



PAKISTAN BUSINESS NEWSLETTER

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Main Contents

- Economy on the upward curve
- Knitwear exports increase to US\$2.03bn
- Govt to spend \$34bln for key infrastructure development in 4 years
- Surgical goods exports fetch \$ 867.6mn in three years
- EU appreciates change, transparency agenda of Khyber Pakhtunkhwa government
- Pakistan Chamber of Commerce Hong Kong opened
- Two new power units completed at Guddu
- Over 7pc growth in export of textile, clothing
- Plan to boost trade with US
- Pak Eurobond gets positive response
- France provides Rs8.5b for two 785MW hydropower projects
- Country's reserves surpass \$10b target.
- Furthering relations: Trade with everyone is our aim, says Dastagir (Trade Minister)
- TDAP resolves to take exports up to \$50b in next 2-3 years
- Pakistan, China Sign Agreement to Promote Cooperation in Rice Trade
- Pak investment potential highlighted in UAE
- EU wants trade with Pakistan enhanced

Economy on the upward curve

The Annual Public Pulse Report for 2014 issued by Gallup Pakistan, maintains that there has been a massive improvement in the ratings for overall performance of the PML-N government (59%) as compared to the performance of the previous government during last year in the office. Gallup which enjoys the highest credibility for such surveys, claims that economy has recorded positive 48% comparative net performance, Pak-India relations 22%, corruption control 36% and inflation control a positive 20%. The paradigm shift in the conduct of foreign relations, more so the revisiting of the strategy to deal with India and adopting a policy of non-interference in Afghanistan and building regional linkage for a shared economic prosperity, is a visionary move that fits well into the emerging regional and global realities. Moves to improve law and order situation in the country and tackling terrorism have also started showing positive results though a lot still needs to be done in these areas. The indicators in regards to the economy are indeed very encouraging. . Ground breaking ceremony of a nuclear power plant at Karachi with Chinese assistance which would start producing 2200MW of electricity by 2017, has also been performed. Steps have also been taken to covert the existing oil-based power plants to coal-based units to curtail the oil bill and also to ensure cheaper electricity to the people in future. Reportedly negotiations are at advance stage with the US government and investors to launch new projects in the energy sector.

The government successfully negotiated a fresh loan of US\$6.3 billion with the IMF to save the country from default on loans. It has won GSP Plus status for Pakistan that is estimated to boost our exports to EU countries to the tune of US\$2 billion. The government claims that due to its efforts to reform the economy, inflation has been restricted to single digit, GPD growth rate has been taken to a higher pedestal than the previous year, exports have increased by 5%, remittances have gone up by 9%, decline in the rupee value has been arrested, revenue collection has experienced 16% increase and the government is well on course to bring the budget deficit down to 5.5% from the existing 8.8 % by the end of the fiscal year. Prospects of foreign investment are also very encouraging. These claims have not only been endorsed by the Gallup but also the IMF and the World Bank. The IMF chief of mission in Pakistan Jeffery Franks addressing IMF Conference Call on Pakistan recently remarked “The overall economic situation in Pakistan is gradually improving. The forecast of 2.8 per cent growth rate during 2013-14 has been revised to 3.1 per cent by IMF which may be a bit on the conservative side. Inflation has been better than expected at around 8% and balance of payments position has also shown upward trend. Foreign exchange reserves have gone up and IMF foresees further strengthening of the reserves. Revenues are coming in as we expected. We believe that by the end of the year Pakistan would likely meet the deficit target and bring down the deficit down to 5.5 per cent of GDP from 8% of GDP last year”. Similar views were echoed by the World Bank.

A statement issued at the conclusion of one day visit to Pakistan by the Managing Director of the World Bank said “The increase in country’s reserves is a good sign. Successful review by IMF and rapid implementation of initial reform actions are positive signs”. The World Bank, reportedly, also has agreed to provide \$10.2 billion to Pakistan during the next five year for policy reforms in the energy sector, revenue mobilisation, governance, social sectors and investment in hydropower. Another very strong and

irrefutable evidence of the revival of the economy and the opportunities thrown open for the foreign investors is the overwhelming response that the issuance of Euro bonds by Pakistan has received. Pakistan has floated these bonds to raise \$2 billion. The response, encouragingly, came from all geographical regions. Five year bonds were subscribed to the extent of 59 per cent in the US, 19 percent in UK, 10 per cent in other countries of Europe, 10 per cent in Asia and 8 per cent by banks, 7 per cent by hedge fund and one per cent by insurance companies and pension funds. In respect of 10-year bonds also most of the money came from US. This response undoubtedly is a result of strenuous and consistent efforts of the economic managers of Pakistan to show case the marked improvement in economic indicators and the success of the economic reforms introduced by the government, at all the international economic forums. The return of Pakistan to the international bond market after a period of 7 years, is indeed a strong indication of the economic revival in Pakistan, no doubt also helped by the confidence shown by international lending institutions like IMF and the World Bank in the reforms set in motion by the government and its achievements during the last 11 month. The government deserves credit for reviving the economy and improving Pakistan's image at the global level as a safe heaven for investments. The success story could also help Pakistan in clinching better deals in the upcoming sale of telecom licenses and privatisation of the state owned enterprises, so vital to lend momentum to the future growth process.



Knitwear exports increase to US\$2.03bn

ISLAMABAD: The incentives announced in first ever Textiles Policy has resulted in boost to knitwear exports that have reached US \$ 2.03 billion from US \$ 1.73 billion. Ministry of Textile Industry adopted measures to facilitate the sector to enhance exports while under the Policy (2009-14), various short to medium term schemes were notified including SRO of duty free import of textiles machinery by Federal Board of Revenue (FBR).

Under Textiles Policy initiatives Rs. 28.75 billion have been disbursed by State Bank of Pakistan (SBP) till date. The Ministry on Tuesday announced that there are 973 knitwear exporting units registered with Pakistan Hosiery Manufacturers Association. These include 392 in Karachi, 159 in Lahore, 275 in Faisalabad and 147 in Sialkot. Meanwhile, Pakistan Hosiery Association said their membership has decreased since 2005. However, the total numbers of new textile companies registered with Securities and Exchange Commission of Pakistan (SECP) were 485 against 265 companies that were dissolved during 2008 to 2012.



Govt to spend \$34bn for key infrastructure development in 4 years: Dar

ISLAMABAD: Federal Minister for Finance, Senator Mohammad Ishaq Dar Tuesday said that government would spend \$34 billion in the next four years in various sectors of economy particularly for the expansion of motorways, power transmission lines and development of energy sector. Talking to

Minister of Finance of the Canadian Ontario Province, Charles Sousa, who called on him, Dar said that his government was determined to pursue very aggressive infrastructure development program in the country to help accelerate economic growth. The government is determined to pursue the policy of transparency, good governance and zero tolerance for corruption besides fulfilling its election manifesto by prioritizing four 'E sectors' that include Education, Economy, Energy and Eradication of Extremism, Dar said according to a press statement issued here Tuesday by Ministry of Finance.

The Finance Minister also briefed Sousa about the introduction of 3G and 4G technologies in a transparent process, which would attract massive investments in the telecommunication sector. He expressed his determination to correct the existing energy mix in Pakistan as currently, 75 percent source of energy is furnace oil, due to which per unit cost has become exorbitantly high. Hence, the government intends to give priority to clean energy, he said. The Finance Minister expressed the hope that the Canadian companies would invest in hydro projects as they have tremendous expertise in this field. He stated that the government has signed a 2000 MW nuclear power plant agreement with China and was negotiating for additional 3000 MW plant on BOT mechanism. While speaking about the security situation of the country, the Finance Minister underscored the need for giving dialogue a last chance.

The minister said that he will be presenting his second budget in June, 2014, adding although Pakistan's GDP has been growing at 3 percent for the past few years, this year the growth is expected to be 4 percent. However, the target of 6 percent growth is likely to be achieved in the next few years owing to various economic reforms being undertaken by the present government, he added.



South Korean Prime Minister due on April 13

Prime Minister of the Republic of Korea Chung Hongwon is arriving on a four-day official visit to Pakistan starting from April 13-16. The visiting Korean premier will discuss Pakistani leadership the ways and means for further strengthening co-operation in diverse areas particularly in bilateral trade and increasing investments in Pakistan. According to Foreign Office spokesperson Tasnim Aslam, the Korean Prime Minister is undertaking the visit at the invitation of Prime Minister Nawaz Sharif, which would be the first Prime Minister level visit to Pakistan from the Republic of Korea since the establishment of diplomatic relations in 1983. During the visit, she said Korean Prime Minister Chung Hongwon will call on President Mamnoon Hussain and Prime Minister Nawaz Sharif. She said that Chung Hongwon will be the chief guest at the "Korea Pakistan Investment Co-operation Forum" jointly organised by the Board of Investment, Pakistan, and Korea Trade-Investment Promotion Agency (KOTRA) on April 14, in Islamabad.

"Over the years, relations between Pakistan & the Republic of Korea in various fields have deepened and broadened," she said, adding that the bilateral trade figure of \$1.341 billion speaks of growing economic and trade ties between the two countries. She pointed out that many Korean companies were investing in Pakistan in chemical industry, hydel/thermal power and infrastructure projects etc. "This visit offers opportunities to both countries to exchange views on wide ranging bilateral, regional and international matters of mutual interest," the spokesperson said, adding that the two sides would also discuss ways and means for further strengthening co-operation in diverse areas particularly in expanding bilateral trade and enhancing investments in Pakistan.

Surgical goods exports fetch \$ 867.6mn in three years



ISLAMABAD: Pakistan has earned total accumulative foreign exchange of around US \$ 867.6 million through exports of surgical goods during last three years. The total number of surgical instruments exported during the period was 543.515 million which included 133.699 million 2010-11, 185.258 million in 2011-12 and 224.558 million surgical instruments were exported to different countries during 2012-13.

According to Ministry of Commerce here on Wednesday, numerous incentives were given to traders of surgical instruments and products including market access incentive. Under this, Trade Development Authority of Pakistan (TDAP) in collaboration with Japan International Cooperation Agency (JICA) sent a Marketing Study Mission to Japan including Chairman and vice-Chairman of Surgical Instruments Manufacturers Association of Pakistan (SIMAP) so that they could understand the Market access requirements and regulatory procedures and disseminate the same information among their members.

The TDAP also sponsored a trade delegation to Malaysia comprising nine leading exporters of surgical and dental instruments to represent and introduce Pakistani products to Malaysian market. The Ministry said in order to make the visit more meaningful, the TDAP hired a stall in International Healthcare Conference and Exhibition at Kuala Lumpur where delegates displayed their products and met with large numbers of buyers and importers at one place.

Moreover, an eleven member TDAP sponsored trade delegation from the Surgical Instruments Manufacturers Association (SIMAP) visited Uzbekistan while to increase manufacturing of surgical

instruments in the country minimum FoB price of surgical instrument have been set to help eliminate internal price competition as nobody would be able to export surgical instruments below standard price. The TDAP is also developing a booklet alongwith updated profiles of top surgical manufacturers who are already exporting to Japan. These booklets would be distributed amongst Japanese buyers by JICA mentioning that these surgical companies are already being exported to Japan and fulfill the quality requirements and deserve more orders from other Japanese buyers.



EU appreciates change, transparency agenda of Khyber Pakhtunkhwa government

European Union (EU) has highly appreciated the change and transparency agenda of KP government and paid rich tributes to the leadership of Chief Minister Pervez Khattak in successfully pursuing the reforms programme. This was stated by EU Chargé d'Affaires Pierre Mayaudon while addressing the dinner hosted by EU Ambassador in honour of KP Chief Minister Pervez Khattak at his residence in Islamabad.

Senior Minister for Finance Siraj-ul-Haq, Senior Minister for Health and Agriculture Shahram Khan Tarakai, Education Minister Muhammad Atif Khan, Advisor to CM on Economic Affairs Rafaqat Ullah Babar, Parliamentary Secretary Mian Khaliqur Rehman, Chief Secretary Muhammad Shehzad Arbab, Additional Chief Secretary Khalid Pervez and other administrative secretaries and authorities concerned also attended. "I would like to commend your vision and leadership, the collective momentum and team work that have led, less than one year after the elections, to positive changes being already visible: one of them, and not the least, is indeed the SDPF and the emergence of an Integrated Development Strategy.

In normal circumstances, reaching these objectives would already be quite a challenge. We all know that, in addition, you are facing other difficulties brought not only by the security paradigm but also by conducting the political change in your province and the necessity to adjust to the needs created by the 18th amendment", EU Charge d'Affaires exclaimed. Mayaudon also commented over the challenges being faced by the KP government and assured all out help and support in this regard. "In face of so many challenges, you know Chief Minister, that you are not alone. The donor community stands by your side. If you allow me, I would like to salute our colleagues and friends who are at the same time you and our development partners for the good team spirit and commitment to joining force for the betterment of the people of your province, especially the most vulnerable of them: the women and the children", he added.

EU envoy said that they pay an equal attention to the four provinces of Pakistan and acknowledge the specific challenges that some of them are facing. This is obviously the case of Khyber Pakhtunkhwa that over the past 10 years has suffered more than any other from the consequence of violent extremism.



Pakistan Chamber of Commerce Hong Kong opened

ISLAMABAD: The Pakistan Chamber of Commerce Hong Kong was inaugurated by the Chief Executive of Hong Kong SAR C.Y Leung and President Legislative Council Jasper Tsang, jointly in Hong Kong on Saturday. The opening ceremony of the Chamber was attended by a large number of Pakistani

community, local business community and the government officials. Consul General Pakistan in Hong Kong Ghufuran Memon was the special guest at the ceremony, said a message received here from Hong Kong.

Speaking on the occasion, C.Y. Leung the Chief Executive said that opening of Pakistan Chamber in Hong Kong marks an important milestone in the business relations between Pakistan and Hong Kong, which historically carry a great potential for stronger commercial connectivity between these two countries. He said that through various platforms, the chamber would help strengthen links between Pakistan and Hong Kong at the business-to-business and people-to-people levels. It will also reinforce Hong Kong's role as a bridge between business sectors in Pakistan and the Mainland of China. The Chief Executive hoped that Pakistan Chamber will promote not just business links between Hong Kong and Pakistan, but also between Pakistan and the rest of the country, which is a slightly bigger market than Hong Kong. Jasper Tsang, President LEGCO while addressing the ceremony said that Pakistan community has deep roots in Hong Kong and has made significant contributions to the development and progress of this city.

He said that Hong Kong is an excellent showcase for Pakistani products and services and a stepping-stone to markets in Mainland China and across Asia. Consul General Pakistan Ghufuran Memon said that Pakistan is strategically located to become Asia's premier trade, energy and transport corridor. With a population of over 180 million, Pakistan is a marketplace teeming with possibilities for greater investment from Hong Kong and the Mainland of China. He said that over the past five years, the value of bilateral trade growth has been seen at an average annual rate of more than 13%. Chuadhry Gulzar Muhammad, the Chairman of Pakistan Chamber of Commerce said that there had been a great necessity to have Pakistan's business body in Hong Kong which could help build up relations between the business communities of Pakistan, Hong Kong and China.



Two new power units completed at Guddu

GUDDU: Prime Minister Nawaz Sharif said on Monday that long hours of load-shedding which people had been facing for 10 years had also seriously undermined the country's progress in all areas. Addressing a gathering here after inaugurating two units of 243MW each at the Guddu thermal power plant, he said the government was trying to enhance efficiency of the existing power plants, expedite work on ongoing projects and set up new plants under the public-private partnership to overcome the energy crisis. He expressed the hope that with sustained efforts the problem of loadshedding would soon be over.

He said a third unit would be operational in May which would increase the current capacity of the Guddu power plant from 1,655MW to 2,402MW. He said the three units were part of the combined cycle plant and would add another 747MW to the national grid. He said early completion of the project, seven months ahead of schedule, had saved Rs58.6 billion which was almost equal to the amount spent on the project. The prime minister regretted that slow pace of work on projects in the past had hampered progress but hoped that measures being taken by the government would bring about a positive change. A number of power projects are under way and efforts are being made to add 21,000MW to the national grid over the next eight years. He praised China's Harbin Electric International Company for completing the Guddu project ahead of deadline. Pakistan and China are jointly working on several power projects and the latter promised investment of billions of dollars in the power sector.

Mr Sharif also praised the water and power ministry, GENCO Holding Company and Central Power Generation Company of for fast-tracking the project. He said he and Sindh Chief Minister Qaim Ali Shah would soon inaugurate work on Lahore-Karachi motorway. He said his government had cleared Rs500 billion of circular debt and given incentives to independent power producers. He said 6,600MW would be generated at the Gadani Power Park with the assistance of local and foreign investors. A coal-fired plant of 1,320MW is being set up in Jamshoro with the help of the Asian Development Bank and feasibility report is under way for similar plants in Lakhra, Port Qasim and Thar. He said work on 1,410 MW extension-IV and 1,320 MW extension-V at Tarbela and 4,500 MW at Diamer-Bhasha dams had been initiated. The private sector is investing in power projects at Soki Kinari, Karot and Kohala.



Over 7pc growth in export of textile, clothing

ISLAMABAD: Pakistan's exports of textile and clothing products witnessed an over seven per cent growth in the first nine months of the current fiscal year from a year ago, mainly owing to hike in export of raw cotton and low value-added products.

The export value of textile and clothing reached \$10.384 billion in July-March period this year as against \$9.616bn over the corresponding period last year, showed data of Pakistan Bureau of Statistics here on Tuesday. Only four products witnessed negative growth in exports among all the textile and clothing categories. The growth of textile and clothing stagnated around seven per cent in the last few months owing to capacity issues, especially in the Punjab where it is faced with problems like shortage of electricity and gas. On monthly basis, exports of textile and clothing witnessed a paltry growth of over 6pc in March 2014 over the corresponding month of last year. This low growth is because of negative growth in export of cotton yarn, cotton carded, towels and tents during the months under review. Depreciation of Pakistani currency is also one of the pushing factors in export proceeds during the first nine months of the current fiscal year from a year ago. In terms of rupees, export proceeds witnessed a growth of 17.19pc in July-March period this year from a year ago. Federal Textile Minister Abbas Khan Afridi told Dawn that his ministry was considering various measures to increase exports in the next two to three months.

“We expect that exports of textile and clothing will go up by 10 to 15pc,” the minister claimed.

He said that textile industry is working on a new textile policy envisaging measures for expansion of industry to cope with the rising demand because of the GSP+ scheme. Export of low value-added products, such as cotton cloth, was up by 6.99pc, yarn other than cotton yarn 10.02pc, and made-up articles excluding towels, bedwear 17.94pc during the months under review over the corresponding months of last year. In the value added sector, export of bed wear increased by 21.39pc, knitwear 10.21pc and readymade garments 9.36pc. Exports of towels dipped by 2.55pc; cotton yarn 5.93pc and tents 23.84pc during the months under review over the last year. Raw cotton export witnessed a robust growth of 43.48pc. Consistent supply of gas to textile sector produced the desired results, especially in Punjab. The growth in yarn and fabric exports was mainly because of improved energy supply. Total export proceeds witnessed a growth of 5.92pc to \$19.082bn in July-March 2014 from \$18.015bn over the corresponding to last year.

Plan to boost trade with US

ISLAMABAD: Pakistan and the US are developing a joint plan to increase trade and investment flows between the two countries over the next five years, US Ambassador Richard Olson said here on Thursday.

Speaking at the 'Leaders Summit', Ambassador Olson said that the plan will build on existing efforts being made by the two countries to increase trade and investment ties. "With US as Pakistan's largest export market and a leading source of foreign investment, the two countries will continue to deepen bilateral economic partnership in the years to come," Richard Olson said. The US envoy encouraged the public and private sectors of Pakistan to work together on investing in privatisation -- one of Pakistan's most important endeavours.

Over the next few years, Pakistan plans to restructure and privatise several of its state-owned enterprises; some are profitable ventures which could benefit from increased private sector involvement, some are loss-makers that will need significant restructuring and technical expertise to save, he said. Pakistan has an impressive resource in its business leaders and entrepreneurs, and US is working with Pakistan to empower its next generation of business leaders with the skills and ethics to be good stewards of the Pakistani economy, he said. The United States is also working with the government on development programmes that create new business opportunities and improve the lives of Pakistani citizens at all levels of society. Political instability is a serious obstacle to foreign and local investment, but the business community is not a passive observer; it plays a central role in improving governance and strengthening the state so that it can perform its essential functions and extend its writ across all regions of the country, he said.



Pak Eurobond gets positive response

WASHINGTON: Multilateral donors and international markets have reposed tremendous confidence in Pakistan's economic future, said Finance Minister Ishaq Dar as the country's Eurobonds was subscribed three times over.

Speaking at the US Institute of Peace in Washington on Tuesday evening, the minister also said that the World Bank would provide \$10 billion to Pakistan for development projects in the next five years. In Islamabad, the Finance Ministry disclosed that a very positive response to Pakistan's Eurobond enabled the government to raise \$1 billion for five years and another \$1 billion for 10 years. The \$1bn raised for the five-year tenure have a fixed rate of 7.25 per cent, 5.58pc over and above the benchmark five-year US Treasury rate. Another \$1bn was generated through 10-year bonds at a fixed rate of 8.25pc, which is 5.56pc above the corresponding 10-year US Treasury benchmark rate.

According to the Wall Street Journal, almost two-thirds of the bonds went to US-based money managers. The Pakistani delegation, which is in Washington for the World Bank spring meetings, claimed that the demand for the bonds indicated that Pakistani economy was improving and investors believed that this improvement would yield high returns for them. The finance minister described the response as unprecedented, noting that "multilateral donors and international markets have reposed tremendous confidence in Pakistan's economic future". Pakistani officials travelling with the minister hoped that the sale would also boost reserves and help Pakistan meet conditions of the International Monetary Fund (IMF). Last September, the IMF saved Pakistan from possible default by agreeing to lend it \$6.7bn over three years. Pakistan has already received three tranches that total about \$1.6bn.

Mr Dar hoped that Islamabad's commitment to make best use of the country's economic potential and growing international confidence in Pakistan's policies would help sustain growth momentum in the years ahead. The government hopes to boost an estimated 4pc GDP growth rate to 6pc in the near future. The minister told the audience that the World Bank would provide \$10bn to Pakistan for development projects

in the next five years. He said economic indicators in Pakistan had improved with 6.2pc increase in exports and 11pc increase in foreign remittances in the current fiscal year.

The Nation

France provides Rs8.5b for two 785MW hydropower projects

ISLAMABAD - France has provided Pakistan Rs 8.5 billion for two hydropower projects, the Mohmand Hydropower Project (740MW) located in KPK and Harpo Hydropower Project (35MW) in the Gilgit-Baltistan. To this effect, Nargis Sethi, Secretary of Economic Affairs Division (EAD), Philippe Thiébaud, Ambassador of France, and Denis CASSAT, Country Director of the French Development Agency (AFD), signed the Credit Facility Agreements (CFAs) on Wednesday. This financing aims at completing the 02 hydropower projects with a total capacity to produce 785MW. The Mohmand/Munda Hydropower project (740 MW) is located in the Mohmand Agency, Khyber Pakhtunkhwa (KPK). The Phase-I of the project being financed by AFD will enable the Government of Pakistan to complete the detailed engineering design, preparatory works and financial closure for construction of the project. The Harpo hydropower project (35MW) located in the Gilgit-Baltistan, Skardu region will enable the Government of Pakistan to meet the future demands of the region and also to establish the local distribution and transmission network which will benefit the local community to get the uninterrupted power supply. This project is being financed with German government and KFW. These projects, upon completion, will ensure adaptation of climate change (droughts and floods) in the Khyber Pakhtunkhwa especially in the Peshawar region, improve the resilience, safety and profitability of hydropower projects.

Besides these projects, France, through AFD, contributes to address the current national energy crisis and emerges as a major contributor, in line with the pledge made by the French government at the Tokyo Conference in April 2009 (i.e. 300 millions euros in the energy and water sectors - currently committed at 93% i.e. 280 million euros). The AFD is also supporting the development of renewable energies in order to improve the power supply in Pakistan. In addition, to reduce the power demand and improve energy efficiency, AFD is also co-financing with the Asian Development Bank a programme on energy efficiency in the domestic and industrial sectors

The Nation

Country's reserves surpass \$10b target, says Dar

Islamabad - The government has met another economic target of building country's foreign exchange reserves to \$10 billion by the end of March 2014, said Finance Ministry on Tuesday in a statement. The foreign exchange reserves of the country have crossed the threshold of \$10 billion on 31st March 2014. The total liquid reserves stood at \$10.072 billion. The net reserves with State Bank of Pakistan are \$5.365 billion and the net reserves with the Banks stood at \$4.706 billion. The Finance Minister, Senator Ishaq Dar said that after repayment of power sector circular debt up to Rs. 500 billion in 45 days and strengthening of the value of Pakistan Rupee, the Government of PML (N) has fulfilled yet another commitment with the nation of shoring up of the FE Reserves to a comfortable level of \$10 billion by the end of March 2014. He said that a solid foundation for economic uplift of the country has been laid down and building of the foreign exchange reserves will bring in stability and strength in the economy. He said that Pakistan has an encouraging macro-economic framework and this will lead to enhance confidence in

Pakistan by foreign investors, international community and institutions in energy and infrastructure projects.



Trade: MoC signed to enhance fruit exports

KARACHI: To explore new markets for the horticulture sector, the Pakistan Fruit and Vegetable Exporters, Importers and Merchant Association (PFVA) has signed a Memorandum of Cooperation (MoC) with the International Association of Silk Route Trade (IASRT) Kyrgyzstan to strengthen bilateral trade. The Central Asian states are a lucrative market for mango, kinnow, potato, onion, value added products of fruits, palm oil, meat and rice.

The MoC was signed after a three-day international conference held recently in Islamabad. The conference was attended by dignitaries, businessmen and exporters from seven countries of South and Central Asia. The MoC was signed by PFVA Chairman Abdul Malik and the IASRT head who said that the two associations would work for exploring trade opportunities in the region especially horticultural products which would ultimately benefit millions of people across farms and factories. Elaborating the importance of trade with Central Asian states, PFVA spokesperson Waheed Ahmed said that Pakistan could earn over \$400 million through fruits and vegetable exports and value added fruit pulp to Central Asian markets. According to him, the Central Asian states are not only a lucrative market for mango, kinnow, potato, onion, value added products of fruits, palm oil, meat and rice but the route could also lead Pakistani products to Russian and European markets. Pakistan has the advantage of land links with strategically landlocked countries of the region. He said that visiting importers and traders of the sector from Commonwealth countries have shown a keen interest in Pakistani fruits, vegetables, technology and expertise in processing food. They were also interested in getting help from Pakistan in the fruit processing and packaging area.



Furthering relations: Trade with everyone is our aim, says Dastgir

Minister for Commerce Khurram Dastgir has said that trade liberalisation is the primary factor that can enable the country's economic growth rate to touch 10%.

“No country can expect a double digit growth in a closed economy,” said Dastgir. “We are trying to normalise trade relations with our neighbouring countries.” While talking to members of the Lahore Economic Journalists Association (LEJA) at the Trade Development Authority of Pakistan (TDAP) office, Dastgir said that Pakistan currently trades with India at 85% of the total capacity. “Our agenda is to initiate trade relations with every region of the world; we should make our decisions on determination — not on doubts. However, for India the latter is the case”

Commenting on the central role of the agricultural sector, Dastgir termed it the “backbone of our country” that requires protection in the form of simplification of SROs, which will facilitate traders. Dastgir said that the country has some unresolved conflicts with the Indian government regarding trade. Among them, visa requirements to the business community is a priority. Additionally, developing cross banking

facilities is an issue that needs to be addressed. “For the last seven years, India is trying to achieve the Free Trade Agreement (FTA) with the European Union (EU), but EU shares similar concerns with India.” According to Dastgir, the country’s’ biggest achievement was to get the GSP Plus status.

Pakistan Observer

TDAP resolves to take exports up to \$50b in next 2-3 years

Chief Executive Trade Development Authority of Pakistan (TDAP) SM Muneer showed his resolution to take Pakistan’s exports up to \$50 billion within next two to three years. He stated this while chairing a meeting of top management of TDAP and Federation of Pakistan Chambers of Commerce and Industry (FPCCI) held in Karachi, said a statement issued on Tuesday.

SM Muneer, on behalf of TDAP, welcomed the delegation headed by their President Zakaria Usman and acknowledged TDAP’s toiling efforts in boosting the exports. He further mentioned that support of FPCCI, associations and trade bodies were required to experience strengthening of exports as far as the vision of the prime minister with the assistance/support of minister for commerce and textile industry was concerned. FPCCI President Zakaria Usman thanked the chief executive, secretary, and other officers of TDAP; and expressed that exponential rise in exports of Pakistan can meet possibility only if there are joint efforts by both FPCCI and TDAP. He also shed light on the importance of “World Expo 2020 Dubai” and informed the house about India’s already started endeavours to reap the benefits of this event. It was also told that India has already established their Display Centre to promote Indian products. He stressed, in this regard, Pakistan too needs to follow suit to cash the opportunities emancipating from the event over the next six years

Pakistan Observer

Pakistan, China Sign Agreement to Promote Cooperation in Rice Trade

The Rice Exporters Association of Pakistan (REAP) and Guangdong Provincial Grain Association (GPGA) of China have signed a Memorandum of Understanding (MoU) to promote cooperation in rice trade, according to local sources. As per the agreement, the Guangdong Provincial Grain Association will explore investment cooperation in grain trade, production, processing and technology in Pakistan. GPGA will also carry out business activities with REAP and its recommended enterprises, according to the MoU.

The REAP Chairman says that the Chinese market promises a lot of opportunities for Pakistani rice as is evident from record rice exports to China by Pakistani exporters. The Chinese delegation leader says that their visit to Pakistan was aimed to enhance bilateral trade between the two countries, especially rice, and also to carry out research in rice trade, growing techniques, processing and trading. Pakistan exported about 589,848 tons of rice to China in FY 2012-13 (July - June), up about 63% from about 362,560 tons exported in FY 2011-12, according to REAP. Rice exports to China accounted for about 17% of total rice exports of around 3.5 million tons by Pakistan in FY 2012-13.

China is the world’s largest importer of rice. According to the China National Grain and Oils Information Center (CNGOIC), China’s rice imports are expected to surge to a record 4 million tons in 2013-14, up about 14% from around 3.5 million tons of rice imports in the previous year.

Pakistan Observer

Pak investment potential highlighted in UAE

Thursday, April 10, 2014 - Dubai—Prime Minister’s Special Envoy for Investment, Ambassador Javed Malik said on Wednesday that countries would have to adopt innovative approaches to attract Foreign Direct Investment (FDI) and new strategies are needed to effectively promote a country’s investment and trade potential globally. He was speaking on the first day of the Annual Investment Conference 2014 at a panel discussion in which global experts in foreign direct investment and government officials were taking part. A keynote address by Secretary General of UNCTAD (United Nations Conference for Trade and Development) was also scheduled.

The Annual Investment Conference officially started in Dubai on April 8, 2014 and was formally inaugurated by Prime Minister of United Arab Emirates, Sheikh Mohammed Bin Rashid Al Maktoum along with the Crown Prince of Dubai and senior government officials from UAE. More than 20 Ministers along with trade and investment delegations from over 100 countries are taking place in the conference in addition to heads of international trade and investment organizations.

After the inaugural session, Ambassador Javed Malik specially participated in an international panel discussion entitled “Investment Partnerships and New Forms of FDI, Greenfield Investment versus Mergers and Acquisitions”. The session was moderated by Ruth McKee and other participants included Alexandre David de Sousa Costa Secretary of State for government of Angola, Ana Teresa T. Lehmann from Portugal, and Hassan Sohbi, from the German company Taylor-Wessing in addition to other UAE and European participants. Highlighting Pakistan’s trade and investment opportunities, Ambassador Javed Malik said that under the leadership of Prime Minister Nawaz Sharif Pakistan’s democratically elected government is committed to providing a business and investor friendly environment which facilitates foreign direct investment and opens the door to expanding trade with Pakistan.



EU wants trade with Pakistan enhanced

LAHORE: Ambassador of European Union (EU) Lars Gunnar Wigemark has said that EU wants to enhance trade relations with Pakistan. The ambassador was talking to LCCI President Engineer Sohail Lashari during a visit to the Lahore Chamber of Commerce and Industry on Thursday. LCCI vice President Kashif Anwar, Executive Committee members Zafar Mehmood and Talha Tayyab Butt were also present on the occasion. The Ambassador said that liberalisation of trade with India would bring the prices of commodities down and the consumers will benefit from increase in trading relations. The Generalized System of Preferences (GSP) Plus, has given better market access to the products made in Pakistan to the whole of European Union which had some 500 million inhabitants. The EU would like to enhance its trade with Pakistan, he added. “It is very much now in the hands of the business community, both here in Pakistan and the European Union to utilise this facility available since January for boosting trade between the two sides. Emphasising on the new areas of trade, the EU ambassador said it should not only be confined to ‘just bed linen and towels’ but should also include readymade garments of good quality because there was higher profit margin and because Pakistan was better placed in the region as both China and India did not

enjoy GSP facility. Of the 10 countries which were given GSP status, Pakistan was the largest country with the largest economy, he added. Lars-Gunnar appreciated many initiatives taken by the government in creating business-friendly atmosphere by 'giving special incentives' like introducing loan schemes for young entrepreneurs. "All of that is helpful and we see some positive signs already in the economy," he said. Speaking on the occasion, the LCCI President Engineer Sohail Lashari sought the assistance in exploiting the export potential of Ireland, Slovenia and Czech Republics which are ranked among those countries where Pakistan is maintaining exports worth much less than \$50 million. While expressing his deepest gratitude for GSP Plus Scheme granted by European Union Commission to Pakistan, the LCCI President said that both the sides have a very strong bond in the areas of trade and business. European Union and Pakistan go a long way in trade and commerce. Around 16.5% of Pakistan's external trade is with European Union. The LCCI president said that European Union is an important export destination for Pakistan as 25 percent of total exports of the country find their way among the 28 countries of Europe. Similarly, European Union's share in total imports of Pakistan is around 12 percent. He said that there is another interesting feature of Pakistan's trade with European Union that almost 70 per cent of total exports sent to EU are with five countries namely UK, Germany, Italy, Netherlands and Spain. He said that in the last three years Pakistan's export to the European Union have been steady and on the rise. We must work further to increase this trade activity. The same trend can be witnessed in the volume of total trade which has gone to the extent of \$11.35 billion in 2013.

A.D.B. approves \$400 million loan to help resolve Pakistan's energy crisis

The Asian Development Bank has approved a \$400 million loan that will support the Pakistan government's efforts to address its energy crisis through reliable and sustainable energy. "The loan is part of an assistance program which will underwrite reforms needed to make the energy sector affordable, reliable, sustainable and secure," said A.D.B.'s Central and West Asia Department Director-General Klaus Gerhaeusser.

"This in turn will accelerate industrial activity needed to boost economic growth and help create jobs, which are key to reducing poverty levels," Mr. Gerhaeusser added. In line with the Pakistani commitment, A.D.B., World Bank, and Japan are working together with the country's government to develop a five-year plan and set milestones to implement the country's National Power Policy.

A.D.B. will take the role of lead development organization in Pakistan's energy sector which will support energy efficiency, transmission, distribution, cross-border natural gas pipelines, power generation, and renewable energy projects. The sustainable energy sector reform program will support the overhaul of existing tariffs and subsidies as the Pakistan Government moves to eliminate subsidies by 2016, except for low income customers. The full program is projected to total \$1.2 billion, with future amounts subject to further discussion between Pakistan and A.D.B. Cofinancing for the first sub-program will be Japan with \$49 million and World Bank with \$600 million. The full program is due for completion by June 2018.

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