



*PAKISTAN BUSINESS NEWSLETTER*

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# **Main Contents**

- **Ambassador Jilani asks US companies to invest in Pak oil and gas sector**
- **Sichuan to complete \$2 bn projects in Pakistan: official**
- **Pakistan Exports of bedwear, readymade garments go up**
- **Danish trade delegation to visit Pakistan in October: Ambassador**
- **China to invest \$50bn in development projects in Pakistan**
- **Bilateral trade with UK to be enhanced up to 3bn pounds: Khurram**
- **Petroleum group exports up by 53.53pc in two months**
- **Development work on 29 wind power projects in progress: AEDB**
- **Cement dispatches increase 23.2%**
- **MCB Bank's profit-after-tax rises 8 percent to Rs 20.94bn**
- **China to replicate Shanghai Free Trade Zone in Gawadar**
- **12th international exhibition of plastics & printing in Pakistan**
- **SECP registered 305 new firms in August**
- **Carpet expo 2014 to be largest showcase of local artisans**
- **\$2.4bn Kohala hydropower deal finalised**
- **About 15.1million cotton bales production expected**
- **Pakistan, ADB saddle up on \$200m highway**
- **Exhibition of local handicrafts attracts tourists**
- **Ashmore Funds UK to invest in Pakistan**

## **Ambassador Jilani asks US companies to invest in Pak oil and gas sector**

**HOUSTON: Ambassador of Pakistan to the United States Mr. Jalil Abbas Jilani; visited Midland (The oil capital of the Permian Basin) to discuss opportunities that are available to explore Shale Oil and Gas reserves that Pakistan has to offer to American companies and investors.**

He was accompanied by the Houston Consul General of Pakistan Mr. Afzaal Mahmood, Mr. Muhammad Saeed Sheikh and President of Houston-Karachi Sister City Association (HKSCA); “Pakistan has vast oil and gas resources and is looking for American investors interested in joint ventures. I am impressed to see the kind of things being done by Mr. S. Javaid Anwar and others in the field of shale energy and I am very confident that local businesses in Midland Texas will consider participating in the significant opportunities Pakistan has to offer” said Jilani while speaking at the Luncheon arranged in his honor by S. Javaid Anwar, President & CEO of Midland Energy Inc., and Petroplex Energy Inc.

Also present at the occasion were the former 34th US Secretary of Commerce Mr. Don Evans, Mayor of Midland Mr. Jerry Morales, and the owner of Jum Burrito fast food chains, Mr. Jose Cuevas. Mr. Eram Ali, an independent oil investor. Ambassador Jalil Abbas Jilani further informed about the measures being taken by the government of Pakistan to enable direct foreign investment and promote entrepreneurship.

The financial and credit rating firm Moody’s has recently raised Pakistan’s credit rating from negative to stable, while the World Bank has placed Pakistan ahead of many countries in the Asian Region on the Ease of Doing Business Index. Mr. Jilani also informed about the various transportation and power generation development projects being undertaken in Pakistan, and upon their completion, the overall infrastructure in Pakistan will improve from good to excellent, and these projects will further enhance possibilities for investors in Pakistan.

Mr. Jilani further stated that the law & order in the country has drastically improved and incidents of terrorism have gone down considerably ever since the military operations were conducted by the Pakistani army in North Waziristan and as a direct result more than 900 terrorists were eliminated. “In Pakistan, there is an acute shortage of natural gas due to population growth and economic expansion.” stated the Ambassador.

“Pakistanis coming to the Permian Basin in Texas should get trained in these new technologies, like horizontal drilling and slickwater fracturing and bring their knowledge to Pakistan. He said the Pakistani government is willing to guarantee the natural gas prices of \$8 to \$9 per million cubic feet, which is nearly twice the current US gas price.”

Mr. S J Anwar, CEO of two oil and gas producing companies of Midland, Texas “In Midland, said we have the latest and greatest technology for horizontal drilling, outstanding fracturing techniques, and qualified professionals, attracting foreign oil companies from all

over the world.” Mr. Anwar has been named Outstanding Businessman and Entrepreneur Honoree for two different occasions.

According to a Research Report dated June 20th, 2013 from the US Energy Information Administration (EIA), Pakistan has the 9th largest shale oil reserves of 9 billion barrels or 2.61% of the world reserves; and sizeable shale gas reserves of 105 trillion cubic feet or 1.41% of the world reserves. Referring to a governmental publication EIA reported that Pakistan had a natural gas shortfall of about 900 billion cubic feet in 2013, although Pakistan’s natural gas production had grown more than 80% over the past 12 years.

## **Sichuan to complete \$2 bn projects in Pakistan: official**

CHENGDU, China: People’s Republic of China’s Department of Foreign and Overseas Chinese Affairs Deputy Division Chief and Chairman Sichuan province Development and Reforms Commission Lean Pyar has said that the JF-17 Thunder multi-role aircraft are being manufactured through a joint venture of Pakistan and China and these aircraft are being inducted now into the Chinese Air Force.

In an interview with The News, he said Prime Minister Nawaz Sharif had started this project jointly with the Chinese leadership in 1998. He said the entire Chinese nation had termed Pakistan their best ever friend in the world. He said China had specially built the JF-17 Thunder aircraft for Pakistan and the Pakistan Air Force was successfully flying these aircraft. Lean Pyar noted that Sichuan province’s bilateral trade volume with Pakistan stood at the level of \$290 million. Sichuan province would complete projects worth \$2 billion in Pakistan, he added.



## **Exports of bedwear, readymade garments go up in two months**

ISLAMABAD: The exports of bedwear, readymade garments, cotton and yarn have increased during the first two months of the current fiscal year compared to the corresponding period of last year. According to the latest data released by Pakistan Bureau of Statistics (PBS), the exports of yarn (other than cotton yarn) increased by 8.80 percent by going up from \$7.174 million during July-August (2013-14) to \$7.805 million during July-August (2014-15).

The exports of knitwear increased by 9.25 percent from \$379.012 million to \$41.103 million whereas the bed wear exports increased from \$318.564 million to \$374.490 million, showing positive change of 9.08 percent. Similarly, the exports of towels increased by 2.38 percent from \$110.784 million to \$113.418 million whereas cotton (carded or combed) exports increased by 141.79 percent by going up from \$0.134 million to \$0.195 million.

The exports of tents, canvas and tarpaulin increased by 82.81 percent, from \$10.893 million to \$19.914 million whereas the exports of readymade garments increased by 1.38 percent, from \$319.331 million to \$323.743 million. The textile products that witnessed negative growth in trade included raw cotton, exports of which decreased by 40.59

percent, from \$33,357 million during the first two months of last year to \$19.816 million this year.

The exports of raw cotton also decreased from \$395.637 million to \$288.766 million, showing fall of 27.01 percent whereas the exports of cotton cloth decreased by 13.77 percent, from \$465.752 million to \$401.597 million. Similarly, the exports of art, silk and synthetic textile decreased by 13.13 percent by going down from \$70.182 million to \$60.964 million whereas the exports of madeup articles (excluding towels) decreased by 2.6 percent from \$107.477 to \$104.687 million.



### **Danish trade delegation to visit Pakistan in October: Ambassador**

Ambassador of Denmark, Jesper Moller Sorensen has said that for the first time, a trade delegation from Denmark will be visiting Pakistan in October 2014 to explore ways and means of enhancing trade and look for partnership in various sectors. Exchanging views with KCCI office bearers during his visit to Karachi Chamber on Thursday, the Danish Ambassador said that representatives of eight Pakistani companies will also be visiting Denmark this month (September) where they will meet Danish businessmen in order to expand their businesses and explore the possibility of undertaking joint ventures. Vice Chairman Businessmen Group, Anjum Nisar, Acting President KCCI, Muffasar Atta Malik, Vice President KCCI, Muhammad Idrees, Commercial Counsellor, Embassy of Denmark Assar Noman Qureshi, Commercial Advisor, Embassy of Denmark Aslam Perwaiz, Area Sales Manager, DNP Denmark Anjum Parwaiz and KCCI Managing Committee members were also present at the meeting. The Ambassador of Denmark while commenting on existing trade relations between the two countries, said that the overall trade volume between the two countries stood at \$400 million which needs to be enhanced by focusing more on improving trade and commercial activities.

In this regard, the Embassy of Denmark has opened a commercial section to facilitate the Pakistani business community and explore potential sectors for improving trade and investment between the two countries. Danish Envoy informed that Denmark faced similar energy shortfalls in the 70s which are currently being faced by Pakistan but succeeded in overcoming these crisis with the passage of time.

Denmark has now become completely self-reliant by focusing on renewable energy and is now in a position to export energy. "We are ready to assist Pakistan in effectively dealing with its ongoing energy crisis and Danish businessmen can find good partners in Pakistan in the energy sector", he added. He said that another important area in which Denmark can offer assistance is water shortages as it has become a challenge for Pakistan which is going to become a bigger challenge in future. In this regard, companies in Denmark can help Pakistan in water waste management. Furthermore, Danish and Pakistani businessmen can also undertake joint ventures in other important sectors of the economy including healthcare, agriculture and dairy sectors which offer immense opportunities.

He said that although Danish businessmen are reluctant to visit Pakistan due to security issues however the travel advisory being issued for Pakistan advises Danish visitors to restrict their movements to Sindh and Punjab only and avoid visiting Khyber Pakhtunkhwa, Balochistan and FATA areas. He said that around 600 schools in Pakistan have been fully rehabilitated during the past three years under Denmark's Assistance Development Programme which grants \$50 million to Pakistan.

In his welcome address, Acting President KCCI, Muffasar Atta Malik appreciated the Danish Government for supporting Government of Pakistan in securing European Union's GSP Plus status. He said that Denmark and Pakistan enjoy cordial relations with focus on enhancing bilateral trade and investment along with political and development cooperation. Since 2007-08, trade balance is in the favour of Pakistan however, trade volume needs to be enhanced by identifying various fields of economic cooperation, he added.



## **China to invest \$50bn in development projects in Pakistan**

ISLAMABAD: China intends to invest as many as \$50 billion by 2017 in various sectors of Pakistan's economy, particularly in energy sector to help the country overcome power crisis and help sustainable economic growth, President Pak-China Joint Chamber of Commerce and Industry Shah Faisal Afridi said.

"China has planned to replicate the model of Shanghai Free Trade Zone (SFTZ) by investing \$50 billion into a number of projects including coal, solar and wind energy till 2017 under Early Harvest Programme," Faisal said. These projects would enable Gawadar to create a nexus between Pakistan, Iran, China and Central Asian States that would ultimately generate billions of dollars in revenues along with huge job opportunities in the region.

Afridi said that SFTZ is a perfect model to be implemented at Gwadar, asserting, the SFTZ was first used as a testing ground for a number of economic sectors. The zone, he said, incorporated numerous relaxations in different sectors, under the FTZ's new capital registration system, foreign investors were no longer required to contribute 15 percent capital within three months and full capital within two years of the establishment of a foreign invested enterprise (FIE).

Meanwhile, official sources said that in addition to invest in power projects, China was also interested in already working in various projects of motorways and railways. On energy front, Pakistan has been already working to generate about 10400 megawatt electricity with the help of Chinese investment and several projects were already underway to overcome energy crisis. Beijing has designated three banks including Exim Bank that will provide loans to Chinese companies for investment in power, railway and transport sectors in Pakistan. Federal government has given advertisements for investment in Gaddani power projects and a competitive bidding process will be initiated for upcoming power plants.

The successful bidders would have to show project feasibility reports to Chinese banks to qualify for the loans, sources said adding Pakistan government would not give any sovereign guarantees to Chinese investors who would install power plants in public-private partnership mode. China was quite cognizant on the energy problems of Pakistan and that is why it has agreed to invest \$34 billion in the energy sector of the country, which is highest Chinese investment in any country. The Chinese investment would include several projects in Sindh province including transmission of electricity from Thar to Jamshoro after setting up Mitiari transmission line. In addition imported coal would be utilized in power plants in coastal areas whereas local coal would be utilized for running power plants in Punjab province.



### **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. Abbas said that enhancing Pakistan's trade with Britain will be his top priority and for that end he will keep a constant liaison with the Pakistani community in Britain.

## **The Nation**

### **Petroleum group exports up by 53.53pc in two months**

ISLAMABAD: Petroleum group and coal exports from the country during the first two months of current financial year registered an increase of 53.53 percent as compared to the same period of last year.

Petroleum products worth US\$ 194.982 million exported during the period from July-August, 2014 as compared to the exports of US\$ 127.00 million of corresponding period of

last year, said the data of Pakistan Bureau of Statistics (PBS). During the period under review about 66,864 metric tons of petroleum crude worth US\$ 53.728 million exported which were recorded 100 percent increase when it compared with the same period of last year.

Meanwhile, the petroleum products witnessed increase of 185.76 percent as petroleum products exports reached at US\$ 15.388 million as against exports of US\$ 5.385 million of same period of last year. During the period under review, exports of petroleum top NAPHTA increased by 3.50 percent as about 127,500 metric tons of the above mention commodity worth US\$ 125.866 million exported as compared to the same period of last year.

The data reveled that petroleum top NAPHTA exports during the first two months of last financial year were recorded at 139,700 metric tons valuing US\$ 121.607 million. However, exports of solid fuels (coal) remained on down track as its exports decreased by 100 percent during the first two months which was recorded at 45 metric tons. According the provisional figures of PBS for the month of July-August, the exports of pharma products recorded 0.14 percent increase and about 1,821 metric tons of pharma products valuing US\$ 26.24 million exported as compared to exports of US\$ 26.40 million of same period last year.

## The Nation

### **Development work on 29 wind power projects in progress: AEDB**

Alternative Energy Development Board (AEDB) has said that deal with the prevailing energy crisis, 29 wind power projects with a cumulative capacity of 1669.5 MW are in different stages of development.

Official sources said on Sunday that the AEDB was pursuing the development of wind power projects by the private sector investors to overcome energy shortage in the country. Two wind power projects with a total installed capacity of 105.9 MW are already operational and supplying electricity to the national grid. Three such projects with a total capacity of 150 MW were in completion stage and development work on about two dozen other such projects was in progress

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### **Cement dispatches increase 23.2%**

KARACHI: Total cement dispatches have shown an increase of 23.2% during August 2014, compared to the same month of the previous year, according to data released by the All Pakistan Cement Manufacturers Association (APCMA).

Cement dispatches (local sales and exports) in August 2014 increased to 2.778 million tons as compared to 2.254 million in August 2013. Exports during August 2014 were 828,000 tons against 677,000 during the same period of the previous year.

Local cement sales to domestic markets during August 2014 were 1.95 million tons, compared to 1.57 million tons, showing an increase of 23.6%. A healthy growth was witnessed both in exports and domestic consumption despite the prevailing political turmoil in the country. The growth was registered in both northern and southern parts of the country. Exports from north increased from 437,917 tons last August to 502,845 this year, while cement exports in the southern region increased from 261,938 tons in August 2013 to 300,271 in the corresponding period this year.

An APCMA spokesman said that the negative domestic consumption in July 2014 was compensated with the rise in August, resulting in higher overall consumption. He added that exports suffered a decline of 32% in July 2014 and despite an increase of over 22% in exports during August, the overall exports in the first two months of this fiscal year declined by 6.7% to 1,331 million tons from 1,426 million tons during the same period of the previous fiscal year.

"Issues impacting the cement sector have still not been addressed by the government," said the spokesman. "The Federal Bureau of Revenue has not mitigated the tax burden put on the industry through previous year's federal budget." The 1% import duty on coal in the recent federal budget (2014-15) has put further stress on the cost of fuel, as the cement industry consumes almost 95% of the 4.5 million tons of annual coal import.

"The industry has spent millions of dollars to convert furnace oil into coal to reduce the cost of production," he said. "This can result in a loss of international market, which causes the foreign exchange earned by the cement exports to be at risk." He further added that the cement sector of the country is already facing grave issues including massive load-shedding, shortage of labour, slowdown of construction activities and less exports; therefore, this duty is just to add to the woes of the sector.



## **MCB Bank's profit-after-tax rises 8 percent to Rs 20.94bn**

The MCB Bank Limited reported profit-before-tax of Rs 32.054 billion and profit-after-tax of Rs 20.941 billion with an increase of 2.0 percent and 8.0 percent, respectively.

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This was revealed during the 65th Annual General Meeting of the shareholders of MCB Bank Limited under the chairmanship of Aftab Ahmad Khan. The meeting approved the recommendation of board of directors for final cash dividend at 30 percent and 10 percent bonus issue. The chairman informed the members that MCB completed yet another remarkable year in terms of financial performance and growth. Net mark-up income of the bank was reported at Rs 40.856 billion whereas non-mark-up income came at Rs 9.153 billion. Non-mark-up income registered an increase of Rs 1 billion or 13 percent owing to

16 percent increase in fee, commission and brokerage income and 19 percent increase in dividend income during the year.

Earnings per share (EPS) for the year came at Rs 22.77 as compared to Rs 21.12 for December 31, 2011. Return on assets came at 2.95 percent, return on equity was recorded at 25.07 percent and book value per share improved to 95.84.

Total assets of MCB Bank Limited grew by 17 percent to Rs 765.899 billion. The analysis of the asset mix highlights 27 percent increase in investments to Rs 402.069 billion and 5.0 percent increase in gross advances to Rs 262.392 billion. The quality of asset saw considerable improvement as the non-performing loans of the bank reduced by 4.0 percent to Rs 25.562 billion reflecting improvement in infection ratio as at December 31, 2012. The deposit base of the bank grew by 11 percent closing at Rs 545.061 billion with 18 percent increase in saving deposits, 13 percent increase in current deposits and 12 percent decrease in fixed deposits. CASA base, as a result has further strengthened to 85 percent as compared to 81 percent last year.

The administrative block of the bank registered an increase of 10 percent over 2011, which considering the inflationary pattern followed during the year, falls within the acceptable levels. The provision charge of the bank decreased significantly by Rs 3.176 billion, primarily on the back of strengthened risk management framework. Moreover, AF Ferguson and Company, Chartered Accountants have been appointed as the auditors of the bank for the next financial year.

# The Nation

## **China to replicate Shanghai Free Trade Zone in Gawadar**

Lahore: Pak-China Joint Chamber of Commerce and Industry (PCJCCI) president Shah Faisal Afridi has said that China has planned to replicate the model of Shanghai free Trade Zone at Gawadar. He informed that under the Early Harvest Programme, China had planned to pump \$50 billion up to 2017 into a host of projects in Gawadar including coal, solar and wind energy units enabling Gawadar to create a nexus between Pakistan, Iran, China and Central Asian States that would ultimately generate billions of dollars in revenues along with enduring job opportunities.

Faisal Afridi explicated that Shanghai free Trade zone is a perfect model to be implemented at Gwadar at the sideways of Economic Corridor. He said that the zone that was first used as a testing ground for a number of economic and social reforms in China showed marvelous success regarding economic growth. He added that SHFTZ incorporated numerous relaxations in different sectors. Under the FTZ's new capital registration system, foreign investors are no longer required to contribute 15-percent capital within three months and full capital within two years of the establishment of a foreign invested enterprise (FIE).

Furthermore, "one-stop application processing platform" was introduced at the zone. This means that applicants may obtain all the necessary documents for company establishment in one place, in contrast with outside the Zone where applicants must run around between different authorities for the issuance of various certificates. Afridi added that under the new

regulations, at SGFTZ foreign invested enterprises (FIEs) registered in the FTZ may now make foreign exchange capital account settlements at their own discretion, as opposed to under the previous rules, where settlements were restricted to those deemed to be "actual needs" by SAFE. The Free Trade Zone permitted yuan convertibility and unrestricted foreign currency exchange, and a tax-free period of 10 years for the businesses in the area as a means to simplify the process of foreign direct investment (FDI) and facilitate the management of capital accounts. Faisal Afridi said that, Pakistani and Chinese government is considering to introduce in Gwadar a Free Trade Zone similar to Shanghai free Trade zone in terms of special business incentives, the vision aims to turn tides on the region's economic horizon.

## **12th international exhibition of plastics & printing**

LAHORE - The 12th International Exhibition of Plastics & Printing and 11th International Exhibition of Food & Beverage Processing & Packaging was concluded here on Saturday. Rana Muhammad Iqbal, speaker Punjab assembly also visited the exhibition and showed keen interest in products and services demonstrated by the exhibitors. On the last day of the exhibition a seminar was held at the Expo Center with the theme, "Technologies that shape up the future of packaging" in which International and local speakers from Netherlands, Pakistan, Singapore and UAE had presented their papers and highlighted latest dairy, meat and other packaging industry trends and practices. The seminar was a high profile gathering of the Food, Dairy, Beverage and Packaging industry. The participants had a long session of interactive discussions and shared innovative ideas to overcome challenges; paving the way for mutual growth. The forum had served the purpose and had educated and created the awareness about the need of smart packaging for the developing local packaging industry. According to the organizers a larger numbers of local and international key visiting buyers of food, plastic and packaging industry from Germany, France, Saudi Arabia, Belgium and also from the various cities of Pakistan visited the exhibition.

# **The Nation**

## **SECP registered 305 new firms in August**

ISLAMABAD - The Securities and Exchange Commission of Pakistan (SECP) has registered 305 new limited liability companies in August. In addition, the SECP granted 7 new licences to non-profit associations. Around 90pc companies registered as private limited companies, while around 7pc companies registered as single-member companies. Three percent of the companies have been registered as public limited companies, associations under Section 42 of the 1984 Companies Ordinance and foreign companies. The services sector took the lead in new registrations with the incorporation of 49 companies, followed by trading with 29, information and technology and tourism with 23 each, corporate agricultural farming with 19, construction with 14, finance and banking with 13, food and beverages with 12 and education with 10 companies.

Foreign investment has been witnessed in 14 new companies. These companies have foreign investors from Afghanistan, Bulgaria, Canada, China, France, Germany, Lebanon, Oman, Panama, Saudi Arabia, Sri Lanka, the UAE and the UK. These companies are from fuel and energy, services, textile, construction, corporate agricultural farming, engineering, food and beverages, information technology, mining and quarrying and power generation sectors.

During the month, highest number of companies, i.e.123, was registered at the Company Registration Office (CRO), Lahore, followed by 77 and 60 companies registered at CRO Karachi and Islamabad respectively. The CROs in Multan, Peshawar, Faisalabad and Quetta registered 22, 10, 9 and 3 companies respectively, while the CRO in Sukkur registered 1 company. In the month of August, returns for an increase in the authorized capital of 58 companies were accepted, with the total authorized capital increment of Rs10.45 billion. In addition, 66 companies filed returns for increase in the paid-up capital with the total enhancement amounting to Rs7 billion.

# The Nation

## **Carpet expo 2014 to be largest showcase of local artisans**

LAHORE - Pakistan Carpet Manufacturers and Exporters Association is holding Pakistan Hand Knotted Carp show, from October 14 to 17 at Pearl Continental Hotel. The PCMEA central chairman Akhtar Nazir Khan Cooki said that the Carpet Show 2014 is going to be the largest showcase of Pakistan's handmade carpets. The event will be visited by a large number of buyers from across the world while over 50 national manufacturers will display their products in the exhibition. He said that the PCMEA will focus more to ensure maximum participation of local new home owners, interior designers, architects and general public in order to create awareness about the carpets as pieces of art created by local artisans. Mr. Cooki added that delegates from across the world have been invited and it is expected that over 100 foreign companies will visit this magnificent carpet show. It is to be noted that the Trade Development Authority of Pakistan has reduced its support for holding exhibition due to lack of funds from the federal government. The Chairman urged the government to enhance funds so that Pakistan could regularly organize such events that would not only increase the export of Pakistani products to earn valuable foreign exchange, but would also boost the declining tourism sector. China, Germany and Dubai are excellent examples of well-organized international trade fairs, where businessmen from all over the world converge to enhance mutual trade. PCMEA Vice Chairman (NC) Kamran Razi said that that trade fairs represent a significant opportunity for exporters to enhance their brand and product visibility and to promote new and existing products. He said that carpet fair will not only facilitate the entrepreneurs and business owners but also highlight the soft image of the country.

## **DAWN**

### **\$2.4bn Kohala hydropower deal finalised**

ISLAMABAD: State-run companies of Pakistan and China have finalised a 30-year tariff at 7.9 cents per unit for \$2.4 billion Kohala Hydropower Project of 1,100MW capacity in Azad Kashmir.

The National Transmission and Dispatch Company (NTDC) and China International Water and Electric Corporation (CWE) — a subsidiary of Three Gorges Dam — have reached the agreement on feasibility stage tariff. The tariff is subject to approval by National Electric Power Regulatory Authority (Nepra) as a formality. The NTDC has now officially sought Nepra's consent for the agreed tariff given the special legal status of Azad Jammu and Kashmir. The project is located on the river Jhelum downstream of Muzaffarabad and Kohala. CWE of China is required to construct the project on build, own, operate and transfer (BOOT) basis.

Under the agreement, the average tariff for first 12 years has been set at 8.9 cents per unit which would come down to 5.1 cents per unit for next 18 years. The average tariff for 30-year life of the project works out at 7.9 cents per unit. It ensures 17 per cent return on equity on internal rate of return basis. The tariff has been finalised on the assurance of the Chinese government that the contractor would get lending from foreign financial institutions for a period of 18 years inclusive of 72-month grace period at interest rate of six-month London Interbank Offered Rate (Libor) plus 4.75pc.

The project targeted to achieve commercial operation in 2023 and generate about 5,093 gigawatt energy a year at 53.4pc average annual plant factor. It is expected to earn carbon credit from the United Nations Framework Convention on Climate Change (UNFCCC) for clean energy development under Kyoto protocol. The two sides had agreed to develop the project during PPP tenure on specific intervention of former President Asif Ali Zardari through a government-to-government deal bypassing public procurement rules.

The PML-N government honoured the deal and continued with full support to the Chinese investor that is also developing Neelum-Jhelum Project. Earlier, Synergics Corporation of United States had given up the project after completing feasibility study during the tenure of General Musharraf when former Wapda chairman General Zulfikar Ali Khan offered it a tariff of 3.3 cents per unit even though the then power policy committed 4.7 cents per unit upfront tariff to investors.

As a consequence, about a dozen international investors having letter of interest and letter of support left the country, resulting in no investment in hydropower sector for more than a decade. A special relaxation in rules was granted by the PPP government when relevant agencies reported that process of inducting new power plants through international competitive bidding had become unviable for Pakistan because of a dent caused to investor confidence for not honouring national investment policies, global financial crunch and security and political situations.

# **Pakistan Today**

## **About 15.1m cotton bales production expected**

About 15.1 million cotton bales production is expected during the current crop season as cotton sowing witnessed 4.5 per cent increase in Punjab and 5.8 per cent in Sindh province. The Punjab province had achieved over 94 per cent of crop sowing target set for the current crop season, said cotton commissioner in the Ministry of Textile Industry Dr Khalid Abdullah.

Talking to APP on Monday, he said the crop was cultivated over 5.68 million acres as against the set targets of 6 million acres which was up by 4.5 per cent as compared to the sowing of same period last year. He said cotton production in Punjab was expected to reach over 10.5 million bales as the area under crop production has registered significant increase. Meanwhile, in Sindh province crop production was expected to reach 4.5 million bales as the province had achieved 92 per cent of the set sowing targets, he added.

Crop had been cultivated on about 1.48 million acres of land as against the set targets of 1.6 million acres for the recent crop season, he added. The cotton commissioner said that filed formations had reported 25-30 maund crop output per acre in Sindh due to favourable weather conditions which was indicating a healthy crop. He said crop position in Fasilabad, Multan, Sahiwal, Rahimyar Khan regions of Punjab was satisfactory and up to the mark where plant population also increased with better development and less Cotton leave curl attacks.

Dr Abdullah said that Gothki, Sarkand and Mirpur Khas regions of Sindh had also witnessed better crop out-put during the recent season. The commissioner said fortunately cotton crop was not affected by the recent rains and floods as no untoward situation was recorded in cotton growing areas

## **Pakistan, ADB saddle up on \$200m highway**

Prime Minister Muhammad Nawaz Sharif witnessed the signing ceremony of \$200 million Loan and Project Agreements for 59-km Hassanabdal (Burhan)-Havelian Expressway (E-35) Project with Asian Development Bank (ADB) in Islamabad Wednesday. ADB President Takehiko Nakao was also present on the occasion. The Loan Agreement was signed by Economic Affairs Division secretary while the project agreement was signed by National Highway Authority (NHA) chairman. From the bank's side, both the agreements were signed by ADB Pakistan Country Director Werner Liepach.

The Hassanabdal-Burhan-Havelian Expressway Project is part of the National Trade Corridor. It will connect existing M1 at Hassanabdal to Havelian and will further extend to Abbottabad and Mansehra to North. The project is almost parallel with existing N5 which is being urbanised in many sections. Due to high traffic volume and deteriorated road condition, E35 is becoming necessary in order to develop inter-provincial linkages to improve sub-regional connectivity within Pakistan.

Proposed project will construct a north-south access controlled expressway system to link the northern area of the country to existing expressway network and lead to better

connectivity and for improving linkages with neighbouring countries like China and Afghanistan as well as Central Asian States. Federal Minister for Finance Ishaq Dar also witnessed the ceremony. Earlier, ADB president called on the prime minister and discussed matters of mutual interest.

### **Exhibition of local handicrafts attracts tourists**

An exhibition of local handicraft was held in a local hotel on Sunday for promoting their skills, attract local and non-local customers, and linkage development to national and international market. Master pieces of Khow and Kalash culture were displayed at different stalls. The exhibition was organised by Agha Khan Rural Support Programme (AKRSP) in collaboration with different local support organisations of Chitral.

A significant number of local people and foreign tourists visited the exhibition and showed their interest in the products. Throughout Chitral, women make handicrafts and other domestic use items in their houses, most of them are handmade. Talking to our correspondent, some local women told that they make these items in houses with hands without any machine but they are not getting reasonable price for their products because they don't have access to national and international market. They said if government and non-governmental organisations introduce these handicrafts in international market they would be able to get suitable price and it would have better economic effects in the area.

They complained about the worst roads infrastructure in Chitral and said if it was improved there would be easy access to international market or buyers/customers would themselves come to the area. Sweaters made of wool with hands are very popular and displayed at different stalls. Dry fruit, decoration pieces, stitched clothes in different designs and other daily use items attracted visitors. Additional Assistant Commissioner Muhammad Ikram visited the stalls and highly hailed local women for displaying master pieces of handicrafts and decoration pieces. He also distributed certificates among the best stall-holders.

The objective of the exhibitions was to attract the attention of people towards local products and their access to international market that women at home make for their livelihood. Gems stones and other decoration pieces made from precious stones were special items at the stalls

## **Pakistan Observer**

### **Ashmore Funds UK to invest in Pakistan**

Islamabad—The Ashmore Funds UK would invest first aluminium beverage can plant near Islamabad. In this connection, a business delegation headed by Jan Dehn, Head of Research, Ashmore had a meeting with Dr. Miftah Ismail, Special Assistant to Prime Minister/Chairman, BOI and Imran Afzal Cheema, Secretary, Board of Investment here on Wednesday.

Jan Dehn of M/s. Ashmore is a specialist of Emerging Markets investment group with US\$75 billion under management (as on 30 June, 2014). He is also listed on the London Stock Exchange. He has announced his intention to invest in Pakistan from Ashmore fund

in the first aluminium beverage can plant. This will be the first of its kind manufacturing facility in Pakistan with an expected annual capacity of over 700 million cans.

In due course, it is intended that the plant will be expanded to an annual capacity of over 1.2 billion cans and will manufacture a range of standard and speciality beverage cans for Pakistan and Afghanistan markets. The Ashmore's investment plans are also supported by major customers in both the markets. Jan Dehn further said that Pakistan and Afghanistan are growing markets for beverage cans, which are currently relying upon imported material. The Ashmore's proposed investment will substitute local production with imports. This would help creating jobs in Pakistan, delivering substantial cost and operational benefits for customers and helping to drive growth in the beverages sector. In this regard Jahanzeb Khan, Vice President and General Manager, PepsiCo Pakistan & Afghanistan Business Unit, said that PepsiCo Pakistan welcomes Ashmore's proposed investment in a can plant in Pakistan. It will provide significant benefits for the industry, generate further growth and they look forward to working with them. The Chairman, BOI highlighted about the incentives/facilities available to foreign investors in Pakistan. He particularly referred to the conducive enabling environment as well as investor friendly policies of the present Government. Ashmore committed to avail further investment opportunities available in Pakistan. The investment proposal of Ashmore was appreciated by Dr. Miftah Ismail and also assured them full support of Board of Investment as when needed.—APP

## **Pakistan Today**

### **Pakistan Tanneries Association exhibits in All China Leather Exhibition Shanghai**

LAHORE- Pakistan Tanners Association central chairman Sheikh Saqib Masood along with Consul General of Pakistan Consulate in Shanghai Zafar Hassan and PTA ex-chairman Agha Saiddain on Wednesday inaugurated the Pakistan pavilion at All China Leather Exhibition held in Shanghai Int'l Exhibition Centre, Pudong, Shanghai, China. A large number of businessmen, professionals, traders and the representatives of Pakistan Tanners Association (PTA) attended the ceremony. PTA chairman Sheikh Saqib, addressing the inaugural ceremony, said that that over 14 member exporters of finished leather, leather garments, footwear gloves, made-ups, products are displaying their finest and innovative quality products in finished forms to the respective booths and TDAP has provided a viable platform for showcasing their products to attract the foreign buyers during the fair to enable the exporters to achieve the desired objectives for their participation in world mega leather event. Sheikh Saqib said that it is a great opportunity for PTA's member participants to take maximum advantage from this event by getting maximum share of Chinese markets to expand the trade volume with China. He hoped that Pakistani exhibitors can fetch around \$ 8-10 million orders through this world class show. He appreciated the TDAP Chief Executive SM Muneer and PTA members for arranging this beautiful national pavilion with all facilities in collaboration with the consulate general of Pakistan to promote the country's exports. He said that a lot of companies from Pakistan are attending this exhibition. The fair is seen as the major international show for the

Pakistan's tanners with existing and new buyers attending from all over the world, particularly from Asia.



## **Zong all set to launch first 4G LTE in Pakistan**

**Zong, Pakistan's one of the five cellular service providers, on Saturday announced the launch of 4G LTE (Long Term Evolution) mobile service in seven major cities of the country.**

"Zong has become the very first mobile network service of Pakistan to be launching 4G LTE in 7 major cities in the first phase," said Fan Unjun, CEO of Zong, while addressing a press conference at a local hotel. He said the Super 3G and 4G services will soon be expanded to more cities and towns of the country. Unjun said the roll out of this service will help consumers take advantage of 'lightening fast' mobile internet speed that is many times faster than the existing 3G networks.

He said in addition to the 4G service, Zong will also be offering 4G enabled handsets to provide the customer with a complete hardware-service package. Besides enriching the mobile phone experience of the subscribers, he said, the fast speed internet will particularly help corporate service consumers and small businesses by allowing them to work from anywhere anytime. "The launch of 4G LTE service in Pakistan will provide a boost to its economy, as it will be able to contribute more to the revenue generation of the country besides creating greater employment opportunities for the people," the CEO said in reply to a question.

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