansionary wave. Prospects of a price-war have resurfaced in the sector, in case a duty is imposed in South Africa (a leading destination for cement exports via sea), which could in turn lead to increase in supply in Pakistan. Earlier, concerns of a price-war ensuing from expansion had been rather modest (see BR Research column Two Cheers for Cherat, dated August 6, 2014).

According to Sajjad Hussain, Analyst at BMA Capital, given potential lack of export avenues, leading exporters may want to substitute the loss of export volumes by capturing the local market. Given current demand estimates, there could be excess supply, leading to concerns about a price-war, he notes. One of the leading exporters to South Africa is Lucky Cement (LUCK), for whom every 10 percent of a decline in exports to South Africa could bring down earnings by one percent.

In contrast, Ali Amin, Research Analyst at KASB Securities, suggests that 'the market has overplayed the risk of anti-dumping duty on LUCK's exports'. More importantly, South African manufacturers are at a comparative disadvantage, whereby production inefficiencies exist owing to older plants; and conversion and transportation costs are higher. Hence, PPC, one of the leading manufacturers in South Africa, charges an 18 percent higher ex-factory price as compared to the price charged by LUCK. That explains why protection is being actively sought by local manufacturers against imports from Pakistan, Vietnam and India.

Amin also posits that given the sharp difference between the retail price of Pakistani cement and that offered by local manufacturers in South Africa, there would have to be a 38 percent import duty to bring the prices at par with each other, which is rather high. Further, local manufacturers do not enjoy a healthy relationship with the government, especially in the backdrop of being involved in price collusion a few years back.

While the decision on the dumping allegation in South Africa would take its time, the political

turmoil back home may have greater implications for the cement sector in Pakistan, given the current government's focus on infrastructure development.

Miscellaneous News

The drying up Aladin Park

By Saad Hasan / Photo: Athar Khan

Published: September 1, 2014

KARACHI:

On a recent Saturday evening, thousands flocked to the Aladin Amusement Park, the biggest such facility in Pakistan.

People, mostly in their teens, line up in queues as they anxiously wait to try popular rides including the heart-stopping “Free Fall” and “Discovery”.

During national holidays, the number of visitors easily surges beyond 25,000 a day. The average turnover at the park is 3 million a year, making it the most visited recreational place in the country.

It appears to be doing a roaring business. But the company, A.A Joy Land, says it operates just above breakeven.

Most of the visitors use recreational area as a picnic spot. Families come jam-packed in vans and hired coaches, bringing along coolers and home-cooked food. However, when it comes to taking out the wallets and spending money, they are not as eager as the park management expects them to.

“People use assorted facilities, which are for free. Their kids play around and have a good time. But just a handful of them actually spend money on the rides,” said a director at A.A Joy Land.

Joy Land is part of Siddiqsons Group, which has interests in textiles, metals and property sectors. It recently came under fire from the Karachi Metropolitan Corporation (KMC), which says the company breached the contract by resorting to commercial activities including renting out shops.

KMC’s rebuke was published on August 13 with a notice titled, ‘WARNING’ in national newspapers and cautioned people against dealing with A.A Joy Land as the “contract of this company with KMC is going to expire in the near future.”

What the notice didn’t mention was that the near future comes in 2021.

Once upon a time

The idea of Aladin Amusement Park was conceived in the early 1990s when the fast-changing governments were attempting to bring some sense of stability to the city. The land KMC was willing to spare was part of Safari Park in Gulshan-e-Iqbal, located along Rashid Minhas Road.

Up until 1994-5, it was largely allocated as a dumping ground. The Pakistan Peoples Party (PPP) government used it as a warehouse for hundreds of yellow cabs, which were distributed amid much fanfare in the preceding tenure of Nawaz Sharif.

Not many people remember now but Aladin, built over government land measuring 52 acres, was the hit of the town. Its water park, which has long been shut, was one of its kind with tall slides and an artificial wave pool.

“There is no denying that the private sector could manage it much better than any government entity,” said Mansoor Qazi, who headed KMC’s park division between 1998 and 2005. “KMC didn’t spend any money on its development but enjoys the additional revenue stream instead.”

However, KMC officials insist the company has gone back on the contract more than once.

Old issues

The rift between the administration and Joy Land is not new. KMC took the company to court in the late 1990s to recover what it considered the right share of money being charged from the visitors. The Park was even sealed for few days in 2004 during the tenure of former Nazim Naimatullah Khan.

The job of issuing entry tickets and collecting vehicle parking charges has also been taken over by KMC to ensure oversight.

KMC’s Senior Director Recreation Rehan Khan said that multiple agreements have been signed with the company over the years. “As per the agreement, which was updated last in 2004, they can use only 5% of the 52 acres for commercial purpose.”

He said that only the KMC’s estate department reserves the right to lease shops.

On the other end, the company is using around 30% of the land for commercial purposes including a private members’ club.

Current and former officials offer varying views on the matter. But all of them point out that influential investors, backed by political parties, are vying to get hold of the land worth billions of rupees.

“The day the amusement park wraps up, you’ll see influential individuals vying to build apartment buildings there. Ultimately, it’s all about the land,” said an official.

Waking up to reality

KMC has two issues — the sale of shops at Aladin Shopping Mall and the private members’ club called the Pavilion End, both of which fall within the larger area of the amusement park. Both of them have existed for more than eight years.

“Commercial use is not barred in the tri-party agreement,” said the A.A Joy Land director. “As a matter of fact, 25% of the shops belong to the KMC.”

Pavilion End Club, which offers facilities like gymnasium, space for corporate meetings and marriage halls available on rent, has been built over what was once the water park. It is the biggest question mark over the commitment of the project sponsors.

“The water park did well initially, attracting a good crowd but then people lost interest,” said the director. “There were social and economic reasons behind that.”

People in Karachi tend to avoid the water from October onwards till February, making the period a low demand one.

Unlike international amusement parks, which start receiving visitors in the morning, Aladin opens its gates at 6:00 pm, the company says. “There is no tourism in Pakistan, so we have to cater to the local market.”

That market has also shifted over the years as residents of middle-income localities like Gulshan-e-Iqbal and PECHS hardly come. Aladin has become a picnic spot for people of Landhi, Baldia, Saddar, Malir and Lyari.

“Eighty percent of the visitors don’t spend any money on rides,” says the Joy Land’s director. “Best example to judge that is our Rs300 band scheme, which allows you to enjoy almost all the rides as much as you want. Only 5% people are availing that.”

The company says the cost of maintaining 52 acres eats up most of the revenue. “We have 115 security guards, Rs50 million alone are spent on maintenance each year. If we are so bad then someone should explain why we haven’t seen any competition in recreational business?”

The writer is a staff correspondent

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Political unrest and end of economic reforms

By Ali Salman

Published: September 1, 2014

ISLAMABAD:

The first year provided a golden opportunity for reforming the state apparatus to the PML-N government that assumed power on the promise of economic revival.

A central pillar of its economic agenda was that economic revival was only possible if the government did not remain in the business of doing business. The people actually voted in the party to get rid of inefficient public sector enterprises, resolve the energy crisis and create jobs. However, after more than a year, these goals remain distant dreams.

As the government succumbed to temporal gains over long-term reforms, it has so far failed in both economic revival and in ensuring energy security. The corrected growth figure of 3.3%

suggests no improvement over one year whereas the galloping circular debt indicates the insurmountable energy crisis.

The PML-N actually traded off low hanging fruits against tough decisions. These fruits or temporal gains included currency appreciation, foreign reserves' build-up, some Chinese investment and tamed inflation. The long-term and foregone economic reforms featured tax reforms, restructuring or privatisation of state-owned enterprises and creation of energy markets.

A dangerous consequence of giving up tough economic decisions is not only that there is no reform, indeed there is no respite from the prevalent crisis. If adopted with complete political will, and with reasonable predictability and transparency, the reforms can actually increase the popularity of a government, rather than undermining it. Good reforms help solve the problems of bad performance.

The new leadership has stayed obsessed with capital-intensive projects, without much-wanted focus on governance issues. This is not in accordance with its own Vision 2025 that calls for a shift to software, alluding to systems and human resources, instead of hardware, meaning physical infrastructure.

By not going after the economic reforms with full force, the government has not only disappointed its supporters but has also brought a bad reputation to reforms themselves. In a way, it has opened up political vacuum for the politics of welfare.

Welfare an anti-people agenda

The economic promises of the current protest movements converge on a single point: doling out welfare, which they build on while rejecting the economic policies of the PML-N calling them anti-people.

One group promises to give away goodies like roti, kapra aur makaan, while the other group claims to bring back the imaginary sums of \$200 billion from Swiss banks and from this money, create jobs for Pakistanis. None still talks about the hard work required for bringing long-term economic reforms.

In other words, the failure of the government to initiate real economic reforms, which start from good governance, has not only discredited reforms, it has also created a constituency for state-led welfare agenda, without a half serious thinking about its financing.

In case of Pakistan, adopting such welfare agenda is in fact an anti-people measure. Financing of this largesse requires exorbitant resources which can only be obtained by loans, if not outright further taxation or printing money. All these measures – loans, taxation or printing money – mean taking away part of wealth which people have legitimately earned themselves.

A loan creates a liability for future generation, whereas tax or money-printing reduces the money available for meeting people's current needs.

When you once made your people accustomed to welfare populism, they would always demand more of it. Obviously, resources will always be limited and hence ultimately the government

fails to continue. At this point, not only economic growth stalls, but also the government and entire political system become threatened. Thus, bad economics is also bad politics.

Despite all odds, the PML-N will sail through the current impasse. However, what it must do in future is to faithfully implement its own promises and visions. Contrary to popular perception, implementation of economic reforms with transparency will help regain the legitimacy of the government. It must stick to its original promises instead of giving in to the welfare slogans.

Welfare populism ultimately destroys economy that should be well understood. It also destroys basic human values of pride, self-respect and hard work. Consider how Greek citizens have refused to respect any austerity measures. As welfare populism needs a large government, it gives rise to authoritarianism and tyranny. Thus, welfare populism also disrupts the bedrock of economy ie democracy.

The writer is the executive director of PRIME Institute, an economic policy think tank based in Islamabad

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The miracle that is Sialkot

By Saquib Saeed

Published: September 1, 2014

KARACHI: Sialkot has a habit of making the news for good reasons. Last we heard of the city, located in the north-east side of the Punjab province, was during the Fifa World Cup that took place in Brazil.

Pakistan had exported footballs called the Brazuca that would be used during the World Cup. It was one of Sialkot's finest hours.

Sialkot has been precariously close to the Line of Control, which is an hour's walk away from the city. Far away from the motorways, it cannot be used as a transit city. Its two access roads, clogged with heavy traffic, were never converted into dual carriageways until four years ago.

Never wallowing in its isolation, Sialkot acts more like West Berlin during the Cold War; an enclave of economic success surrounded by a dysfunctional East German state.

Sialkot exports goods worth \$1.6 billion every year. This is an incredible \$4,000 of export revenue per capita. If the rest of Pakistan did exactly what Sialkot does, our export earnings would have been \$675 billion — 25 times more than the current level. That would have made Pakistan the world's sixth largest exporting nation, just behind Japan.

The town's economic miracle appears even more amazing when seen in the backdrop of its natural endowments — there are none except paddy fields. It still does not have a university or a professional college or even a decent polytechnic or vocational institute. Its international airport became operational in 2008 — the country's only airport that has been built by private capital.

Economic planners and politicians usually begin with cries for good governance, education spending, infrastructure, public health, easy access to capital and affirmative actions for helping nascent industries. These economic managers would struggle to explain Sialkot. It remains an aberration. The town has clearly succeeded despite all odds.

In a nation with zero equestrian traditions apart from Shandur Polo festival, Sialkot manufactures and exports saddles and stirrups, reins and bridles; even giant nail cutters and nail jacks. The artisans and their trade died when automobile replaced horses, a century ago. Riding, racing and show jumping have since remained pursuits of the wealthy. Sialkot has kept this tradition alive. In this day and age, it manufactures and exports \$200 million of equestrian equipment.

There are even more arcane items that seem improbable to conceive much less find an export market for. Think punching bags of all sizes — Sialkot is their largest producer. Cricket and hockey gear is ubiquitous and thus may not surprise us. It has been manufactured in Sialkot since pre-partition days. What is extraordinary is the sports gear for baseball and American football. These sports have never been played in our region but yet Sialkot produces top quality gear.

One may say that Sialkot has struggled with higher education. And yet it has more than a thousand manufacturing units (mostly home scale) that produce a range of surgical instruments. Manufacturing them was spurred by World War II when these were in great demand in Burma's field hospitals. Since then, Sialkot has continued to excel. This unique industry earns another \$300 million in exports.

Also improbable is the fact that the country's largest leather tannery and leather garment units are in Sialkot. Leather tanning and leatherwear industries together with knitwear and sportswear bring another \$500 million.

When it comes to footballs, no one in the world comes even close. Everyone from Adidas, Nike, Puma to Wilson has only Sialkot in their sights. It produced more than 42 million in the run up to the FIFA World Cup, fetching \$300 million.

The closest to other towns that Sialkot could be compared to are the dozens of small towns of Tuscany, Lombardy, Veneto and Emilia-Romagna regions of Northern Italy. Such towns with their small family-owned manufacturing businesses have traditionally powered the Italian economy and introduced Italian workmanship to the world. Sialkot operates in a similar spirit. An entire family runs the business with some hired help. With each new generation, more business units are created.

A lesson for the rest

Every family knows everybody else's rags to riches story in Sialkot. The pressure to innovate and succeed is immense. Role models are plenty. If anything, the quest to export is considered noble and bankruptcy its normal outcome. But no one's ever been blamed for trying. What follow are risky ventures whose chutes are steep and predictable. And yet thousands of wannabes keep trying; where only dozens succeed. The latter power the \$1.6 billion export juggernaut that Sialkot has become.

Sialkot teaches us about the absolute central role that entrepreneurship plays in transforming lives and generating wealth without government involvement. It teaches us despite without much

technical education, determined entrepreneurs can master artisan crafts and produce unusual products.

Sialkot combines all these factors to produce great results. The town displays a mindset that is not afraid to dream and considers failure only an opportunity to learn and try again.

Sialkot does all of this brilliantly, leaving one wondering what if the rest of the country did what Sialkot does?

The WRITER IS AN ENTREPRENEUR WHO HAS WORKED IN BANGLADESH'S GARMENT SECTOR

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Employment patterns, business organisation change - I

By Humayon Dar

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LONDON: The famous Coase Theorem implies that individuals will organise themselves into businesses if transaction costs of conducting an independent business are higher than such costs when they happen to be working for an organised business, ie, firm.

Transaction costs include information costs, documentation and contract costs and costs associated with enforcement of contracts. Thus, if a carpenter finds it difficult to connect himself to his customers, does not know how to document transactions and finds it difficult to recover compensation from the customers, he would prefer to work for a firm or company that buys his services for a fixed wage.

If the transaction costs are negligible, the person will be indifferent to going independent or joining an organisation.

Given the incidence of transaction costs, the choice is between a large business and a small owner-managed business. It is interesting to note that the transaction costs are either negligible or irrelevant in technical services offered by skilled but uneducated or less educated people in Pakistan.

Owing to very large populations and big clusters of people in cities, finding customers is not difficult in a number of trades like plumbing, electric works, tailoring, automobile repair and grocery business.

A different story

The story is different when the behaviour and choice of educated people is studied. Those with a plain vanilla university degree prefer to work for organised businesses, but those possessing

portable skills like accountancy, designing and IT management exhibit preference for independent work.

Therefore, in a low transaction cost environment, from small car wash businesses in Islamabad to large industrial activities in Gujranwala, the preference is for small owner-managed businesses.

A car wash business located at a petrol station in I-8 sector of Islamabad presents a typical form of business. Any car going for what is known as “comprehensive service” will receive services from several vendors.

Car wash is done by one vendor and tyre work (inflation, wheel alignment, etc) is done by a separate vendor on the same location. There are a couple of guys who would offer their services for engine oil change. The customer buys engine oil directly from the petrol station. If any electric work is needed, an electrician will be there. The customer prefers to negotiate with all the vendors individually.

This holds true for other businesses as well. Car body work presents a similar picture. Any auto repair area will have a number of related but independent small businesses.

In many cases, these different vendors will share the same premises – normally a small shop. Why do they not join hands to build a joint business? There are several factors that explain this lack of organisation.

Lack of entrepreneurial skills

It is observed that while a lot of individuals have excellent technical expertise, they, however, lack entrepreneurial skills. While offering specific services is a technical skill, managing a business is a completely different ball game. Complexity of entrepreneurship increases with the rise in size and scope of the business and most of those who otherwise have excellent expertise in one field find it difficult to cope with the complexity.

Moral hazard

This is another major factor that hinders growth of employment in small businesses and their evolution into bigger businesses. Joining hands to offer a complete package of services requires transparency in inputs and their pricing. Small vendors somehow start shirking when their services are bundled and priced together.

Dearth of capital

Small businesses lack capital to expand their operations. Business organisation requires additional administrative resources in addition to technical skills. These include accountancy and finance, marketing and advertisement, and general support services like office administration. All these require additional capital to run a business on a sustainable basis.

Unsophisticated customers

In Pakistan, a large number of customers are not sophisticated and many of those are not willing to pay for quality. They rather prefer to shop around even if that means spending a lot of time on

gathering information. They prefer getting different services from different vendors even if the price differential is marginal.

In the process they end up spending a lot of time, which although increases transaction costs but as they are not financial costs customers tend to discount them.

Free rider

This is another factor hindering the size of the firm. A very large number of shopkeepers in markets rather prefer to rent out a small pitch to other businesses in front of their premises or inside them but would not like to internalise them simply because they prefer rent-seeking rather than actually doing the business and earning profits.

This is why we find a toy shop owner renting a pitch in front of its shop to another one who would sell second hand garments, in exchange for a daily, weekly or monthly rent. Although the toy shop owner can actually earn more by running the garments business himself, he rather prefers to seek rent from another.

The writer is an economist and a PhD from Cambridge University

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Paying the price: Gulf eyes Iranian gas as Pakistan delays imports

By Zafar Bhutta

Published: September 1, 2014

ISLAMABAD:

The real war between Iran and the United States, which is supported by many European countries, appears to be over energy supply deals. Under some projects, Iran will be connected to European states, Oman, Iraq and Kuwait by sharing its vast energy reserves.

Iran and Oman have sealed a \$60-billion agreement under which Muscat will purchase natural gas from Tehran over the next 25 years. The project includes laying a pipeline costing \$1 billion across the Gulf.

The agreement was reached during the visit of Iranian President Hassan Rouhani to Muscat in March this year. Around 50% of the gas to be exported to Oman, will be transported onwards to Japan, South Korea and India.

In June, Kuwait became the second country in the Gulf that announced its desire to buy natural gas from Iran, which sits on one of the largest gas reserves in the world.

The eagerness for energy cooperation comes in the backdrop of a historic deal between Iran, the US and five other world powers over the former's nuclear programme on November 24 last year. Iran accepted strict constraints on the nuclear programme for the first time in a decade in exchange for partial relief from sanctions.

Later in December, Turkish Energy Minister Taner Yildiz said in a statement Iran was planning to lay a pipeline to ship gas to European nations that were interested in imports. If the programme is agreed and the US and other world powers reach some arrangement with Iran, Pakistan's long-standing hopes of importing Iranian gas may be finally buried.

The Iran-Pakistan (IP) gas pipeline has been stuck for years in the wake of US threat of sanctions. Though Islamabad sought some concessions from the US to clear the way for building the pipeline, but the request was rejected outright.

The deadline – December 2014 – for the start of gas flow under the IP project is approaching fast and Pakistan may face penalties of millions of dollars every day in case of failure to complete its part of the pipeline. Iran has laid its portion of the pipeline.

In place of Iranian gas imports, the US has suggested that Pakistan should consider purchasing liquefied natural gas (LNG) from Qatar and other sources, but it is not a cheaper source of energy.

Crucial talks in Sept

The PML-N government, however, is trying to make some arrangements with Iran to win an extension in the deadline and keep the project alive. The two sides are expected to meet next month to discuss some important proposals, which may pacify the Iranian government, which is upset over failure of Islamabad to start work on the project.

Pakistan insists that it could not press ahead with the project due to the lingering threat of sanctions. Now, it has proposed to Tehran to construct the pipeline from the Gwadar Port under the guise of LNG export, which could be connected to Iran after the sanctions are lifted.

According to an official assessment, the gap between demand and supply of gas is widening in Pakistan and production is expected to drop to about half the existing levels by 2020 if new reserves are not tapped and output is not increased from existing fields.

Gas production will fall from the current 4.47 billion cubic feet per day (bcfd) to 2.53 bcfd in 2019-20 if fresh supplies are not injected into the system.

Experts are of the view that Pakistan should tackle the issue strategically and take it up again with US authorities. They ask why Islamabad is being pressurised when other countries are clinching deals with Iran.

These countries have made economic policies part of their foreign policies and Pakistan should also follow them in securing energy supplies. Otherwise, it will lose an opportunity to secure cheaper gas imports and its economy will collapse under the weight of energy shortages.

The writer is a staff correspondent

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Slow, subtle rise of the insurance industry

By Kazim Alam

Published: September 1, 2014

KARACHI: For a country of over 180 million people, insurance penetration of 1.73% is miniscule by any measure.

Expressed in terms of gross premiums as a percentage of the country's gross domestic product (GDP), insurance penetration has traditionally remained low in Pakistan.

However, official statistics show a significant improvement in recent years. Not only the country's insurance penetration increased from 1.3% of the GDP in 2010 to 1.73% in 2013, insurance density also rose substantially over the same period.

Insurance density – or the ratio of gross premiums (in dollars) to the country's total population – went up from 6.36% in 2010 to 9.39% in 2013.

The overall trend becomes more obvious by looking at the growth rate of gross premiums that insurance companies collected in the last three years. They amounted to Rs100.7 billion in 2010 and reached Rs176.5 billion in 2013 – the last year for which official data is available. It translates into the compound annual growth rate of 20.55% for the last three years.

As a dividend of their enhanced footprint in the economy, insurance companies managed to expand their bottom lines significantly in recent years. Excluding government-owned State Life Insurance Corporation (SLIC), combined profits of all life and non-life insurance members of the Insurance Association of Pakistan amounted to Rs3.4 billion in 2010. They clocked up at Rs9.7 billion in 2013, which translates into a massive increase of 41.7% per year between 2010 and 2013.

SLIC has yet to release its financial results for 2012 and 2013 because it does not have a full-time chairman.

In addition to the statistics showing tangible growth, the regulatory framework for the insurance industry underwent huge changes in the last many years that reduced entry barriers for new players.

A case in point is the introduction of Takaful Rules 2012, which allow conventional companies to set up dedicated window operations to sell Islamic insurance. The move was bitterly contested in court by Takaful players that feared competition from well-established insurance players.

But the legal battle has finally ended largely in favour of the conventional companies. Industry sources say at least 10 conventional insurance companies will have entered the Takaful market by December, resulting in huge investments and thousands of new jobs.

Similarly, a number of foreign companies have shown interest in entering Pakistan's insurance industry. They include the world's leading insurance brokers Marsh and Lockton.

Similarly, Rosewood Insurance Group of Switzerland has shown intention to acquire a 74.9% stake in TPL Direct Insurance. Sources say the Swiss group wants to buy a significant shareholding in two other insurance companies as well.

Progress in the micro-insurance segment has also been encouraging. Firms like MicroEnsure and Bima, which provide system support and IT backup to micro-insurance providers, are eyeing the Pakistani market.

Analysts believe the country's insurance industry, which went downhill following its nationalisation in the 1970s, is making a strong comeback that may prove long-lasting.

The fact that the insurance industry had its first full-time commissioner at the Securities and Exchange Commission of Pakistan (SECP) three years ago played a key role in recent developments.

Improved governance structure and a fully functional regulator in the last three years have resulted in rapid growth and foreign investment in the insurance industry. But with the retirement of SECP Insurance Commissioner Mohammed Asif Arif in the first week of September, industry officials are wondering whether the recent upturn in business activities will come to a grinding halt.

The SECP has been operating without a full-time chairman for over a year now. Instead of having five to seven members, the SECP will be left with only two commissioners after the retirement of Arif.

Letting the insurance division of the country's apex regulatory body operate without a full-time head may undo the successes achieved in the last three years.

The writer is a staff correspondent

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Embrace change for a changed future

By Saad Amanullah

Published: September 1, 2014

KARACHI: This is my firm belief that to survive in today's highly competitive world, everyone needs to have the ability to embrace the power of change.

“Change” is not a new concept of specific to the contemporary world. A pre-Socrates philosopher Heraclitus, in 500BC, stated that “nothing is permanent but change”.

Change is a way of life and happens every day — mostly in small dosage. But, sometimes the change could be significant especially if it relates to technology and demographics.

Unfortunately, in Pakistan, policymakers and rulers are seen towing the same line despite lack of positive results.

Leadership and change interwoven

A good leader will bring change that helps the society. It is his duty to inspire and mobilise people, motivating them to move forward. He pushes people to achieve something different and better than the current reality.

If you look at famous personalities such as Nelson Mandela, Martin Luther King, Abraham Lincoln, you would see that they executed positive changes that impacted and improved the lives of millions of people.

Pakistan urgently needs to implement “change management” at every level of the society to tackle very serious external and internal challenges including a poor economic track record, lack of good governance, threats to security, political instability, corruption and nepotism.

Some deliberate transformations desperately needed to help Pakistan get back on a prosperous path include:

- 1. The need to stop following decades-old policies:** If one is aware that a certain policy or strategy does not work, it is unwise to stick to it. A case in point is trying to “expand the tax net”, which is a critical factor in fuelling the country’s development engine. Taxing the same captive taxpayers in creative ways will not result in a higher tax/GDP ratio. Government will need to introduce structural changes — come up with a new strategy and target new sectors.
- 2. Reinvent the “incentive system” for bureaucracy:** Bureaucracy is a two-edged sword. An effective bureaucracy acts as lubrication for the economic engine. On the other hand, an inefficient one hinders GDP growth and discourages investment. Currently, our bureaucracy is inefficient, sluggish and tainted. The fastest way to bring change is to incentivise correct behavior as well as to create discipline.
- 3. Bring change by using global success models:** The world is passing us by as our economic growth falls to a crawl. One key source of growth in high populace countries such as India is development of the IT industry. In India, exports of software and IT-enabled services touched \$62.6 billion last year. Our policymakers feel they already have attractive IT policies in place yet no visible change is seen in exports. It is about time we reviewed our decade-old IT investment policy and remodelled them.
- 4. Intellectual property will make a difference:** Urgent change is needed to pursue an economy that is fuelled by innovation, growth and investment. This can only happen if Intellectual Property Rights are protected. If new ideas and original thinking cannot be protected, Pakistan will continue to struggle.

One of the biggest flaws of administrations is that they continue to follow old practices and try to solve problems using decades-old solutions. It is critical that change is embraced as we look to usher in an era of progress and prosperity.

THE WRITER IS ASSOCIATED WITH THE CORPORATE SECTOR AND A SUPPORTER OF MANY SOCIAL ENTERPRISES AND FOUNDATIONS

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Caught: Federal auditors unearth irregularities in CDNS

By Shahbaz Rana / Creative: Jamal Khurshid

Published: August 31, 2014

ISLAMABAD:

Federal auditors have unearthed serious irregularities in the financial and administrative affairs of the Central Directorate of National Savings (CDNS), seeking disciplinary action against responsible officials for ‘irregular’ appointment of the head of the body and non-production of record for audit purposes.

The office of Auditor General of Pakistan (AGP) has framed six audit objections against the CDNS – an attached department that works under the administrative control of the ministry of finance – while performing audit for fiscal year 2013-14, according to the audit report.

The auditors have questioned expenditures of Rs453.6 million with a serious charge of ‘irregular and in violation of rules of appointment’ of Zafar Sheikh as the director general (DG) of CDNS, reveals the report, which the government is yet to table in the parliament.

Sheikh was appointed as the DG in 2007 by former prime minister Shaukat Aziz for a two-year term before being given extensions during the Pakistan Peoples Party government by the establishment division on the recommendation of the finance ministry, the report disclosed.

If the parliament endorses the recommendations of the AGP, some federal secretaries who have served in the ministry and the establishment division may face disciplinary action.

The federal government appointed Sheikh in the Management Position-I (MP) scale against a promotion post of the CDNS. From 2007 to end 2013, the government paid Sheikh an amount of Rs25.1 million, according to the report. He received Rs16.8 million in salaries, Rs7.4 million in house rent and Rs841,200 in utility charges.

According to the auditors, the DG’s position was a grade-20 post and there was no room for appointing a person on the MP-I scale. He was appointed without advertising the post in the press.

Sheikh was appointed despite a dissenting note by the establishment division, which observed that the procedural requirements for appointment against the MP scale were not fulfilled and the status of the officer was on deputation from the State Bank of Pakistan. The auditors said that no selection committee was constituted for Sheikh’s selection.

“The appointment and subsequent extensions were irregular, unauthorised and in violation of rules and responsibility may be fixed for the irregularity,” according to the audit report.

The auditors brought the issue of irregular appointment in the knowledge of the finance secretary on November 26, 2013 but he did not call a meeting of the Departmental Accounts Committee (DAC) to discuss the irregularity.

When contacted by *The Express Tribune*, the ministry of finance did not comment on Sheikh’s appointment. It said the issue will be discussed in the DAC meeting.

According to another audit objection, the government paid Rs2.1 million in gratuity to Sheikh, despite such a facility not being available to contractual employees. The auditors have recommended that responsibility may be fixed for the irregularity and excess amount of gratuity may be recovered.

In yet another irregularity, the government paid Rs6.3 million irregular house rent allowance to the former DG, which the auditors have asked to recover from him.

Non-production of record

In the violation of Auditor General’s Ordinance of 2001, the management of CDNS refused to provide the records for the Automation project of CDNS that cost the kitty Rs397.3 million, according to the report. It added that the violation, which is tantamount to creating hindrance in the functioning of the AGP, is liable to disciplinary action under the efficiency and disciplinary rules of the government.

The project was completed by February 2013, however, documents for the audit report have not been submitted, it added. The issue was brought to secretary finance’s knowledge, who is also the Principal Accounting Officer of the CDNS but no action has been taken yet, stated the report.

The finance ministry said the CDNS management was directed to provide all relevant records to the AGP.

But, according to the report, auditors were not given procurement files for generators, computer hardware, vehicles, office equipment, site preparations, furniture, office buildings, advertisement and publicity. The bank statement of the assignment account, books of accounts, expenditure controls, movement registers of vehicles, details of POL, repair/maintenance and payroll of the project were also not provided to the auditors.

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Forecast: Tablet sales slow as PCs find footing says IDC

By AFP

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SAN FRANCISCO:

Tablets will not eclipse personal computers as fast as once thought, according to studies by market tracker International Data Corporation (IDC).

IDC on Friday cut its forecast for shipments of tablets and “two-in-one” devices combining tablet and laptop features to 233.1 million, saying growth would be about half of what was originally predicted.

“When we look at the global picture, it would be easy to say that the tablet market is slowing down,” said IDC research director for tablets Jean Philippe Bouchard.

“But, when we start digging into the regional dynamics, we realise that there is still a good appetite for this product category.”

While shipments in mature markets such as North America and Western Europe were forecast to remain flat, those in emerging regions were expected to climb overall by 12%.

Meanwhile, the outlook for personal computer (PC) shipments was less dreary than originally envisioned, due in part to businesses replacing machines powered by outdated Windows XP software.

IDC forecast that worldwide PC shipments would fall 3.7% this year instead of 6% as it had predicted earlier.

Growth in shipments of desktop and laptop computers in mature markets would be more than offset by reduction in emerging markets such as Asia, Latin America and the Middle East, according to IDC.

“Programmes to reduce PC prices, such as Windows 8.1 with Bing, have helped to improve PC shipments in some segments,” said IDC senior research analyst Jay Chou.

“Nevertheless, the prospects for significant PC growth in the long term remain tenuous, as users increasingly see PCs as only one of several computing devices.” People seem to be waiting longer to replace PCs and are increasingly tempted by alternate computing platforms, according to IDC.

A separate IDC report this week estimated that more 1.25 billion smartphones would ship worldwide this year in a jump of nearly 24% from the 1.01 billion shipped last year.

The number of smartphones shipped was expected by IDC to climb to 1.8 billion annually during the next four years. “The smartphone market, which has experienced runaway growth over the last several years, is starting to slow,” said IDC research manager Ramon Llamas.

“The key for vendors now is to maintain a presence in the higher-margin mature markets, while establishing a sustainable presence within the fast-growing emerging markets.”

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E-commerce giant China’s Alibaba plans IPO

By AFP

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NEW YORK:

Chinese e-commerce giant Alibaba Group Holding Limited plans to hold its initial public offering on the US stock market from September 8, according to the Wall Street Journal.

The IPO is part of efforts by Alibaba to expand globally.

The company will list the stock under the symbol “BABA” on the New York Stock Exchange. The initial filing indicated \$1 billion will be raised in the public offering, but that amount is expected to be greatly boosted with later amendments.

The company did not give details on the timeline for the IPO in its June filing with the SEC, saying only “the launch would be “soon as practicable”.

Analysts say the listing is expected to raise somewhere around \$15 billion, which would make it the technology industry’s largest IPO since Facebook’s in 2012.

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‘Disobedience’: Junejo replaces Nekokara as SSP Operations

By Fawad Ali

Published: September 1, 2014

ISLAMABAD:

The situation in the capital turned murkier as another senior police officer was sent on forced leave on Sunday by the federal government.

Islamabad SSP (Operations) Muhammad Ali Nekokara reportedly refused to use force against the workers of Pakistan Tehreek-e-Insaf and Pakistan Awami Tehreek after which he was sent on forced leave by the government.

A hurriedly-issued official notification revealed that SSP (Traffic) Asmatullah Junejo has taken charge as SSP (Operations).

Nekokara is the second officer to be sent on forced leave after Inspector General of Police Aftab Cheema was removed for demanding written orders to use force against the protesters.

Moreover, the city administration has decided to remove checkpoints at all entrances to the federal capital and keep roads open for arriving PTI and PAT workers. The police also disassembled a checkpoint at Faizabad on the Islamabad Highway which was erected 15 years ago.

The decision was taken to avoid potential clashes between police and the workers both parties who are arriving in the capital to support their comrades in the Red Zone. Besides, authorities fear that protesters in high numbers may torture police personnel who are in low numbers at the checkpoints.

On the other hand, Minister for Interior Chaudhry Nisar Ali Khan directed acting IG Islamabad Khalid Khattak to divide duties of policemen deployed in the Red Zone in three shifts and distribute meals on time. He also directed the IG to change the menu and keep the force 'relaxed'.

A source in the ministry informed that the minister also told the IG to allow protesters to reach the venue and asked the top cop to protect the life and property of citizens as well as the protesters.

Policemen urge medical leaves

Around 2,000 police personnel have applied for medical leaves due to fatigue and illness but only 200 were allowed to go on leave. Police sources said around 2,000 personnel of the Punjab, Azad Jammu and Kashmir police and Frontier Constabulary went to Pakistan Institute of Medical Sciences and Polyclinic hospital and urged senior doctors for granting them medical leave.

Several police officers have reportedly threatened doctors with dire consequences after doctors refused to issue them medical certificates. To stop police applying for medical leaves, the IG visited various points where police were offering duty and addressed their issues. He appreciated their performance to boost their morale. Currently, over 35,000 police personnel from Punjab, AJK and FC are on duty in the Red Zone.

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Business closures: Shutters come down as protests turn violent

By Riazul Haq / Shahzad Anwar

Published: September 1, 2014

ISLAMABAD/RAWALPINDI: Businesses in the capital continue to suffer losses as the protests of Pakistan Tehreek-i-Insaf (PTI) and Pakistan Awami Tehreek (PAT) continue at the Red Zone.

Markets in sectors F-6 and G-6, including Super Market, Melody and Aabpara were shut down after protesters clashed with police on Saturday evening. All petrol pumps and most of the hotels and stores in the vicinity also remained shut on Sunday. Some ATMs have also been covered and locked by the private banks.

Traders claim deserted markets and low turnout of customers have resulted in losses worth millions.

Muhammad Sabir, who sells fruits and vegetables in Barkat Market in Sector I-8/1, said sales have reduced to under 50 per cent ever since the marchers arrived.

The markets that are relatively farther from the sit-in venue have also suffered due to the low turnout of customers.

Prices have also come down due to low demands. Muhammad Shahzad, who runs a beef and mutton shop at Karachi Company, said the price of chicken has come down from Rs180 to Rs130 per kilogramme. He said their sales have reduced by 50 per cent due to the virtual lockdown of the city.

Traders say most of their customers come from Bahara Kahu and Rawalpindi. "They are not coming to the city due to road blocks and closure of offices and markets," said Shoukat Abbasi a trader in Karachi Company.

Traders of Aabpara Market have also protested against frequent closures of the market due to demonstrations by political parties. The market remained shut for a week due to the PAT sit-in on Khayaban-i-Suhrawardy.

Many vendors and shopkeepers pleaded with the protesting parties and government to resolve all issues peacefully and let normalcy return to the capital.

Twin city's business continues unabated

Even as running battles continue between protesters and police in Islamabad, markets in Rawalpindi do not seem to be affected much by the political crisis.

Raja Bazaar, Saddar, Commercial Market and other markets of the garrison city bustled with activity on Sunday.

Wholesale markets, however, have suffered because of the roadblocks over the past three weeks.

Fruit and vegetable market in Sector I-11, Islamabad, remained closed due to blockades and intermittent protests by PTI workers. The market supplies vegetables and fruits to the twin cities and adjoining areas.

PTI protesters held small protests at Faizabad, Khana Pul, Sohan, Dhoke Kala Khan, Double Road and IJ Principal Road. They blocked roads at these important intersections.

Traders expressed concern at the violent clashes and held Imran Khan and Tahirul Qadri responsible for the mayhem.

Muhammad Javed, a retailer in Moti Bazaar, said Qadri and Khan took refuge in the comfort of their bullet proof vehicles as their workers fought the police.

Businessmen said their losses have run in billions over the last 18 days.

Moti Bazaar Traders Association President Tahir Taj Bhatti said this time of the year is normally a peak business season as many marriage ceremonies take place before Muharram. He said customers have stayed away from markets because of the ongoing political crisis in Islamabad.

Islamabad Transport Association President Malik Mahboob Ellahi Awan said both protesting parties and the government are to blame for the situation. He said most of the public transport has stayed off the roads on Sunday owing to the precarious situation.

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Continuing holiday: Summer vacation extended, again

By Our Correspondent

Published: September 1, 2014

ISLAMABAD: The government has once again extended summer vacations for the capital's schools and colleges till September 3. The schools were initially scheduled to open on August 11 but dates have been extended four times since. Many schools and colleges have been occupied by police and Frontier Constabulary officials brought in from Punjab, K-P and AJK. Recently, 32 schools and colleges were vacated on CADD's orders but 27 are still occupied by the police and FC officials. Moreover, Quaid-i-Azam University Registrar Shafiqur Rehman said the varsity would remain closed till September 2. While the federal Urdu university will also remain closed till further orders due to vehicles of marchers parked outside the campus and ongoing protests.

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Behind bars: Police arrest 79 PAT, PTI workers

By Our Correspondent

Published: September 1, 2014

ISLAMABAD: Islamabad Police arrested 79 protesters of Pakistan Awami Threek (PAT) and Pakistan Threek-i-Insaf (PTI) on Sunday. A police source said 56 are PAT workers while 19 are PTI supporters. They are being kept in Aabpara, Secretariat, Shalimar, and Margalla police stations. They were arrested for rioting and attacking the security officials. Police also recovered sticks, masks and slingshots from their possession. The police have registered cases against the protesters. They will be produced before the court on Monday for their remand. According to the police, the administration has decided to arrest the protesters who are involved in rioting and attacking police officials. A senior police official, who requested anonymity, said that a team has been constituted to arrest Imran Khan and Tahirul Qadri. He said the police will likely arrest them late on Sunday night. Acting IGP Khalid Khattak was not available for comment.

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Fighting climate change: AJK, Balochistan governments ink agreement

By Our Correspondent

Published: September 1, 2014

MUZAFFARABAD: The forest departments of Azad Jammu and Kashmir (AJK) and Balochistan have signed a memorandum of understanding (MoU) to share knowledge and research work on forestry, wildlife and fisheries with each other.

The MoU was signed by AJK Forest Minister Sardar Javid Ayub and Balochistan Forest Minister Obaidullah Jan on Saturday during a ceremony attended by several senior officials from both sides.

On the occasion, Jan said sharing knowledge and expertise with the forest department of AJK is a privilege for them as such initiatives will bridge the gap between the people of Balochistan and AJK.

“The thick forests of AJK are a source of inspiration for us and we will try to promote forestation drives in the hilly areas of our own province as well following the pattern of the AJK forest department,” Jan said.

The AJK minister said the forest department has taken the initiative of signing the MoU to highlight the importance of forests. “The agreement is proof that the role of forests in the preservation of ecological balance is vital and it is our collective responsibility to focus on forestation in the country. Without the joint collaboration, the rising issue of climate change will not be adequately addressed,” Ayub commented.

AJK Forest Secretary Farhat Ali Mir said besides the exchange of both forest officers and research teams, the MoU would also help promote national integration between Balochistan and AJK.

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On the backburner: CDA’s bus terminal project pending since 2003

By APP

Published: September 1, 2014

ISLAMABAD:

Transporters have demanded the authorities to shift bus terminals to a designated plot in Sector I-11/4.

The Capital Development Authority (CDA) had approved construction of bus stands in I-11/4 in 2011. According to the plan, existing bus terminals at Faizabad, G-9 Markaz and Pirwadhai were to be relocated to the new facility in I-11/4. About 164 kanals were allocated for the project.

Islamabad Transporters and Passengers Welfare Association president told APP that the Lahore High Court had taken up the issue of bus stands in the capital in 2002. He said the CDA and Islamabad Traffic Authority had assured the court to consult the transporters and resolve the issue in two months.

He said the CDA board approved a plan for bus stands in I-11/4 in 2003. According to the plan, the transporters had to bear the expenditure of construction while the Directorate of Municipal Administration was responsible for ensuring basic facilities, including drainage system, water supply and security.

He said the civic agency had a change of mind in January 2013 and decided to construct the bus terminal on its own. He said the association sent its last reminder to the civic agency on January 30, 2013 for execution of the project. He urged the authority to resolve the issue while protecting their businesses, adding that only three bus stands in the capital have no-objection certificates.

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Success story: Brewing thoughts, and more

By Myra Iqbal / Photo: Myra Iqbal

Published: September 1, 2014

ISLAMABAD:

When the British came to the South Asian Subcontinent they were thirsty. Thus, one of Pakistan's first breweries was built for the British at Ghora Gali, Murree. It started operation in its current location, Rawalpindi, in the 1880s. Not long after, a second brewery was established by the company in Quetta in 1886. That building, however, crumbled in an earthquake in 1935, never to be restored again.

Established in 1860, the Murree Brewery came to serve the “beer needs” of the British, in turn bringing intrigue to local palettes, through its roasted, bittersweet malt-brew.

The brewery suffered a setback when Zulfikar Ali Bhutto attempted to garner mass appeal via religion. The sale and consumption of alcohol was limited to buying it with the help of permits.

A vestige of more liberal times, the Murree Brewery's clientele began to depend on the licences. Loopholes were created for the buyers. Thus, those with permits, mostly non-Muslims, discovered the option of becoming middlemen. However, the demand for the products remained inelastic.

“It is not in our blood to value our heritage,” Chief Executive of the Murree Brewery Isphanyar Bhandara expressed.

“The Murree Brewery should be promoted as a tourist attraction. We are piled high in requests for visits from foreign dignitaries,” he said as he shuffled through some papers, pulling out one from a prominent ambassador, and reminded his special assistant, the moustached Sabihur Rehman who is a retired army man, to schedule the visit soon.

Sharp-featured and dressed in a crisp button-down shirt without the slightest wrinkle, the son of the late M.P. Bhandara has big shoes to fill.

Family feud

Recently, Isphandyar released a public notice relating to a conspiracy involving a gardener, his brother-in-law, several bank accounts and, of course, black magic – nothing short of a movie plot. Holding his brother-in-law, Rustam Sidhva, to allegations of money laundering, and vilification, Isphandyar is unrelenting when it comes to matters of business.

Goshi M. Bhandara, mother of Isphandyar, is a co-owner, therefore, and has an equal directorial stake in the company. The son and the mother have a tiff. Goshi could not be contacted for a comment, but a press statement released earlier in March by her redeems Sidhva.

The statement, published in an English daily, suggests that Sidhva's help was sought in the absence of male relatives, as Goshi battled for her right in the company. She refutes claims that she is senile and under the influence of voodoo. Thus, the plot thickens.

Too taxing

The government's recent introduction of the capacity tax – a tax levied on the potential of a plant, rather than on sales – puts the future of small beverage industries at stake. When the opportunity-based taxation policy was adopted earlier in 1991, it pushed out local competition, giving leverage to soft-drink giants. The tax has been criticised and often identified as a lobbying tactic by the multinationals that own majority shares within the beverage industry.

“The capacity tax is an attempt to weed out competition in the beverage industry and it needs to be reviewed,” said Bhandara and expressed that with much of the business enterprise struggling with utilities, gas and electric shortages, and a general climate of fear, the nature of such taxation was unreasonable and would serve to create joblessness.

In the last one year, the capacity tax has caused millions in revenue loss and is being reconsidered. Upon pressure from certain groups, the FBR sought a change in tax regime in order to curb tax evasion, which it has been unable to achieve.

The Murree Brewery's non-alcoholic enterprise is likely to suffer more than its alcoholic production, unless the tax is revised to pave the way for a more inclusive and level playing field.

The men behind the brew

The Murree Brewery has over 1,700 workers of which many are third-generation employees. Daily wages are decent and the prospect of regularisation to full-time staff keeps most rooted to the redbrick building, where near-faded painted signage lends a sense of nostalgia to an otherwise modern façade. The workers clock in at 9am sharp, retreat into their apportioned roles, and re-emerge around noon for lunch when they break the tranquility of the outdoors with chatter and cigarette-smoke for 30 minutes.

Moving grain with a shovel in a dark room, Asif Mehmood's silhouette catches the trajectory of light that comes in from the open windows. Mehmood doesn't drink, but he does not mind the pungent, mildew odour that fills the room.

“I get paid by the hour, but I earn enough to sustain a decent living,” he says. Mehmood, who migrated from Rawat, has worked at the brewery for eight years, and like all daily wagers, he doesn't enjoy many health benefits.

For Rana Mohammad Idrees, however, there is good news. Upgraded to a contract, the 57-year-old feels at home in the brewery and is thrilled at the opportunities that a confirmation brings: a bonus, medical insurance and security. As all good tidings, these perks have come to him after 25 years of service.

Located opposite the heavily guarded residence of the Chief of Army Staff, the brewery has a relatively quiet presence, an attribute that has allowed it to escape caveat from a public disposed to religious extremes, not far from its peripheries.

Its gate is painted in the green and white, star and crescent of the Pakistani flag.

Popular demand

The brewery produces a range of non-alcoholic beers, juices and sodas, including Tops and Bigg Apple. It also offers flavoured malts, whisky, gin and vodka, though can only be procured by a limited clientele. The opportunities to advertise are obviously few.

Earlier in 2012, the daughter of Hollywood stars Demi Moore and Bruce Willis was caught drinking Murree Beer in New York City. While the underage Hollywood progeny may have gotten into some trouble, the 150-year-old Murree Brewery was more than thrilled to be in the spotlight, and embraced the free publicity to seek expansion outside of the restrictive conditions in Pakistan. As of 2013, the Murree Brewery has a franchise in Bangalore, in India.

Competition, if any

Murree Brewery's competition comes from the Quetta Distillery, established in the 1950s and owned by the former provincial minister Faridoon Abadan, also from the Parsi community. Abadan was kidnapped more than a decade ago and was never found. His wife, Nilofar Abadan who was running the distillery in his absence was also abducted in 2011, and later released after paying ransom. Little else is known about the distillery; its precarious geography, however, puts it at a disadvantage.

With an influx of beer and liquor smuggled in from China through the Gilgit-Baltistan region and India through Tharparkar, Sindh, the real challenge for all distilleries alike — including Indus Distillery in Sindh owned by Senator Hari Ram Kishorilal — is Pakistan's porous borders and the government's inability to curb smuggling of illegal goods, including its inflexible stance on the import and export of alcohol.

Published in The Express Tribune, September 1st, 2014.

With impunity: Protesters block 7th Avenue, disturb traffic

By Our Correspondent

Published: September 1, 2014

ISLAMABAD:

A group of people, reportedly workers of the Pakistan Awami Tehreek and Pakistan Tehreek-e-Insaf, on Sunday blocked the 7th Avenue towards Kashmir Highway between Jinnah and Saddar flyovers by placing stones and parking cones on the road.

The group was violent and attempted to attack approaching vehicles. They would stop drivers and ask passengers for money, saying they were arranging food for the protesters for which they needed funds.

Police were notified of the issue but no action was taken against the workers.

Speaking to *The Express Tribune*, Huma Khan said she was crossing the route when she was stopped by two young men who said they would only let her go if she gives them cash to purchase water and food for the protesters at Red Zone.

Khan said she had to pay Rs300 to the protesters to clear her way.

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Water shortage: Volunteers denied access to facilitate protesters

By Maha Mussadaq

Published: September 1, 2014

ISLAMABAD:

Before clashes erupted between the Pakistan Awami Tehreek and Pakistan Tehreek-e-Insaaf members and police at the Red Zone, supporters were facilitated with water and food supplies by volunteers.

However, since the fighting began, water and food suppliers have been denied access by the police.

Taimur, a resident of the capital and a volunteer, was regularly going to the parliament to supply food and water to the protesters. He had been generating funds through social media from which he was purchasing 1500 water bottles to distribute daily.

Until Saturday night, Taimur had managed to facilitate people with 11,600 meals along with other supplies such as sanitary napkins for women and pampers for children. Taking his usual route to the parliament, security officials were familiar with his schedule. "I had no issues going through security checks and other hurdles. Last night when trying to take water bottles for those at the Red Zone, my friends and I faced resistance from the police," he said. "We could not go beyond a certain point," he informed.

A truck with 22,000 water bottles was supplied to the people at the sit-in almost everyday. However, as party members had encouraged people belonging to different constituencies to be a part of the rally, party members were also discriminating on these grounds while handing out food and water, he explained. Moreover, there was no breakfast provided to the people, informed Taimur, adding that the only meal they were getting was lunch.

Taimur said the situation intensified since the past two days and water supply provided by volunteers was halted in the past 24 hours. A message was circulated amongst volunteers to divert their supplies towards the hospitals where people were pouring in every few minutes.

“The resistance from the police has discouraged several volunteers who were supplying regularly,” he said.

Taimur Rehman, CEO of Webkanics, had been engaging people through social media to volunteer and donate food and water bottles for protesters. Rehman, while carrying water bottles, was not allowed to access the Red Zone Saturday night. “People trying to take food are not allowed to enter,” said Rehman. The protesters are now on their own, he added.

Published in The Express Tribune, September 1st, 2014.

Condemning ‘police brutality’: Displaced protesters hold anti-govt rally at F-6

By Our Correspondent

Published: September 1, 2014

ISLAMABAD:

As clashes between police and protesters continue at the Red Zone, close to fifty members of the civil society gathered at the Sector F-6 intersection and protested against the government on Sunday morning.

It was not the usual gathering of civil society members. Most faces were new and not from the capital. Those that regularly turn up at protests were nowhere to be seen. Gathering under a tree, protesters were mostly a mix of supporters of the Pakistan Awami Tehreek and Pakistan Tehreek-e-Insaf. They had left the Red Zone when the situation intensified and were seeking a platform to keep staging their protest.

Taimur Adil, a PTI supporter, was handing out placards to supporters. Adil, a resident of the capital, was encouraging people to remain peaceful and chant slogans against the on going crisis. As police vehicles swooshed through the main road, the crowd chanted louder slogans against the government. They marched through the Super Market, turning heads of people crossing by and ended their walk outside Polyclinic hospital.

Speaking to *The Express Tribune*, Adil said the message to gather at the spot to protest was spread through social media. While those debating about the situation from their homes were just vocal on the internet, those who joined the bandwagon were either bystanders or supporters of either PAT or PTI.

“We started with just five people and within a few hours of us standing here close to 60 people have decided to join the protest” said Adil. He said the crowd included people who have travelled long distances to support PAT and PTI.

Adil, who was present at the sit-in on Saturday night, said he barely escaped the baton-charging police. “It is a clear act of aggression,” he said. This is not a party or a political issue. What we saw last night is a humanitarian crisis, he added.

Adil said people discussing the issue in their drawing rooms must step out and join those on the roads.

“Those not on the roads are part of the crime,” he said. Adil said that as opposed to any other day where we actively see civil society members stepping out, the protest today consisted of a majority belonging to different cities. “When things have gotten crucial, no one has come out from Islamabad, he lamented.

Holding a placard chanting slogans against the government, Mubashir Iqbal from Sialkot joined the sit-in on August 14.

“I have been sleeping in the camps established for protesters,” he said. Iqbal had left the Red Zone on Saturday night when things got bad and has not been able to return. “Since I cannot go back there, I heard about the protest here so I came,” he said. “We are now operating in an isolated manner,” he added.

Published in The Express Tribune, September 1st, 2014.

OPEN MARKET FOREX RATES

Updated at: 1/9/2014 6:53 AM (PST)

Currency	Buying	Selling
Australian Dollar	94.25	94.5
Bahrain Dinar	269.85	270.1
Canadian Dollar	92.75	93
China Yuan	16.4	16.55
Danish Krone	17.8	17.95
Euro	133	133.25
Hong Kong Dollar	12.9	13.05
Indian Rupee	1.66	1.69
Japanese Yen	0.96	0.97
Kuwaiti Dinar	357.75	358
Malaysian Ringgit	32.1	32.35
NewZealand \$	85	85.25
Norwegians Krone	16.3	16.45
Omani Riyal	264.2	264.45
Qatari Riyal	27.7	27.95
Saudi Riyal	26.95	27.2
Singapore Dollar	80.75	81
Swedish Korona	14.45	14.6
Swiss Franc	110.7	110.95
Thai Bhat	3.15	3.17
U.A.E Dirham	27.55	27.8
UK Pound Sterling	168	168.25
US Dollar	101.5	101.75

INTER BANK RATES

Updated at: 1/9/2014 6:53 AM (PST)

Currency	Bank Buying TT Clean	Bank Selling TT & OD
Australian Dollar	94.71	94.9
Canadian Dollar	93.27	93.46
Danish Krone	17.92	17.95
Euro	133.51	133.78
Hong Kong Dollar	13.07	13.1
Japanese Yen	0.9762	0.9781
Saudi Riyal	27.21	27.26
Singapore Dollar	81.1	81.26
Swedish Korona	14.53	14.56
Swiss Franc	110.66	110.88
U.A.E Dirham	27.58	27.63
UK Pound Sterling	168	168.33
US Dollar	101.3	101.5