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Germany provides 3 million Euros to Pakistan for skill development of returnee migrant workers

ISLAMABAD-The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) signed a Memorandum of Understanding (MoU) with the Overseas Pakistanis Foundation (OPF) to provide technical assistance amounting to three million Euros for re-integration of the returning migrant workers in society through their skill development. The MoU was signed by GIZ Country Director Tobias Becker and OPF Managing Director Dr. Amer Sheikh in presence of German Ambassador to Pakistan Bernhard Schlagheck and Special Assistant to Prime Minister (SAPM) on Overseas Pakistanis and Human Resource Development Sayed Zulfikar Abbas Bukhari. Under this project, a Pakistani-German Facilitation and Re-integration Centre (FRC) would be set up in Lahore to provide technical support to the workers on employment and entrepreneurship initiatives. The partnership between GIZ and OPF would help returning migrant workers to enhance their skill and access employment opportunities. It would also provide them technical assistance in starting their own start-up. The 3-million-euro project would jointly be implemented by the GIZ and OPF in next three years.

Speaking on the occasion, SAPM Zulfikar Bukhari expressed gratitude to the government of Germany for providing three million Euros to the government for facilitation of its workforce in times of Coronavirus. He said the project would enable the government to help the returning workers in setting up their own micro businesses and upgrading their skills. “We have already set up a portal at Overseas Employment Corporation to register the returning workers in almost 18 fields.” The SAPM said the initiative would help the workers explore new job markets across the globe with their skill up-gradation, besides opening up their own businesses at home. The MoU had become more relevant in the view of pandemic that had affected the Pakistani workforce, returning from abroad for losing their jobs in other countries, Bukhari remarked. German Ambassador Bernhard Schlagheck said Pak-German cooperation had been a success story for the last 60 years. He said: “We have been working with Pakistan for development in the areas of basic and technical and vocational education, police reforms, governance, energy, health and social protection. Our cooperation in the area of skills and social development of the returning migrants through this initiative is the beginning of a new era of development and cooperation with Pakistan.” The GIZ, Pakistan is working on behalf of the German Federal Ministry for Economic Cooperation and Development for sustainable socio-economic development of the country.
China to provide 38 more agricultural drones to Pakistan to fight desert locust

BEIJING - The Chinese government will provide around 38 more agricultural drones to Pakistan in a few months to fight desert locust. The Chinese Ministry of Agriculture and Rural Affairs had donated the drones for prevention of desert locust to the Ministry of National Food Security and Research of Pakistan last month. According to a report of the China Economic Net (CEN) on Monday, earlier in June, a leading Chinese company expressed willingness to set up an industrial unit in Pakistan to manufacture drones that can be used to protect crops and control locust.

“From factory construction, production, assembly, after-sales to personnel training, we can provide a full set of technical support to help Pakistan develop the drone manufacturing industry to quickly respond to various types of disasters,” said Du Jixiang, Chief Engineer, Beijing Andun Equipment Co. Ltd. The government is negotiating with a mission of the Chinese aviation industry for the supply of aircraft to carry out aerial spray in the locust-affected areas.

An official of Pakistan’s Ministry of National Food Security and Research said that Pakistan wanted to lease six aircrafts from Chinese Ministry of Civil Aviation to conduct aerial spray into locust affected areas. Although Pakistan is yet to deploy these drones to stop desert locusts, a wave of joy has been felt among Pakistani farmers. “It is indeed a piece of great news. China has provided drones to fight locust. It means we will be able to save our crops from locust soon,” Ajmal Bhutta, a noted agriculturist based in Multan said over telephone. Desert locust is an international trans-boundary concern with major economic, social and environmental implications. As per estimate of officials of department of agriculture of Pakistan’s provinces of Sindh and Balochistan, the locust attack has damaged crops cultivated on 80,000 hectares of land besides causing serious damage to grazing fields and forest areas. In February this year, Pakistan declared national emergency to eliminate the attacking swarms of desert locust. “The farmers are very worried as they have seen their crops being destroyed in front of their eyes. These farmers should be compensated,” said Zahid Bhurguri, general secretary of the Sindh Chamber of Agriculture. “Almost all crops and non-crop plants are vulnerable and the insects are one of the biggest threats to food security,” he added.

Pakistan earns $758 million by exporting transport services

ISLAMABAD - Pakistan earned $758.020 million by providing different transport services in various countries during the eleven months of fiscal year (2019-20) as compared to the corresponding period last year. This shows decrease of 4.81 percent as compared to $ 796.320 million earned through provision of services during the corresponding period of fiscal year (2018-19), Pakistan Bureau of Statistics (PBS) reported. During the period under review, the exports of air transport witnessed nominal decrease of 0.31 percent by going down from
$654.410 million last year to $652.380 million during July-May (2019-20). Among the air transport services, the exports of passengers services however increased by 13.92 percent, from $381.580 million to $434.680 million, whereas the exports of freight services also grew by 23.35 percent, from $ 19.190 million to $ 23.670 million, in addition the export of other air transport services decreased by 23.50 percent from $253.640 million to $194.030 million. The exports of sea transport services rose by 7.59 percent, by going up from $57.070 million last year to $61.400 million this year. Among the sea transport services, the exports of freight services witnessed increase of 26.95 percent from US $20.560 million last year to $ 26.100 million whereas the exports of other sea transport services decreased by 3.31 percent from $36.510 million to $ 35.300 million this year, the PBS data revealed.

Meanwhile, the exports of road transport services during the period under review witnessed a decline of 60.24 percent by going down from $82.150 million to $32.660 million during this year, it added. Among the road transport services, the exports of freight services decreased by 57.21 percent, from $76.320 million to $32.660 million during the fiscal year under review, while the export of postal and courier services witnessed increase of 330.48 percent, from $2.690 million to $11.580 million, the data revealed. It is pertinent to mention here that the services trade deficit of the country during first eleven months of fiscal year (2019-20) decreased by 41.63 percent as compared to the corresponding period of last year. During the period from July-May, 2019-20, services exports decreased by 8.52 percent, whereas imports reduced by 23.61 percent, according the data released by Pakistan Bureau of Statistics. The services worth $ 5.050 billion were exported during the period under review as compared to exports of $ 5.520 billion in same period of last year, whereas imports of services into the country were recorded at $ 7.750 billion as against the imports of $10.146 billion, the data revealed.

**Exports rebound after four months of decline**

ISLAMABAD: Pakistan’s exports bounced back in July following a steep fall for four consecutive months since March when the government imposed lockdowns to contain the spread of coronavirus. The new fiscal year started with a positive note as export proceeds grew 5.8 percent to $1.998 billion in July, from $1.889bn in the corresponding month of last year, data released by the Ministry of Commerce (MoC) showed on Tuesday. In rupee terms, the export proceeds jumped 11.3pc year-on-year in July. Visible improvement was observed in export orders from international buyers, mainly in the textile and clothing sectors since May. The decline had widened in April with a plunge of 54pc, which relatively improved but still came in at 35pc contraction in May and 6pc in June. In FY20, exports fell by 6.83pc or $1.57bn to $21.4bn, compared to $22.97bn the previous year. The continuous decline in imports is also providing some breathing space for the government to manage external account despite a downward trend in exports the last four months. In July, the import bill decreased by 4.2pc to $3.54bn, as against $3.696bn over the corresponding month of last year.

During 2019-20, the import bill witnessed a steep decline of $10.29bn or 18.78pc to $44.509bn compared to $54.799bn last year. The country’s trade deficit also came dipped by 14.7pc in July
from a year ago, mainly due to a fall in imports and paltry growth in export proceeds. However, imports are also expected to bounce back in the coming months following abolishing of regulatory duty on imports of raw materials and semi-finished products. In absolute terms, the trade gap narrowed to $1.542bn in July, as compared to $1.808bn over the corresponding month of last year. During FY20, it narrowed to $23.099bn, from $31.820bn. Data breakdown shows that export of 10 products posted impressive growth during the month under review: worn clothing and clothing accessories surged by 2,078pc, followed by food preparation 344pc, made-up clothing accessories, knitted or crocheted 313pc, tarpaulins, awnings and sunblind’s 154pc, tracksuits 135pc, gloves, mittens and mitts 83pc.

Similarly, export of fish and fish products soared by 50pc, jerseys, pullovers, cardigans, waistcoats and similar articles 44pc, women’s garments 34pc, leather apparel 28pc, made-up articles of textile materials 27pc, home textiles 24pc, copper and articles thereof 19pc, and men’s garments 10pc. The export proceeds of some important products posted a decline during the month under review including wheat, wheat flour, cotton, synthetic filament yarn, raw leather, ethyl alcohol, cotton yarn, plastic products, tanning, dyeing extracts, rice and cement. Meanwhile, top 10 importing products which increased in July were: soya beans up by 616pc, petroleum coke 192pc, palm oil 190pc, rubber 36pc, fruits and vegetables 24pc, pharmaceuticals products 17pc, inorganic chemicals 14pc, iron and steel 12pc, tea 11pc, plastic products 8pc, electrical and electronic equipment 5pc.

On the other hand, items that saw a decline in imports included rape seeds, cotton yarn, motor cars, footwear, parts and accessories for tractors, petroleum gas, petroleum oils, coal, machinery, fertilizers, organic chemicals, petroleum oils excluding crude and paper and paperboard. Commerce Adviser Abdul Razak Dawood underlined that the MoC will be evaluating its geographical diversification in order to realign the focus towards new opportunities. He also advised the ministry officers to extend all kind of necessary support to exporters in order to achieve the targets, not only in terms of numbers but also with regards to intended policy outcomes.

The Nation
August 5, 2020

Exports increased by 5.80pc in July

ISLAMABAD—Pakistan’s exports increased by 5.80 percent in July 2020 as compared to the same month of last year. On the import side, a decline of 4.2pc, in dollar value terms, was recorded in July 2020 as compared to July 2019. This was disclosed during an internal strategy meeting chaired by advisor to the Prime Minister on Commerce and Investment, Abdul Razak Dawood here Tuesday. The meeting reviewed the latest statistics of exports and imports of Pakistan and devised plans for improving the exports. The data for July 2020 shows an export growth of 5.8%, in dollar value terms, as compared to July 2019. Exports in July 2020 stood at $1.998 billion as compared to around 1.889 billion dollars exports in July 2019. This growth was recorded after a decline in exports for the last four months, since March 2020, when there was a drop of 8% compared to same period last year. This declined widened in April 2020, with a drop
of 54% in exports, which improved but remained at 35% in May 2020, improving further to only 6% fall in exports in June 2020, as compared to same period last year.

The strategies for product and geographical diversification were also reviewed in the meeting, in context of the recent trade statistics. One of the major sectors which showed good progress is food processing sector where a growth of over 300% was observed in July 2020. Similar growth was witnessed in made-ups and clothing accessories sectors. In addition, fish and fish products sector recorded a healthy growth of 50%, while Home Textiles Sector, which was declining in the previous months, is now back up with 24% growth. In terms of exports, a major decline is witnessed in rice and cement, which fell down to 24% and 12% respectively in July 2020, as compared to same period last year. There is also a decline in the export of raw leather and cotton yarn, which is a clear indication that the government’s policy to pursue value-added exports is showing results. On the import side, a decline of 4.2%, in dollar value terms, was recorded in July 2020, as compared to July 2019. Imports in July 2020 stood at $3.540 billion as compared to $3.696 billion imports in July 2019. Due to this increase in exports and decline in imports, a 14.7% improvement in trade balance was witnessed in July 2020 as compared to July 2019.

Trade deficit in July 2020 stood at around $1.542 billion as compared to trade deficit of $1.808 billion in the same period of last year. On the geographical diversification, not much progress has been shown in July 2020 as the exports still seem to be heavily dependent on traditional export markets. Talking in the meeting, Abdul Razak Dawood said that this achievement is particularly noteworthy because of the fact that a decline was being observed until the last month and a turnaround of around 12 percentage points has been achieved in just one month. Dawood underlined that the Ministry of Commerce will be evaluating its geographical diversification in order to re-align the focus towards new opportunities. He also advised the Ministry officers to extend all kinds of necessary support to the exporters in order to achieve the targets, not only in terms of numbers but also with regards to intended policy outcomes.

The Nation

August 5, 2020

Cement despatches grew by 38 percent in July 2020

LAHORE-The new fiscal has started well for the cement sector as the cement despatches increased by a healthy 37.75 percent from 3.512 million tonnes in July 2019 to 4.838 million tonnes in July 2020 due to buoyancy in both exports and domestic market. The growth looks encouraging when seen in context of only 1.98 percent despatches growth in 2019-20 that was totally supported by exports. The domestic cement utilization in fact registered a decline of 0.94 percent in the last fiscal. According to the data released by APCMA, the local uptake of cement in July 2020 increased by 32.67 percent to 3.953 million tons from 2.979 million tons in July 2019 while exports registered a more impressive increase of 66.14 percent, increasing to 0.885 million tons from 0.533 million tons in same month last year. The North Zone as usual led the total growth on the strength of its domestic market that grew by over 38.86 percent to 3.435 million tons compared with 2.474 million tons cement despatches in last year July. The trend in exports from the North Zone was highly disappointing as the total exports from North based
mills amounted to only 0.123 million tons, a decline of 46.93 percent when compared with exports of 0.231 million tons in last year.

The decline is due to trade standoff with India and slow construction activities in Afghanistan. The performance of the South based mills that are situated near sea ports is quite the opposite. The South based mills could only dispatch 0.518 million tons of cement in domestic market, a nominal increase of 2.39 percent over the despatches of 0.506 million tons made in the same month last year. The South based mills however made up for slow growth in domestic market with a mind blowing growth of 152.97 percent in exports. Its exports of 0.762 million tons were 1.5 times the domestic sales of cement in Southern part of the country. Last year in July the cement exports from the South were only 0.301 million tons. The spokesman of APCMA said that the increase in cement despatches last month gave the much needed boost to the industry after a disappointing fiscal. He said that increasing trend in fuel and energy prices has badly impacted the freight cost and overall cost of production. “The government must focus on public sector development projects and announced housing schemes to boost construction activities so that the employment and investment in the cement and allied industries can be safeguarded,” he added.

TCP all set to import sugar and wheat

KARACHI: The Trading Corporation of Pakistan (TCP) is all set to initiate the import of sugar and wheat for domestic consumption. A high official of the state-run grain trader told Business Recorder Tuesday that all preparations have been made by the TCP to start the import of two essential commodities to avoid shortage in the domestic market and keep the prices at a reasonable level. “The federal government is in touch with the TCP officials and currently, we are waiting for written approval to initiate the import of wheat and sugar. Once we get approval, we will start the import process,” he added. He said the TCP has vast experience of commodity import and always ready to serve the nation by completing the task in specific time given by the federal government. Sources say that on the request of the TCP, the federal government has granted relaxation in the Public Procurement Regulatory Authority (PPRA) Rules to ensure the timely arrival of commodities in the country. In addition, a meeting for the import of wheat and sugar was chaired by Prime Minister Imran Khan Monday and TCP Chairman Riaz Memon also participated in the meeting via video link. During the meeting, all aspects of the import of commodities were discussed in detail. The meeting was also attended by Federal Secretary Commerce, Food Security and other officials.

Sources said that written approval from the federal government is expected to arrive Wednesday (Aug 5) for the import of sugar and accordingly tender will be released by the state run grain trader. Tender and other relevant documents have already been prepared by the TCP to initiate the import operation. They said the import operation will require billions of rupees funds and the TCP has also requested the federal government to release funds for the import of sugar and
wheat. Sources said the federal government has planned to import two commodities, ie, sugar and wheat as prices of both commodities were increasing due to some shortage in the domestic market. The federal government has already allowed the private sector for duty-free import of wheat to meet the domestic demand. Accordingly, the private sector has initiated import and finalized some 0.5 million wheat import. During the FY20, wheat output stood at 24.9 million tons against the consumption of some 25-26 million tons, therefore the government decided to import the commodity. Wheat and its products prices are increasing for the last two months in the domestic market. Wheat flour prices surged to Rs 68 per kilogramme. Sugar price in the domestic market are also soaring due to some shortage and currently being sold at Rs 95 per kilogram up from Rs 80 per kilogram in June 2020.

August 5, 2020

July exports post 5.8pc growth YoY

ISLAMABAD: The country’s exports have posted 5.8 percent growth in July 2020-21 to $ 1.998 billion as compared to $ 1.889 billion during the corresponding month in 2019-20. However, growth in exports in July 2020 was far less than the growth in July 2019 when exports recorded an increase of 15.65 per cent to $ 1.90 billion against exports of $ 1.63 billion in July 2018. This shows that exports are still in a negative trajectory in the first month of fiscal year 2020-21 as compared to July 2019 gains with respect to July 2018. On the import side, a decline of 4.2 percent, in dollar value terms, was recorded in July 2020, as compared to July 2019. The imports stood at $ 3.540 billion in July 2020 as compared to $ 3.696 billion, showing a negative growth of $ 156 million. The trade deficit which was $ 1.808 billion in July 2019-20 has reduced to $ 1.542 billion in July 2020, showing a 14.7 percent improvement in trade balance. The Commerce Ministry has not yet submitted Strategic Trade Policy. Framework (STPF) 2020-25. According to the Planning Commission expectation of resurgence of global commodity demand in 2020 21 and revival of economic activity after deadly pandemic would be a positive signal for exporters. However, global demand will be lower than pre-Covid period and Pakistan’s exporters will be facing challenging domestic and external environment. Imports demand, despite fall in crude oil prices, is likely to increase marginally but export pick-up will not be able to neutralize it. Resultantly, the trade deficit is projected at 7.1 percent of GDP. Current account deficit is projected at 1.6 percent of GDP in 2020-21 with projected growth of exports and imports of 1.5 percent and 1.1 percent, respectively. The exports recorded 7.2 per cent negative growth during 2019-20 due to Covid across the globe.

On Tuesday, Advisor to the Prime Minister on Commerce and Investment, Abdul Razak Dawood, chaired an internal strategy meeting, to review the recent trade statistics and devise plans for improving the exports. The meeting reviewed latest statistics of exports and imports, according to which exports posted a growth of 5.8 percent, in dollar value terms, as compared to July 2019. The meeting noted that the growth was irrespective of a decline in exports for the last four months, since March 2020, when there was a drop of 8 percent compared to the corresponding period last year. This decline widened in April 2020, with a drop of 54 percent in
exports, improved but registered a 35 percent decline in May 2020, and improved further to only 6 percent fall in exports in June 2020, as compared to corresponding period last year. According to Counsel General in Istanbul, Bilal Khan Pasha, during July, 2020, Pakistan exports to Turkey stood at $ 26.4 million. a healthy 5.83 per cent increase over the corresponding period last year. Major products were rice, ethyl alcohol, tents & tarpaulin, surgical instruments and grey fabrics. The strategies for product and geographical diversification were also reviewed in the meeting chaired by Dawood in context of the recent trade statistics.

One of the major sectors which showed good progress is Food Processing sector where a growth of over 300 percent was observed in July 2020. Similar growth was witnessed in Made-Ups and Clothing Accessories sectors. In addition, Fish and Fish Products sector recorded a healthy growth of 50 percent, while Home Textiles sector, which was declining in the previous months, is now back up with 24 percent growth. In terms of exports, a major decline is witnessed in rice and cement, which fell to 24 percent and 12 percent respectively in July 2020, as compared to same period last year. There is also a decline in the export of raw leather and cotton yarn, which is a clear indication that the Government’s policy to pursue value-added exports is showing results. On the import side, a decline of 4.2 percent, in dollar value terms, was recorded in July 2020, as compared to July 2019. Due to this increase in exports and decline in imports, a 14.7 percent improvement in trade balance was witnessed in July 2020 as compared to July 2019. On the geographical diversification, not much progress was shown in July 2020 as the exports still seem to be heavily dependent on traditional export markets. An official statement quoting Abdul Razak Dawood expresses appreciation of exporters as well as the Government departments for coordinating their efforts in these testing times during the ongoing pandemic. He added that this achievement is particularly noteworthy because of the fact that a decline was being observed until the last month and a turnaround of around 12 percentage points has been achieved in just one month. Dawood contended that the Ministry of Commerce will be evaluating its geographical diversification in order to re-align the focus towards new opportunities. He also advised the Ministry officers to extend all kind of necessary support to the exporters in order to achieve the targets, not only in terms of numbers but also with regards to intended policy outcomes.—MUSHTAQ GHUMMAN

The Nation
August 7, 2020

Razak Dawood chairs 14th meeting of Tariff Policy Board

ISLAMABAD - Advisor to the Prime Minister on Commerce and Investment Abdul Razak Dawood on Thursday underscored that tariff related measures should promote equitable development and competitiveness of the local industry, resulting in growth of our export-led “Make in Pakistan” products. He made these remarks while chairing the 14th meeting of the Tariff Policy Board (TPB). The meeting was attended by Ministry of Commerce Secretary, National Tariff Commission (NTC) Chairperson, Federal Board of Revenue (FBR) Member Customs Operation, Ministry of Industries and Production Additional Secretary and other senior officials of the concerned ministries. The Board reviewed the incentives given to the industry in the Finance Act, 2020. The Advisor stated that positive impact of the tariff rationalization is being reflected in the enhanced industrial activity as well as export performance. He further stated that tariff rationalization is a complicated exercise and it would take time to implement
National Tariff Policy 2019-24. He added that a three years plan for tariff rationalization, after analyzing the value chain of the priority sectors, should be finalized as early as possible.

Keeping in view the importance of Textile Sector for Pakistan, the members of the Board emphasized that tariff structure of the Textile Sector should be rationalized and duties on raw material, used by the textile sector, might be reduced. It was decided by the Board that the Tariff Policy Centre would conduct detailed study on tariff structure of the textile sector and recommendations of the study would be placed before the Board for its decision. The Ministry of Commerce, in consultation with the Tariff Policy Centre, presented a future roadmap of tariff rationalization before the Board for consideration and feedback. The Board also discussed different proposals, received from different sectors, regarding tariff rationalization. The Board ensured that all out efforts would be made to provide maximum benefits to the industry so that economy of the country could be revitalized at this difficult juncture.

TCP issues tenders for wheat, sugar import on urgent basis

KARACHI: Trading Corporation of Pakistan (TCP) has issued two tenders for the import of some 1.5 million tonnes wheat and 0.3 million tonne sugar on an urgent basis to avoid shortage in the domestic market and control the soaring prices of essential commodities. As the prices of wheat and sugar are on the rise in the domestic market, the federal government has decided immediate import of both commodities. In order to ensure the immediate and timely import of the commodities, the federal government has also granted special relaxation to TCP in Public Procurement Regulatory Authority (PPRA) Rule. As per the PPRA Rule 13, the procuring agency may decide the response time for receipt of bids or proposals (including proposals for pre-qualification) from the date of publication of an advertisement or notice, keeping in view the individual procurement’s complexity, availability and urgency. However, under no circumstances the response time shall be less than fifteen [days] for national competitive bidding and thirty [days] for international competitive bidding from the date of publication of advertisement or notice. Accordingly, following the federal government directives and getting special relaxation, TCP has issued two international tenders for the import of wheat and sugar with ten days response time.

According to tenders details, available to Business Recorder, TCP has invited sealed bids from the international sugar suppliers and manufacturers for supply of 300,000 metric tonnes white sugar (bugged cargo) through their local offices or representatives (registered with provincial/federal tax authorities) having capacity to supply ‘White Sugar’ through worldwide sources. The interested parties can submit the bid prepared in accordance with the tender documents on or before August 18, 2020 latest by 1100 hours. Bids will be opened on the same day at 1130 hours in the TCP’s Board Room, in presence of the bidders or their authorized representatives. White Sugar (bagged carp) to be supplied will be strictly in accordance with the standards and specifications prescribed by Pakistan Standards & Quality Control Authority
(PSQCA). Bids less than 50,000 metric tonnes in either mode of supply will not be accepted. Total quantity of White Sugar must reach the designated ports/destination in Pakistan according to the shipment schedule given in the tender document. The wheat import tender of 1.5 million will also be opened on the same day i.e. August 18, 2020 at 1500 hours with ten days response time. Interested parties can submit bids for a minimum quantity of 0.2 million metric tonnes.

According to TCP, The interested parties who have previously not fulfilled their contractual obligations with TO’ will not be eligible to participate in the bids, unless they clear their dues along with penalties or fulfill their contractual obligations in services and commodities with TCP, as the case may be, before tender opening date. Furthermore, those firms against which black listing procedures have been initiated by TO’ shall not be eligible to participate in the tender. Detailed specifications/requirements for wheat and sugar import are indicated in the Tender Document containing tender terms & conditions. A Pre-Bid meeting with interested parties will be held on August 13, 2020 to discuss issues related to the tenders.

The Nation
August 10, 2020

Pakistan earns $1302m from IT services’ export

ISLAMABAD-Pakistan earned $1302.730 million by providing different information technology (IT) services in various countries during the fiscal year 2019-20. This shows growth of 18.56 per cent when compared to $1098.794 million earned through provision of services during the corresponding period of fiscal year 2018-19, PBS reported. During the period under review, the computer services grew by 20.91 per cent as it surged from $825.900 million last year to $998.630 million during July-May (2019-20). Among the computer services, the exports of software consultancy services witnessed increase of 14.75 per cent, from $327.726 million to $376.074 million while the export and import of computer software related services also rose by 7.77 per cent, from $265.354 million to $285.976 million. The exports of hardware consultancy services decreased by 17.43 from, $2.324 million to $1.919 million whereas the exports of other computer services rose by 47.90 per cent from US$ 225.289 million to $333.205 million.

The Nation
August 10, 2020

592 new companies step in Pakistan’s booming IT market

ISLAMABAD -The Pakistan Tehreek-i-Insaf (PTI) government, during the last two years, has opened new vistas in the telecommunication sector and attracted around 592 information technology companies, which got themselves registered for new business ventures. The growth in the IT sector remained strong that reflected the investors’ confidence in the prudent policed introduced by the government in IT sector. “The number of IT companies have increased to 2354 as of June, 30, 2020 compared to 1762 valid registrations as of June, 30, 2018,” a senior official of Ministry of Information Technology told APP while sharing two-year performance of the PTI government. During the past two years, Pakistan’s IT sector has made remarkable progress due
to focus of the present government on ensuring sustainable IT industry growth. The official said Information Technology (IT) and IT enabled Services (ITeS) export remittances comprising of computer services and call center services were expected to reach $1.2 billion from $ 831.35 million. Telecommunication sector has shown marvelous growth in last few years, he said adding the licenses of Cellular Mobile Operators were awarded for a period of 15 years while three of these licenses (Jazz, Zong and Telenor) were due for renewal by PTA in 2019.

The spurt in telecommunication sector was witnessed after extensive consultation by the committees constituted by the Prime Minister and approval of the committees’ recommendations by the Federal Cabinet. A policy was formulated and circulated on 9th May, 2019 and Pakistan Telecommunication Authority started to implement it. Ignite, under the auspices of Ministry of IT & Telecom, has launched a programme to build a network of National Incubation Centers (NIC), in Federal Capital and all Provincial Capitals, the official added. The key objective of this programme, the official said was to facilitate talented entrepreneurs and provide them all necessary support for transformation of their innovative ideas into a sustainable business. NICs facilitate and provide all key support required by start-ups to succeed including mentorship and networking by leading entrepreneurs, corporate chieftains, top professionals, investors and global entrepreneurial organizations through numerous events and meet-ups. Other key facilities provided to start-ups include rent free office space, high speed broadband Internet, makers lab, usability labs, fintech lab, design thinking lab, AI R&D Centres, and a host of other shared facilities.

All five NICs are fully functional and mentoring start-ups in ICT related areas. To a question about National ICT Grassroots Initiative (NGRI), he said, the programme aimed to assist final year undergraduate students of ICT related disciplines studying in the institutions by providing them financial assistance for developing prototypes and working models of their Final Year Projects (FYP) in order to increase creativity, innovation and hands on engineering and development skills. NGRI 2020 was launched on January 6, 2020 within a trivial duration of forty 40 days only for submission of FYP applications, 2,832 applications were submitted which is 33 per cent higher than NGRI 2019. Moreover, 196 Institutions participated in the programme from all provinces including Azad Jammu and Kashmir, Gilgit Baltistan which was 27 per cent higher than NGRI 2019. More than 1,040 FYP applications would be funded during first half of FY 2020-21, he added. Ignite under the auspices of Ministry of Information Technology and Telecommunication had launched a large-scale national Digital Skills (DigiSkills.pk) Training Program to provide one million trainings across the country over a period of two years. DigiSkills.pk is aimed at equipping country’s youth, freelancers, students and professionals with knowledge, skills, tools and techniques necessary to seize the opportunities available internationally in online jobs market places and also locally to earn a decent living.

DAWN
August 12, 2020

Balochistan offers great investment opportunities

QUETTA: The Pakistan Consulate in Jeddah on Tuesday organised an online ‘Pakistan Investment Seminar’ to highlight investment opportunities. Consul General Khalid Majeed
chaired the event which was also attended by Sindh Board of Investment officials and members of the business. The seminar highlighted various sectors for investment in Pakistan. Balochistan Investment Board Chairman Farman Zarkoon briefed the participants on the investments and job opportunities the province offered. Companies from all over the world, including Saudi Arabia, can make profitable investments here, he said. In addition, the numerous incentives and facilities for investors in the Gwadar Free Trade Zone and the Special Economic Zones of Hub and Bostan were also highlighted by Zarkoon.

DAWN
August 12, 2020

Export of fruit, greens jumps

KARACHI: Fruit and vegetable exports grew 12.5 per cent to $730 million in FY20 despite global pandemic and lockdown. However, in terms of quantity the overall fruits and vegetable exports dropped by 7.6pc to 1.643 million tonnes in 2019-20. All Pakistan Fruit and Vegetable Exporters, Importers and Merchants Association (PFVA) Patron-in-Chief Waheed Ahmed said exporters adopted realistic strategies while the federal government extended all help and took timely decisions by removing barriers to boost exports especially to Iran and Afghanistan. He said when the Covid19 was spreading fast, the entire world was in desperate need of fruits and vegetables containing vitamins to minimize ill-effects of this pandemic. Pakistan grabbed this opportunity and managed to export kinno, potato and onion despite transportation and logistics issues, he added. Cut in freight charges by PIA also facilitated mango exports to many countries. Also a ban by Indian government on onion provided an opportunity thus leading to an increase in its exports.

The Nation
August 12, 2020

Egypt keen to further enhance bilateral trade ties with Pakistan: Envoy

ISLAMABAD-Tarek Mohamed Hussein Dahroug, Ambassador of Egypt to Pakistan, said that his country is keen to further enhance bilateral trade relations with Pakistan as both countries have good potential to export many high quality products to each other at competitive prices. He said this while addressing the business community during his visit to Islamabad Chamber of Commerce & Industry. He was accompanied by Ibrahim Said Abdelrahim Ibrahim, Deputy Head of Mission. The Egyptian envoy said that he was quite ambitious and ready to go the extra mile in order to promote trade relations between Egypt and Pakistan as it would bring more beneficial results for the economies of both countries. He said by enhancing trade cooperation with Egypt, Pakistan could get easy access to many markets of African countries including Libya, Morocco, Sudan and Algeria. He said that Pakistan and Egypt should focus on promoting direct exports that would be more competitive in terms of prices for each other. He said that an MoU was signed long time ago for Pak-Egypt Business Council, but no progress was made and urged that both countries should make target oriented efforts to achieve mutually beneficial outcomes. Speaking at the occasion, Muhammad Ahmed Waheed, president of Islamabad Chamber of
Commerce & Industry, said that Pakistan and Egypt enjoyed historically cordial and friendly relations that should be transformed into growing trade and economic relations. He said that Pak-Egypt bilateral trade in 2017 was just around USD 154 million, which was far less given the market size of both countries and urged that both sides should focus on developing strong linkages between their private sectors in order to explore all untapped areas of trade promotion.

Muhammad Ahmed Waheed said that Pakistan could export many products to Egypt including rice, marble, engineering goods, agro-processed products, surgical instruments, pharmaceuticals and sports goods. He said that both countries have good potential to cooperate in many areas including agricultural products, engineering goods like electrical apparatuses and power appliances, construction & building material, tourism, shipping, fertilizers, chemicals, textiles products, leather goods, medical and surgical items and pharmaceuticals. He said that many Pakistani products were entering the Egyptian market through third country labels and urged that the Pakistan government should cooperate with its private sector in promoting Made in Pakistan brands in Egypt to realize better results. He further said that Pakistan and Egypt should consider signing a free trade agreement that would remove hurdles and boost trade between the two countries. Tahir Abbasi, Senior Vice President, Saif ur Rehman Khan, Vice President ICCI, Ahsan Zafar Bakhtawari, M. Aslam Khokhar, Sheikh Ilyas, Abbas Hashmi, Faad Waheed, Malik Sohail Hussain, M. Shakeel Munir, Khalid Chaudhry and others also spoke at the occasion and offered many good suggestions for promoting Pak-Egypt bilateral trade.

The Nation
August 13, 2020

ECC gives go ahead to payment of all liabilities of $105m of Roosevelt Hotel

ISLAMABAD-The Economic Coordination Committee (ECC) of the Cabinet on Wednesday has given go-ahead to the payment of all liabilities and responsibilities resulting from a debt of $105 million secured by the Pakistan International Airlines Corporation Limited (PIACL) owned Roosevelt Hotel in Manhattan, New York. The ECC meeting chaired by Adviser to the Prime Minister on Finance and Revenue Dr Abdul Hafeez Shaikh also asked the Finance Division to engage with Law Division, Aviation Division and Planning Commission to formalise the mode of payment/refinancing as per schedule of the loan contracted by the Roosevelt Hotel to meet its financial challenges, and submit to ECC in its next meeting for formal approval. The government argues that in the backdrop of COVID-19 pandemic, the hotel industry has been severely impacted across the globe. The PIACL owned Roosevelt hotel in Manhattan, New York, has also experienced extreme cash flow constraints since March 2020. Some relevant points are as follows;(i) even partial operations of the hotel are not sustainable at the moment;(ii) Roosevelt Hotel Corporation has already obtained a loan of $105 million from JP Morgan (lender) on an interest rate of 5.05 per cent with maturity in April, 2021. The ECC also discussed and approved a supplementary grant of Rs540 billion having remained un-utilised due to procedural conditions under the COVID-19 relief measures announced in FY2020-21.

The ECC also considered a proposal by the Revenue Division for arrangement of Rs40 billion for payment of Income Tax refunds of up to Rs50 million pending since 2013. The ECC approved the proposal and asked the Finance Division to arrange the required funds. The Chair
also asked FBR to apprise the ECC of current status of pending refunds with the observation that payment of refunds to the taxpayers was the topmost priority of the government and taxpayers had already been given Rs250 billion tax refunds in the outgoing financial year, which was more than double the amount of refunds paid to taxpayers in the previous year. The ECC also took up and approved a proposal by the Cabinet Division for re-allocation through technical supplementary grant of lapsed funds of Rs8.01 billion under sustainable development goals achievement programme (SAP) to respective Ministries and Divisions. The ECC also discussed and approved amendments to the Import Policy Order 2016 to streamline international trade in live animals and their meat products in accordance with the international rules and practices. The ECC also approved a proposal by the Finance Division to allow the Asian Development Bank to launch Offshore Pakistan Rupee (PKR)-Linked bonds based on conducive market conditions.

The ECC also considered approved a revision in key terms of Prime Minister’s Kamyab Jawan Youth Entrepreneurship Scheme for making the scheme accessible to all Pakistani citizens meeting the laid-down criteria. The ECC also okayed a proposal by the Ministry of Inter-provincial Coordination for grant of exemption from payment of annual renewal fee of licences issued to travel and tourism related business. The financial impact of the one-year fee exemption comes to approximately Rs17 million. The ECC also took up the rescheduling/restructuring of financing facilities and deferment in re-payment of principal loan amount by one year upon a written request of the borrowers received before 30th June 2020 to mitigate the effects of COVID-19, and extended the same facility to borrowers under Prime Minister’s Youth Business Loan Scheme (PMYBL) and Prime Minister’s Kamyab Jawan Youth Entrepreneurship Scheme upon written requests received before 30th September 2020 provided the borrowers would continue to service the mark-up amount as per the agreed terms and conditions of the relevant scheme. The ECC also approved a proposal for additional funds equal to $3 million for contribution towards SAARC COVID-19 Emergency Fund announced during the video conference of SAARC leaders in March 2020. The ECC was told that similar contributions from other member countries had also been announced.

DAWN
August 14, 2020

Export package

ISLAMABAD: The commerce ministry will submit an export package for approval to federal cabinet next week. An official announcement issued on Thursday said that commerce ministry will submit a summary to cabinet on Tuesday for export of N-95 and surgical masks. The exporters of personal protection equipment items will be facilitated. The lower rate of energy price for exporters of five exporters will be taken up next week before the economic coordination committee. The export sectors will be facilitated to enhance overall exports from the country.
Pakistan exports 120,000 tonnes of mangoes during 2020

Islamabad - Federal Minister for National Food Security and Research has said that Pakistan has exported 120,000 tonnes mangoes during 2020. During the peak of the pandemic, Pakistan exported mangoes to many countries of the world, said Federal Minister for National Food Security and Research, Syed Fakhar Imam on Thursday while attending Mango Festival at Centaurus Mall. He added that during the peak of the pandemic, Pakistan exported mangoes to many countries of the world. The country has registered a sharp rise in the export of fruits and vegetables despite COVID-19. The fruit also helps sweeten diplomatic relations. Federal Minister added that we need to do value addition of our mangoes and need to do its branding. Mango is called the king of fruits, Federal Minister added that Where kings built palaces, they planted mango trees. Meanwhile, chairing the meeting at National Locusts Control Centre (NLCC), Federal Minister for National Food Security and Research, Syed Fakhar Imam said that anti-locust operation is carried out in Tharparkar and Lasbella. NLCC Coordinator Lieutenant General Moazzam Ejaz also co-chaired the meeting. Till now 495,985,00 hectares (HA) have been surveyed and 110,660,0 HA have been treated. Trenching is done in Tharparkar for bio-compost with a view to promote organic farming in the country. The pilot testing of the project is carried out in Thar, and if 10 per cent of population in the area becomes active, the ministry of national food security and research expects a force of 222,000 people in local community that would be available to combat the attack of desert locusts. The government is paying Rs25 per kg of locust. Ministry of Foreign Affairs (MoFA) mentioned that Kenya and Saudi Arabia are interested in institutionalizing the locust base information.

As per the forecast, in Pakistan, control operations continue against hopper groups and bands in southeast Sindh near Nagarparkar and the India border. Low numbers of adults are present in Cholistan and Lasbela where breeding will occur. In India, only a few spring-breed adult groups and swarms remain in northern Rajasthan as most of the first-generation laying eggs have finished. As a result, widespread hatching and the formation of hopper groups and bands is underway. During the briefing it was told that Pakistan is well prepared to take any threat and is ready to deal with any kind of scenario. For threat from Horn of Africa (HoA), NLCC will not lower its guards. Locust can be trapped through Integrated Pest Management (IPM). SUPARCO mentioned that it is working on crop damage assessment and Swarm Movement Model. Pakistan Meteorological Department mentioned that more monsoon currents are expected to penetrate in Sindh from Friday (evening) to Sunday. Scattered rain/wind-thundershower, with few/isolated heavy falls, are expected in Karachi, Hyderabad, Thatta, Badin, Shaheed Benazirabad, Tharparkar, Mirpurkhas, Umar Kot, Sanghar and Mithi from Friday (evening/night) to Sunday.
RCCI holds webinar on ‘Pakistan-Hong Kong Trade’

RAWALPINDI - Consul General of Pakistan in Hong Kong Bilal Ahmed Butt has said that Hong Kong was the 7th largest trading economy with free trade policy and easy licensing for international trade. Pakistan has huge potential to increase its exports to Hong Kong in the sectors of Leather, Denim and Cottons, Swim and track suits, Rice, meat, seafood, gems & jewellery and surgical equipment. Addressing a webinar on ‘Pakistan-Hong Kong Trade’ organised by the Rawalpindi Chamber of Commerce & Industry (RCCI), he suggested that more virtual trade forums should be conducted on frequent intervals to get connected with the business community for the rapid exchange of trade insights. He lauded RCCI’s efforts in launching the virtual edition of Rawal Expo and added that these webinars could play as business to business meetings among the exporters, counsellor office and the importers. Malik M Asim – Consul of Pakistan in Hong Kong in his address said that Hong Kong was the 2nd largest exporter of IT products in Asia and 7th largest in the world. He highlighted the scope of export of IT and ICT products of Pakistan to Hong Kong. Earlier, RCCI President Saboor Malik provided an update on RCCI current activities and shared key economic indicators with the participants. He said no doubt COVID-19 had halted the trade activities in the region but also provided us an opportunity to think out of the box solutions.

Chairman Rawal Expo, Nasir Mirza gave a detailed briefing about the Virtual International Rawal Expo-2020. He also briefed about the VIRE 2020, which had provided an opportunity to connect the business community across the world. Moreover, the series of Virtual Trade Forums have provided a unique opportunity to get a detailed insight of trade potentials of Pakistani products in different countries.

Pakistan to participate in ‘Fair for Trade in Services’

ISLAMABAD - Pakistani firms are all set to participate in the 2020 China International Fair for Trade in Services (CIFTIS) scheduled to kick off in September at the China National Convention Center in Beijing. “Pakistani companies are very keen to take part in the forthcoming fair which is one of major trade and business events in China before China International Import Expo (CIIE) to be held in Shanghai,” according to officials sources here on Sunday. At present, posters and banners have been set up at the China National Convention Center in Beijing to welcome guests from home and abroad. So far, 141 international organizations, embassies in China, chambers of commerce, business associations and institutions have confirmed their participation in this year’s CIFTIS. More than 2,000 domestic and foreign companies will also attend the event, during which more than 100 forums and discussions will be held. Pavilion construction, guest reception, epidemic prevention and control are currently being advanced under high standard.
Formerly known as China (Beijing) International Fair for Trade in Services, the China International Fair for Trade in Services took its new name in 2019. One year later, the shortened name for the event was changed from “Beijing Fair” to “CIFTIS”. The CIFTIS (including the former Beijing Fair) has successfully held six sessions, attracting 184 countries and regions, nearly 300 international organizations and overseas business associations and more than 10,000 companies, and achieving an accumulated intended transaction amount of US $ 529.33 billion.

The Nation
August 17, 2020

VRG ready to launch commercial services in Pakistan

ISLAMABD - VRG (Virtual Remittance Gateway) appreciates PTA’s support and its patronisation in helping VRG launch AMA Scheme and VRG understands the fact that PTA is yet to issue the final Commencement Certificate. VRG is helping the poor and unbanked masses in Pakistan and supporting the government of Pakistan and honourable Prime Minister of Pakistan’s mission of financial inclusion of the poor people of Pakistan. VRG’s objective is clear, VRG’s path is clear and VRG’s mission is sacred. In this sacred mission VRG cannot think of violating the law or the license conditions. VRG has always been cooperating with PTA and will continue to cooperate and work together with PTA to succeed in this sacred mission. VRG is ready and prepared to launch the commercial services in Pakistan as soon as PTA issues VRG. the Commencement Certificate in Pakistan. As PTA has not yet issued us the Commencement Certificate, VRG neither launched commercial services nor has charged the business partners (CMOs and the banks) or customers for AMA Scheme. As per PTA’s directive of 08 June 2020 VRG has signed Commercial Agreements with SCO and JAZZ and is close to signing similar agreements with ZONG, Telenor and Ufone. These commercial agreements are in addition to VRG’s agreements with the commercial banks, i.e. Bank Alfalah Limited 2. Telenor Microfinance Bank, 3. Mobilink Microfinance Bank, 4. U Microfinance Bank, 5. Finca Microfinance Bank, 6. Habib Bank Limited, 7. United Bank Limited, 8. Meezan Bank Limited, 9. Askari Bank Limited, 10. MCB Bank Limited, 11. JS Bank Limited, 12. First MF Bank Ltd. and 13. Allied Bank Ltd.

As a background to the readiness, it may be relevant to state that VRG received TPSP license from PTA on 16th January, 2018 and PSO/PSP License from SBP on 17th April, 2017. VRG applied for SBP commencement certificate on 3rd March, 2020 and received SBP Final Authorization / Commencement Certificate on 9th April, 2020 after SBP’s Stress Testing # 1: 19th December 2019, Stress Testing # 2: 26th December 2019, Stress Testing # 3: 3rd March 2020 and Stress Testing # 4: 10th March 2020. PTA conducted their inspection for Commencement Certificate from 1st January 2020 to 8th January, 2020 and compiled their report on 10th January 2020. On this basis we were expecting PTA to either issue a Commencement Certificate to VRG or ask for yet another inspection (s) if there was any requirement for additional inspection. Since then VRG has been repeatedly requesting PTA for issuance of the Commencement Certificate, requesting PTA for a meeting and the latest formal communication in this regard was sent to PTA on 4th August, 2020, and the last request for meeting with DG licensing was made on 10th August, 2020. PTA did not give VRG any formal
reply for any additional requirements and did not issue VRG a Commencement Certificate till date.

As far as VRG’s advertisement on 14th August 2020 is concerned, it was issued to create awareness among the masses on the occasion of “Independence Day”. As this day will not come until the next year, VRG thought, in all good faith, that it is appropriate to take people of Pakistan on board on VRG’s preparedness and “readiness to launch” the commercial services soon and to give people the gift of AMA Scheme, but this gift will not be given until PTA allows VRG to do so, for which people have been waiting since many years. In its Advertisement VRG has not in any manner mentioned that it has launched commercial services (in Pakistan or AJK & GB) without PTA’s Commencement Certificate. VRG has intentionally avoided the words “Launch” and “Commencement of operations” and only talked about readiness and being commercially operational. Since, VRG started the pilot phase on PTA’s direction, the people of Pakistan have opened 108,280 AMA accounts and completed much more than 3.2 million transactions, all free of cost. VRG is bearing all these costs for all these activities to help poor people and satisfy PTA’s requirements under the law and the license conditions. VRG has not charged any of its business partners for these transactions.

In the meanwhile, PTA issued its own press release and advised the public at large and our business partners to stop using AMA Scheme without even allowing VRG an opportunity of being heard or waiting for VRG’s feedback and reply to PTA’s own given deadline of three and half hours. This is not only illegal and contrary to the provisions of Pakistan Telecommunication (Re-organisation) Act, 1996 and Article 10-A of the Constitution of Pakistan but against all just and fair norms of the society. PTA punished VRG without giving VRG an opportunity of being heard or defending its position. VRG reserves its right to challenge this hasty and uncalled for action of PTA, which was without application of its judicious mind and contrary to law and justice. VRG is of the view that Financial inclusion scheme was initiative of SBP from whom VRG already had a license and Final Authorization (Commencement Certificate) since April 9th, 2020. It would have been appropriate if PTA had consulted SBP prior to issuing the press release and causing VRG, the AMA Scheme and SBP’s initiative an irreparable loss and damage. As PTA’s press release mentions AJK&GB, VRG has not mentioned AJK & GB in its advertisement and still clueless from where PTA picked this up; VRG just highlighted the status of its integration with SCO, which is a fact and does not amount to any violation as VRG is not launching any AMA Scheme in AJK & GB without PTA’s express permission-License.

To remove any other doubts or misunderstanding we are taking the liberty of PTA’s self-explanatory letter no F. No.15-107/18 (CA)/PTN326 dated 08 June 2020 addressed to all CMO’s with copies to all concerned, the operative part of which reads “It is inform that VRG has implemented its USSD platform as per clause 1.4 of its license. This platform is required to be connected with CMOs. VRG’s platform has also been connected with various banks and is performing technical services for mobile banking I AMA scheme. We have reviewed the functionality of AMA scheme/ licensed TPSP services based on the pilot project, and PTA is of the view that VRG/TPSP may engage in commercial arrangements with CMOs as it has established its own USSD platform. Further, TPSPs and CMOs are required to ensure functionality for the provision of TPSP services as per QoS KPls. Accordingly, CMOs are
requested to finalise their agreements with TPSPs for commercial operations at the earliest please. This is issued with the approval of the Authority.”

Nevertheless, even after issuance of PTA’s fallacious, hostile and hasty press release, which potentially put PTA’s own licensee’s (VRG’s) credibility and reputation at stake; VRG acted thoughtfully, maturely and responsibly, rather than accusing PTA of serving a “vested interest”, it assured PTA within the deadline (which was probably the shortest timelines given by PTA for submitting a compliance report in its regulatory history to any licensee of PTA) that VRG will not launch the commercial operations till the time PTA formally issues VRG the long awaited Commencement Certificate and VRG will continue to cooperate with PTA and will try its best to meet PTA’s requirements to PTA’s satisfaction. It may be noted that the Telecom Law makes it mandatory for PTA to promote and protect the interests of users of telecommunication services in Pakistan and protect the rights of the its licensees, which VRG believes so far PTA failed to do so in VRG’s case.

August 17, 2020

Wheat & sugar - PM asks Advisor to ensure early import thru TCP

ISLAMABAD: Prime Minister Imran Khan has reportedly directed Advisor on Commerce Abdul Razak Dawood to ensure early import of wheat and sugar through Trading Corporation of Pakistan (TCP) aimed at stabilizing prices of both commodities in the domestic market, well informed sources in Commerce Ministry told Business Recorder. The country is facing shortage of wheat due to which price of flour has risen in the market whereas sugar price is around Rs 100 per kg. On July 2, 2020 the government decided to initially allow private importers to import 500,000 tons of wheat by giving various concessions in duties due to higher price of the commodity in the international market. The sources said private buyers booked more than 400,000 MTs of wheat at a price between $ 219.00 to $ 240.00 per MT Cost and Freight (C&F) Karachi. And on August 7, 2020 the government issued tender for import of 1.5 million tons of wheat through TCP which compromised private importers interest and increased world prices due to such a high tonnage tender. Some of the stakeholders are of the view that the government should not have announced import through TCP but allowed private traders to import as now it has complicated and discouraged private importers after simultaneous announcement of tender by TCP.

There are reports that the TCP has issued tender documents to suppliers who are already in litigation with TCP for past contracts. There is a suggestion that those suppliers who are in litigation with TCP should not be entertained to participate in the tender. The sources in Commerce Ministry further stated that the government has also floated tender through TCP for import of 300,000 MTs of sugar to bring its local price down. However, the government has not yet finalized the origin from where sugar will be imported so that the commodity should be cheap and land in Pakistan immediately. The nearest origins are in order of price; (i) UAE; (ii) India; (iii) Thailand and (iv) Brazil and Europe. UAE and India can supply sugar quickly at
lower prices to Pakistan. As Pakistan may not opt to import sugar from India due to ongoing tension though GoP allowed import from India through issuance of SRO in September for medicines. The source said, quality of sugar has been revised for consideration in pre bid meeting in TCP. The container delivery cost from port to storage is higher than mentioned in the tender documents. Another high level meeting in Islamabad discussed import of sugar through the private sector. The private sector has also sought concession in duties to import and supply in the market.—MUSHTAQ GHUMMAN

DAWN
August 18, 2020

Textile exports jump 14.4pc in July

ISLAMABAD: Pakistan’s textile and clothing exports revived in July increasing 14.4 per cent year-on-year to $1.272 billion compared to $1.112bn in the corresponding month of last year, data released by the Pakistan Bureau of Statistics showed on Monday. The easing of lockdown in the North American and European countries-top export destinations for Pakistani textile goods will help revive the sinking exports. The Covid-19 has collapsed the demand for country’s exports during the last four months. However, there has been a revival in international orders for Pakistani products since June whereas exports through land routes were also allowed to Iran and Afghanistan. It was only in February when the textile and clothing exports jumped nearly 17pc on a year-on-year basis. This growth was reported after a long time as the past few years had been marred by single-digit increases. Details showed ready-made garments exports jumped by 18.04pc in value and drifted much lower in quantity by 32.82pc during July, while those of knitwear edged up 20.42pc in value and 14.49pc in quantity, bed wear posted positive growth of 25.30pc in value and 6.36pc in quantity. Towel exports increased by 21.40pc in value and 26.98pc in quantity, whereas those of cotton cloth rose 1.15pc in value and dipped by 22.31pc in quantity.

The government lifted the ban on exports of seven products classified as personal protective equipment (PPE) in a bid to allow manufacturers to honor international orders. Exporters are receiving inquiries about PPEs from foreign buyers as government allowed exports of disposable gowns, disposable gloves, face shields, biohazard bags, goggles, shoe covers and hand sanitisers with immediate effect. Previously, the government allowed exports of textile masks as well. The cabinet is expected to allow export of surgical mask and N-95 on Wednesday. Among primary commodities, cotton yarn exports dipped by 37.88pc, while yarn other than cotton by 47.53pc. However, export of made-up articles excluding towels surged by 26.04pc, and tents, canvas and tarpaulin increased by a massive 155.86pc during the month under review. The export of raw cotton declined by 100pc during the month under review. The import of textile machinery dropped by 33.91pc during the first month of current fiscal year a sign that no expansion or modernisation projects were taken up by the textile industry during the month. The country’s textile and clothing exports posted a negative growth of over 6pc year-on-year to $12.526bn in the fiscal year 2019-20 compared to $13.327bn in the corresponding period last year.
Fitch affirms Pakistan’s stable outlook

ISLAMABAD: The Fitch Ratings affirmed Pakistan’s long-term foreign-currency issuer default rating (IDR) at ‘B-‘ with a stable outlook saying the government’s good economic policy actions helped resisting the shocks of coronavirus pandemic. According the report published by the New York based international rating agency, the coronavirus pandemic has exacerbated the challenges of large fiscal deficits and a high government debt to GDP ratio by depressing economic growth and pressuring the public finances. It said Pakistan was facing a challenging external position characterized by large external debt repayments against low foreign-exchange reserves and low governance indicator scores. However, the external finances appear resilient to the shock due to the authorities’ policy actions and continuing multilateral and bilateral financial support. Policy actions by the authorities over the past couple of years eased external vulnerabilities prior to the coronavirus shock. These included tighter monetary policy settings and the move to a more market-determined exchange rate regime, which contributed to a sharp narrowing of the current account deficit and a modest rebuilding of foreign-exchange reserves.

Greater exchange rate flexibility has continued during the pandemic and has been an important shock absorber. Liquid gross foreign-exchange reserves of the State Bank of Pakistan (SBP) rose to about $12.5 billion by end-July from $7.7bn a year prior. The central bank’s net forward position has increased somewhat in the past months and net reserves remain negative, even though they have narrowed. Fitch forecasts a further rise in liquid gross reserves to about $16bn by end of this fiscal year. The country’s current account deficit narrowed to 1.1pc of GDP in FY20, from a peak of 6.1pc in FY18, due mainly to import compression and lower oil prices. Fitch forecasts a slight widening of the current account deficit to 1.7pc in FY21 due to a modest recovery in imports and declining remittances. Remittances rose unexpectedly by 7.3pc in 4QFY20, but this is viewed as temporary and expect a decline of about 10pc in FY21 due to the impact of the global economic shock on Pakistan’s overseas workers. External financing requirements have declined, in line with the narrowing of the current account deficit.

However, the government’s external debt repayments remain high at about $10.3bn (about 80pc of current gross liquid reserves) in FY21 and $8.9bn in FY22. The $3bn in deposits at the central bank from Saudi Arabia were slated to be rolled over through 2022, but the Saudi authorities requested repayment on $1bn of the deposits in July. The Fitch forecast the fiscal deficit to remain roughly stable at 8.2pc in FY21, due to the lingering impacts of the coronavirus shock. Under the recently passed FY21 budget, the government targets a deficit of 7pc, but, in Fitch’s view, this target relies on optimistic revenue growth assumptions from ongoing administrative initiatives, as the budget does not contain new revenue raising measures. Fitch forecasts that Pakistan’s debt to GDP ratio will rise to about 90pc by end of FY21, from 87.2pc in FY20, well above the ‘B’ median of 50.8pc, increasing debt sustainability concerns. The deterioration in the debt to GDP ratio is much more significant than expectation of an 80pc level by FY20 at the last review in January, due to the coronavirus shock, as well as further currency depreciation. The
Fitch ratings affirms Pakistan’s long-term foreign-currency IDR at ‘B-’

ISLAMABAD-Fitch Ratings has affirmed Pakistan’s long-term foreign-currency Issuer Default Rating (IDR) at ‘B-’ with a Stable Outlook. Pakistan’s ‘B-’ rating reflects weak public finances, including large fiscal deficits and a high government debt/GDP ratio, a challenging external position characterised by large external debt repayments against low foreign-exchange reserves and low governance indicator scores. The coronavirus pandemic has exacerbated these challenges by depressing economic growth and pressuring the public finances. The external finances appear resilient to the shock due to the authorities’ policy actions and continuing multilateral and bilateral financial support. Policy actions by the authorities over the past couple of years eased external vulnerabilities prior to the coronavirus shock. These included tighter monetary policy settings and the move to a more market-determined exchange rate regime, which contributed to a sharp narrowing of the current account deficit and a modest rebuilding of foreign-exchange reserves. Greater exchange rate flexibility has continued during the pandemic and has been an important shock absorber. Liquid gross foreign-exchange reserves rose to about $12.5 billion by end-July from $7.7 billion a year prior. A sharp reversal in March of record non-resident inflows to local-currency government notes (reaching a stock of $3.2 billion in February) generated exchange rate volatility and a modest decline in foreign-exchange reserves. Foreign holdings have stabilised since then, and reserves have been restored through multilateral and bilateral disbursements. The central bank’s net forward position has increased somewhat in the past months and net reserves remain negative, even though they have narrowed. Fitch forecasts a further rise in liquid gross reserves to about $16 billion by end of fiscal year ending June 2021 (FY21).

Pakistan’s current account deficit narrowed to 1.1 per cent of GDP in FY20, from a peak of 6.1 per cent in FY18, due mainly to import compression and lower oil prices. Fitch forecasts a slight widening of the current account deficit to 1.7 per cent in FY21 due to a modest recovery in imports and declining remittances. Remittances rose unexpectedly by 7.3 per cent in 4Q-FY20, but Fitch view this as temporary and expect a decline of about 10 per cent in FY21 due to the impact of the global economic shock on Pakistan’s overseas workers. External financing requirements have declined, in line with the narrowing of the current account deficit. However, the government’s external debt repayments remain high at about $10.3 billion (about 80 per cent of current gross liquid reserves) in FY21 and $8.9 billion in FY22. The $3 billion in deposits at the central bank from Saudi Arabia were slated to be rolled over through 2022, but the Saudi authorities requested repayment on $1 billion of the deposits in July. In baseline scenario, Fitch assume the additional $2 billion will be rolled over when the respective tranches mature in December and January, but this is subject to some risk. Pakistan has received approval for its participation in the G-20’s Debt Service Suspension Initiative (DSSI), which will lower FY21 debt repayments to bilateral creditors by roughly $2 billion. The relief provided by bilateral creditors does not constitute a default under Fitch’s definitions, and Fitch understand that the
authorities have ruled out any request for participation by private creditors. Access to external financing appears sufficient in the near-term to close any financing gap, underpinned by support from multilateral and bilateral creditors.

In April, the IMF board approved $1.4 billion in financing through its Rapid Financing Instrument. The 39-month, $6 billion IMF programme, which began in July 2019, remains in place. Fitch expect the second review to be completed in the coming months, although it has been delayed since March, due mainly to the IMF’s willingness to facilitate the authorities’ policy focus on the coronavirus response. Fitch understands that both the IMF and government of Pakistan remain committed to the programme, which has facilitated significant financing from a range of multilateral institutions. Official bilateral and commercial bank borrowing from China has also been a key source of financing. The authorities have also indicated they plan to return to the international bond market later this calendar year. Public finances are a rating weakness. Fiscal consolidation efforts were affected by the coronavirus shock, but the general government fiscal deficit still declined to 8.1 per cent of GDP in FY20 from 9.1 per cent in FY19. The shock weighed on revenue in 4QFY20, but it still increased 28 per cent for the full year due in large part to base effects from low revenue collection during FY19 and the authorities’ earlier efforts to improve revenue collection. The government passed a PKR1.2 trillion (2.9 per cent of GDP) coronavirus support package in March to lift health spending and provide assistance to low-income households, although delayed disbursements limited the impact on the FY20 deficit. Limited headroom due to a large fiscal deficit, low revenue and high debt is likely to constrain further fiscal stimulus beyond the March package.

Fitch forecast the fiscal deficit to remain roughly stable at 8.2 per cent in FY21, due to the lingering impacts of the coronavirus shock. Under the recently passed FY21 budget, the government targets a deficit of 7.0 per cent, but, in Fitch’s view, this target relies on optimistic revenue growth assumptions from ongoing administrative initiatives, as the budget does not contain new revenue raising measures. Fitch forecasts that Pakistan’s debt/GDP ratio will rise to about 90 per cent at FYE21, from 87.2 per cent at FYE20, well above the ‘B’ median of 50.8 per cent, increasing debt sustainability concerns. The deterioration in the debt/GDP ratio is much more significant than our expectation of an 80 per cent level by FYE20 at our last review in January, due to the coronavirus shock, as well as further currency depreciation. Under Fitch’s baseline the debt ratio will begin a gradual decline in FY22, to about 85 per cent of GDP by FYE25, as the fiscal deficit narrows and GDP growth picks up. Fitch forecast GDP growth to rebound to 1.2 per cent in FY21, following a contraction of 0.4 per cent in FY20 resulting from the pandemic and the authorities’ macro adjustment policies. Risks to the forecasts are skewed to the downside given uncertainty around the coronavirus. Recent data show the spread of the virus to be declining, and the government appears keen to avoid re-imposition of widespread lockdown measures, opting instead for a “smart lockdown” strategy of targeting coronavirus hotspots. Recent locust infestations pose another downside risk to agriculture, and to the broader growth and the inflation outlook.
Remittances hit monthly record high of $2.768b in July

ISLAMABAD-Inflow of foreign remittances was recorded at historic level of $2.768 billion in July this year, showing growth of 36.5 percent due to the measures taken by federal government and State Bank of Pakistan (SBP). Pakistan received foreign remittances worth $2.768 billion in July 20 as compared to $2.028 billion of remittances received in same month of previous year, showing an increase of 36.5 percent. This was highest ever remittances Pakistan has received in a single month, said ministry of finance on Monday. Prime Minister Imran Khan has also shared the news on Twitter. He said remittances from overseas Pakistanis reached 2,768 million dollars in July this year, which is the highest ever amount in one month in the history of Pakistan. Sharing good news about Pakistan’s economy, he said this is 12.2 percent increase over the month of June this year and 36.5 percent increase over July last year.

“The growth rate in remittances compared to the same month in the previous year is around twice as high as the Eid-ul-Adha related seasonality typically experienced over the last decade,” said SBP. It further added that several factors have likely supported the growth in remittances to date, including orderly exchange rate conditions and policy steps taken by the State Bank and the federal government under the Pakistan Remittance Initiative. These steps include reducing the threshold for eligible transactions from USD 200 to USD 100 under the Reimbursement of Telegraphic Transfer (TT) Charges Scheme, an increased push towards adoption of digital channels, and targeted marketing campaigns to promote formal channels for sending remittances. Meanwhile, the ministry of finance said that on month-o-month basis, remittances increased by 12.2 percent in July 2020, recorded $2768.1 million ($2466.3million in June 2020). Share of remittances from Saudi Arabia 29.7 percent ($ 821.6 million), U.A.E 19.4 percent ($ 538.2 million), USA 9.1 percent ($ 250.6 million), U.K 14.2 percent ($ 393.9 million), other GCC countries 10.7 percent ($ 297 million), Malaysia 0.8 percent ($ 22.3 million), EU 8.2 percent ($ 227.6 million) and other countries 7.8 percent. The Reimbursement of T.T. Charges Scheme is revised in March 2020 accordingly, the amount of Home Remittance transaction between USD 100/- and USD 200/- (or equivalent in other currencies) to be reimbursed increased from Saudi Riyal (SAR) 10/- to SAR 20/-

SBP has raised the payment limits for information technology (IT) related freelance services from US$ 5,000 to US$ 25,000 per individual per month to enhance business-to-customer transactions through home remittance channel. The enhancement in limit is facilitating freelancers to increase home remittances through formal banking channels in the country. To encourage promotion of home remittances through formal channels, the performance based scheme is effective from January 01, 2020 in which, Rs. 1 per each incremental USD mobilized over 15 percent growth in remittances in calendar year 2020 compared with the levels achieved in calendar year 2019. A “National Remittance Loyalty Programme” will be launched from September 1, 2020 with collaboration of major commercial banks and government agencies through which various incentives will be given to remitters through mobile apps and cards. ECC approved a technical supplementary grant of Rs.9.6 billion during the current financial year to finance the above-mentioned initiatives. In recent budget FY2021, an amount of Rs 25 billion has been allocated to improve foreign remittances through banking channels and build up foreign

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Financial institutions were motivated to use effective marketing campaigns with particular focus on digital channels for sending and receiving remittances to promote the use of legal channels. The significant increase in remittances during July 2020 can be attributed to a number of factors including orderly exchange rate conditions and policy steps taken by the State Bank and the federal government under the Pakistan Remittance Initiative. Due to COVID-19 economic slowdown, remittances are targeted at $21.5 billion for FY2021 but with improving situation, the government is very much hopeful that it will surpass the target.

The Nation
August 18, 2020

Textile and clothing exports post growth of 14.4pc in July

ISLAMABAD-Pakistan’s textile and clothing exports posted a growth of 14.4 percent to $1.272 billion in July 2020 as compared to $1.112 billion in corresponding month of previous year. Data released by Pakistan Bureau of Statistics (PBS) showed that country’s textile exports have rebounded in July 2020 after registering negative growth in previous fiscal year. The massive increase in textile exports has helped in increasing country’s overall exports to $2 billion in the month of July. Exporters had resumed production in July to honour their international orders. In textile sector, according to PBS, exports of knitwear had enhanced by 20.42 percent during July over a year ago.

Similarly, exports of bed wear had also recorded an increase of 25.3 percent. Meanwhile, exports of ready-made garments had also surged by 18.04 percent. Exports of cotton cloth had recorded a growth of 1.15 percent and exports of tents, canvas and tarpaulin had gone up by 155 percent, art, silk and synthetic exports increased by 14.01 percent. However, exports of raw cotton decreased by 100 percent and exports of cotton yarn by 37.88 percent in the month of July. Exports of yarn had also declined by 47.53 percent. The data of PBS showed that exports of food commodities had recorded decline of 15.52 percent in the month of July. In food commodities, exports of rice recorded decline of 23.53 percent, exports of wheat and sugar had decreased by 100 percent. Meanwhile, exports of fish and its products had enhanced by 53.63 percent and tobacco by 100 percent.

On the other side, Pakistan’s imports had recorded decline of 0.7pc and recorded at $3.69 billion in the month of July 2010. Pakistan’s oil import bill had slashed by 24.94 percent in last month due to the slowdown in economic activities of the country. Total oil imports amounted to $752 million during July 2020 compared to $1.002 billion during the same period last year. The breakup of $752 million showed that import of petroleum products was recorded at $387 million, petroleum crude at $203 million and liquefied natural gas at $128 million and liquefied petroleum gas at $33 million. Food imports had enhanced by 82.12 percent to $529.3 million in July 2020, from $290.6 million in corresponding months last year. Import bill of the machinery clocked in at $679 million, showing a decrease of 6.38 percent. However, transport group had
recorded growth of 5.51 percent during the period under review. On the other hand, agriculture imports inched up by 0.08 percent to $651.8 million.

Remittances hit record high

KARACHI: Remittances from workers employed abroad hit the highest level for a single month in July, officials said on Monday, increasing 36.5% year on year, mostly thanks to less spending on Hajj pilgrimages because of the coronavirus pandemic. The global economic slowdown had raised fears that remittances, key to country’s dwindling foreign exchange reserves, would decline given falling employment in countries from where most of the money is sent - particularly Saudi Arabia and United Arab Emirates. But July remittances rose to $2.768 billion, the State Bank of Pakistan said, adding the increase was up 12.2% from June, when remittance numbers were also high. “More good news for Pakistan economy,” Prime Minister Imran Khan tweeted. “Remittances from overseas Pakistanis reached $2768 million in July 2020, highest ever amount in one month in the history of Pakistan.”

Remittances from Saudi Arabia in July amounted to $821.6 million, the United Arab Emirates $538.2 million, the United Kingdom $393.9 million and the United States, $250.6 million. “Given the impact of COVID-19 globally, this increase in workers remittance is encouraging,” SBP said in a statement. It added that the growth rate compared to the same month in 2019 was around twice as high because of decreased spending over Eid-ul-Azha season. “Not much cash movement on flights or Hajj and Umrah pilgrimages has taken place this year. This trend can continue for some months, which is a positive development for the economy,” Saad Hashemy, Executive Director BMA Capital Management, told Reuters. Pakistan has opened all sectors of the economy in a bid to revive its hard-hit economy. The country has reported 289,215 positive COVID-19 cases of which 269,087 have recovered, with 6,175 deaths. –Reuters

RECORDER REPORT adds: According to State Bank of Pakistan (SBP), workers’ remittances arrived in July is the highest ever level of remittances received in a single month in Pakistan. Given the impact of Covid-19 globally, this increase in worker’s remittances is encouraging, it added. The growth rate in remittances compared to the same month in the previous year is around twice as high as the Eid-ul-Azha-related seasonality typically experienced over the last decade. Among three major corridors, most of growth in home remittances witnessed from Saudi Arabia. Inflows from Saudi Arabia surged by 74 percent to $821.55 million in July 2020 up from $471 million in same period of last fiscal year. Workers’ remittances from the UK posted 32 percent growth and reached $394 million. However, inflows from the US declined 22 percent to $251 million in the first month of this fiscal year. In July, sizeable amounts of workers’ remittances were also received from the UAE amounted to $ 538.2 million, GCC countries $ 297 million and the EU countries $227 million.
SBP said that several factors have likely supported the growth in remittances to date, including orderly exchange rate conditions and policy steps taken by the State Bank and the Federal Government under the Pakistan Remittance Initiative. These steps include reducing the threshold for eligible transactions from USD 200 to USD 100 under the Reimbursement of Telegraphic Transfer (TT) Charges Scheme, an increased push towards adoption of digital channels, and targeted marketing campaigns to promote formal channels for sending remittances. In addition, to improve data quality and better capture the source country of the remitter, the compilation methodology for ‘country wise’ workers’ remittances has been strengthened from this month. Therefore, country-by-country trends will be available on a consistent basis from August 2020 onwards. Importantly, the new data collection method does not affect the reporting of the level of remittances arriving into Pakistan. Importantly, SBP said that the revised country shares under the improved data do not necessarily imply that remittances from one country have increased over another. Instead they demonstrate that the source country of remittances is being recorded more accurately now.

August 18, 2020

Fitch affirms IDR at “B-”

ISLAMABAD: Fitch Ratings has affirmed Pakistan’s long-term foreign-currency Issuer Default Rating (IDR) at “B-” with a stable outlook. The rating agency in its latest update stated that Pakistan’s “B-” rating reflects weak public finances, including large fiscal deficits and a high government debt/GDP ratio, a challenging external position characterized by large external debt repayments against low foreign-exchange reserves and low governance indicator scores. The coronavirus pandemic has exacerbated these challenges by depressing economic growth and pressuring the public finances. The external finances appear resilient to the shock due to the authorities’ policy actions and continuing multilateral and bilateral financial support. It further stated that policy actions by the authorities over the past couple of years eased external vulnerabilities prior to the coronavirus shock. These included tighter monetary policy settings and the move to a more market-determined exchange rate regime, which contributed to a sharp narrowing of the current account deficit and a modest rebuilding of foreign-exchange reserves. Greater exchange rate flexibility has continued during the pandemic and has been an important shock absorber. Liquid gross foreign-exchange reserves rose to about $12.5 billion by end-July from $7.7 billion a year prior. A sharp reversal in March of record non-resident inflows to local-currency government notes (reaching a stock of $3.2 billion in February) generated exchange rate volatility and a modest decline in foreign-exchange reserves. Foreign holdings have stabilised since then, and reserves have been restored through multilateral and bilateral disbursements. The central bank’s net forward position has increased somewhat in the past months and net reserves remain negative, even though they have narrowed.

Fitch forecasts a further rise in liquid gross reserves to about $16 billion by end of fiscal year ending June 2021. Pakistan’s current account deficit narrowed to 1.1 percent of the GDP in fiscal year 2020, from a peak of 6.1 percent in fiscal year 2018, due mainly to import compression and
lower oil prices. Fitch forecasts a slight widening of the current account deficit to 1.7 percent in fiscal year 2021 due to a modest recovery in imports and declining remittances. Remittances raised unexpectedly by 7.3 percent in 4th quarter of fiscal year 2020, but Fitch views this as temporary and expect a decline of about 10 percent in fiscal year 2021 due to the impact of the global economic shock on Pakistan’s overseas workers. It further stated that external financing requirements have declined, in line with the narrowing of the current account deficit. However, the government’s external debt repayments remain high at about $10.3 billion (about 80 percent of current gross liquid reserves) in fiscal year 2021 and $8.9 billion in fiscal year 2022. The $3 billion in deposits at the central bank from Saudi Arabia were slated to be rolled over through 2022, but the Saudi authorities requested repayment on $1 billion of the deposits in July. “In our baseline scenario, we assume the additional $2 billion will be rolled over when the respective tranches mature in December and January, but this is subject to some risk,” Fitch added. Pakistan has received approval for its participation in the G-20’s Debt Service Suspension Initiative (DSSI), which will lower fiscal year 2021 debt repayments to bilateral creditors by roughly $2 billion. The relief provided by bilateral creditors does not constitute a default under Fitch’s definitions, and understand that the authorities have ruled out any request for participation by private creditors.

Access to external financing appears sufficient in the near-term to close any financing gap, underpinned by support from multilateral and bilateral creditors. In April, the IMF board approved $1.4 billion in financing through its Rapid Financing Instrument. The 39-month, $6 billion IMF programme, which began in July 2019, remains in place. “We expect the second review to be completed in the coming months, although it has been delayed since March, due mainly to the IMF’s willingness to facilitate the authorities’ policy focus on the coronavirus response. We understand that both the IMF and government of Pakistan remain committed to the programme, which has facilitated significant financing from a range of multilateral institutions”, it added. Official bilateral and commercial bank borrowing from China has also been a key source of financing. The authorities have also indicated they plan to return to the international bond market later this calendar year. Public finances are a rating weakness. Fiscal consolidation efforts were affected by the coronavirus shock, but the general government fiscal deficit still declined to 8.1 percent of GDP in fiscal year 2020 from 9.1 percent in fiscal year 2019. The shock weighed on revenue in 4th quarter of 2020, but it still increased 28 percent for the full year due in large part to base effects from low revenue collection during fiscal year 2019 and the authorities’ earlier efforts to improve revenue collection. The government passed a Rs1.2 trillion (2.9 percent of GDP) coronavirus support package in March to lift health spending and provide assistance to low-income households, although delayed disbursements limited the impact on the fiscal year 2020 deficit.

Limited headroom due to a large fiscal deficit, low revenue and high debt is likely to constrain further fiscal stimulus beyond the March package. “We forecast the fiscal deficit to remain roughly stable at 8.2 percent in fiscal year 2021, due to the lingering impacts of the coronavirus shock. Under the recently passed fiscal year 2021 budget, the government targets a deficit of 7 percent, but, in Fitch’s view, this target relies on optimistic revenue growth assumptions from ongoing administrative initiatives, as the budget does not contain new revenue raising measures”, the rating agency added. Fitch forecasts that Pakistan’s debt/GDP ratio will rise to about 90 percent at FYE21, from 87.2 percent at FYE20, well above the ‘B’ median of 50.8 percent,
increasing debt sustainability concerns. The deterioration in the debt/GDP ratio is much more significant than Fitch expectation of an 80 percent level by FYE20 at its last review in January, due to the coronavirus shock, as well as further currency depreciation. Under Fitch’s baseline the debt ratio will begin a gradual decline in fiscal year 2022, to about 85 percent of GDP by FYE25, as the fiscal deficit narrows and GDP growth picks up. Mitigating the risk around a high debt ratio is that roughly two-thirds of the debt stock is in local currency, compared with a ‘B’ median of about a third. The government is also seeking to extend maturities to limit rollover risks by taking advantage of the apparent appetite from the domestic banking sector for longer-dated issues. “We forecast GDP growth to rebound to 1.2 percent in fiscal year 2021, following a contraction of 0.4 percent in fiscal year 2020 resulting from the pandemic and the authorities’ macro adjustment policies”, it added.

Risks to the forecasts are skewed to the downside given uncertainty around the coronavirus. Recent data show the spread of the virus to be declining, and the government appears keen to avoid re-imposition of widespread lockdown measures, opting instead for a ‘smart lockdown’ strategy of targeting coronavirus hotspots. Recent locust infestations pose another downside risk to agriculture, and to the broader growth and the inflation outlook. The monetary policy stance has been loosened to support the economy during the coronavirus shock. The central bank cut the policy rate by a cumulative 625bp to 7 percent between March and June. As a result, the real interest rate has turned negative, although Fitch forecasts that inflation will remain on a downward trajectory, averaging 7.8 percent during fiscal year 2021 from 10.7 percent in fiscal year 2020, supported by diminishing pass through from last year’s substantial rupee depreciation. The coronavirus poses a potential setback to the government’s reform agenda, with policy focused on the pandemic response, and possibly affects the ability to advance politically challenging reforms. Nevertheless, the government has undertaken some reforms in the past months, although further steps to address circular debt in the power sector - a key element of the IMF programme - have been delayed. Pakistan’s rating is constrained by structural weaknesses, reflected in weak development and governance indicators. Per capita GDP of $1,264 is below the $2,867 median of its ‘B’ rated peers. Governance quality is also low in Pakistan with a World Bank Governance Indicator (WBGI) score in the 22nd percentile compared with a ‘B’ median in the 38th percentile. Pakistan has an ESG Relevance Score (RS) of 5 for both Political Stability and Rights and for the Rule of Law, Institutional and Regulatory Quality and Control of Corruption, as is the case for all sovereigns.

These scores reflect the high weight that the WBGIIs have in Fitch proprietary Sovereign Rating Model. Pakistan has a low WBGI ranking at 22.5, reflecting the absence of a recent record of peaceful political transitions, relatively weak rights for participation in the political process, weak institutional capacity, uneven application of the rule of law and a high level of corruption. Fitch’s proprietary Sovereign Rating Model (SRM) assigns Pakistan a score equivalent to a rating of ‘CCC+’ on the Long-Term Foreign-Currency (LT FC) IDR scale. Fitch’s sovereign rating committee adjusted the output from the SRM to arrive at the final LT FC IDR by applying its Qualitative Overlay (QO), relative to rated peers, as follows: - Structural: +1 notch to adjust for the negative effect on the SRM of Pakistan’s take-up of the DSSI, which prompted a reset of the “years since default or restructuring event” variable (which can pertain both to official and commercial debt). In this case, Fitch judged that the deterioration in the model as a result of the reset does not signal a weakening of the sovereign’s capacity and willingness to meet its
Cutlery exports increase by 16.80pc

ISLAMABAD - The cutlery exports from the country witnessed an increase of 16.80 per cent during first month of current financial year (2020-21) as compared to the corresponding period of last fiscal year. The country exported cutlery worth US $10.158 million during July 2020 against the exports of US $8.697 million during July 2019, showing growth of 16.80 per cent, according to the Pakistan Bureau of Statistics (PBS). On month-on-month basis, the exports of cutlery also witnessed greater of 71.65 per cent during July 2020, when compared to the exports of US $ 5.918 million during June 2020, according to the data. It is pertinent to mention here that
the trade deficit during the first month of the current fiscal year was dipped by 7.72 per cent as compared to the corresponding period of last year. The trade deficit during July 2020 was recorded at US $ 1.686 billion against the deficit of US $ 1.827 million in July 2019, the data revealed. During the month under review, the exports from the country increased by 6.10 per cent, from $1.886 billion last year to $2.001 billion during the current year. On the other hand, the imports witnessed negative growth of 0.70 per cent by falling from $3.713 billion last year to $3.687 billion this year.

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August 20, 2020

Pakistan, Uzbekistan to ink MoU for JWG on Trade, Investment next month

ISLAMABAD-Pakistan and Uzbekistan would sign memorandum of understanding (MoU) for establishment of Joint Working Group on Trade and Investment in the upcoming visit of Uzbek Deputy Prime Minister to Pakistan in September. The inaugural session of Joint Working Group is also likely to be held during the visit. “During the visit, we will discuss measures for increasing trade and connectivity by road, rail and air, particularly the use of Sialkot International Airport for trade,” said Adviser to the Prime Minister on Commerce and Investment Abdul Razak Dawood on twitter. Earlier, Sadullah Tashmatov, Charge’ D’affaires of Uzbekistan in Pakistan, called on the Advisor to the Prime Minister on Commerce and Investment, Abdul Razak Dawood, at Ministry of Commerce. The purpose of the meeting was to discuss the upcoming visit of Deputy Prime Minister of Uzbekistan Sardor Umurzakov, to Pakistan. Earlier in May 2020, Razak Dawood invited the Deputy Prime Minister to visit Pakistan along with a delegation to discuss bilateral economic relations. Razak Dawood reiterated that the trade and investment relations between the two countries will be strengthened through institutional mechanisms and private sector joint ventures. Dawood emphasized the importance of developing connectivity for harnessing and deepening the bilateral relationship. He added that Pakistan is keen to develop backward and forward linkages in textile, leather, pharmaceutical and agriculture sector with Uzbekistan.

Both sides agreed to work together for improving connectivity, establishing banking channels and enhancing bilateral trade. In the meeting with the Deputy Prime Minister in May, discussions were held on business to business cooperation as well as utilization of Gwadar and Karachi ports for trade. All these suggestions will also be taken up in the upcoming visit next month. In addition, the Uzbek envoy discussed development of connectivity through road, rail and air linkages between both countries. The envoy also expressed interest in the use of Sialkot International Airport for trade. Both sides agreed to explore opportunities for cooperation and were hopeful that the upcoming visit will help in advancing the bilateral trade and economic ties. Later, in other tweet, the Advisor to the Prime Minister on Commerce and Investment said that Pakistan has exported 125,000 tons of mangoes so far this year, against an annual target of 80,000 tons. Export of $72 million has been achieved and it is expected that we will accomplish export of $150 million. “I congratulate our mango exporters who have been able to achieve this remarkable result. A meeting is being arranged to strategize on a long term for exporting this great Pakistani product,” he added.
Pakistan’s long-term outlook `stable’: S&P

ISLAMABAD: The Standard & Poor’s (S&P) rating agency on Thursday affirmed Pakistan’s ‘Blong-term and ‘B’ short-term sovereign rating while maintaining `stable’ long-term outlook. The New York-based rating agency also affirmed ‘B-’ long term issue rating on Pakistan’s senior unsecured debt and sukuk trust certificates. It said the country’s rating remains constrained by a narrow tax base and domestic and external security risks, which continue to be high. Although the country’s security situation has gradually improved over the recent years, ongoing vulnerabilities weaken the government’s effectiveness and weigh on the business climate. It said the Covid-19 pandemic exacerbated Pakistan’s economic downturn but forecast the real GDP to recover to 1.3 per cent during the current fiscal year. ‘We expect the sovereign’s credit metrics to remain under pressure for the next two to three years’, said the S&P. The agency, nevertheless, noted that the government had made solid progress toward important fiscal and economic reforms prior to the start of the global coronavirus outbreak, and reform momentum should return once the pandemic was better contained. Multilateral and official funding will remain critical to Pakistan’s external debt sustainability. It said the stable outlook reflected rating agency’s expectations that funding from the International Monetary Fund (IMF) and other partners, along with a recent improvement in Pakistan’s balance of payments position will be sufficient for the country to meet its considerable external obligations over the next 12 months.

The rating agency said it may lower its ‘ratings if Pakistan’s fiscal, economic, or external indicators deteriorate further, such that the government’s external debt repayments come under pressure’. Indications of this would include external or fiscal imbalances higher than expected. Conversely, it may raise ratings on Pakistan if the economy materially outperforms expectations, strengthening the country’s fiscal and external positions more quickly than forecast. It said the progress on reforms was likely to be delayed amid the pandemic. The ratings reflect the fall out of the Covid-19 pandemic on the country’s already-weak economy, considerable external indebtedness and liquidity needs and an elevated general government fiscal deficit and debt stock. ‘While Pakistan had made progress toward consolidating its fiscal accounts during the first nine months of its Extended Funding Facility programme with the IMF, related imbalances have been worsened by much slower economic growth since March 2020’, it noted. The agency noted in particular that domestic demand in the economy remained very weak, as evident from contractions in both real consumption and imports in the fiscal year ended June 2020. Prospects for a near-term recovery have dimmed following strict domestic virus containment measures implemented between March and June, and in the face of a much weaker global economic outlook. Despite having stabilised in the first three quarters of the fiscal year, a deep downturn in the April-June period led the Pakistani economy to a full-year contraction of nearly 0.4pc in fiscal year 2020. Renewed weakness in the economy will undermine revenue generation while complicating the government’s efforts to curtail expenditure.

The government is likely to focus on implementing last year’s new revenue measures in the current fiscal period, rather than to introduce additional policies against a backdrop of poor business and consumer sentiment. Pakistan’s economy is likely to recover only gradually as the
global pandemic is progressively better contained. Following Pakistan’s worst economic performance on record in FY20, the agency forecast a modest expansion of 1.3pc in FY21. Taken together with its relatively fast population growth of approximately 2pc per year, real per capita economic growth will likely remain negative for a third straight year, at -0.7pc. That will contribute to a further decline in Pakistan’s 10-year weighted average per capita growth rate to just 0.6pc, well below the global median of 1.5pc for economies at a similar level of income. The Pakistani rupee’s approximately 38pc depreciation against the dollar between 2017 and 2020 has also contributed to a considerable decline in the economy’s nominal GDP per capita. ‘We forecast GDP per capita to remain just above $1,200 by the end of this fiscal year, versus closer to $1,600 in fiscal 2018’. Growth will also be constrained by domestic security challenges and extended hostility with neighboring India and Afghanistan. The former Pakistan Muslim League government improved the security situation within the country, and we would expect the government to continue this positive momentum. However, tensions with neighboring India flared on multiple occasions in 2019, and further incidents, especially in the vicinity of the line of control in Kashmir, cannot be ruled out. After an estimated general government fiscal deficit of 8.1pc of GDP in fiscal 2020, we forecast an elevated shortfall equivalent to 8.5pc of GDP this year, largely owing to revenue constraints amid the weak economy.

The Nation
August 21, 2020

Taxes, duties exempted on import of 0.3m metric tonnes of white sugar

ISLAMABAD - The Federal Board of Revenue (FBR) on Thursday has notified to exempt the import of 0.3 million metric tonnes of white sugar from the taxes and duties. The FBR has issued two different notifications in this regard, which stated that government has exempted the 0.3 million metric tonnes imported sugar from the taxes and duties. The government had allowed importing of 300,000 metric tonnes white sugar to maintain strategic reserves, stabilise prices of sugar and prevent any possible shortfall at the end of this crop year 2019-20. Sugar prices are continuously increasing in the country by reaching around Rs110 per kg in different parts of the country. The Economic Coordination Committee (ECC) of the Cabinet chaired by Adviser to the Prime Minister on Finance and Revenue Dr Abdul Hafeez Shaikh, in last month gave go-ahead to a proposal by the Ministry of Industries and Production for import of up to 300,000 metric tonnes of refined white sugar to maintain buffer stocks and prevent any shortage of sugar in the coming months before the start of next crushing season. The ECC also considered a proposal by the Ministry of Industries and Production for import of refined sugar by the Trading Corporation of Pakistan (TCP) to maintain buffer stocks, and allowed import of up to 300,000 metric tonnes of white sugar through a mode of procurement and other modalities to be decided by a three-member committee comprising Secretary Industries and Production, Secretary Commerce and Secretary Finance.

The ECC also asked the Committee to seek input from the Law Division on the preferred mode of procurement and report to ECC in its next meeting. Ministry of Industries and Production informed the ECC that a meeting of Sugar Advisory Board (SAB) was held on March 18, 2020, during which it was observed that normal consumption pattern @ 0.442 million tonnes per month would mean that the estimated available stock of sugar amounting to 5.634 million tonnes
would be adequate till December 2020 and there would be a remaining balance of 0.296 million tonnes at the time of the next crushing season. During the meeting it was decided that there were ample stocks and balance at the end of the crop year would be 0.271 million tonnes @ 0.442 million tonnes/month average, normal off-take/consumption pattern. However, the current stock position showed a drastic reduction of stocks by 50 per cent as compared to the last meeting which meant that the stocks declined from 3.365 million tonnes to 1.685 million tonnes. As a result of this unusual decline the stocks’ would last only till mid-November 2020, which was before the start of next crushing season. Therefore, the ECC had agreed to allow import of up to 300,000 MT sugar.

August 22, 2020

MoC preparing 3-year tariff rationalization plan

ISLAMABAD: Ministry of Commerce (MoC) is said to be preparing a three-year tariff rationalization plan for key value chains of the country including textile, which contributes about 60 per cent in exports, aimed at making customs tariff more predictable, well-informed sources told Business Recorder. Prime Minister’s Advisor on Commerce and Investment, Abdul Razak Dawood, is regularly holding meetings of Tariff Policy Board (TPB) to consider proposals coming from different industries individually. “We have selected textile sector, plastic chain and few engineering goods including transformers, home appliances, pumps, motors, cables, switches for tariff rationalization plan to be announced in federal budget 2021-22,” the sources added. The government reduced customs tariff to zero or very minimal on over 1600 tariff lines related to raw materials in budget 2020-21. However, many proposals were not entertained.

Commerce Ministry, sources said, has constituted teams which will start formal work after drafting proposals for a three-year tariff rationalization plan. The teams will interact with the stakeholders and hold seminars and public hearings to seek opinions of concerned sectors. The exercise will be completed within next four or five months. However, it would depend on how much revenue hit the government is willing to take and which sector would be given preference. Commerce Ministry, sources said, had formed tariff rationalization plan for iron and steel for budget 2020-21 but the government did not adopt it, adding that next year, this plan would again be presented before the competent forum. The sources said, previously, tariff rationalization proposals used to be entertained at the end of fiscal year but the practice has changed and now such proposals are considered whenever the industry sends proposals to the Commerce Ministry.

Tariff Policy Board has already taken a principled decision that any proposal about change in Additional Customs Duty or Regulatory Duty would be considered by the Board for recommendation to the ECC. “Any change in customs duty can only be made at the time of budget. However, changes in Additional Custom Duty or Regulatory Duty are possible any time at the level of Economic Coordination Committee (ECC) of the Cabinet and ratified by the Cabinet,” the sources continued.
Commerce Ministry has also prepared a proposal that duty on those fibers or yarn which were not made locally, should be reduced. The proposal prepared by the Textile Section of Commerce Ministry was for reducing duty on jute, flax fibre, nylon ryan, etc. The sources said, Strategic Trade Policy Framework (STPF) 2020-21 is also being given final touches before submission to the ECC and then Cabinet. Commerce Ministry, sources said, has also formulated export and import forecasting model for each sector for the next five years, to be reviewed every six months in the light of change in international trends. On the basis of consultative process involving private sector stakeholders, Ministry of Commerce has projected $26 billion exports for 2020-21, $31 billion for 2021-22, $345 billion in 2022-23, $40 billion in 2023-24 and $46 billion in 2024-25, the sources maintained.—MUSHTAQ GHUMMAN

The Nation
August 23, 2020

Govt delays announcement of long-awaited Strategic Trade Policy Framework

ISLAMABAD-The government has delayed the announcement of much-delayed Strategic Trade Policy Framework (STPF), which was supposed to be unveiled in 2018 when previous policy had expired. Officials of the ministry of commerce had claimed that STPF would be announced soon after the approval of annual budget for current fiscal year in July this year. However, the government had not announced the STPF, as the previous policy expired in 2018. An official of the ministry of commerce has informed that government is giving final touches to the policy and it is expected that STPF would be soon presented in Economic Coordination Committee (ECC) and Cabinet for approval. He informed that ministry of commerce is also working on preparing a three-year tariff rationalisation plan. The Tariff Policy Centre, National Tariff Commission is conducting detailed studies and suggests three years tariff rationalisation roadmap initially for iron & steel, plastics, engineering, pharmaceuticals, chemicals and textile sectors.

Tariff rationalisation would improve the competitiveness of domestic industry including the exports sector through duty free access to imported raw materials and intermediate goods, which will eventually increase employment opportunity in the country by attracting investment in manufacturing sector, he added. The incumbent government wanted to increase the country’s exports in next five years by giving incentives to exporters. Under the proposed STPF, the government has estimated to enhance the exports to $26 billion in next fiscal year from estimated $23 billion of the ongoing fiscal year. It has been planned that exports would be further increased to $31 billion in 2021-22, $35 billion in 2022-23, $40 billion in 2023-24 and $46 billion in 2024-25. The previous government of PML-N in last STPF 2015-18 aimed to enhance the annual exports to $35 billion by the end of June 2018. However, the country’s exports remained at around $22 billion to $23 billion, missing the exports target by huge margin. It is worth mentioning here that Pakistan’s exports had never gone beyond $26 billion. The successive governments had failed to increase the country’s exports, which resulted in massive trade deficit.
Pakistan exports 125,000 tonnes of mangoes despite stiff challenges

PESHAWAR-Pakistan, during the current season, has attained higher mango export target by exporting 125,000 tonnes, fetching valuable and much needed foreign exchange of $72 million despite numerous issues arising of the global COVID-19 Pandemic. Keeping stiff challenges of the global pandemic, the mango export target was set at 80,000 tonnes, however All Pakistan Fruit & Vegetable Exporters, Importers & Merchants Association (PFVA) effectively managed to increase the export target to 45,000 tonnes by adopting aggressive strategy coupled with timely decisions taken by the federal Government. In the upcoming one and a half months, an additional mango export of 25,000 tonnes is expected. This was stated by All Pakistan Fruit and Vegetable Exporters, Importers and Merchants Association (PFVA) Patron-in-Chief Waheed Ahmad. Talking to APP, Waheed Ahmad said the current mango season was one of the most difficult seasons in the history of mango export, however the Association translated the stiff challenges of the coronavirus pandemic into a unique opportunities by adopting appropriate and realistic strategies including switching export of mangoes to sea and land routes after the Airlines had shut down flight operations.

Prior to the commencement of the current mango season, the entire world was engulfed with the global pandemic of coronavirus and subsequent lockdowns as a precautionary measure led to closure of Super Stores and markets while demand of foods drastically reduced due to suspension of flights by the Airlines creating logistic issues. In the backdrop of these stiff challenges, when the mango export started, it was confronted with very serious problems. On one hand there were serious logistic issues while on other hand people confined to their homes due to the global lock down, were badly in need of food items particularly high nutrition food, the mango being on top of that list due to its high nutrition value, effective in combating against the deadly pandemic, Waheed stated. Taking timely advantage of this unique opportunity, President of Pakistan, Dr. Arif Alvi convened a special meeting in the President House and decided to launch an aggressive promotion of Pakistani mangoes through Pakistani missions abroad by sending “gift of mangoes” to all head of states with a view to improve diplomatic ties.
with these states. In light of this decision, the Trade Development Authority of Pakistan (TDAP) during this year conducted mango promotion-related activities in 24 cities of the world through Pakistani missions abroad while 30 Head of States of various countries were sent “gift of Pakistani mangoes” on official level.

This well-thought strategy played a vital role in promotion of Pakistani mangoes globally, explained Waheed. The consumers of the recipient countries of Pakistani mangoes played a leading role of the front men workers in highlighting Pakistani mangoes as delicious and highly nutrient. Afghanistan emerged as the top country in import of Pakistani mangoes during the current mango season while U.A.E., Iran and Oman proved to be big International markets for Pakistani mangoes. With an overall mango export of 46,276 tonnes, the share of UAE, Iran and Oman was 33,000 tonnes, 17,956 tonnes and 11,459 tonnes respectively, he added. The PFVA raised voice against borders closure by Iran and Afghanistan bringing it in notice of the standing committee of the National Assembly on Agriculture development and subsequent prompt action by the Ministry of Commerce, Ministry of National Food Security and Research and the foreign Ministry to get the issues resolved within short span of 72 hours. While CEO PIA on directive of Ministry of Aviation had a meeting with a delegation of the PFVA to review issues of this sector in contest with exports through the national Flag Carrier and by taking quick decision reduced the Air freight charges by 30-50 per cent to facilitate export of fruits and vegetables. This way the issues of export of mango related to the PIA were amicably resolved.

According to Waheed Ahmed, during the current season of mangoes, the coordination and cooperation between the federal government other concerned government departments were excellent in resolving export-related issues. He added that if issues in future are resolved with the same spirit and enthusiasm, the export of Pakistani mangoes could easily be enhanced to 200,000 tonnes while export volume of the value-added products of mangoes to be enhanced to $350 million within three years. PFVA has already submitted a comprehensive road map – titled “Horticulture Vision – 2030” to the GoP, formulated on basis of extensive consultation with all concerned stakeholders from all the provinces of Pakistan for rapid growth of the Horticulture sector. With effective implementation of this road map, the export of mangoes can be enhanced to 200,000 tonnes thus making our country the second largest exporter of the mangoes. Highlighting the serious problems of the Agriculture and Horticulture sector, Waheed mentioned that the production of mangoes is in thick soup due to serious challenges of the Climatic changes and scarcity of water and the magnitude of these issues are multiplying with each passing year and these factors have negative impact on production of mangoes as well.

The old mango orchards cannot withstand the challenges of seasonal effects and various diseases and similarly the mango orchards established using primitive methods have limited yield per acre. During the current season, the production of mangoes was reduced by 35 per cent bringing the volume to 1,300,000 tonnes instead of 1,800,000 compared to the last year while the production of “Mosmi Chunisa” was also badly affected. Waheed Ahmed said that by adopting aggressive strategy and prompt resolution of the export-related issues of mangoes during the current mango season, the way the serious challenges of global Corona pandemic were translated
into opportunities, the past seasons are unable to produce such a glorifying example. By practicing this exemplary cooperation between the government and the private sector the export could be enhanced manifolds, he remarked.

The Nation
August 24, 2020

Pakistan earns $489m from travel services’ export

ISLAMABAD- Pakistan earned $489.074 million by providing different travel services in various countries during the fiscal year 2019-20. This shows growth of 15.59 per cent as compared to US $423.120 million same services were provided during the corresponding period of fiscal year 2018-19, Pakistan Bureau of Statistics (PBS) said. During the period under review, the personal travel services grew by 15.48 per cent, from US $418.780 million last year to $483.604 million during July-June (2019-20). Among these personal services, the exports of personal expenditure and education related expenditure decreased by 51.41 and 26.74 per cent respectively. In addition, the other personal services increased by 17.75 per cent, out of which religious and other travel services witnessed growth of 18.93 and 17.75 per cent respectively. Meanwhile, the exports of business services also increased by 26.04 per cent, from US $4.340 million to US $5.470 million, the PBS data revealed. It is pertinent to mention here that the services trade deficit of the country during the fiscal year (2019-20) decreased by 42.96 per cent as compared to the corresponding period of last year. During the period from July-June, 2019-20, services exports decreased by 8.66 per cent, whereas imports reduced by 24.25 per cent, according the data released by Pakistan Bureau of Statistics. The services worth $5.449 billion exported during the period under review as compared the exports of $5.966 billion in same period of last year, whereas imports of services into the country was recorded at $8.284 billion as against the imports of $10.936 billion, the data revealed.

The Nation
August 26, 2020

Tea imports increase by10.7pc in July

ISLAMABAD-The tea imports witnessed an increase of 10.70 per cent during the first month of the current fiscal year as compared to the same month of last year, Pakistan Bureau of Statistics (PBS) reported. The tea imports were recorded at $38.180 million during July 2020 as against imports of $34.489 million in July 2019, according to latest PBS data. In terms of quantity, the tea imports increased by 23.95 per cent during the month under review by going down from the imports of 13,535 metric tonnes last year to 16,776 metric tonnes during July 2019. Meanwhile, on month-on-month basis, the tea imports into the country decreased by 34.83 per cent in July 2020 as compare to the imports of $59.685 million in June 2020. The imports of overall food commodities during the month increased by 82.12 per cent as these expanded from $290.635 million last year to $520.560 million during the month of July. It is pertinent to mention here that the country’s merchandize trade deficit witnessed a reduction of 10.24pc during the first month (July) of the current fiscal year (2020-21), as compared to the corresponding month of last
year. The country’s deficit in July 2020 stood at $1.640 billion, as against the deficit of $1.827 billion in July 2019. During the month under review, Pakistan’s exports registered an increase of 6.04 per cent, from $1.886 billion last year to $2 billion, whereas imports declined from $3.713 billion to $3.640 billion (1.97 per cent).

The Nation
August 27, 2020

Nespak ranked on US-based ENR Magazine Top Global Firms list

LAHORE-Under an unprecedented development, NESPAS, under the leadership of Dr Tahir Masood, has been ranked this year on ENR Magazine Top International/Global Construction Management/Program Management Firms list, published as part of the ENR Top International/Global Contractors feature in the August 17/24 issue of ENR, a US-based ranking magazine. The ranking has been published in the latest issue of the magazine and communicated to the NESPAS management with a congratulatory note. NESPAS has been ranked 13 among the top 20 non-US firms in total global construction management and program management. The feature story can be found at: https://www.enr.com/articles/49907-top-250-international-contractors-struggling-with-covid-19. NESPAS was envisioned by its founders as an organisation free from foreign dependence and capable of delivering the highest quality in the field of engineering consultancy. It was envisaged as an institution which had to lead the consultancy market of Pakistan and compete abroad with excellence. Time has proved that NESPAS has succeeded in fulfilling its objectives to a large extent owing to the unprecedented struggle offered by its professional brigade who left no stone unturned to achieve their stated aims. At present, NESPAS is not only playing a lead role in the consultancy services for the construction of two mega hydropower projects i.e., Mohmand Dam and Diamer Basha Dam Projects but also providing engineering services in seven other countries. Till to date, NESPAS has provided consultancy services in 38 countries and has proved itself as an international player in the engineering consultancy world. The professionals of NESPAS have been putting up a good show to boost the Company’s performance in these testing times due to COVID-19 pandemic.

The Nation
August 28, 2020

Decisions on Roosevelt Hotel to be taken in national interest

ISLAMABAD - The Economic Coordination Committee of the Cabinet (ECC) on Thursday has decided that matters related to the transaction of Roosevelt Hotel would be resolved in a manner that is only in favour of the country and not benefitting any individual or party. Adviser to the Prime Minister on Finance and Revenue chaired the meeting of the Economic Coordination Committee of the Cabinet (ECC) here at the Cabinet Division. ECC was given an update on the issue of the Roosevelt Hotel, as directed by the Adviser Finance in an earlier meeting. The Adviser directed that the issue should be handled in fair and most transparent manner and in the best national interest. He directed that all stakeholders including Secretary Aviation should be
included in every discussion/ negotiation related to the issues of the Roosevelt Hotel. Chairman ECC further directed that it should be made clear to all that in this transaction all matters shall be resolved in a manner that is only in favour of the country and not benefitting any individual or party. In its one of previous meetings, the ECC had given go-ahead to the payment of all liabilities and responsibilities resulting from a debt of $105 million secured by the Pakistan International Airlines Corporation Limited (PIACL) owned Roosevelt Hotel in Manhattan, New York. The government is appointing the Financial Adviser (FA) to undertake the envisaged leasing of Roosevelt Hotel site for setting up a joint venture project for prospective mixed use development.

The Privatisation Commission would appoint the FA through the best suited mode of Privatisation as delineated in the PC Ordinance, 2000. According to the law/rules /regulations of PC as well as PPRA, the Privatisation Commission will hire the services of FA Consortium which will recommend the best suited Transaction Structure under the modes of privatisation provided in the PC Ordinance /Rules and in consultation with relevant stakeholders. The proposed transaction structure will be presented before the PC Board and Cabinet Committee on Privatisation (CCoP) for recommendations and for approval/Ratification by the Federal Cabinet. Meanwhile, the ECC has also approved the technical supplementary grant equivalent to Rs252.382 million for the discharge of liabilities related to M/s Karkey arbitration. Procurement of 83 X Micron sprayers for anti-locust operation was allowed by ECC to National Disaster Management Authority with the grant of special exemption of taxes and duties of import. On a proposal pertaining to the taxation issues related to the telecom sector ECC decided that proposal may be submitted in the next ECC after thorough deliberation of its impact on already in vogue taxation policies, by FBR, Ministry of Commerce and Ministry of Industries.

**The Nation**

August 28, 2020

**Fareena for strengthening BoI’s efforts to promote investment in Pakistan**

ISLAMABAD - Board of Investment (BoI), Islamabad in collaboration with World Bank, International Finance Corporation and Foreign and Commonwealth Office of the United Kingdom organised a seminar on “Doing Business Reforms in Pakistan” and launched “6th Ease of Doing Business Reform Action Plan” and BoI’s “Investment Promotion Strategy 2020-2023”. Fareena Mazhar, Secretary BoI, said Pakistan’s investment to GDP ratio on average is 15% in last five years whereas the average investment to GDP ratio of regional countries like Sri Lanka, Bangladesh, India and Thailand is around 25%. She expressed optimism that better and conducive business climate would be instrumental to improve investment and growth. Mrs Mazhar stated that the government of Pakistan is fully committed to make Pakistan a business friendly destination. She appreciated the efforts of various federal and provincial departments for improving business environment in the country. Secretary BoI specifically mentioned Pakistan Regulatory Modernization Initiative (PRMI) and also highlighted that every province has its own comparative and competitive advantage and providing enabling business environment is the key to make good use of this advantage.
While referring to excellent coordination between federal and provincial governments of Sindh and Punjab, Ms Fareena Mazhar said that it has become a successful model of collaboration and would be replicated in other federating units as well for the benefit of the whole country and its citizens. Secretary BoI also underscored the importance of strengthening BoI’s efforts to promote investment in Pakistan. BoI’s new investment promotion strategy focuses on proactively engaging investors in priority sectors and ensuring that BoI provides the support and facilitation services needed to assist them with their investments. Supporting existing investors to solve regulatory and other issues is a key part of BoI’s commitment to serve investors in Pakistan.

Mukarram Jah Ansari, Additional Secretary BoI, highlighted the key reforms undertaken during this year and planned for the next year which include simple tax regime, online facilities with respect to construction permit and land registration. He also mentioned various amendments undertaken to facilitate the businesses. While referring to the 6th Reform Action Plan, Ansari underlined few key initiatives such as online complaints by NEPRA, online banking account opening facility by SECP, designating commercial courts in Sindh and national one window for trading across borders. Riffat Pervaiz, Executive Director General BoI, briefed the participants about the new investment promotion strategy 2023. The new strategy is impact oriented and focused investor conceived market driven projects. This strategy is devised to attract investors, facilitate their startups and nurture their long term expansion and linkages.

Ms Qurat-ul-Ain, Director, Sindh Investment Department, stated that Sindh government is very keen for the improvement of business environment in the province and informed that Sindh Doing Business Reforms Council (SDBRC) had already been actively working to this end. He also apprised the participants that a dedicated Doing Business Reforms Implementation Unit is coordinating with all the government functionaries, private sector organizations and all other related business stakeholders so that anyone who wants to start or run a business in Sindh, can easily get licenses, permits and other relevant permissions. Imran Sikandar Baloch, Secretary P & D, Punjab stated that the government of Punjab is striving hard to implement comprehensive reform agenda. Obtaining a building permit has been simplified through electronic submission of applications and integration of WASA and TEPA with LDA. He also intimated that a host of measures have been taken to facilitate Registering Property and contract enforcement in Punjab.

World Bank Country Director for Pakistan Najy Benhassine appreciated the efforts of federal government as well as government of Punjab and Sindh. He stated that reform process needs a lot of efforts on the behalf of public sector. “I am quite impressed noting the 39 position jumps in Ease of Doing Business ranking in the last two years.” He highlighted that improvement in Ease of Doing Business in Pakistan is the result of collective and coordinated efforts by the federal and provincial governments of Sindh and Punjab over the last few years. This momentum needs to be sustained in the coming years for Pakistan to continue to make progress. They also assured BOI of the continued support of World Bank Group to Pakistan in future. Ms. Shabana Khawar, Principal Country Officer, International Finance Corporation Pakistan congratulated BoI and other relevant agencies for a big achievement in Ease of Doing Business. She also emphasized on the vital role of BOI in attracting investment for the country. She was of the view that new investment strategy owing to COVID-19 is a very timely process. Both World Bank and IFC assured to continue their cooperation with BoI and provincial government with an objective to improve investment climate in Pakistan.
Second British airline to start service in Pakistan

ISLAMABAD - United Kingdom’s Virgin Atlantic yesterday announced plans to launch flights from London and Manchester to Pakistan. This December the carrier will commence routes from Heathrow and Manchester to Islamabad and from Manchester to Lahore. Currently, British Airways flies between London Heathrow and Islamabad, and Pakistan International Airlines offers flights to London, Birmingham and Manchester. The country’s flag carrier is currently banned from EU and UK airspace, although PIA is understood to be chartering an A330 aircraft through Portuguese firm Hi Fly in order to continue services to the UK. Virgin’s chief commercial officer Juha Jarvinen said that with travel restrictions still in place for many destinations around the world, “we’re continually evaluating our network, looking at customer demand and where there are opportunities to launch new services”. The carrier said that the services would offer “seamless, speedy connections and a consistent long-haul onboard experience for customers travelling from destinations throughout North America, including New York JFK, Los Angeles, Washington, Boston and San Francisco via London Heathrow onwards to Pakistan”.

Pakistan has the seventh largest Diaspora in the world and the new services aim to respond to the large, fast-growing demand to visit friends and relatives from customers in the UK and the US, as well as capturing demand for business travel to the region as global economies gradually recover from the impact of the COVID-19 pandemic. Adventurous travelers will enjoy the UNESCO sights of Lahore, as well as exploring the foothills of the Karakoram, Hindu Kush and Himalayas mountain ranges outside Islamabad. The services will offer seamless, speedy connections and a consistent long-haul onboard experience for customers travelling from destinations throughout North America, including New York JFK, Los Angeles, Washington, Boston and San Francisco via London Heathrow onwards to Pakistan. Connections from European destinations will also be available through code share and interline partners, said a news release. As well as flying customers, Virgin Atlantic will offer a fast, efficient cargo service presenting new opportunities for companies looking to export and import goods such as fresh produce and textiles between prime markets in the UK and US, and Pakistan.

Alison Blackburne, acting Head of the British High Commission in Pakistan, said: “Virgin Atlantic starting flights to Pakistan is great news for the hundreds of thousands of people who regularly travel between our two nations, as well as a boost to UK-Pakistan trade links. We look forward to welcoming Virgin Atlantic to this fantastic country.” Virgin Atlantic restarted passenger flying on July 20, after a three-month hiatus due to the COVID-19 pandemic and is currently operating flights to New York JFK, Los Angeles, Hong Kong, Shanghai, Barbados and Miami with further routes being added throughout September and October. To ensure the health and safety of customers and crew, Virgin Atlantic is implementing additional measures to offer peace of mind in the airport and when taking to the skies. These include enhanced and thorough cleaning practices at check in, boarding gates and onboard including the use of electrostatic spraying of high-grade disinfectant in all cabins and lavatories before every flight, ensuring no surface is left untouched. Safe distancing will also be adhered to wherever possible, and mask
wearing will be required throughout the journey. All customers will be provided with a personal Health Pack for their health and safety, which will contain three medical grade face masks to be worn onboard, surface wipes and hand gel.

The airline is offering a temporary simplified hot food service in all cabins and from October, will be reintroducing special meals catering for individual dietary requirements including Halal, vegetarian, vegan and gluten free. Meals have been redesigned to limit interaction, enclosed and controlled from preparation in a Covid-safe, monitored environment to the moment it is served. Economy and Premium Economy customers will now enjoy a “Fly safe, eat well” meal box, which incorporates a choice of three hot meals, cheese and biscuits and a dessert pot washed down with a selection of beverages. Upper Class customers will receive a choice of three hot meals, desserts, including cheese and biscuits and a ciabatta roll, all delivered to their seat on a tray. All customers will receive a second meal service which, on day flights from the UK, includes the delicious Mile High Tea in collaboration with celebrity pâtissier Eric Lanlard.

August 29, 2020

Exports to EU under GSP+ 3.3pc

ISLAMABAD: Pakistan’s exports to the European Union (EU) increased by 3.3 per cent under the generalised system of preferences plus (GSP+) scheme, a report produced by the Democracy Report International and European Commission showed on Friday. Before the GSP+ scheme, Pakistan’s exports to 28-member union stood at 4.54 billion in 2013, which jumped to 5.51bn in 2014. In the second year of the GSP+ scheme, exports further jumped by 10pc to 6.09bn. Since 2016, exports proceeds have stagnated at 6.30bn at 2016, 6.69bn in 2017 and 6.88bn in 2018. Of the 6.739bn exports to the EU in 2018, Pakistan was able to avail tariff concessions on 5.885bn. From 2013 to 2019, Pakistan was able to considerably enhance its exports to the EU with an increase of 65pc. The findings were reported by the ‘EU’s GSP+ Assessment Report 2020: How has Pakistan progressed in its compliance?’ The European Commission inked a law in 2013 allowing Pakistan the GSP+ status under which exporters will be exempted tax on certain categories of goods exported to the EU. The preferential scheme is conditional on implementing international conventions on human and labour rights, and freedom of speech in Pakistan. The current EU report states that some provinces have demonstrated an improvement in compliance with labour conventions, yet much of the issues reported in its 2018 report not addressed by 2020. Weak occupational safety can be attributed to weak labour inspections. Low numbers of labour inspection officers and lack of training and capacity affect law enforcement. Freedom of association and collective bargaining is an issue which the EU noted as having ‘limited progress’. This, like occupational safety, had also been mentioned in the EU’s previous report. Pakistan ranks 8th in 167 countries by the global slavery index ranking and classified as one of the worst countries in terms of its government response.

The EU report uses strong language while describing the lack of compliance with the abolition of forced labour and states that despite existing laws ‘the issue is that of non-implementation and is rooted in either political unwillingness or inability to implement the law. The EU suggests ‘more industrial and economic zones need to be initiated in the country to address increasing bondage
The 2018 Labour Force Survey shows less than 15pc participant rate of women in the labour market as compared to 46pc for men. Added to this is discrimination towards women in terms of their representation in high skilled occupations and positions of senior management. The report praised merger of the Former Federal Administered Tribal Areas as part of the Khyber Pakhtunkhwa province and the extension of the High Court and the Pakistan Supreme Court, representation for former FATA residents at the federal Parliament and in the KP Assembly. However, there is also mention that these developments have been undermined by the passage of the KP Action (in aid of civil power) Ordinance, 2019, which allows the military in the merged districts to detain without reason or the need to produce arrested individuals at a court of law, which the report recognizes as ‘serious concern’. Freedom of expression was cited as restrictive in Pakistan’s 2018 Universal Period Review, same as in 2017 report. In its report in 2020, the EU again repeats its call to improve freedom of expression, as stipulated in the International Covenant on Civil and Political Rights. Restrictions on freedom of expression only increased during the reporting period with curbs of broadcasting, self-censorship by journalists and disruption to the distribution of a national newspaper.

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Pakistan earns $1438m from IT services’ export

ISLAMABAD - Pakistan earned $1438.827 million by providing different information technology (IT) services in various countries during July-June (2019-20). This shows growth of 20.72 per cent when compared to $1191.864 million earned through provision of services during the corresponding period of fiscal year 2018-19, Pakistan Bureau of Statistics (PBS) reported. During the period under review, the computer services grew by 23.44 per cent as it surged from $895.990 million last year to $1106.027 million during July-June (2019-20). Among the computer services, the exports of software consultancy services witnessed increase of 14.98 per cent, from $354.397 million to $407.492 million while the export and import of computer software related services also rose by 11.62 per cent, from $285.235 million to $318.368 million. The exports of hardware consultancy services decreased by 16.55 from, $2.345 million to $1.957 million whereas the exports of other computer services rose by 51.91 per cent from $247.976 million to $376.699 million. In addition the export of repair and maintenance services however witness decline of 74.97 per cent from $6.037m to $1.511m.

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