PAKISTAN BUSINESS NEWSLETTER

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Pak-Turk FTA issue to be resolved soon: Envoy
WAH CANTT - Turkish Ambassador to Pakistan Mustafa Yurdakul has said that issue of Free Trade Agreement (FTA) and grant of GSP+ status to Pakistan between the two countries would be resolved soon, adding that such matters were not resolved in days and Ankara was optimistic that the issue would be resolved amicably in near future. He was talking to journalists here at Zaidar House of Syed Zaheer Hussain Shah and Syed Ahsan Shah after visiting Taxila Museum and Buddhist remains at Taxila on Sunday. He said that Pakistani business community had not fully explored the vibrant market of Turkey and there was strong need that Pakistan business community should explore the potential.

The envoy said that business community of both countries should play their role to enhance bilateral trade, which was about $610m in 2016. He said that the present strong Turkish involvement in socio-economic development of Pakistan especially in energy sector was a clear manifestation of the desire of the leadership on both sides to transform this strong political and cultural relationship into a robust economic partnership. He claimed that Turkish cooperation in on Pakistan's economic sector were emerging fast.

Metro buses; solid waste management; construction of motorways; Arcelik's $258million worth acquisition of Dawlance; Zorlu's undertaking of 300MW of solar power generation at the Quaid-e-Azam Solar Energy Park; and Hayat Kimya's plans to invest $50m for setting up a baby diaper manufacturing facility are some of the examples of Turkish participation and investment in Pakistan. The envoy claimed that around 15,000 companies of Askon were ready to support Pakistani companies and institutions. He lauded rich archeological treasure of Pakistan and better preservation and restoration of Buddhist sites like Sirkap and showcasing them through a better Museum.

TDAP holds Seminar
PR KARACHI - Trade Development Authority of Pakistan’s sub-regional office Hyderabad organised a seminar on WeBOC (Web Based One Customs developed by Pakistan Revenue Automation in 2011) the other day. Regional exporters and the representatives of trade bodies participated in the event. The seminar aimed at enlightening the exporters about WeBOC system that is for filing goods declaration (GD) for import and export cargo. Fazl e Rabi, User Support Officer, PRAL gave an elaborate presentation covering WeBOC system, its salient features and future roadmap. Presentation was followed by question and answer session. The exporters, Jaffar Abbassi, M/s Haji Ayoub Abbassi & Sons and Ahmed Hussain, M/s Saba Traders shared that the WeBOC registration is very simple, provided the required documents are complete. Khalid Malik, M/s Al-Hamd Apparel appreciated the automated system. Ziauddin, VP, Chamber of
Commerce, Hyderabad briefed that Dry Port Hyderabad is currently dormant. Goods declaration is filed in Karachi; whereas, exporters of this region should have this facility here.

Kareem Adil, Deputy Collector Customs, asked the exporters and traders to visit Customs office so as to discuss and resolve such issues. Imtiaz Qureshi, President Dadu Chamber of Commerce, showed concern over having no banking channel with some countries, which hampers the trade.

The Nation
April 6, 2018

Stile announces Rs1.25b investment
LAHORE (Staff Reporter): With a commitment to the country provide highest quality locally produced tiles and to cater to increasing demand, Shabbir Tiles has announced to invest Rs 1.25 billion in research and production plant,” said Masood Jaffery, CEO Stile at the opening ceremony of Lahore emporium. With a commitment to educate the citizens of Lahore and enable them to make informed decisions about tiles selection, Shabbir Tiles & Ceramics (Stile) has expanded its network with opening of Stile emporium in Lahore which is 4th emporium of Stile in the country while it plans to open more emporiums by the end of this year in different cities. Our Signature collection is durable and scratch resistant, and an ideal fit for Pakistani market with rough and harder surface than ordinary porcelain matt surface that are more resistant to slip in wet and dry conditions than any other tile.

The Nation
April 8, 2018

Agri-Tech 2018 exhibition concludes
LAHORE: The two-day Agri-Tech 2018 exhibition, organised by the Punjab Agriculture Department at Expo Centre, concluded here on Saturday. Official sources from agriculture department said that the main purpose of expo was to promote the use of modern machinery in agriculture sector. He said that local and foreign companies working/dealing in high-tech machinery, exporters, importers and other related institutions participated in the event. The exhibition provided an opportunity to producers, manufactures and other stakeholders to exhibit their products and farming tools, he said.–APP

April 10, 2018

Exports increase by 24pc, highest in 4 years
ISLAMABAD: The country’s exports have increased by 24 percent at highest point in 4 years reaching $2.23 billion in March 2018 as compared to corresponding month last year. According to an official statement of Commerce Division, the highest year-on-year growth in a month was
reached in March 2018, when exports were $2.230 billion, higher by 24 percent when compared with March 2017 and 17 percent when compared with Feb 2018. Import growth remained subdued at only 5 percent as compared to March 2017, which has also been one of the lowest growths in imports of past several months. Imports stood at $5.280 billion in March 2018 as compared to $4.797 billion in March 2017, indicating an increase of 10 percent. The comparison of trade figures of March 2018 with Feb 2018 shows that imports registered a growth of 5 percent and trade balance of minus five (-5) percent.

The Commerce Division has claimed that initiatives by the government to provide duty drawback as well as the exchange rate adjustments have contributed positively to the trade balance. Improved market access especially in the European market owing to the successful review of GSP Plus facility also played an important role. It further claimed that trade balance is improving due to enhanced exchange rate regime and regulatory duties on non-essential and luxury goods. Imports remained under pressure due to higher oil prices. The increase in fuels import (oil, coal and LNG) both in terms of price as well as quantity kept the balance of trade at around $3 billion for the month of March 2018, which is 5.7 percent lower than March 2017 due to robust exports growth.

Pakistan Bureau of Statistics (PBS) releases monthly foreign trade figures on the 10th of each month, but Commerce Division made special arrangements with PBS to get the statistics one day prior to the announcement by PBS. The overall exports in July-March 2018-19 posted a growth of 13 percent to $17.080 billion as compared to $15.104 billion during the same period in 2017-18. Imports during this period stood at $44.379 billion as compared to 38.401 billion, indicating a growth of 16 percent. The trade deficit showed a growth of 17 percent - to $29.39 billion during nine months of current fiscal year from $23.297 billion as compared to the same period last year.

The Nation
April 13, 2018

TDAP holds series of seminars
KARACHI (PR): Trade Development Authority of Pakistan organised a series of seminars in Karachi on “Initiative Programme to Control Food from the Source” in collaboration with AMD (Agriculture Market Development) for creating awareness regarding UAE market for exporters of agro related products. Dubai Municipality experts gave presentations pertaining to UAE’s requirements for agro/food related imports (SPS=documentary requirements). These seminars were focused on explaining different types of contraventions that exports from Pakistan fall in to as well as documentary requirements of UAE compliance regime. The first day of the series was focused on agro products (fruits & vegetables), the second day was dedicated to meat, poultry, fisheries and related products and on the final day matters related to rice and processed food were discussed. All concerned associations, exporters and representatives from government departments such as Plant Protection, Animal Quarantine, and Marine Fisheries Department attended the sessions.
These seminars provided a platform to exporters to clear any misconceptions and to raise their concerns with Dubai Municipality experts which will have a positive impact on Pakistan’s exports to UAE.

**DAWN**

April 15, 2018

**Duty-free access to US market renewed**

ISLAMABAD: Pakistan has qualified for the Generalized System of Preferences (GSP) eligibility assessment and will continue to receive duty-free treatment for its eligible exports to the US market. In a statement released on Saturday, Secretary Commerce Division Younus Dagha said the GSP facility will help in further strengthen bilateral trade between the two countries. GSP eligibility assessment of countries located in the Asian region, undertaken by the USTR’s office, has concluded and its results were officially released. Earlier, Mr. Dagha had visited United States and held meeting with Assistant United States Trade Representative in Washington Mark Linscott to discuss various bilateral trade and investment issues. The two sides discussed matters of mutual interest including convening of the next TIFA council meeting, business opportunities conference, and designation of a facility for Pakistani mango irradiation in the United States. Mr. Dagha noted the growing trade volumes between the two countries indicated deepening commercial ties. He expressed hope that the US companies will take advantage of their presence in the Pakistani market and expand their footprint in view of strong performance of Pakistan’s economy, improved security and energy situation, large and growing consumer market, and the country’s strategic location in the region.

According to the office of the USTR, Pakistan is the 57th largest destination for export of goods from the United States. Pakistan’s top imports from the United States are machinery, aircraft, cotton, iron and steel and agricultural products including grain. Top exports to the United States were textiles and leather goods. Imports from the United States totaled $1.2 billion in the July to Feb period this Escalyearasper State Bank data. Meanwhile exports totaled $2.5bn in the same period. The United States is one of the few large economies with which Pakistan runs a surplus in its trade.

**The Nation**

April 15, 2018

**Auto sector making investment for capacity**

LAHORE - Local auto industry is consistently making all-out efforts to curb premiums and has invested approximately $140 million in capacity enhancement. In an open hearing arranged by Competition Commission of Pakistan (CCP), CEO Indus Motor Company, Ali Asghar Jamali...
represented the auto industry of Pakistan along with representatives from Atlas Honda and Pak Suzuki. He gave a briefing to the participants on the steps that the industry and IMC, in particular, has taken to facilitate customers, especially with regard to delivery time and menace of premium which is hurting the auto manufacturers and consumers alike. He said that the industry takes this open hearing by CCP as an opportunity to share its efforts in reducing premiums and curbing black marketing of new vehicles. All OEMs operating in Pakistan work under Technical Assistance Agreements (TAA) with their global counterparts and strictly adhere to all of their global standards with respect to production and quality.

Highlighting the efforts made for progressive localisation, he said that industry has achieved more than 60 percent localization on their flagship products and the players continue to study the techno-economic feasibility of further parts. However raw materials for all localized parts continue to be imported as Pakistan doesn’t manufacture either auto grade steel sheets or resin which are the two primary raw materials for all auto parts. After becoming signatory to Trims and GATTS agreement, the government had to do away with industry specific deletion programme and instead it introduced tariff-based system. Non localized CKD is imported at 30 percent and localized CKD imported at 46 percent. Irrespective of the fact that there is no mandatory localization regime anymore, all OEMs continue to pursue localization based purely on cost merit. Addressing the recent price hike, he explained that the rupee devalued by almost 10 percent whereas manufacturers increased their prices by 3 percent to 4 percent only. Furthermore, RD on raw material led to increased steel prices and increasing utility cost due to prevalent load shedding is adding to the cost pressures. He said that almost all OEMs have either increased their capacity or are in the process of increasing it. IMC has recently invested $40 million and enhanced its capacity by 20 percent to meet the growing demands and to shorten delivery period. Suzuki has invested $63 million in the last 2 years and plans to invest $460 million further. Atlas Honda plans to invest $35 million.

Additionally, he said that IMC has gone so far as to cancel thousands of suspected investor’s orders where multiple vehicles were booked on the same CNIC in the last 2 to 3 years. IMC is continuously making efforts to identify investors and to curb the practice of charging premium on cars. Moreover, he said company has made the process transparent as vehicle availability on IMC website is the easiest way for customers to track their orders. He also mentioned that on late deliveries IMC makes a payment of Kibor + 2 percent to its customers. In rupee terms this has amounted to Rs 0.5 billion to date paid by IMC and Rs 1.5 billion to date paid by the industry as a whole. However, he regretted that government response for the IMC proposals against premiums is still awaited. No action has been taken on wholesale/retail mechanism and the suggestion regarding transfer tax is still unheard.

Ali Jamali said that the staggering import volume is a threat to the future of the domestic industry and is a gross misuse of used car import policy by commercial importers under baggage scheme. He said that auto policy brought stability and certainty to the industry, which is conducive for investments in this sector. It is very unfortunate that in just 2 years multiple changes have been done in ADP. From imposing RD on raw material to recent retraction on import of used cars policy, all had negative impact on industry and ultimately customers.
Italian businessmen see Pakistan as emerging market: Envoy

LAHORE - Italian Ambassador to Pakistan Stefano Pontecorvo has said that Pakistan is the most important country of Asia with a bright future. Private sector of Pakistan has the ability to do “economic miracles” and they must have strongest liaison with their Italian counterparts to extract huge benefits from Italian expertise. During an exclusive meeting with the director of Pakistan Stone Development Company (PSDC) and former EC member of LCCI Chaudhry Khadim Hussain, Italian ambassador said that businessmen of Italy see Pakistan as an emerging market and are keen to make investment & joint ventures in various economic sectors.

The ambassador said that there is a huge business potential in the two countries that should be tapped. He urged Chaudhry Khadim Hussain to constitute a sector specific business delegation for Italy to explore trade & investment opportunities. He said that there is a vast scope for joint ventures in energy, pharmaceutical, agro infrastructure, automobile, textile and marble sectors. Director PSDC Chaudhry Khadim Hussain said that Pakistan and Italy should hold sector-wise study to evolve a comprehensive joint strategy to enhance volume of trade between the two countries. He said that Italy had been very supportive to Pakistan within the EU with special reference to trade-related issues. He said Pakistan attaches the highest importance to its relations with Italy. Chaudhry Khadim Hussain said that the climate for foreign investors in Pakistan is so conducive. The Italian investors can invest in marble, energy, agro-based industries, construction, mining, textiles and tourism sectors, adding that Pakistan could contribute and find complimentary areas in design and fashion. Other sectors included IT and telecommunication. He said that Italian businessmen could take advantage from the investment-friendly climate of Pakistan that offered best return on the foreign investment with economic policies providing for legal protection to foreign investment. Despite ups and down and other problems, not a single foreign investor has suffered in Pakistan.

He said that it is high time for the Italian investors to come to Pakistan and make investments as the country is fast becoming hub of economic activities in the region. He said that Pakistani businessmen should focus on Italy which is a diversified industrial economy. He said that Pakistani businessmen should work hand in hand with their Italian counterparts in the fields of tourism, machinery, iron & steel, chemicals, food processing, textiles, motor vehicles, clothing, footwear and ceramics. He paid rich tributes to the Italian Ambassador Stefano Pontecorvo for working as a bridge between the private sectors of the two countries.

Russia waiting for formal invitation to invest in CPEC projects

FAISALABAD - Acting ambassador of Russian Federation Monday said that Russia was eagerely waiting for a formal invitation from China and Pakistan to invest in CPEC related projects.
Vladimir Berezyuk also said that a delegation of Russian businessmen will visit Pakistan very soon to explore new opportunities for investment.

Addressing the members of the Faisalabad Chamber of Commerce & Industry (FCCI) here Monday, he mentioned the Russian cooperation in the development of Pak economy and told that Karachi Steel Mills and Gudhu Power Plant are examples of our mutual and highly productive cooperation. He said that recently Pakistan and Russia inked an agreement to lay Karachi-Lahore pipeline which is expected to resolve multiple energy related problems of Pakistan. He said that this year Pakistan and a consortium of Russian Federation inked an agreement to establish an oil refinery at Kohat. "It will have capacity to refine hundred thousand barrels of oil per day", he said and added that yet another agreement would also be signed to promote banking channels between the two countries. He said that a delegation of Russian businessmen will also visit Pakistan which will open new avenues of direct cooperation between the businessmen of two countries. Expressing satisfaction over the promotion of bilateral trade between the two countries, Vladimir Berezyuk said that it is growing at a much faster pace. During 2015-17, Russian exports recorded an increase of 96 percent while a phenomenal growth of 209 percent was recorded in Pakistani exports to Russian Federation. However, he stressed the need to diversify the trade to fully capitalize potentialities available in the two countries.

He also identified railways, communication, construction, refinery and other major sectors in which two countries could further expand their collaboration in the coming years. However, he said that after concerted efforts by the two governments, the businessmen of Pakistan and Russia should also play a proactive role to strengthen their mutual relations. Responding to a question about the sale of T-17 tanks after the provision of M-35 helicopters, the Russian diplomat told that sale of arms and ammunition is indicative of close military cooperation between the two countries. However, further negotiations are imperative at the government's level to materialize the sale of tanks and other arms. About cooperation in education sector, he said that Moscow was ready to send a delegation to Pakistan to explore opportunities for bilateral exchange of students and faculty members of leading universities of the two countries. He also welcomed a proposal of FCCI to send a trade delegation and assured full cooperation in this regard. He also appreciated a proposal to declare Faisalabad twin city with leading textile cities of Russian Federation.

Earlier in his address of welcome, acting president FCCI Farooq Yusuf said that Pakistan and Russian Federation are enjoying good economic and diplomatic ties since 1948. He said that the trade volume between the two countries in 2016 was 402.78 million dollars. However, Pakistan exported goods worth 144.71 million dollars as against the imports of 258.01 million dollars from the Russian Federation. "Thus the balance of trade is in favor of Russia", he added. Continuing, he said that the share of Pakistan exports is very small as against the total Russian imports of 182 billion Dollars. He said that Russian Federation, being a growing economy and associate of BRICS (Brazil, Russia, India, China and South Africa), can play its role in the development of Pakistan economy. He further said that there are vast prospects of expansion of bilateral trade including joint ventures in textiles, agro-based industry, live stock industry, leather goods, oil and gas exploration, information technology and tourism. He said that being the 5th largest wheat, rice, cotton, milk and onion producing country Pakistan has ample potential to promote bilateral trade relations with Russian Federation for the promotion of economies of both the countries. He also underlined the need of creating linkage between Moscow Chamber of
Trade & Commerce and FCCI to promote businessmen to businessmen relations between the two countries. He said that Faisalabad has emerged on the map of air travel as seven airlines have started direct flights to various international destinations across the globe. Farooq Yousuf also stressed the need to sign free trade agreement between the two countries, which may prove one of the best ways to enhance volume of bilateral trade.

A question answer session was also held which was participated by Usman Rauf, vice president FCCI, Shahid Hasan, coordinator Russian Embassy delegation, Engineer Ahmad Hasan, Mirza Tauseef Ahmad, Engineer Suhail Bin Rasheed and secretary general FCCI Abid Masood. Later, Inam Afzal Khan offered vote of thanks while acting president FCCI Farooq Yusuf presented FCCI shield to Vladirmir Berezyuk, acting ambassador of the Russian Federation. The Russian ambassador also reciprocated and presented a gift to Farooq Yusuf while Mirza Tauseef Ahmad presented FCCI shield to Vadim Zaetcov, visa officer of the Russian Federation.

The Nation
April 18, 2018

Halal Conference and Exhibition Opens
LAHORE - Punjab Halal Development Agency (PHDA) held the Seventh International Halal Conference and Expo at a local hotel. Prime objective of the event was to showcase the livestock and allied industries potential for international community and investors with the target to increase Halal trade in Pakistan. The PHDA facilitated more than 40 international potential buyers and exhibitors who registered to visit Pakistan and observe Livestock and Halal value chain of the country. The PHDA has also planned field visits of foreigners to livestock farms and allied industries in order to highlight latent potential of this industry.

DAWN
April 19, 2018

Cotton production records 7.9pc growth
KARACHI: The country recorded 7.94 per cent growth in cotton production up to April 15, producing 851,999 more bales at 11.579 million bales, over the corresponding period last year. This is the third consecutive season when cotton production remained much below the government’s initial target of 14.1m bales which was later revised downwards to 12.6m bales.

According to official figures of Pakistan Cotton Ginners Association (PCGA) up to April 15, cotton production stood at 11.579m bales compared to 10.727m bales produced in the same period last year. There is an urgent need that the government should announce cotton policy to sort out issues confronting the cash crop because for the last six years on an average around 2.5m to 3m bales are being imported to meet the shortfall. However, reports suggest that the government plans to allocate Rs 2.5 billion towards endowment fund for cotton research for...
improving quality as well as production of the cash crop. The country produced a bumper cotton crop in 2011/12, producing 14.8m bales against a demand of 14.1m bales for the year. However, thereafter, the crop failed and on an average 10m to 11m bales were produced for the last three consecutive years.

The province of Sindh recorded 12.31 percent higher cotton production, helping boost overall production. The province produced 4.253m bales as against 3.787m bales produced in the same period last season. Overall, 466,312 more bales were produced. Against this, Punjab produced 7.325m bales thus showing a growth of 5.56 per cent over the corresponding period of last season when production stood at 6.940m bales. It is encouraging to note that spinners have purchased higher quantity of local cotton at 10.992m bales as against 10.259m bales last season.

Similarly, exporters also lifted larger quantity at 216,615 bales compared to 202,356 bales last year. The ginners are currently holding 369,869 bales of unsold stocks compared to 265,597 bales held by them last year. Currently 14 ginning units are operational, out of which 10 in Punjab and 4 in Sindh. The fortnightly (April 1 to 15) flow of phutti (seed cotton) continues to be higher over the last year at 7,985 bales as against 1,445 bales recorded last season.

**DAWN**

April 19, 2018

**Pakistan outperforms South Asia in infrastructure investments**

ISLAMABAD: Pakistan led South Asia in private infrastructure investment in the region, receiving $5.9 billion in investments in 2017, thus becoming one of the world’s top five private participation in infrastructure (PPI) investment destinations, reveals a new World Bank report.

For the first time ever, investment in Pakistan surpassed that of India, which has traditionally been the heavyweight in the region. Investments in Pakistan across four projects were far above the 2016 level of $1.7bn, according to the annual update of the PPI database just released by the World Bank. The investment in South Asia stood at $11.7bn in 2017, up 90 per cent from the 2016 level with India seeing a slight rise from $4.3bn in 2016 to $4.8bn in 2017. Notably, for the first time since 2012, Sri Lanka and Afghanistan each received one investment project.

At a country level, the five countries with the highest levels of investment in 2017 were: China with $17.5bn across 73 projects, Indonesia $15.4bn across 11 projects, Mexico $8.6bn across 20 projects, Brazil $7.3bn across 24 projects and Pakistan $5.9bn across four projects. In 2017, in total, these five countries attracted $54.5bn, capturing 58pc of the global investment.

In 2017, the energy sector outpaced other sectors in attracting private sector investment, with $51.9bn invested in 203 projects which accounted for 56pc of total PPI. The transport sector accounted for $36.5bn in investments in 2017, making up 39pc of the PPI share. The 66 transport
projects had an average size $552.3 million, which was double the investment in the energy sector. Added together, the transport and energy sectors comprised 95pc of the cumulative PPI investments. The information and communication technology sector received only $3bn across five projects, followed by the water and sewerage sector, with only $1.9bn across 30 projects. The $51.9bn invested in the energy sector in 2017 represents an 11pc rise over the previous year’s commitment of $46.8bn. Of the electricity generation projects, renewable continued to dominate in 2017 at 173 out of 197 (88pc) projects from wind, solar, biomass, waste, geothermal, and hydropower.

PPI investment in 2017 at $93.3bn across 304 projects marks an increase of 37pc from 2016 levels. Yet it still remains the second lowest level of investment in the past 10 years and is 15pc lower than the past five-year average of $109.8bn. The increase over 2016 levels can be attributable to a few megaprojects in China and Indonesia as well as a recovery in South Asia, led by Pakistan. The number of projects also increased marginally by 9pc from 280 to 304 in 2017. The average project size grew by 26pc from $244m in 2016 to $307m in 2017, as there were 20 megaprojects with an average size of $2.4bn accounting for 51pc of the total investment, in contrast to 13 projects totalling 40pc of the total share in 2016.

In 2017, at $14.7bn, the PPI per capita also increased by 35pc over the 2016 level. Investment as a percentage of GDP improved as well, up from 0.25pc in 2016 to 0.34pc in 2017. Despite the growth, investments in infrastructure remained a very low portion of GDP in all emerging markets and developing economies. The average project size rose to $307m last year, up 26pc from $244m in 2016 and also marks an increase in project size over the average of $276m for the past five years. However, the median project size only increased by 8pc (up from $95m to $103m), indicating that mega projects had a significant impact in 2017.

DAWN
April 20, 2018

Greater UK market access assured
ISLAMABAD: Pakistan will get more generous market access to the United Kingdom in post-Brexit era, said British Minister of State for Trade Policy Greg Hands. During a meeting with Commerce Minister Pervaiz Malik on the sidelines of Commonwealth Business Forum in London, which is an integral part of Commonwealth Head of Government Meeting (CHOGM) 2018, Mr. Hands also assured to work with Pakistan to promote it as a safe destination for British investment.

An official statement issued here said that Mr Hands assured Mr. Malik that post Brexit, Pakistan will get more market access compared to what it currently enjoys under GSP+ regime. No further details were provided. Pakistan-UK bilateral trade peaked to all time high of 2.14 billion euros in
2017. Pakistan’s exports registered an increase of 2.2pc to 1.36bn euros where as imports increased by 3.3pc to 780m euros over the last year. The trade surplus for Pakistan increased by 0.8pc to 578m euros. Pakistan’s main exports to UK consist of apparel and home textiles, which are 76pc of total exports. Other important export sectors are cotton yarn & fabrics, agriculture including rice, edible fruits, spices and ginger, sports goods and articles of leather.-Staff Reporter.

2018 Russian delegation due next week
KARACHI: Russia intends to open its markets for Pakistan’s products and services, Sindh Board of Investment (SBI) Chairperson Naheed Memon said on Thursday. A statement released by the SBI said a roadmap for cooperation between Saint Petersburg and Sindh in different sectors would be decided through agreements expected to be inked next week.

Ms Memon said that a delegation from Russia is due to arrive in Pakistan on the occasion of 70th anniversary of diplomatic relations between Pakistan and Russia. The delegation, led by Vice Governor Saint Petersburg Movchan Sergei Nikolaevich, is expected to visit the country next week to enter various agreements for the purpose.

2018 Pakistan, Uzbekistan agree to remove trade barriers
ISLAMABAD - Pakistan and Uzbekistan agreed to make all-out efforts for removing impediments hampering bilateral trade including lack of direct cargo links, safe and direct land route, removal of non-tariff barriers (NTBs) and absence of effective banking channels. Both the sides vowed to enhance trade relations between the two countries. A high-ranking ministerial delegation from Uzbekistan led by Uzbek Minister for Foreign Trade Khodjaev Jamshaid called on Secretary Commerce Younus Dagha and officials of the ministry.

Uzbek delegation also included Adham Ikramov, chairman of CCI of Uzbekistan, Bahadir Alihanov, deputy chairman of association "Uztextile Industry", Alisher, HoD, International Cooperation, Ministry of Foreign Trade, Azamat Yuldashev, Director on Production and Investment of JSC "Uzagrotechmash"(Agricultural Machinery), Murad Bekmirzaev, deputy head of marketing department "Uzagrotechmash"(agricultural machinery) and embassy officials.
It was agreed that institutional mechanism between both the countries needs to be upgraded. Younus Dagha proposed to form Joint Working Group (JWG) on Trade and Investment. The JWG would focus on exploring opportunities to enhance bilateral economic relations. The Uzbek Minister agreed to the proposal. Afterwards the dates and venue of the 1st meeting of JWG either in Pakistan or in Uzbekistan would be decided.

DAWN
April 21, 2018

UPS eyes Pakistan, CPEC opportunities
LAHORE: With Pakistan’s international trade growing to well over $50 billion and growth reaching a 10-year high on the back of strong domestic demand, improved security conditions and heavy investments in the road, transport and power schemes around the multi-billion-dollar China Pakistan Economic Corridor initiative, the global shipping firms and logistics and e-commerce providers like UPS seem to be attracted by the future prospects Pakistan offers for their business.

The arrival of UPS a global package delivery company and a provider of supply chain management solutions present in 220 countries in Pakistan as a partner of the largest domestic shipping company, TCS, is billed to help cut time and cost of shipments coming into or going out of the country. ‘The Pakistan market is very rich and there are plenty of opportunities to develop business here, ‘ Mr Jean-Francois Condamine, the president of UPS’s Indian Subcontinent, Middle East and Africa (ISMEA) region, told Dawn. He was in Lahore recently to open the country’s second ‘Gateway’. ‘[The Gateway] is a door to the world. In other words it is a place where we process all our volumes going in or out of Pakistan. It’s a way we consolidate shipments for exporters’ he tells Dawn.

According to the World Bank’s Doing Business report, the time and the cost of trade in Pakistan, for both exporters and importers, is higher than the South Asian average. This is despite the fact that Pakistan has upgraded port infrastructure and implemented several reforms to cut time and documentation requirements. Mr. Condamine elaborated that business-to-business ventures are growing rapidly although Pakistan’s dealings with the rest of the world have for some time now been displaying emergence of trends like business-to-consumer and digitization.

The UPS ISMEA boss explained that the nature of his company’s collaboration with TCS is commercial. ‘We have worked together for two and a half years. It is a very natural partnership. TCS has 65 per cent market share in a country with over 200 million people and UPS is a global giant present in 220 countries. ‘We needed to change the game in Pakistan, meaning that we have to be present in this market. We have to develop business and revenues. More importantly, we link all 220 countries and I would say that Pakistan was a little bit late in the game.'
Speaking about China-Pakistan Economic Corridor (CPEC), Mr. Condamine said his company was present in all the countries the corridor project is connecting. ‘CPEC is an extension of sea ports connecting the continents, which is very important for us as well. It is more about joining the geographical blocs: China, Europe, East Africa and the Middle East. It offers us a big opportunity. We are already present in China and now have come to Pakistan. So we are ready to take any opportunity that comes our way. He said his firm had already set up a direct air link between Sandy Springs in Georgia, US, where the UPS’s headquarters are located, and Dubai. ‘This link for the moment is for serving our customers in the Gulf. But we plan to extend it to Pakistan to capture more share of the B2B and B2C market here, he added.

The Nation
April 21, 2018

MoU signed to develop marble, granite mining sector
ISLAMABAD - Pakistan Stone Development Company (PASDEC) has signed a Memorandum of Understanding (MoU) with the Government of Balochistan for the overall development of marble and granite mining and processing sector of the province.

On behalf of PASDEC, Chief Executive Officer Zahid Maqsood Sheikh signed the MoU while Secretary Industries and Commerce, Aziz Ahmed Tarar signed the MoU on behalf of the Government of Balochistan. The MoU entails collaboration for the development of marble and granite sector of Balochistan through improvement in existing industry practices in the province. Under the agreement, PASDEC will assist the government of Balochistan in developing marble cities, training and development programmes and machinery pool at district Khuzdar to facilitate in upgradation in mining techniques, provision of state of the art mining equipment and skill development to arrest the deficit in the sector.

On the occasion, Balochistan Chief Minister Mir Abdul Quddus Bizenjo who was also present at the signing ceremony, said that the province is blessed with rich resources of dimensional stone however improper processing facilities and orthodox quarrying practices result in to 60 to 70 percent wastage of the natural resources. He further said that setting up state of the art processing facilities and providing for latest equipment for mining to the private sector, in collaboration with PASDEC, would greatly benefit the province.

The PASDEC CEO said that signing of the MoU would enable the two governmental bodies to deepen their cooperation and deliver projects for overall development of the sector. He further said the process of development would provide for employment opportunities to the natives. Additional Secretary Ministry of Industries and Production Islamabad also graced the occasion.

DAWN
April 22, 2018
New tariff policy seeks to boost exports

ISLAMABAD: The Commerce Division has come up with a National Tariff Policy seeking reduction on more than 450 tariff lines in the budget 2018-19 to enhance export competitiveness and productivity of the domestic industries.

The division evolved the policy recommendations in collaboration with National Tariff Commission (NTC), which will be made part of Strategic Trade Policy Framework (STPF) 2018-23 to provide strategic direction for the export sector for the next five years. The policy also sought to take the powers of imposing regulatory duties and customs duties from Federal Board of Revenue (FBR) and vested this power in the federal cabinet. The cabinet will act on the advice of the minister-in-charge of commerce.

The NTC and FBR will be consulted by the Commerce Division before proposing any tariff changes so any change in tariff lines will be made after consultations. This plea was made in accordance with the rules of business the tariff protection policy is the subject of the Commerce Division. The National Tariff Policy (NTP) is drafted in a fashion to make exports more competitive and facilitate participation of local manufacturers, including small and medium enterprises (SMEs), in global and regional value chains. As per NTP recommendations, it was proposed to reduce duty on 450 tariff lines, comprising raw materials and machinery for export-oriented industries from 2018-19. The tariff slabs will be relaxed at 5 per cent, 10pc, 15pc and 20pc, respectively within next two years. For rationalizing tariff slabs, it was suggested that the tariff lines currently at 16pc be brought down to 15pc, those at 11pc be lowered to 10pc, and the tariff lines in Fifth Schedule from 4-9pc be merged into a 5pc general slab. The slab structure will retain the cascading of nominal tariffs with progressive stages of manufacturing.

The NTP also suggested that tariff lines currently at the 3pc slab will be brought into the Fifth Schedule at zero tariff phases. The essential raw materials and machinery for the export-oriented industries will be brought to zero within two years. All the tariff lines, except the locally produced goods, currently at 3pc slab will be brought down to zero within three years. The locally produced raw materials and intermediate goods, currently at 3pc slab, will have their tariffs eliminated within five years, reducing by 1 percentage point each year starting from FY21. It would provide the domestic industry the time for adjustment to reforms. Regarding the additional duty of 1pc under SRO 1178(I)/2015, it was suggested to merge it into customs duties and the respective tariff lines. After merger of additional duty, it will be placed into the general tariff slabs. In case the merged tariff of a tariff line falls between two slabs, it will be placed in the lower one. The simplification and liberalisation of tariff would reduce distortions. The difference in the rates of tar-tariff lines currently at the 3pc slab will be brought into the Fifth Schedule at zero tariff phases. The essential raw materials and machinery for the export-oriented industries will be brought to zero within two years. All the tariff lines, except the locally
produced goods, currently at 3pc slab will be brought down to zero within three years. The locally produced raw materials and intermediate goods, currently at 3pc slab, will have their tariffs eliminated within five years, reducing by 1 percentage point each year starting from FY21. It would provide the domestic industry the time for adjustment to reforms.

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An official statement issued by the Commerce Division said the objective of the proposed policy is to simplify and rationalize the existing tariff structure for enhancing the efficiency of current domestic activities, especially in manufacturing sector and simultaneously, to ensure predictability and transparency. The draft policy has been shared with all chambers and associations to get their feedback. The final draft will be submitted to the Economic Coordination Committee of the Cabinet after stakeholders’ consultations, added the announcement.

DAWN
April 24, 2018

Caution and optimism at CPEC conference
KARACHI: Federal Commerce Secretary Mohammad Younus Dagha said free trade agreements (FTAs) are the main reason behind surging trade deficits of the country and after various projects under CPEC the trade balance has substantially tilted in favour of China due to massive increase in imports. ‘If imports are growing under capital goods then this is not a serious concern,’ he said while addressing the two-day CPEC Summit, organised by Dawn Media Group in collaboration with Ministry of Planning, Development and Reform and Pakistan-China Joint Chamber of Commerce and Industry. He said there is a need to resolve the issues which are responsible in ballooning trade deficit under FTAs. Till 2014, the country’s trade deficit was on lower side but it started crawling up after CPEC, he added. Dagha said CPEC should help improve the country’s balance of payments and also reduce the trade deficit with China.

‘Loan repayments will increase our balance of payments deficit with China, however, we can persuade Beijing to set up industries in Pakistan instead of other countries which would help bridge the gap,’ he added. There are many areas where Pakistan can attract Chinese investment, especially labour intensive industries, he said, adding that investments in trade should be at high priority instead of brick and mortar investments. China Harbour Engineering Company Chief Executive Wang Xioping said there is a need to upgrade technology in the industries of Pakistan besides changing business models towards latest communication technology. He said Pakistani industries need to focus to improve their exports to China. On number of challenges, he said security in Pakistan is vital for foreign investment coupled with friendly business environment as the country had been in negative list among foreign investors.

Expressing concern over lack of continuity of political leadership, he said any change in political set up sometimes create hurdles for agreements entered into with the outgoing government. Wang said election’s in Pakistan take place after every five years and no prime minister had completed his five year tenure which is quite risky for the foreign investors. He said taxation rates in Pakistan are also high which is also not suitable for investors as it raises the capital cost.
He added there is a need for improving the taxation system, but did not offer pointers on how to go about this.

Board of Investment Secretary Samaira Nazir Siddiqui while addressing some of the myths regarding CPEC said that there are no preferential or additional benefits being provided to Chinese investors and not only investors from Pakistan and China but all over the world have same policies applicable to them and enjoy same incentives. She said that nine sites have been selected for special economic zones (SEZ) and three of them are near completion. Experts at the summit have also called for setting up a CPEC Advisory Council to clarify vision and policies and advise on how Pakistan can take maximum benefits from the project.

Dr Ishrat Husain, former governor State Bank of Pakistan, said that largest component of CPEC investment ie $35bn has been reserved for energy projects focused on fuel substitution to coal, LNG, solar and wind power. ‘Power generation capacity will be doubled over the years while transmission capacity will increase from Matiari to Lahore and Matiari to Faisalabad transmission lines,’ he said. Enhancement in energy genera-don is good for exports which have been $36bn only as energy shortage is a major impediment, he said.

He said circular debt issue should be resolved on priority and is directly proportional to power generation and will give headaches when power generation increases if not countered by improving the performance of distribution companies to increase recovery. Dr. Ishrat said not only local but Chinese investors are also frustrated due to cumbersome approval processes and lack of departmental coordination which are not working in unison hence delaying the projects.

The government must remove obstacles and simplify the processes not only to attract investments but to keep them focused on implementing their plans then to get mere paperwork done, he added. Dr Ishrat said many local companies are worried that Chinese companies are being given preference over their Pakistani counterparts for industrial zones. ‘Their concerns should be addressed and a level playing field to Chinese and Pakistani investors should be provided,’ he added. Shaukat Tarin, chairman National Council of Economic Advisers, said Chinese universities should be encouraged to open campuses in Special Economic Zones that would help us train our youth on latest curriculum and technologies.

He said Pakistan must benefit from Chinese expertise in technological advancements like Artificial Intelligence, Robotics, and Big Data to ensure Pakistan does not fall behind as these are the technologies of the future. Tarin said a Chinese bank in Gwadar should be opened to facilitate not only the Chinese companies but local companies also which are undertaking business activities in China. Companies in Pakistan have a long-standing concern about infrastructure and security needed for industries to operate and thrive and the CPEC planners should address that, he suggested. Dr. Abdul Hafeez Sheikh, former federal finance minister,
said that CPEC should be considered as a transformational exercise not just a mere transaction and should strengthen Pak-China relations, which is possible only if it is implemented in the right way. However, he warned that CPEC should not be taken as a substitute to sound economic management which is imperative for Pakistan.

Moreover, Pakistan should not be entirely dependent on China if transformation is to happen, and use CPEC to lure in other countries also as hundreds of billions of US dollars are available beside the $50bn CPEC investments and the opportunities should be tapped strategically. China’s per capita income now has increased to $9,000, from less than $300 four decades back whereas Pakistan could boost its per capita income to just $1,600 from $400. Average annual GDP growth rate of China over last 40 years is almost 10pc which has not been achieved by any country. This was possible because China focused on leadership and team building, while also changing their policies to trade with every country, he added. Pakistan on the other hand was mostly disturbed by war and conflicts in the region like Afghan war and the continuing war on terror which has hampered the country’s growth. Moreover, Pakistan does not like business with anybody and hardly any country likes to partner Pakistan. ‘Changes in government over the years have also led to change in policies thus hurting the country and investors’ confidence, Hafeez said.

**DAWN**

April 24, 2018

**Textile exports increase to $9.9bn**

ISLAMABAD: Exports of textile and clothing products recorded a 7.7 per cent growth year-on-year to $9.99 billion in the first nine months of 2017-18, the Pakistan Bureau of Statistics (PBS) reported on Monday.

The revival in the export proceeds from these sectors is due to the cash subsidy offered under the prime minister’s exports enhancement package with maximum refunds/rebate of exporters being cleared in FY18. However, there are still outstanding amount which was yet to be released. The main driver of growth was the value-added textile sector as exports of readymade garments went up 12.56pc during the period in value and 12.85pc in quantity while those of knitwear edged up 14.12pc in value and 3.52pc in quantity during these nine months. Exports of bedwear went up 4.99pc in value and 3.16pc in quantity. Exports of towels posted a paltry growth of 1.18pc in value and 9.3pc in quantity. Exports of cotton cloth posted a growth of 1.05pc in value and 2.46pc in quantity during the period under review.

In the category of primary commodities, exports of cotton yarn witnessed an increase of 4.9pc while those of yarn other than cotton recorded a rise of 31.34pc. Exports of made-up articles,
excluding towels, increased 7pc while art, silk and synthetic textile exports grew 70.39pc during the period under review. However, exports of tents, canvas and tarpaulin dipped over 38.39pc whereas proceeds from raw cotton recorded a surged by 35.76pc. The total export proceeds posted a growth of 13.1pc to $17.07bn in July-March 2018 from $15.09bn over the corresponding period of last year. The non-textile exports went up by 21.64pc to $7.08bn in July-March 2018 from $5.82bn in the same period of last year. Data show a mammoth increase of15.16pcinexports of petroleum products, which along with petroleum crude and naphtha, led the increase in overall sector exports.

Exports of carpets and rugs fell by 5.33pc during July-March FY18 from a year ago. On the other hand, foreign sales of sports goods went up by 4.81pc during the period under review, with football exports higher by 9.76pc. Tanned leather exports, however, shrunk by 4.75pc in July-March from a year ago. Leather products’ exports increased by 4.03pc during this period and were mainly led by sales of leather gloves. Footwear exports rose by 11.78pc during the period under review despite facing strong competition especially from Chinese exporters in Europe despite preferential market access. Exports of surgical goods and medical instruments went up by 13.05pc and engineering goods by 12.49pc during these nine months. Foreign sales of gur (jaggery) soared by 31.24pc, handicrafts 40pc, jewellery 9.19pc and molasses 247.8pc while the exports of cement fell by 13pc, and furniture 14.58pc during the period under review. In the food basket, exports of rice witnessed an increase of 28pc owing to higher foreign sales of both basmati and non basmati rice.

The Nation
April 27, 2018

Pakistan, Japan agree to give new impetus to ties
ISLAMABAD - The 5th Pak-Japan High Level Economic Policy Dialogue was held here on Thursday in which both the sides noted the need for further enhancement of Japanese investment in Pakistan keeping in view the improved economic environment. Secretary Economic Affairs Division Syed Ghazanfar Abbas Jilani led the Pakistani side comprising highest level of representation from the relevant ministries and divisions. Yamazaki Kazuyuki, the Senior Deputy Minister for Foreign Affairs, led the Japanese side consisting of the senior officials from the Ministry of Foreign Affairs and key Japanese stakeholders based in Japan and Pakistan respectively.

In his statement on the occasion, the secretary EAD emphasised the need to give a new impetus to the economic and commercial ties between the two countries as there exists enormous opportunities available in Pakistan in the wake of sustained economic turnaround and improved security environment. Dilating upon the investment opportunities in the country, he elaborated that Pakistan’s investment policy, characterised by steady liberalization, privatisation and deregulation, is one of the most liberal and investor-friendly in the region. He also recommended that starting a few flagship projects by the government of Japan contributing towards socio-
economic development of the masses at the grass roots level would definitely be a timely intervention to emphasise upon the strong relationship between the two countries. It was highlighted that Japan is a promising market for Pakistan’s exports. In this regard, the secretary EAD also stressed the importance of the early convening of the Joint Government Business Dialogue to further the dialogue on trade and investment issues. Japanese side expressed that they will facilitate the Joint Government Business Dialogue, which is planned to be held later this year.

For future Japanese investment, the Pakistani side identified the emerging sectors of automobile, auto parts, electric cars, electronics, solar panels, chemicals and plastics. Japanese side highlighted the importance of enhancement of investment as already there are profitable businesses by many Japanese companies in Pakistan. The Japanese side informed the Pakistani side that Japan is enhancing the assistance in the area of human resource development in order to contribute to the industrial development of Pakistan in terms of human capacity development as well. Both sides discussed enhancement of economic cooperation in the sectors of energy, infrastructure and transport. Senior Deputy Minister for Foreign Affairs, Yamazaki Kazuyuki noted that Pakistan is a significant partner and Japan attaches high importance to its relationship with Pakistan. He underscored the importance of further strengthening the long standing trade, economic investment relationship between Japan and Pakistan and said that the revival of the High Economic Policy Dialogue would go a long way in deepening economic engagement between the two countries.

The dialogue, it may be added, is of immense significance as it primarily deals with major policy matters regarding trade, investment and development cooperation and more importantly it is held after a gap of more than seven years indicating the fact that both the countries are recognising the need to enhance bilateral economic relationship to the next higher level.

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