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WTO CELL
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Small industries under stress

Many small to medium enterprises in the manufacturing sector may be facing a serious threat of closures, layoffs and sizeable production cuts because of a steep rise in their cost of doing business and a substantial reduction in their sales. The government agencies estimate that SMEs constitute around 90 per cent of 3.2 million private enterprises in the industrial, services and trade sectors, and employ around 78 per cent of non-agriculture labour force. It is ridiculous to expect the small and medium enterprises to absorb the recent sharp jump in the fuel prices, input costs and minimum wages when even large corporate sector is finding it difficult to adjust itself with the soaring costs of doing business. Most small and medium businesses will not crumble very soon. (Dawn, 14th July, 2008)

Mounting pressure for gas tariff cut

The ministers' committee brought cheers to the textile tycoons as it agreed to review the 68 per cent increase in gas prices for the captive power plants. But the disappointed owners of small and medium size units supported by ten chambers of trade and industry from three provinces went on strike. They are also keeping up the pressure on the government to accept their demands. The APTMA chief said that the ministers gave us a positive indication of reviewing the 68 per cent increase in gas price for captive power plants. Textile leaders in Karachi were confident that gas price increase for captive power plants would now be 31-37 per cent lower than proposed initially. (Dawn, 14th July, 2008)

G8's meaning for Pakistan

The first time the leaders of the industrial world met as a group, there were seven countries involved Canada, France, Germany, Italy, Japan, the United Kingdom and the United States. The presiding country has some role in determining the agenda and in issuing invitations to the non-G 8 countries to attend. Also absent were concerns about feeding the world's poor. It would further deteriorate the situation in such water-stressed countries as Pakistan. Food production will need to increase by 50 per cent by 2030 in order to save the developing world from famines and to cater to the increase in demand in those countries that are growing rapidly. (Dawn, 14th July, 2008)

D8 summit: an exercise in futility

As the economy struggles to brave hard times, the government is forced to pursue an aggressive economic diplomacy to attract petro-dollars, benefit from the experience and expertise of trading partners, seek market access and demand support in return for its efforts to contain terrorism. The D8 summit did not raise any hope for multilateral cooperation among the member countries. A high ranking

official estimated the total cost to the public exchequer of a 55-member delegation to D-8 at Rs5 million. In other countries, the private sector has discovered the benefits of joint action to promote common business interests. (Dawn, 14th July, 2008)

The second busiest market for IPOs

A recent report shows that Tadawul, the Saudi Stock Exchange surpassed the London bourse to become the world's second busiest market for initial public offerings in the first five months of 2008. Tadawul is a regulated entity, overseen by the Saudi Capital Market Authority. The exchange business is a profitable one if managed efficiently along the pillars of cost rationalization, revenue growth through product development and strategic acquisitions. It appears that the Saudi exchange is well-positioned to develop an "integrated" offering for traditional market opportunities. (Dawn, 14th July, 2008)

Riba and inflation

Capital market reforms are necessary to start work on the elimination of Riba. These reforms will affect operations of all the players in the capital market i.e. the banks, the stock exchange, stock brokers and private investors. If the market players are satisfied about the project's viability they may agree to finance it on basis of 60:40 or 70:30 debt-equity ratio. Assuming that the project is being financed on basis of 60:40 debt-equity ratio and the project cost is Rs. 100 million, the sponsors need not produce full Rs. 40 million, as their equity. In addition to being compensated for inflation, banks will be permitted to recover from borrowers a small amount of service charge, as determined by the central bank, on Riba-free loans. The central bank would no longer be able to control liquidity in the money market by raising or lowering the bank rate. (Dawn, 14th July, 2008)

Doha Round: the last mile

After having missed many artificial deadlines, it seems that the Doha Round is probably inching towards closure. It has been almost seven years since Ministers agreed on the Agenda and decided at Doha to launch this Round. To achieve international agreement on all these issues, a rather ambitious time frame of three years was set. Only the issue relating to trade facilitation remained on the table. Agriculture continued to drive the Round although other market access issues such as industrial goods and services also crept along. Under the WTO Financial Services Agreement, Pakistan committed to grant the right to establish new foreign banks and bring in more competition. Even if our gains in the previous rounds were limited, it should not be so for the Doha Round. World Bank studies show estimated gains of \$ 287 billion over time whereas Carnegie Endowment for Peace estimates about \$ 168 billion. (Dawn, 14th July, 2008)

Marginal fall in lending to industry, agriculture

The State Bank of Pakistan sold Rs. 12.7 billion of Treasury Bills under four-day repo contract at 9.95 per cent to mop up liquidity from the money market. The export sector received Rs. 100.963 bn against previous week's figure of Rs. 100.057 bn, larger by Rs. 0.906bn. Current week's figure was smaller by Rs33.658bn over last year's corresponding figure of Rs. 134.621 bn. Specialised banks deposits stood at Rs. 12.871 bn, against preceding week's Rs. 12.682 bn, a rise of Rs. 0.189 bn. It fell to Rs. 389.585bn over preceding week's figure of Rs. 426.452 bn, a fall of Rs. 36.867 bn. Advances by commercial banks increased to Rs. 2,845.364 bn against earlier week's figure of Rs. 2,836.879 bn, or by Rs. 8.485bn. (Dawn, 14th July, 2008)

Mineral development board constituted in Punjab

Punjab government has constituted a tripartite mineral development board under the National Mineral Policy, 2002 with a view to revitalize the mineral sector for providing best possible facilities to mineworkers. The Senior Minister/Minister for Mines and Minerals Punjab, Raja Riaz Ahmad informed a delegation of mineworkers at his residence. Briefing the delegation about various measures adopted for the safety of mineworkers, he told that significant improvements in mines rescue and safety services have been brought by replacing machinery and equipment for mines rescue. An estimated amount of Rs. 41.9 million has been spent in this regard on the safety station at Khushab, mines rescue and safety sub-stations at Choa Saiden Shan and Makarwal. (Business Recorder, 14th July, 2008)

Rs. 270 million Sialkot SIDC project in the doldrums

Despite a piece of land for Rs 4 crore was already purchased on Sialkot-Daska road, the 'Sports industries Development Centre' (SIDC) project in Sialkot costing Rs. 270 million is in the doldrums while its PC-1 was prepared in early 2006. The federal government initiated the project aiming to resolve the problems confronting by the soccer ball industry of Sialkot and for its modernization. It may be mentioned that the soccer ball manufacturers are facing serious threats in the form of 'Thermo-Molded Ball' that uses medium end technology to produce a ball having most of the characteristics of hand stitched ball. It was also designed to disseminate new technology of mechanised ball to sports goods sector, which is threatening to the hand stitched inflatable soccer ball. (Business Recorder, 14th July, 2008)

Cement prices hit record high

Cement prices of various brands hit a record peak of Rs. 355-395 after the budget as the same was available at Rs. 290-310 before. In May the price had been hovering around Rs. 240-270 per 50 kg bag. Falcon cement at the retail side was available at Rs. 370-380 as compared to Rs. 350 last week. The Lucky cement price is tagged at Rs. 355-360 as compared to Rs. 330. Cement contributes 30 to 40 per cent of the total construction cost. A leading cement manufacturer said that his company had increased the rate only to Rs. 325 per 50 kg bag from Rs. 300 after the budget with increase in FED, impact of gas tariff hike, coal price increase and rupee-dollar parity. He said the dealers had been seen charging Rs. 380-395 for Falcon cement without any reason as its price at retail should range between Rs. 350-360 per 50 kg bag. (Dawn, 15th July, 2008)

WTO Backs Help for Workers Hit By Globalization

Government schemes to help workers displaced by trade liberalization can promote public support for trade reform, the benefits of which are increasingly under question, the World Trade Organization (WTO) said. In the World Trade report 2008 published the global trade body also said such programs can be justified on fairness or efficiency grounds, although they may be difficult to target. WTO Director-General Pascal Lamy said few would contest the benefits that globalization had brought in terms of greater prosperity for hundreds of millions of people. China is the world's second biggest exporter after Germany and the biggest supplier to the US. (Web. WorldBank .net, 15th July, 2008)

Conditional relief to textile sector likely

The government is dropping broad hints of accommodating 'maximum possible' demands of textile exporters provided they give a firm commitment of bringing in \$15 billion in export earnings during 2008-09. "The government desperately needs \$5 billion over and above official export projections of \$ 22 billion to keep trade imbalance and current account deficit within manageable limits," a senior textile industry leader quoted Federal Finance Minister Naveed Qamar who held a three-hour long meeting with over two dozen businessmen here evening at the Chief Minister House. "The government may give 11 per cent, 9 per cent or six per cent depending on availability of resources and the capacity," one of

the top garment exporters indicated. The strategy is to discourage export of yarn and fabric and promote export of home textile and readymade garments. (Dawn, 15th July, 2008)

KSE 100-share index plunges by 518 points

Trading on the massively battered share market resumed under the new funding regime, CFS Mk-2, ensuring enormous liquidity for the prospective investors on a bearish note owing to worries over the sensitive external fronts, although it ensured a safe exit route to the trapped leveraged borrowers sans any risk management. The KSE 100-share index was off 518.51 points at 11,177.31, eroding Rs155 billion from the market capital at Rs. 3,479 billion. NIB Bank led the list of actives, lower by 92 paise at Rs. 9.68 on 9m shares followed by OGDC, sharply lower by Rs. 5.70 at Rs. 110.45 on 6m shares, Arif Habib Securities, off Rs7.55 at Rs143.49 on 4m shares, Pakistan Petroleum, sharply lower by Rs. 1.23 at Rs. 213,54 on 3m shares, Arif Habib Bank, easy by one rupee at Rs. 16.57 also on 3m shares and Askari Bank, off Rs. 1.89 at Rs35.97 on 3m shares. Engro Chemical, off by Rs1.28 at Rs24.70 on 3m shares, followed by OGDC, sharply lower by Rs. 5.84 at Rs. 111.04 on 1m shares and NIB Bank, lower by one rupee at Rs. 9.91 on 0.906m shares. Pakistan Petroleum followed them, off by Rs. 11.41 at Rs. 216.90 on 0.421m shares and PSO, sharply lower by Rs. 20.45 on 0.367m shares. (Dawn, 15th July, 2008)

Iranian national oil company: Total to remain committed to Iran projects

National Iranian Oil Company (NIOC) rejected reports about French energy giant Total's withdrawal from the nation's South Pars gas deal, saying it has officially announced that it would carry out its commitments in Iran's oil industry. Total reportedly announced last week the company's withdrawal from a multi-billion dollar deal to develop Phase 11 of Iran's South Pars gas field, saying it found further investments in Iran too risky. The South Pars field has around 14 trillion cubic meters of gas, which accounts for about 8 percent of the world gas reserves. (Web.Xinhua.net, 15th July, 2008)

UNIDO team discusses investment modalities with BoI

A delegate representing United Nation Industrial Development Organization (UNIDO) called on Major Iqbal Ahmad (Retd), Executive Director General (EDG), Investment Division and Board of Investment (ID & BoI) and discussed various modalities of the Investment Promotion Unit (IPU) projects. This IPU project is supported and funded by the government of Italy and it requires collaboration with the Investment Promotion Agency of Pakistan. The IPU project mainly focuses in the development of the SME sector and UNIDO being specialized agency of the United Nation which is dedicated to promote Sustainable Industrial Development is also collaborating. The team informed that before implementing this project in Pakistan they will assess three key issues, which include capacity building, lack of ownership among the stakeholder and issues related to awareness among the masses about the soft loans. (Business Recorder, 15th July, 2008)

Europe told to expect doubled gas price

The price of natural gas in continental Europe is to double in the space of a year as a result of the rise in oil prices, according to a leading consultancy. It would also stoke concerns about the prevalence in continental Europe of long-term contracts for gas supply, which link the price to the cost of oil products such as heating oil. European gas prices typically follow the price of oil with a lag of about nine months, so if the price of crude oil remains at record levels, the future price of gas can be calculated with a - reasonable degree of confidence. Any rise in the price of gas would also push up the cost of electricity because gas is generally the marginal fuel for power generation. Household energy bills, including for electricity, gas and heating oil, make up about 5 per cent of consumers' expenditure in the eurozone. The

higher gas price in continental Europe has driven up prices in the UK. At \$60 oil we started thinking the gas price was a bit high. (Financial Times, 15th July, 2008)

Government borrowings mount to Rs. 1.271 trillion

Government's borrowing for budgetary support has mounted to Rs. 1.271 trillion, widening by 57 percent during the last fiscal year mainly due to the slow foreign inflows and high subsidies on commodities. Although, in July 2008 the State Bank of Pakistan (SBP) Governor Dr. Shamshad Akhtar had advised the government to minimize its borrowing from the central bank, else it (SBP) would use its tools to control the borrowing. The borrowing from central bank witnessed a prominent share in the overall budgetary borrowing, which stood at Rs. 633.173 billion in fiscal year 2008, while during the fiscal year 2007 the government had retired Rs. 58.575 billion. With the upsurge of Rs. 633.173 billion, overall budgetary borrowing stock of SBP reached new peak level of Rs. 978.164 billion on June 28, 2008 from Rs. 344.991 billion on June 30, 2007. (Business Recorder, 15th July, 2008)

CCP reluctant to crack down on cartels, MNCs

The Competition Commission of Pakistan (CCP) is reluctant to take action against cartels and multinational companies like beverage manufactures, telecom sector, flour mills owners, etc involved in cartelization, price fixation/manipulation and particularly indulged in restrictive trade practices, causing huge losses to the consumers. There is another possibility that the steel manufacturers have been engaged in collectively increasing prices of iron and steel products. At present, the Commission is investigating six cartels in leading sectors, involved in price manipulation and restrictive trade practices, causing huge losses to the general consumers. (Business Recorder, 15th July, 2008)

Up to Rs. 40,000 loan to promote cottage industry

Punjab Finance, Planning and Development Minister Tanvir Ashraf Kaira has disclosed that the government is giving loan of up to Rs. 40, 000 for the promotion of cottage industry. Kaira said this in a meeting with a delegation of industrialists disclosed an official. The Finance Minister said that the new loan scheme would be initiated for the promotion of Small and Medium Industry. He also said export-processing zone in Gujranwala and Lahore Industrial Estate-II has also been completed. 'Overall, the Punjab government has evolved comprehensive strategy for promoting small and medium size industries that will result in generating new job opportunities besides alleviating poverty form the province,' Kaira said. (Business Recorder, 15th July, 2008)

Oil prices near record highs to \$ 146

World oil prices jumped close to record heights as the dollar slumped to an all-time low against the euro, and amid ongoing supply tensions including a strike in Brazil. New York's main oil contract, light sweet crude for August delivery, gained 1.21 dollars to 146.39 dollars a barrel. London's Brent North Sea oil for August gained 1.36 dollars to 145.31 dollars. In the foreign exchange market, the euro surged to a life-time high of 1.6038 dollars on mounting investor fears about the stormy US economic outlook, dealers said. The weakening US currency stimulates demand for dollar-denominated raw materials like oil, which become cheaper for foreign buyers. Brazil is the world's 12th largest crude producer. Sky-high prices have sparked protests around the world amid fears for economic growth. (Times of India, 15th July, 2008)

World Bank approves \$ 500 million emergency package

The World Bank has approved a \$ 500 million emergency package for Pakistan to help it overcome economic crisis, it is learnt. The Bank mission conveyed the decision of accepting Pakistan's request for

disbursement of \$500 million emergency package. The mission informed the minister that the World Bank will present the emergency package to its board in August and subject to the board approval release the fund by mid September. Pakistan had requested the Bank for loan under emergency package to support its depleting forex reserves and reduce budget deficit. The mission expressed confidence that the government will strictly follow the existing policy of eliminating subsidy regime and introduce a market-based approach for all sectors of the economy. (Business Recorder, 16th July, 2008)

Over 100 projects underway at rural areas in capital

Chief Commissioner, Hamid Ali Khan said that ICT administration is spending tens of billion of rupees on development of rural areas of the capital city. The projects include water supply schemes, construction of rural roads, rehabilitation of rural roads, pavement of streets, up-gradation of basic health units and rural health centres in remote rural areas, many schemes relating to the development of agriculture and livestock in the rural areas. Hamid Ali Khan informed that Revenue department of ICT is also being computerized to ensure transparency. Meanwhile, Deputy Commissioner, Amer Ali Ahmed, informed that ICT Administration is also expanding the network of computer literacy centres in rural areas for spreading and promoting computer technology in rural areas. (Business Recorder, 16th July, 2008).

China's GDP up 10.4 percent

China's economy is slowing but growth was still in double digits in the second quarter despite a credit tightening campaign, weakening exports and the devastating Sichuan earthquake. Economists polled by Reuters forecast 10.4 percent. But in light of the first-quarter growth rate of 10.6 percent, the figure provided by the sources suggests the outcome will be 10.1 percent or 10.2 percent. The Ministry of Commerce has made a formal proposal to the cabinet to slow the pace of yuan appreciation and increase export tax rebates to prevent a sharp drop in the country's exports, an official source told. Annual export growth in June slowed to 17.6 percent from 28.1 percent in May, the government reported. Consumer price inflation ebbed to 7.1 percent in the year to June from 7.7 percent in May, government sources familiar with the data have told Reuters. Two government sources said on Tuesday that the producer price index in June rose 8.8 percent from a year earlier, compared with economists' expectations of an 8.4 percent rise. (Business Recorder, 16th July, 2008)

India, Pak, Iran to meet in Tehran to push IPI project

Iran, Pakistan and India are expected to hold a meeting in Tehran later this month to push the USD 7.4-billion IPI gas pipeline project that has been delayed after being caught in wrangling over transit fee. After the Pakistan People's Party-led government assumed office in March, Indian Petroleum Minister Murli Deora had travelled to Islamabad for talks on the IPI and Turkmenistan-Afghanistan-Pakistan-India pipeline projects. Ahead of the meeting in Tehran, Pakistan's Steering Committee on the pipeline project will meet here on July 17 to review the status of the gas transit fee to be paid by India for transporting Iranian gas across Pakistani territory. (Times of India, 16th July, 2008)

LSM growth remains 4.7pc

Large Scale Manufacturing (LSM) sector, backbone of the economy, could hardly achieve a growth half of what it achieved last year, reflecting growing dependence of the economy on services sector. The latest data issued by the State Bank showed the growth of LSM as 4.7 per cent during July-April 2007-08, indicating the growth pattern of LSM for another two months. The most disappointing is the growth of textile sector which has largest share of 24.49 in the LSM. The textile sector growth was just 2.5 per cent during this period. The LSM growth remained a significant contributor to GDP growth during in 2006-07 with value-addition rising by 8.8 per cent, down from the 10.7 per cent growth in the preceding

year. The sector has a share of 5.03 per cent in LSM. The automobile sector which has been a key player in pushing the industrial growth higher witnessed a negative growth. (Dawn, 16th July, 2008)

12 firms offer to generate 3,839 MW

Twelve power companies came up with offers to add 3,839 MW of power generation capacity on fast-track basis before September 2009 against the government's demand of 1,500 MW. A bid evaluation committee comprising representatives of PPIB, ministry of finance, National Electric Power Regulatory Authority (NEPRA) and WAPDA would open financial bids on August 2 after their technical evaluation. Water and power secretary Ismail Qureshi said the bids would be declared successful on the basis of minimum project implementation schedule and lowest tariff. Nine companies submitted their bids for thermal IPPs with a total generation capacity of 3,060 against government's requirement of 1,000 MW while three companies offered to bring 779 MW of rental power projects against a requirement of 500 MW. (Dawn, 16th July, 2008)

Gold price hits Rs. 22,071

The yellow metal hit a record price of Rs. 22,071 per 10 grams after an increase of Rs. 643 from Rs. 21,428 a day before on the back of its price surge in the international market to \$982 per ounce from \$ 959. The domestic market had been experiencing a new price record in the current year owing to mounting tension between Iran and the USA over nuclear issue followed by rising crude oil prices, which also fuels the gold price hike every time. Gold reached Rs. 25,750 per tola. (Dawn, 16th July, 2008)

Vehicles fetch Rs. 6.8bn duty

The customs authorities collected Rs. 6.822 billion towards duty on import of 19,232 vehicles during 2007-08 compared to Rs. 6.945 billion collected on import of 30,631 vehicles in the previous year. According to official figures the cut in number of imported vehicles did not affect the duty collection because a higher number of new vehicles were imported thereby fetching more revenue. During the period under only 198 vehicles, mostly of 1,000cc were imported under the scheme compared to 5241 units earlier. Similarly, there is a drastic fall in import of vehicles under Personal Baggage scheme, which stood at 12,354 in 2007-08 as against 15,059 units imported in 2006-07. There was drastic fall in import of commercial vehicles at 4,071 units as against 8,796 imported last year. Last year, 3,881 units of trucks and 279 of dumpers were imported. (Dawn, 17th July, 2008)

US inflation hits 26-year high

Soaring energy prices drove US consumer prices up a hefty 1.1 per cent in June to an annual rate of 5.0 per cent, data showed on Wednesday amid rising stagflation concerns. The monthly advance in the Labour Department's consumer price index (CPI) was the sharpest since June 1982, while a 0.3 per cent rise in core CPI excluding energy and food was the strongest since January. The surprisingly stiff momentum in consumer prices exceeded analysts' consensus forecasts of a gain of 0.7 per cent in headline inflation and a 0.2 per cent rise in core inflation. In May, headline inflation was up 0.6 per cent from April and the core rate increased 0.2 per cent. Core CPI was 2.4 per cent higher than in June 2007, the strongest rate since March. (Dawn, 17th July, 2008)

Pakistan's apparels fetch lowest price

Pakistan's textile and clothing sector export price has nosedived to the lowest level among the leading exporting countries preventing fresh investment in the sector necessary to improve competitiveness and productivity. Having low unit price of textile and clothing resulted into lower profits, which actually blocked fresh investments in the new technology, the source said adding the low unit price also resulted

into low return on equity, low capital formation, and ultimately low quality products. An official report said Pakistan's share of high value-added products (apparel) is lower than low value-added products (non-apparel) in the 27-member bloc of European Union and the United States. While Pakistan's competitors like China, India, Bangladesh and Vietnam are exporting high-value added goods more than lower value-added goods. (Dawn, 17th July, 2008)

IMF Warns Emerging Markets on Inflation

Emerging economies must make the fight against inflation their 'top priority', the International Monetary Fund (IMF) said as it sharply raised its forecast for price increases in the developing world this year and next. Many emerging markets had to raise interest rates, cut government deficits and let currencies appreciate more to contain the inflation risk, the IMF said. The IMF expects inflation to hit 9.1 percent in the emerging world this year and remain high at 7.4 percent next year. In an update of its April projections for the world economy, the IMF said growth is set to slow to 4.1 percent in 2008 from 5 percent in 2007 and ease further in 2009 to 3.9 percent. (Web.WorldBank.net, 18th July, 2008)

20-25 percent increase in medicine prices likely in August

The Health Ministry has agreed in principle to increase the price of medicines by 20 to 25 percent on the demand of multinational and domestic pharmaceutical companies as the Pakistani rupee has depreciated considerably causing an increase in the prices of raw material in the international market. According to sources, medicine companies held talks with Pharma Bureau (PB) and Pakistan Pharmaceutical Manufacturers Association (PPMA) and the Health Ministry to demand an increase in the prices of medicines. (Business Recorder, 18th July, 2008)

WTO rules against China over tariffs

China suffered its first legal defeat since joining the World Trade Organization seven years ago, after the global trade body ruled against Beijing's import tariffs for car parts. A WTO dispute panel confirmed an interim judgment made in February, which upheld complaints by the US, European Union and Canada that China violated fair trade rules by discriminating against imported parts. Responding to the verdict, Peter Power, EU trade spokesman said that we hope China will act swiftly to remove discrimination and create a level playing field in the automotive sector in China. (Financial Times, 19th July, 2008)

Pakistan opens doors for imports from India: trade policy 2008-09 announced

Commerce Minister Ahmad Mukhtar announced Trade Policy 2008-09 with an export target of \$22.10 billion envisaging an export growth rate of 15 percent - the same rate achieved in 2007-08. A new scheme for further facilitating exports has also been announced which will reduce excessive documentation on schemes of zero-rated imports for re-export like DTRE and temporary importation schemes (SRO-1065). In order to facilitate the exports, the government has decided to introduce a new scheme whereby a notified percentage of inputs may be allowed to be imported at zero duty against FOB value of exports with flexibility to import any product among the notified list in any quantity within the overall entitlement of the exporter. (Business Recorder, 19th July, 2008)

FPCCI reaction over 2008-09 Trade Policy mixed

Industrialists and businessmen offered a mixed reaction over the 2008-09 trade policy, as some expressed utter disappointment for not taking measures to rescue the crisis-hit textile and spinning sectors, while some viewed the policy contained some positive points tackling long-term issues. The Lahore Chamber of Commerce and Industry (LCCI) has given a cautious reaction to the trade policy, terming some measures for the small and medium enterprises (SMEs) sector positive, but regretted

absence of any supportive measure for textile sector - mainstay of Pakistan's exports. Mian said that fast increasing imports were destroying the whole economic fabric of the country, but unfortunately no "import target" was fixed in the trade policy. Former LCCI president and leading businessman Mian Anjum Nisar told that the government should have come out with an incentive package for textile sector. To a query, Anjum Nisar agreed that the government had taken the right decision in fixing the ambitious export target of 22.1 billion dollars. (Business Recorder, 19th July, 2008)

Steps to better quality of products proposed Trade Policy 2008-09

The government announced a number of measures in its trade policy for 2008-09 to improve competitiveness and quality of products, and to develop small and medium sized sector to increase its share in total exports. The commerce ministry has projected a 15 per cent growth in export proceeds for 2008-09, mostly to be generated from traditional and conventional products in a bid to diversify the exports base. A Halal Certification Board would be established, under the Ministry of Science and Technology, to devise and enforce Halal Standards and certification mechanisms for export of Halal food products. To promote export of herbal medicines, 50 per cent cost of registration of herbal medicinal products abroad shall be picked up by the government, as done in case of export of pharmaceutical products. Export of free samples up to five per cent of quantity is allowed against exports in the preceding year to pharmaceutical exporters. (Dawn, 19th July, 2008)

Imports allowed to cut cost of doing business

The government allowed import of used vehicles of different brands for industries, public delivery services organizations and used machinery to reduce the cost of doing business. It has been decided to allow import of cement bulker semi-trailers, without prime movers in second-hand/used condition to cement manufacturers for transportation of bulk cement subject to the condition that they will not be older than 10 years. If Pakistani nationals importing a vehicle are unable to release their vehicle due to high tariff or other reasons, re-export of such vehicle would be allowed by the FBR if there was no contravention of the Import Policy Order during import stage. It has been decided that Import of academic, scientific and reference books may be allowed from India. (Dawn, 19th July, 2008)

Pakistan has no trade in 81pc of world products: Top 200 items account for 91pc of exports

Pakistan does not figure in 81 per cent of products traded in the world as its top 200 export products account for 91 per cent of its total exports, but these products have only 19pc share in the international market, says a commerce ministry report. A good trend is the growth in non-traditional category of exports. Increase in this category is good evidence of progress in diversification and movement towards export of value-added items. In terms of market diversification in 1998-99, the seven markets US, Germany, Japan, UK, Hong Kong, Dubai and Saudi Arabia accounted for 53.4 per cent of our exports, whereas in 2007-08 this share reduced to around 44.4 per cent. "It is, however, noteworthy that the share of textile and clothing exports in global trade is 4.5pc and Pakistan's share in global exports of this sector is a mere 2.15 pc," said the report. The year 2006-07 saw a decrease of growth of both imports and exports, hence confirming a correlation between higher imports and exports. (Dawn, 19th July, 2008)

Over 100 businessmen fear bankruptcy: Loan swapping

More than 100 businessmen, including over a dozen textile tycoons, fear bankruptcy from cross-currency transactions with foreign banks, carried out with the approval of State Bank of Pakistan to escape the impact of rising interest rate on rupee loans. What is intriguing for the businesses is aggressive marketing launched by foreign banks, and they name one particular foreign bank. "Total liabilities of businesses towards foreign banks are now more than Rs. 50 billion," a former chairman of

All Pakistan Textile Mills Association disclosed. Businessmen were tempted to swap their rupee accounts with dollars mainly because State Bank policies had pushed interest rates on bank loans to new heights that were making an impact on their production costs. (Dawn, 19th July, 2008)

MoU on trade signed with Morocco

Pakistan and Morocco have signed an agreement to enhance bilateral trade and investment and to exploit vast potential of economic cooperation exists between them. Dr Mirza Ikhtiar Baig, representing Pak-Morocco Business Council of Federation of Pakistan Chambers of Commerce and Industry and a member of Pakistan delegation attending JMC said in a message from Rabat that both the governments agreed to start negotiations for signing Preferential Trade Agreement (PTA) by October 2008, followed by signing a Free Trade Agreement (FTA) between the two countries. The federation of Morocco chambers also agreed to hold the inaugural meeting of Pak-Morocco Joint Business Council in October. (Dawn, 19th July, 2008)

Recent hike in prices defended

The cement manufacturers have said that the increased cost of production has resulted in recent price hike of around 64.5 per cent or Rs. 147 per bag against the cement price quoted about a year ago. In a presentation made to the ministry of industry the cement industry explained that the cost of production tremendously increased due to high rate of taxes, freight and other charges over the last one year. Similarly, the cost of fuel and power has increased from Rs. 65.70 to Rs. 152.28 per bag. The cost of diesel increased from Rs. 35.82 to Rs. 55.31 per litre. In its presentation the industry further pointed out that cost of furnace oil increased from Rs. 26,678 to Rs. 50,740 per ton. Similarly, the cost of power has increased from Rs. 3.99 to Rs. 5.18 per kwh. On packing material the cost of paper bag has jumped up by 58 per cent. (Dawn, 19th July, 2008)

Imports from India: expanded list comprises nearly 300 items

The Commerce Ministry has said that the expanded positive list would allow import of vegetables, computer accessories and sex pheromone from India Official sources told that the list comprised nearly 300 items to be imported from India under 136 tariff lines. Dryers screen, beakers/Petri dishes/test tubes & holders/drying lobes/kimble glass, mats, ferrous products obtained, woven cloth, of stainless steel, dany roll & covers, bushars of electrolytic grade of 99.9 percent purity, high pressure boiler, for machines of heading 8412.8010, shaft-less gravure(EIs), geared pumps, parts of machines of heading 8422.3000, parts of machines of heading 8425.1100, hay making machinery, straw or fodder balers including pck up balors, milking machines, dairy machinery, parts, parts, parts, tap winders, cheese winder, extrusion coating machine, parts of machines of heading 84.65, parts of machines of heading No 84.56 to 84.61, parts of machines of heading 84.62 to 84.63, control units, multi media kits for PCs, cleaning discs for computer drives, co-excruder barriers film line, conversion line, effluent treatment plant, parts of machines of heading No 8479.4000,8479.8100 and 8479.822, ultrasonic scanning apparatus, magnetic resonance imaging apparatus, Scintigraphic apparatus, ultra-violet or infrared ray apparatus, Sphygmomano-meter, fibre dializers, instruments, apparatus and models, designed for demonstrational purposes (for example , in education or exhibitions), unsuitable for other uses, for measuring or checking pressure, multimedia without a recording device, of hearings aids, pacing wire are among those items to be imported after the issuance of SRO by the commerce ministry within a couple of days. (Business Recorder, 19th July, 2008)

Pakistan urges UN to generate money to combat soaring food, energy prices

With the soaring prices of food and energy potentially pushing some 100 million people into poverty, Pakistan has called on the United Nations (UN) to take lead in generating money and technology vitally needed to deal with the two global crises afflicting many nations, especially the developing countries. The current financial crisis affecting industrialized economies had critically exposed the imbalance in the global financial system, he said. To offset such a possibility, Tarar called for implementation of the commitments made by the developed world to increase official development assistance significantly. (Business Recorder, 20th July, 2008)

World Bank President Calls for Breakthrough Progress on Doha Round

On the eve of the World Trade Organization (WTO) Ministerial Meeting, which will be held in Geneva, Switzerland next week, World Bank Group President Robert B. Zoellick urged Trade Ministers to reach an accord on the Doha Development Agenda: It has never been more important for WTO members to move forward on the Doha Development Agenda. A breakthrough in the Doha Round would infuse confidence in a world economy buffeted by high food and energy prices, as well as financial strains. There are also great opportunities to expand trade among developing economies the so-called South-South trade, which is expanding rapidly. (Web.WorldBank.net, 20th July, 2008)