PAKISTAN BUSINESS NEWSLETTER

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INTERNATIONAL THE NEWS

Lenovo to unveil smartphones in Sept

Lenovo, the largest personal computer multinational company in the world, is all set to launch its 10 different smartphone models in Pakistan this September.

A media release said on Monday smartphones to be launched in early September will have price tags between Rs8,900 and Rs36,500.

“Recent research figures from the Pew Research Center indicate smartphone penetration in Pakistan stands at only three percent…we expect this figure to rise significantly in the coming years, and Lenovo is well placed to nurture this growth with a wide range of smartphones,” Sharay Shams, Head of Smartphone Business at Lenovo Middle East and Africa, said.

“Pakistan is proving to become a very competitive and important market in the smartphone landscape. With the recent expansion into 3G and 4G networks…there is a natural consumer need for smartphones…”

The release said some Lenovo’s models will have a variety of DOit and SHAREit apps enabling users to share pictures, videos, music files, documents, contacts and even apps with up to five devices without internet connection. The gadgets are also equipped with SECUREit to protect against unwarranted access to users’ private information. The early birds in September will be A369i with 4” screen and dual core processor, S650 featuring scratch-resistant body and quad-core, S850 boasting of all-glass exterior and quad-core processor and S860 sporting 5.3” HD screen and quad-core processor.

Tech Sirat is the distributor and after-sale support provider of Lenovo’s smart phones in Pakistan, while the company assured their availability nationwide.

Turkey ready to sign much-awaited PTA with Pakistan: Envoy

KARACHI - Commercial Attaché at the Consulate General of Republic of Turkey in Karachi Murat Mustu has said that Turkey is ready to sign much-awaited Preferential Trade Agreement (PTA) with Pakistan as nothing was pending from the Turkish side but it was being delayed by Pakistani government. Speaking at a meeting during his visit to Karachi Chamber of Commerce and Industry (KCCI) on Wednesday, Turkish Commercial Attaché said that with signing of PTA, concession on a number of goods will be granted to Pakistani exporters who will have the advantage to smoothly penetrate into the Turkish market by introducing their high-quality products and services.

Murat Mustu stated that both countries have been continuing to enjoy strong friendly and brotherly relations since past many decades and have been wholeheartedly supporting each other during difficult times. “We are here as it is the desire of Turkish government to strengthen trade ties with Pakistan. We must make efforts to increase trade volume and investments in our countries”, he added. Identifying various sectors in which Pak-Turk business communities could undertake joint ventures, Turkish Attaché mentioned that livestock sector has the potential to considerably raise Pakistan’s exports to Turkey as Pakistani meat was more delicious and cheaper when compared with Turkish meat. “Through collective efforts, we can certainly raise the existing trade volume to new heights”, he added. He informed that a three-member delegation will be visiting KCCI on August 13, 2014 in order to brief KCCI members about 15th Musiad International Fair and 18th International Business Forum Conference scheduled to be organised at CNR Center in Istanbul from 26th to 30th November 2014. Besides Karachi, this delegation will also be visiting Lahore and Islamabad in order to seek advices on how to contribute in development of bilateral trade between the two countries. “Another two-member Turkish delegation will also be arriving in Pakistan soon to ensure participation of Pakistani businessmen in ‘Istanbul Jewellery Show’ scheduled to be staged from 16th to 19th October, 2014”, he added.

INTERNATIONAL THE NEWS

TDAP to hold lifestyle expo in India

The Trade Development Authority of Pakistan (TDAP) will hold “Alishan Pakistan” the second edition of the lifestyle Pakistan exhibition in New Delhi from September 11 to 14, a statement issued on Monday said.

Over 150 participants are expected to attend the event. The exhibition will showcase top quality of Pakistan’s textiles, including high-end designer wear. Various furniture houses will also exhibit and sell their products. The first lifestyle exhibition was held between April 12 and 15, 2012 in New Delhi. TDAP Chief Executive S M Muneer, in a statement, said the lifestyle Pakistan is an initiative of TDAP to further build on the efforts of the governments of Pakistan and India to normalise trade between the two countries.

“With a trade potential of billions of dollars between the two countries, the event will not only offer a unique opportunity to the trade community of India to interact with their Pakistani counterparts but also a firsthand opportunity for customers to feel and own the best quality products,” he said.

Qaim opens dates festival

Chief Minister Sindh, Syed Qaim Ali Shah has kicked off the two-day sixth International Dates Festival in Khairpur, where he visited different stalls and witnessed the varieties of the dates placed for the show.

Speaking to media persons on the occasion, the chief minister said democracy will continue in the country and asked the political parties engaged in demonstrations and sit-ins to refrain from derailing democracy. He reminded them that the demonstrations and protests were constitutional and democratic right of citizens but there was no justification in launching the propaganda against a democratic government. Addressing the festival participants at the Sachal Auditorium, the CM said he had directed the Board of Investment to get market access for dates in China and the USA.

He emphasised upon the packaging and the varieties of dates. He pointed out that the growers should pay more attention to further improving the quality of dates. The CM said he attended the mango festivals in Mirpurkhas, where the first year there were 85 varieties of mangoes while the next year there were 11 more and in the current year there were 134 varieties placed.

He said dates growers should also focus on introducing more varieties. Referring to his visit to the US and South Korea, the CM said the people there praised the mangoes of Sindh, but unfortunately the dates of Sindh lacked access to markets of the two countries.

He said fresh dates are exported only to Malaysia while dry dates are sent to India, depending on the Pakistan-India relations. The CM said dates producing countries like Iran, Saudi Arabia and Iraq focus upon its packaging and variety due to which they earn huge foreign exchange. He wished that the dates of Sindh would also be exported to the European countries.

Exports of sports goods increase 9.5pc in one month

The exports of sports goods witnessed positive growth of 9.5 per cent during the first month of the current fiscal year as compared to the same month of last year.According to the data of Pakistan Bureau of Statistics (PBS), the exports of sports goods were recorded at $32.953 million in July 2014 compared to the exports of $30.095 million in July 2013 showing increase of 9.50 per cent.

On month-on-month basis, the exports of sports goods, however, witnessed decrease of 2.70 per cent in July 2014 when compared to the exports of $33.869 million in June 2014, the data revealed. Among the sports products, major increase in trade was witnessed in footballs, exports of which increased by 46.17 per cent. The exports of footballs stood at $17.526 million in July 2014 compared to the exports of $11.990 million in July 2013. However, on month-on-month basis, the exports of footballs decreased by 7.62 per cent in July 2014 when compared to the exports of $18.971 million in June 2014. Similarly, the exports of gloves increased by 5.92 per cent by going up from $10.546 million in July 2013 to $11.170 million in July 2014.

On month-on-month basis, the exports increased by 5.76 per cent in July 2014 when compared to the exports of $10.562 in June 2014. The exports of all other sports goods, however, decreased by 43.68 per cent by going down from $7.559 in July 2013 to $4.257 in July 2014.

On month-on-month basis, the exports of all other sports goods decreased by 1.82 in July 2014 per cent when compared to the exports $7.559 million in June 2014, the PBS data revealed. It is pertinent to mention here that the country’s trade deficit narrowed by 16.58 per cent during the first month of the ongoing fiscal year (2014-15) compared to the same month of last year, mainly owing to decline in imports into the country. The imports into the country decreased by 11.80 per cent in July 2014 compared to the imports of July 2013. The imports into the country were recorded at $3.364 billion in July 2014 compared to the imports of $3.814 billion in July 2013, the PBS data revealed. Exports from the country, however, also decreased by 7.88 per cent by going down from $2.095 billion in July 2013 to $1.930 billion in July 2014.

BUSINESS RECORDER

Furniture exports up 16.31pc

Exports of furniture from the country increased by 16.31 percent during July 2014 compared to the same months of last year. The country earned $0.770 million from the exports of furniture compared to the $0.662 million in July 2013, according to data of Pakistan Bureau of Statistics (PBS). On month-on-month basis, the exports of furniture increased by 8.30 percent in July 2014 when compared to the exports of $771 in June 2014, the data revealed.

It is pertinent to mention here that country's trade deficit narrowed by 16.58 percent during the first month of the ongoing fiscal year (2014-15) compared to the same month of last year, mainly owing to decline in imports into the country. The imports into the country decreased by 11.80 percent in July 2014 compared to the imports of July 2013.

The imports into the country were recorded at $3.364 billion in July 2014 compared to the imports of $3.814 billion in July 2013, the PBS data revealed. Exports from the country, however, also decreased by 7.88 percent by going down from $2.095 billion in July 2013 to $1.930 billion in July 2014. Based on the figures, the overall trade deficit in July 2014 was recorded at $1.434 billion compared to the deficit of $1.719, showing a deficit of 16.58 percent

LSM output grows 4 percent in FY 2013-14

ISLAMABAD: The country's Large-Scale Manufacturing (LSM) output grew by 3.95 percent during the fiscal year 2013-14 compared to last year.

The Quantum Index Numbers (QIN) of LSM stood at 121.66 points during July-June (2013-14) as compared to 117.04 points in July-June (2012-13), according to the latest data of Pakistan Bureau of Statistics (PBS). Meanwhile, on year-on-year basis, the LSM grew by 0.25 percent in June 2014 compared to the production of June 2013. The data showed that the QIN of LSM in June, 2014 stood at 115.18 points against 114.89 points in June 2013. However, on month-on-month basis, the LSM witnessed negative growth of 2.74 percent in June when compared to the growth of 114.89 points in May 2014.

The QIN shows industrial productivity of 100 items received from Oil Companies Advisory Committee (OCAC), Ministry of Industries and Production, and provincial bureaus of statistics. The OCAC provides data of 11 items, the Ministry of Industries and Production of 35 items while the provincial bureaus of statistics has been providing data of 54 items. The official data for petroleum products compiled by OCAC showed positive growth of 0.50 percent in 2013-14 while that of provide by Ministry of Industry showed growth 2.01 percent and the indices monitored by Provincial Bureaus of Statistics (PoS) increased by

1.44 percent. The items showing positive growth in July-June (2013-14) included textile, output of which increased by 1.32 percent, food, beverages and tobacco by 7.16 percent, coke and petroleum products by 6.22 percent, paper and board by 10.99 percent and fertilizers by 16.50 percent.

The other products that witnessed growth included electronics, production of which increased by 9.55 percent whereas the production of iron and steel products increased by 5.58 percent, leather products by 11.65 percent, chemicals by 6.87 percent, rubber products by 11.47 percent and the production of non-metallic mineral products increased by 0.79 percent. On the other hand the LSM products that witnessed negative growth in production included wood products, output of which decreased by 27.57 percent.

Bilateral trade with UK to be enhanced up to 3bn pounds: Khurram

ISLAMABAD: Federal Minister for Commerce, Engineer Khurram Dastgir Khan Wednesday expressed the government's resolve to enhance bilateral trade with United Kingdom up to 3 billion pounds in the coming years saying that currently, Pakistan's trade with England stands at 2 billion pounds out of which Pakistan's exports are 1.4 billion pounds.

He said that the Ministry of Commerce was looking for new high-growth sectors of exports to give a new boost to Pak-Britain trade. "The Ministry is promoting the export of high value-added textile products to England while there is a great scope of import of sophisticated services and consultancies from England", the minister said while meeting with Syed Ibn-e-Abbas, Pakistan's High-Commissioner-designate to England who will assume his responsibilities in the first week of September. England has a huge Pakistani diaspora which is settled there since decades.

They are working in every sector and provide huge revenue through the remittances they send back to Pakistan. However, the Minister expressed his concern that the Pakistani companies are not well entrenched in the vast financial markets of Britain.

He directed the High Commissioner to engage the Pakistani community settled in Britain and guide them about the latent business and trade opportunities that Britain offers.

Halal meat export increases to US $ 230.2mn last year

Halal meat export has fetched foreign exchange of US $ 230.2 million during 2013-14, showing almost 9 per cent increase as compared to same period last year. The export of Halal meat during fiscal year 2012-13 was US $ 211.1 million, however, the steps being taken by government in the sector resulted in registration of growth. Sources at Pakistan Bureau of Statistics (PBS) on Monday said during last fiscal year, the export of other food items contributed US $ 4393.7 million.

It said the export value of some food items like rice, fish, fruits and oil seed has increased whereas export value of vegetables, tobacco, wheat, sugar, spices has registered decrease. With regard to measures adopted to increase export of meat and food, they said ECC of Cabinet in its decision imposed ban on commercial export of live animals from the country. Pakistan Horticulture Development & Export Company (PHDEC) conducted trainings/workshops/seminars for capacity building of growers, processors and exporters and provided support to horticulture industry for country specific Sanitary & Phytosanitary (SPS) compliance.

The other incentives announced under Strategic Trade Policy Framework (STPF) included 50 per cent subsidy on cost of plant and machinery for processing of meat in Khyber Pakhtunkhwa, FATA and Balochistan. Subsidizing 50 percent cost of plant & machinery for establishing processing plants for meat, fruits, vegetables, dates etc. and up-gradation of rice inspection labs

Pakistan loses heavily due to non branding of its products

Pakistan is losing millions of dollars due to non-branding and non-registration of many of its products consequently leading to non-appropriated prices in the international market.

This anomaly is largely benefiting the competitive countries fetching much high rates for similar branded and registered products exported by Pakistan, said President Federation of Pakistan Chambers of Commerce & Industry (FPCCI), Zakaria Usman. Addressing a meeting of the Chamber's Standing Committee on Anti Fake Products and Intellectual Property Rights (IPR), he said registration and brand recognition is extremely important in the international markets during customs clearance.

"We should take help from the developed countries for branding our products so that we can be able to get a good price of our products," he said. the FPCCI. The meeting that was specially attended by Director General of IPR in FBR, Ms. Rubina, was arranged to brief the business community about the work in progress on IPR in FBR for the facilitation to the business community.

The IPR's DG accompanied by Ibrahim Baghio, Director IPR Cell in FBR, informed the participants that IPR Cell in FBR is yet to be operational and that suggestions and guidelines are being sought from the real stakeholders including FPCCI and other chambers and trade associations. She further said that the international rules on IPR for trade and customs are under study and these rules will be finalized after making changes as per the country's requirement, in close coordination and assistance of Intellectual Property Organization (IPO). The DG - IPR also referred to customs related issues of IPR.

Engr. M. A. Jabbar of FPCCI suggested that IPR Cell need to draft rules and regulations and share it not only with IPO, Islamabad but also with the business community for necessary suggestions and recommendations. He said that an organizational setup of IPR was also very important and proposed for establishment of an advisory board, under the umbrella of FPCCI comprising of prominent businessmen, exporters, lawyers, officials from PSQCA and IPO.

Moreover, the Customs Department may also enhance their database related to registered and branded products so that such businessmen can be facilitated and others be encouraged to get themselves registered. The meeting was also attended by Senior Vice President of FPCCI, Shaukat Ahmed, Chairman of the FPCCI's Anti Fake Products Committee, Hafiz Bilal Amin, Saqib Fayyaz Maggo and others.

FPCCI President calls for revival of American GSP status for Pakistan

President FPCCI, Zakaria Usman Friday called for the revival of American GSP status to Pakistan; realizing that Pakistan has been playing a front-line role in the war against terrorism and facing serious social and economic problems. "GSP status has been expired for a long time and we are still waiting for its revival," he said during a meeting with Chad Peterson, Political and Economic Chief of US Consulate General here at the Federation House, said press release.

The President, Federation of Pakistan Chambers of Commerce and Industry (FPCCI), said the United States Government should acknowledge that Pakistan's army is still fighting a decisive battle in North Waziristan to eliminate terrorism and the country is incurring huge expenses on war against terrorism. As a result, it is facing a great task of settling internally displaced persons (IDPs). "Moreover, we are facing shortage of energy due to which unemployment in the country prevails ultimately creating law and order situation. Even then, he added, we have achieved our exports targets.

Zakaria Usman said that Pakistan is playing leading role at different regional platforms and having their headquarters here like SAARC Chamber of Commerce, D-8 Chamber of Commerce and Islamic Chamber of Commerce. The chairmanship of the ECO Chamber of Commerce will be transferred to Pakistan next month for a period three years. Pakistan is one of those country which have a great potential for trade with other countries as it has specialized in different fields like textile, surgical, sports and leather and diversifying its exports from traditional to non-traditional items.

United States' Political and Economic Chief Chad Peterson here at the US Consulate General said that despite the fact of terrorism and problem of settlement of IDPs in view of the army operation against terrorism, the economy of Pakistan is strong. He said that after the airport incident in Karachi the mind set up of foreign businessmen changed which obviously shadowed negative impact of the bilateral trade of Pakistan with other countries. Pakistani fresh fruits are very famous in USA and it has big capacity to cater to the requirements of American, European Union and Central Asian markets. Responding to the concerns of the President FPCCI about GSP status, he said it is the discretion of American Congress to decide. However, he will strongly support the vision of FPCCI to his government

Surgical instruments exports fetch US$ 1.35bn in five years

The exports of surgical instruments have contributed US $ 1.35 billion to national exchequer during last five years. The amount of foreign exchange earned from surgical instruments exports was US $ 253.5 million during 2008-09 and reached US $ 303.5 million mark in 2012-13. The exports of such items also fetched US $ 229.2 million in 2009-10, 260.6 million in 2010-11 and US $ 303.94 million during 2011-12. A data issued by Commerce Division on Wednesday revealed that Pakistan is exporting Surgical Instruments to almost 183 countries of the world and during the mentioned period five major countries remained import partners including United States, France, Germany, United Kingdom and Brazil

Unilever launches daraz.pk

KARACHI: Unilever has partnered with daraz.pk to become the first organization in Pakistan’s FMCG sector to offer an online retail solution for customers. As part of this collaboration, consumers will be able to purchase a large variety of Unilever’s beauty and personal care products from the online portal. The initiative is part of Unilever’s global e-commerce vision that focuses on increasing revenue share from e-commerce.

Pakistan has been identified as a high potential market because of the high mobile penetration and increasing usage of internet across the country. The partnership with daraz.pk is the first of many more planned to go live within this year. Amir Paracha, VP – Customer Development, Unilever Pakistan Limited, highlighted, “Despite being a developing country, we have found Pakistan to be highly adaptive to innovation. E-Commerce in Pakistan is forecasted to generate a turnover of PKR 4 billion over the next 5 years, with much of this growth being driven by beauty & personal care products.

At Unilever, we believe in the potential of e-Commerce and are working to make it one of our core channels for customer outreach. The idea is simple; who wants to go through the hassle of shopping in supermarkets, wait for car park and long queues when your favorite Unilever items can be delivered to your doorstep.” Daraz.pk is a project of Rocket Internet, the world’s largest internet incubator and was launched in Pakistan in 2012.

It is an online shopping portal that currently offers a portfolio of over 400 brands and 15,000 products ranging from fashion apparel to beauty products, with over 1.2 million unique visitors each month. The online portal has now delivered to over 200 cities across Pakistan with half of its sales volume driven from cities outside KLI.

ABOUT UNILEVER PAKISTAN

Unilever Pakistan is a subsidiary of Unilever Plc which operates in over 100 countries.

Established in Pakistan in 1948, the Pakistan business is amongst the country’s largest consumer goods companies. Its brands such as Lux, Lifebuoy, Lipton, Surf and Wall’s are known for their consistently high quality and value and are trusted and consumed daily by millions of people across Pakistan. Unilever’s brands strife to create a better future every day for consumer across Pakistan.

Lifebuoy reaches out to thousands of children through its hand washing campaign, raising standards of hygiene; Lux promotes film, fashion and music through the iconic Lux Style Awards; Sunsilk partners PFDC in the fashion weeks and Blue Band supports nutrition. Unilever’s ambition is to double its business whilst reducing its environmental footprint and enhancing its positive social impact. It is engaged in a number of initiatives to enhance livelihoods, save water, energy, carbon emissions and to cut waste and promote recycling.

The Nation

Seafood exports up 15.68pc in one year

The exports of fish and fish preparations surged by 15.68 per cent during the fiscal year 2013-14 as compared to the exports of the commodity during the corresponding period of last year. Pakistan exported seafood products of worth $367.472 million in July-June (2013-14) compared to the exports of $317.652 million in July-June (2012-13), according to the latest data of Pakistan Bureau of Statistics (PBS).

In terms of Pakistani rupee, the fish exports increased by 22.64 per cent by going up from Rs30,759 million to Rs 37,722 million during the period under review. According to the data, Pakistan exported as many as 155,671 metric tons of seafood compared to the exports of 138,680 metric ton showing an increase of 12.25 per cent in terms of quantity.

Meanwhile, on year-on-year basis, the exports of fish and fish preparations increased by 20.40 per cent in June 2014 as compared to the exports of June 2013.

The country exported seafood products of $31.726 million in June 2014 as against the exports of $26.351 million in June 2013. However, as compared to the exports of $42.000 million in May 2014, the seafood exports on month-on-month basis reduced by 24.46 per cent in June 2014, the PBS data revealed. The overall food exports from the country decreased by 2.90 per cent during the fiscal year 2013-14 compared to the same period of last year. The overall food exports from the country were recorded at $4.623 billion compared to the exports of 4.762 billion.

It is pertinent to mention here that Pakistan's trade deficit narrowed by 2.48 per cent during the fiscal year 2013-14 as exports expanded by 2.75 per cent while imports witnessing slight increase of 0.36 per cent as compared to the same period of last year. The exports from the country during July-June (2013-14) were recorded at $25.132 billion against the exports of $24.460 billion recorded during July-June 2012-13.

On the other hand, the imports into the country during the period under review were recorded at $45.113 billion against the imports of $44.950 billion during the corresponding period of last year. Based on the figures, the trade deficit during July-June (2013-14) was recorded at $19.981 billion against the deficit of $20.490 billion in July-June (2012-13), showing negative growth of 2.48 per cent.

The Nation

Vision 2025 aims to boost exports to $150b, jobs through SMEs to 25

Vision 2025, presented by the government on Monday, aims to increase exports of the country from the $25 billion to $150 billion by 2025 with special focus on the development of small and medium enterprises (SMEs). At the launching ceremony of Vision 2025, Minister for Planning and Development Prof Ahsan Iqbal said that to achieve the target of increase in the exports of the country by 2025, modern infrastructure of road and rail network would be developed and competitiveness would be introduced in all sectors of economy including agriculture and industry. Vision 2025, presented by Ahsan Iqbal, stated that according to SMEDA's 2013 survey, SMEs accounted for 14.9 million jobs (25% of total), working in 1.73 million enterprises, GDP of Rs9.4 trillion (40% of total) and export earnings of USD18.2 billion (72% of total). As per Vision 2025, the government aims to boost jobs through SMEs to 25 million, new entrepreneurial enterprises (reaching 2 million), GDP to PKR 16 trillion and exports USD 54 billion. About the energy sector the vision presented by the government states that there will be no loadshedding in 2018 as gap in demand and supply will be filled by that time. Moreover an addition of 25,000MW electricity will be made by 2025 to cater the growing demands of energy in the country. It also aims to complete two major hydel power projects of Diamir Basha Dam and Dasu Dam by year 2025. Vision aims to increase water storage capacity, applicable to the requirements of each province, in line with defined strategic needs and international benchmarks: from currently 30 days to 45 days by 2018, and 90 days by 2025.

Education Vision 2025 states that Pakistan ranks 113th out of 120 countries in UNESCO's Education for All Education Development Index. And to achieve the objective of developing a knowledge-economy, the government aims to make a sizeable increase in public expenditure on education in general and on higher education. The government aims to increase the budget for higher education to 1.4 per cent of GDP from 0.2% currently. It is also stated in the vision 2025 that the government plans to enhance its spending in the health sector to 3% of the GDP.

Vision presented by the government also takes into consideration the sectarian and religious conflicts the society is suffering. It aims that opportunities for interfaith dialogue will be promoted. An apex body, in consultation with religious leaders, will be established to mainstream madrasas and update their curriculum to meet new challenges. Discriminatory laws will be reviewed, and misuse of the blasphemy prevented, vision states.

Ahsan Iqban said that this vision would set the directions for the sustainable and inclusive growth of the economy with the objective to reduce poverty and backwardness. He said top most priority has been given to human resource development for which 12.5 billion rupees have already been allocated. He said the long term development plan envisaged export and private sector-led growth. "Let us work better and smarter, "he said, adding that without peace no country could progress. Federal minister said under this plan food and energy security would be ensured. He also said that 10,400MW of electricity would be produced with the assistance of China to overcome the electricity crisis. He said the United States, Middle Eastern and the European countries were also helping Pakistan to cope with the energy shortage.

The Nation

E&P profitability grows 31pc to Rs188.2b in FY14

The Oil & Gas Exploration and Production sector concluded an impressive FY14 on a high note with a robust 88 per cent growth in profitability to Rs49.1 billion during 4QFY14. Consequently, full year profitability of the sector witnessed an impressive growth of 31 per cent YoY to Rs188.2 billion in FY14 compared to Rs144.1 billion in FY13. Statistics show that the notable growth in earnings during FY14 can be attributed to 9 per cent YoY growth in average level of oil production, 25 per cent YoY lower exploration cost (on reduced dry well write-offs) and healthy other income, which has increased by 11 per cent. Moreover, 7pps reduction in effective tax rate further added to the growth in profitability. Despite the strong trend in earnings growth, several E&P companies underperformed primarily due to liquidity and price concerns owing to secondary offering (SPO), delay in absence of any major discovery on the exploration front and 6 per cent appreciation in rupee value against USD in 2HFY14. Energy experts believe the E&P sector is gearing up for an eventful year owing to completion of major development projects (KPD-TAY, Sinjhoro, Uch-II), tie-in of previous successful exploration attempts (Gambat South, Ghauri, Naushahro Firoz), ramp-up of production from TAL, Latif and Adhi blocks and start of exploration in newly awarded concessions (priced at USD4-6/mmbtu).

THE EXPRESS TRIBUNE
WITH THE International New York Times

Samples sent: US to assess potential of Pakistan's shale gas reserves

Exploration companies have already found some traces of shale gas during the search for conventional gas as 10% to 12% of shale gas appears on upper faces of conventional gas. PHOTO: FILE

Pakistan has sent samples of shale gas to the United States to determine the prospects of reserves of this untapped energy source following encouraging estimates given by the US Energy Information Administration (EIA), officials say.

According to the EIA assessment, Pakistan holds massive shale gas reserves estimated at 51 trillion cubic feet (tcf), close to the conventional gas reserves of 58 tcf. At present, the government is conducting a study with the technical assistance of US Agency for International Development to prove the presence of huge shale gas deposits in the country. Sources disclose that USAID has provided $1.8 million in technical assistance for undertaking the study. "Some samples have been sent to the US and research work will be completed in one year," an official said, adding they were also looking for adopting US technology.

Washington is also imparting technical training to Pakistani officials and employees and engineers of public sector oil and gas companies. The Ministry of Petroleum and Natural Resources has sent a summary to the Economic Coordination Committee (ECC) of the cabinet, seeking the go-ahead for initiating a pilot project to search and consume the shale gas potential. The move is aimed at gradually bridging the yawning gap between demand and supply of energy. Shale gas is natural gas that is found trapped within shale formations. It has low permeability compared to conventional reserves, that's why it does not come out easily and a specific amount of investment and pricing are required to encourage its exploitation.

At present, Pakistan is not producing shale gas and needs to undertake significant initial work to tap this energy resource. The US, after the discovery of massive shale gas deposits there in recent years, has become a gas-exporting country. In future, reports say, it will experience a boom in shale oil production as well and will become the largest oil producer. Officials point out that Pakistan will offer $12 per million British thermal units (mmbtu) to gas exploration and production companies under the pilot programme, a price that is close to the cost of gas to be imported from Iran under the Iran-Pakistan pipeline project.

"A policy framework has been prepared and its approval will be sought from the ECC in its upcoming meeting," an official of the petroleum ministry told *The Express Tribune*. According to the official, exploration companies have already found some traces of shale gas during the search for conventional gas as 10% to 12% of shale gas appears on upper faces of conventional gas. Experts suggest that Pakistan has consumed around 40% of conventional gas reserves and shale gas is the most viable option to meet growing energy needs.

A study conducted by a group of exploration and production companies says the production of shale gas will be economical at about 80% of the price of Brent crude, but this will have to be brought down to 70%. Apart from shale gas, the government is also planning to drill 400 wells in the next four years in an effort to enhance the country's oil and gas production. Though in the past one year new gas deposits had been found, total production of the country stood at almost the same level at four billion cubic feet per day because of depletion of reserves in old fields.

The miracle that is Sialkot

Sialkot produced more than 42 million footballs in the run up to the Fifa World Cup, fetching $300 million. Sialkot has a habit of making the news for good reasons. Last we heard of the city, located in the north-east side of the Punjab province, was during the Fifa World Cup that took place in Brazil.

Pakistan had exported footballs called the Brazuca that would be used during the World Cup. It was one of Sialkot's finest hours. Sialkot has been precariously close to the Line of Control, which is an hour's walk away from the city. Far away from the motorways, it cannot be used as a transit city. Its two access roads, clogged with heavy traffic, were never converted into dual carriageways until four years ago. Never wallowing in its isolation, Sialkot acts more like West Berlin during the Cold War; an enclave of economic success surrounded by a dysfunctional East German state.

Sialkot exports goods worth $1.6 billion every year. This is an incredible $4,000 of export revenue per capita. If the rest of Pakistan did exactly what Sialkot does, our export earnings would have been $675 billion — 25 times more than the current level. That would have made Pakistan the world's sixth largest exporting nation, just behind Japan. The town's economic miracle appears even more amazing when seen in the backdrop of its natural endowments — there are none except paddy fields. It still does not have a university or a professional college or even a decent polytechnic or vocational institute. Its international airport became operational in 2008 — the country's only airport that has been built by private capital.

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

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

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

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

Also improbable is the fact that the country's largest leather tannery and leather garment units are in Sialkot. Leather tanning and leatherwear industries together with knitwear and sportswear bring another $500 million. When it comes to footballs, no one in the world comes even close. Everyone from Adidas, Nike, Puma to Wilson has only Sialkot in their sights. It produced more than 42 million in the run up to the Fifa World Cup, fetching $300 million.

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

A lesson for the rest

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

Sialkot teaches us about the absolute central role that entrepreneurship plays in transforming lives and generating wealth without government involvement. It teaches us despite without much technical education, determined entrepreneurs can master artisan crafts and produce unusual products. Sialkot combines all these factors to produce great results. The town displays a mindset that is not afraid to dream and considers failure only an opportunity to learn and try again

The Nation

China okays 10,400MW power projects

Prime Minister Muhammad Nawaz Sharif has congratulated his energy and economic team on obtaining approval of the Chinese government for installation of some 14 projects which would generate 10,400MW electricity. The Prime Minister said that this gesture of the Chinese government manifests the deep cordial relations the country has with Pakistan as well as showing the confidence of the international community in the policies of government. These projects would be started immediately and put into operation by the year 2017-18. In addition, there are few other power generation projects totaling to 6445 MW, which would be completed in the second phase on fast track basis. The Prime Minister was pleased to note that the MoUs Pakistan had signed with China in the recent past are now being translated into on-ground projects. He expressed the confidence that this massive addition to the power sector of the country would prove immensely beneficial in overcoming electricity shortage. He said this is part of the government's energy road map, which aims at ensuring provision of cost effective electricity to the masses. He said these are the fruits of democracy, which have started to reach the people. He said, "Our desire and focus is on removing unemployment, eliminating power shortage and bringing economic prosperity and we will stay the course." The projects, which would be commissioned during 2017-18 included; Port Qasim (Coal Fired) with the capacity of 1320 MW, Sukki Kanari (Hydropower) 870 MW, Sahiwal (Coal Fired) 320 MW, Engro Thar (Coal Fired-Mining of Block 2) 660 MW, Muzafargarh (Coal Fired) 1320 MW, Gwadar (Coal Fired) 300 MW, Quaid-e-Azam Solar Park (Cholistan) 1000 MW, United Energy (Wind power, Karachi) 100 MW, Dawood (Wind power, Karachi) 50 MW, Sachal (Wind power) 50 MW, Sunnec (Wind power) 50 MW, Rahimyar Khan (Coal fired) 1320 MW, SSRL Thar (Coal fired) 1320 MW and Karot (Hydropower) with the optimal capacity of 720 MW.

The Nation

'Record increase in exports from Sialkot witnessed'

There is 17.1 per cent record increase in exports from Sialkot region due to smooth provision of advanced export-related facilities and rapid clearance of export consignments by Model Collectorate of Customs Sialkot at the Sialkot Dry Port Trust (SDPT) and Sialkot International Airport. This was said by Collector Customs Sialkot Qurban Ali Khan while talking to newsmen in his office here on Friday.
He said exports from Model Customs Collectorate Sialkot increased by 17.1 per cent, a record increase during the fiscal year 2013-14 against the last financial year.
He said one window operation and an establishment of Single Examination Assessment Office at the shade yard of Sialkot Dry Port Trust (SDPT) by the MC Sialkot was earning great confidence of exporters. Qurban Ali said exports of leather from MCC Sialkot increased by 16.3 percent, sports goods by 7.1 percent, surgical instruments by 17.9 percent, textile by 28.8 percent, cutlery exports by 7.8 percent and other goods by 5.5 percent.

He said it was a record increase in exports from Sialkot through the MCC Sialkot and there would also be further increase in these exports from Sialkot during the running fiscal year 2014-15, as the Federal Board of Revenue (FBR) and Sialkot exporters were getting full benefits of this increase in exports in this regard. He said the Sialkot exporters also took very keen interest in enhancing their exports from Sialkot as the MCC Sialkot was successfully motivating them to do their exports from Sialkot Dry Port Trust (SDPT) and Sialkot International Airport. Replying to a question, Qurban Ali said the MCC Sialkot had started process of paying a large number of the prolonged pending rebate claims to exporters on priority as the MCC Sialkot had distributed Rs 330 million among them, enabling them to jazz up their business activities. The Collector Customs said an advanced 24/7 duty system had successfully been introduced at the Sialkot Dry Port Trust (SDPT) as senior efficient officials of Customs, Anti Narcotics Force (ANF) and Sialkot Dry Port had been performing round-the-clock duties to lure exporters, importers and customs and cargo clearing agents and motivating them to do their business through the Sialkot Dry Port.

DAWN

WB to assist Sindh in boosting revenues

The World Bank (WB) will assist the Sindh government in boosting tax revenue through surveys and automated tax procedures.

To begin with, a survey will be carried out in urban areas of the province to bring new property units in the tax net and registering additions in existing units to assess their correct rental value. The survey is part of a multi-million dollar project to be financed by the World Bank. A meeting of the WB representatives and officials of the Excise and Taxation department was held this week to discuss modalities of the survey of properties.

The meeting was informed that no survey of properties in Karachi and other major interior towns has been carried out since 2001 due to unavoidable circumstances although under the Local Government Act, a survey of residential, commercial and industrial buildings is required after every five years. Excise and Taxation Secretary Abdul Majid Pathan informed the meeting that the chief minister desired that the survey may be started from Sukkur, a major town of the interior.

The survey of buildings and houses in Sukkur will be followed by enumeration of property units in Larkana and Hyderabad. It will reach its climax when the survey team will start work in the metropolitan city of Karachi. According to the existing data, the number of property units in Karachi is 815,438, followed by Hyderabad 1,32,859, Larkana 83,782 and Sukkur 81,767 units. The total number of property units in the interior is 11,69,985. The survey will be conducted by private consultants to be engaged by the World Bank. According to the official data, property tax fetched Rs1,839m in 2013-14 against Rs1,482m in the previous year, recording a jump of 24pc

Pakistan Observer

Govt signs exploration license to explore Karak north block

The government on Monday signed one exploration license and petroleum concession agreement with Tallahassee Resources Inc to explore Karak north block located in District Karak, Khyber Pakhtunkhwa on Monday. Federal Minister for Petroleum and Natural Resources Shahid Khaqan Abbasi chaired the signing ceremony. The agreement was signed by Abid Saeed, Secretary Petroleum and Natural Resources, Saeedullah Shah, Director General Petroleum Concessions, Wasim Ahmad of Tallahassee and Director from Khyber Pakhtunkhwa (KPK) province.

The federal minister speaking on the occasion said that the total area of aforesaid block was 99.14 sq km and minimum firm work commitment is US $ 3.07 million. Apart from minimum work commitment, the company is obligated to spend a minimum of US $ 30,000/year in the block on social welfare schemes. He also directed the director general petroleum concessions to facilitate E&P companies to expedite the exploration process to boost the oil and gas production.

The ministry, after taking all provinces on board in finalising Model Petroleum Concession Agreement (MPCA) and Model Exploration Licence (MPCA), awarded 50 blocks on provisional basis to nine E&P companies on January 1, 2014. Out of which 21 blocks are falling in Balochistan, 15 in Punjab, 6 in Sindh and 7 blocks in Khyber Pakhtunkhwa and 1 in FATA. The ministry has already signed (43) ELs and PCAs this year. The government executed one more Petroleum Concession Agreements (PCA) and Exploration Licence (EL) over Block No 3370-15 (Karak North) with Tallahassee Resources Inc (Tallahassee). M/s Tallahassee is an E&P company based out of Calgary, Canada, established since 2007.

It has its core assets with stake in 100 plus producing wells in British Columbia and Alberta, Canada. According to company, they are primarily focused on conventional and Montney shale gas play in British Columbia and conventional light oil and Duverney shale play development in

Pakistan Today

Pakistan making progress under IMF plan, Moody's says

Pakistan's continuous progress under the IMF's extended fund facility is credit positive as it suggests that the government is broadly on track with EFF-prescribed reforms, British media reported on Thursday. According to "Moody's" report, any loss of reform momentum could strain the country's ability to repay its debts. Political willingness to push ahead with reforms will be crucial. Moody's had revised its outlook on the sovereign's rating to stable from negative in July.

This progress should secure the next tranche of IMF funding which is key to bolstering its external liquidity position and ensuring macroeconomic stability, the rating agency said. Pakistan's ability to drive structural reforms, despite resurgent political fractiousness, would be a key factor supporting its credit profile. Although discussions are ongoing, successful completion of the fourth review and approval by the IMF's management board would allow the release of $569 million September taking cumulative disbursements under the 36-month, $6.8 billion programme to $2.8 billion, Moody's noted.

This would buoy up Pakistan's foreign reserves, which climbed to $9.6bn in July from $2.8bn in early February, but had edged down to $9.2bn by August. However, reserves still exceed debt repayments due in the fiscal year ending 30 June, 2015. The IMF noted improved macroeconomic performance and estimated that the real GDP growth will rise slightly to 4.3 per cent in fiscal 2015, from 4.1 per cent in fiscal 2014 supported by firming confidence in the economy. The economic confidence in Pakistan is reflected in the recovery in private sector credit, which increased 8 per cent in May from a year earlier, the highest rate in more than five years.

A reduction in government borrowing from the banking system freed up the flow of credit to the private sector. A ceiling on net borrowings from the State Bank of Pakistan is a quantitative criterion that the IMF requires Pakistan to meet although the country slightly exceeded the ceiling in the fourth quarter of fiscal 2014. The containment of central bank monetisation of government budget deficits also helped to curb inflation which has been trending downward since April this year and stood at 7.9 per cent year-on-year in July.

The IMF programme requires Pakistan to meet 21 structural benchmarks, including energy and tax reforms and enhanced revenue collection. So far, the government has achieved 10 of these benchmarks and implemented some difficult reform measures including raising electricity prices and the sales tax rate, and steps to clear arrears in the energy sector. However, the remaining targets will be challenging. These include significantly reducing the fiscal deficit, privatising public sector enterprises, which will likely face widespread political opposition, and addressing energy shortages, Moody's added.

Pakistan Today

US for more investment and trade with Pakistan, says Orr

Senior Economic Officer of US Consulate Alexander Orr said on Monday that the United States wanted to enhance trade and investment ties as Washington was keen to look for more investment and more trade with Pakistan.

There were lot of challenges and opportunities for enhancing trade and the United States remained committed towards furthering relations with Pakistan, he said, while speaking at a meeting during his visit to the Karachi Chamber of Commerce and Industry. President KCCI Abdullah Zaki, Chairman Diplomatic Affairs Sub-Committee KCCI Abdul Jabbar Dalal, former president KCCI Majyd Aziz and other senior members were also present in the meeting.

"The US has remained actively engaged in various economic activities in Pakistan and we have been supporting Pakistan in its drive to effectively deal with energy crisis", said Orr, adding "US Agency for International Development (USAID) has been cooperating with Pakistani authorities in overcoming the energy crisis being faced by the country." "Education is one of the highest priorities of US engagements in Pakistan. We have heavily invested in Pakistan's education sector and lot of US-funded programs have been undertaken to improve education. Many Pakistani students are already studying in the US and we would love to see more", he added.

Commenting on negative perception about Pakistan, Alexander Orr said, "Perception about Pakistan is worse than the reality that requires all of us to make efforts as it is our responsibility to send positive message about Pakistan to the rest of the world while the Pakistani government must also utilise resources to clarify these misconceptions."

Replying to a question regarding invariable trade between Pakistan and United States during the last one decade, he said although there were some obstacles in few sectors that needed to be worked out but trade had been gradually improving between the two countries. Some positive movement in trade had been witnessed, particularly the rise in exports of mangoes from Pakistan. However, Pakistan needed to further promote its products and services in US markets. In this regard, the best way of improving trade between the two countries was to support companies and promote opportunities, he added.

Speaking on the occasion, KCCI President Abdullah Zaki stressed the need to further enhance trade ties between Pakistan and United States as the existing trade volume was not depicting the real trade potential. He said that Karachi chamber had remained vibrant in strengthening trade ties and exploring new bilateral trade prospects with the US KCCI had always maintained the stance that “we want trade not aid” and emphasized upon the need of minimizing trade barriers between the two countries.

He pointed out that misconceptions about the security situation of Pakistan must be clarified as the overall security situation was not as worse as being imagined by foreign businessmen and industrialists mainly due to negative travel advisories being issued from time to time.

Daily Times

Your right to know A new voice for a new Pakistan

Intel Pakistan signs MoU with MITI to promote digital literacy

Islamabad—With a goal to dramatically accelerate the pace and scale of entrepreneurship in the country, Intel Pakistan is piloting a new initiative, under the Intel Easy Steps program. This was undersigned in a MoU with Memon Industrial & Technical Institute (MITI) to increase the relevance of computer devices as a tool for learning and providing quality basic digital literacy opportunities to underprivileged section of the society. MITI, is a vocational and technical training institute for youth offering a wide variety of technical, IT, multimedia and home economic courses/disciplines. Courses are exclusively offered in 27 trades for men and 35 for women. MITI offers support to low-income and unemployed section of the society to provide capacity building opportunity to out-of-school children and youth to explore and increase self-employability. MITI has 3500 male and 6800 female students currently enrolled / registered in their institution. Under this MoU, Intel Pakistan and MITI will integrate Intel Easy Steps Course content which is a simple instructional course and material that helps learners become competent in the digital world, especially created for adults and youth in underserved areas who find themselves at a disadvantage due to lack of access to proper training on the basic use of computers. The Intel® Learn Easy Steps program addresses the needs of adults and youth around the world who seek to learn basic digital literacy skills. Its simple instructional approach teaches basic computer literacy, which is a key 21st century skill, enabling enhanced social and economic self-sufficiency. Intel provides the content free of charge to governments and NGOs, who manage local implementation. Speaking on this occasion, Naveed Siraj, Country Manager, Intel Pakistan said, “Entrepreneurship has been demonstrated to be a global driver of innovation, technology commercialization, business model adaptation, human potential development and value creation.—NNI

Daily Times

Your right to know · A new voice for a new Pakistan

Lowari Tunnel likely to be completed by 2017

Work on Lowari Tunnel project on Nowshera-Chitral Highway (N-45) is likely to be completed by October 2017 subject to availability of adequate funds, said an official of National Highway Authority (NHA). He said that the work on Lowari Tunnel project was started in September, 2005 and originally it was envisaged to be completed by September 2008 but its completion period was extended after its conversion to a road tunnel. To a question, he said that total allocation as per revised PC-1 of the Lowari Tunnel was Rs 18.13 billion, out of which Rs 8.3 billion has been incurred so far. Widening of 4,150 metres has been achieved out of total 8510 metres. An amount of Rs 9,455 million has been incurred on the project so far and physical progress is 40 percent.

The Lowari Tunnel project is expected to be completed in October 2017 subject to availability of funds. The NHA has made arrangements to keep the under-construction tunnel two days a week to facilitate the people of Chitral. Recorded history shows that the Lowari Tunnel project idea was discussed in the National Assembly of Pakistan by the MNA from Chitral Attalique Jaafar Ali Shah during in early 1970s. Work on the tunnel began on September 8, 1975 but was stopped in 1977 after change of government on the pretext of lack of funds and other development priorities, work on the tunnel did not restart until September 2005. The tunnel will reduce the current 14-hour drive from Chitral to Peshawar by 50%. Moreover, people of Chitral have to travel from Afghanistan and then enter back in Pakistan during the winter season as Lowari Top is closed for traffic for most part of the year. Chitral remains virtually inaccessible during the winter; the tunnel will also facilitate all-weather transportation. A South Korean construction company, SAMBU JV, has been assigned the work on the tunnel. This project is located in KPK and in North East part of the province. The project originates from Tamalgarha and it ends at Lowari Tunnel. This road is the sole access to Chitral valley and then further leads to Afghanistan.

Daily Times

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