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ETP to help achieve, sustain 8 percent annual economic growth

Accelerating Economic Transformation Programme (AETP) will help Pakistan achieve and sustain average annual economic growth of about 8 percent from 2010 to 2020, through a process of structural transformation of the country's economy. The expected outputs of the AETP are: (i) the removal of existing distortions, thereby initiating structural transformation; (ii) strengthening of financial intermediation to support structural transformation; and (iii) development and implementation of a national structural transformation strategy, he added. Subprogram-1 attends to the urgent task of addressing the fiscal implications of the current food and energy crisis and short-term investment climate problems. By addressing costly and inefficient subsidies in the energy and agriculture sectors, the AETP will provide fiscal space for the government so it can finance overall development efforts. AETP is premised on three key principles. Second, Pakistan needs to deepen financial intermediation and increase financial sector stability and soundness. The AETP will help Pakistan to address the ongoing food and energy crisis in a systematic manner. Reforms are also needed in the financial sector to boost public and investor confidence. In parallel, Pakistan needs to initiate the process of structural transformation of its economy. (Business Recorder, 20th October, 2008)

China says economy sound despite global turmoil

China's economy is on a sound footing despite the current global economic turmoil, although growth and tax revenues are slowing, meeting. Figures are likely to show that China's annual gross domestic product growth dipped below 10 percent in the third quarter from 10.1 percent in the second quarter and 11.9 percent in all of 2007. "Mainly it is the obvious trend of slowing economic growth, falling growth in corporate profit and fiscal income, and continued fluctuations and ebbs in the capital markets." (Business Recorder, 20th October, 2008)

US consumers blamed for economic crisis

Chinese state media lambasted feckless US consumers addicted to spending money they don't have for being partly to blame for the current financial crisis, suggesting such a thing couldn't happen in prudent China. The piece also quoted an ethnically Chinese currency trader on Wall Street as saying China should learn the lessons of this crisis. "Chinese people should see from the US financial crisis

where the value lies in traditional spending concepts, or preparing for a rainy day," it paraphrased the trader as saying. "Only if people have a constant sense of crisis can they discover potential risks in time and overcome them," the commentary added. While Chinese people, especially in cities, are increasingly able and willing to use credit cards and take out personal loans, many still have a cultural aversion to debt, or are simply too poor to qualify for bank loans or other forms of credit. (Business Recorder, 20th October, 2008)

Boucher warns no blank cheque for Pakistan

US Assistant Secretary of State for South Asia Richard Boucher has said that Pakistan would not get aid in cash from Friends of Pakistan (FoP) and forum's meeting would deliberate on alternate modes of assistance. He stated this while addressing a news conference following the meeting with Prime Minister Yousuf Raza Gilani and foreign minister Shah Mehmood Qureshi. The US diplomat made this assertion at a time when representatives from FoP countries held a preliminary meeting with President Asif Ali Zardari, which was also attended by Prime Minister Gilani. Referring to his meetings with President Asif Ali Zardari and Prime Minister Yousuf Raza Gilani, he said these were very useful and fruitful interactions. Boucher asked all the political forces and the people to unite against terrorists. Boucher expressed concern on the attack by the terrorists on the peace loving people, government officials and security institutions killing innocent people. "Terrorism is a threat to Pakistan, Afghanistan and to whole world," said Boucher while appreciating the bold steps taken by Pakistan recently against the terrorists in the Tribal Areas. Regarding energy crisis being faced by Pakistan, Richard Boucher said US has been extending help to Pakistan for alternate sources of energy. Meanwhile, Foreign Minister Makhdoom Shah Mahmood in meeting with Boucher reaffirmed Pakistan's commitment to work closely with the international partners in war against terrorism. Pakistan-US co-operation in the field of counter-terrorism was also discussed during the meeting. The foreign minister highlighted government's three-pronged strategy combining political, economic development and security tracks - and reaffirmed Pakistan's firm resolve to combat terrorism and extremism. He underscored that Pakistan desired a peaceful and stable Afghanistan. (Business Recorder, 21st October, 2008)

TDAP will send team to explore Russian market

Trade Development Authority of Pakistan (TDAP) will send a trade delegation to explore Russian market in near future," said Syed Mohibullah Shah, Chief Executive TDAP. He was chairing a meeting with representatives of 10 major buying houses from Karachi, who apprised him of their problems, saying that 25 percent of Pakistan's exports are made to USA. They maintained that due to US economic recession the country's textile industry is facing with severe problems. Countries in Asia in general and Russia in particular are promising markets that have not been explored as yet. Entering into these markets will increase exports manifolds," said Mohibullah Shah. He said that textiles and apparel is the largest contributing sector of Pakistan's export. He encouraged the representatives of buying house to visit Expo Pakistan 2008 as TDAP has invited much larger number of buyers this year as compare to previous years. (Business Recorder, 21st October, 2008)

'Gas and power shortage will create unemployment

The President Quaid-e-Azam Industrial Estate Mian Nauman Kabir has feared that acute shortage of electricity and gas could take the graph of unemployment to new heights besides pushing the whole industrial sector to the wall. Mian Nauman Kabir said that ongoing load shedding had badly affected the textile, plastic and food processing sectors and the people attached with these sectors are in deep trouble. He said the government should take to whole nation into confidence as the fast going up dollar

prices have not only increased the overall debt burden by Rs 900 billion but also tarnished the image of the country in the eyes of foreign investors. (Business Recorder, 21st October, 2008)

Trade bodies seek solution for power crisis on urgent basis

The Lahore Chamber of Commerce and Industry (LCCI) initiative to bring together all the stakeholders at one platform for finding out a solution to ongoing economic and energy crises would definitely help the government to adopt a methodology to overcome the situation that is fast getting out of hands. A number of office bearers of various trade bodies expressed these views. All the trade leaders had one voice that the electricity shortage issue should be solved on priority basis because in the absence of continued supply of electricity no package would work. They said that eight months have gone since the present government took charge but unfortunately situation is going from bad to worse with every passing day. They said that the law and order situation is not only discouraging the foreign investors but the local businessmen are reluctant to put their money in any new venture. The business community leaders said that there is no doubt in it that the State Bank of Pakistan had adopted a pragmatic approach by coming up with a package for financial sector but the priority should be given to the restoration of confidence of business community. (Business Recorder, 21st October, 2008)

UK public finances deteriorate sharply

Britain's budget deficit swelled to its largest in at least 60 years in the six months to September, and analysts say the government coffers look set to deteriorate further as the economy slows. Finance minister Alistair Darling's forecast for a full-year deficit of 43 billion pounds (\$74.9 billion) now looks very optimistic, but he has said borrowing will need to rise to boost the economy, which is nearing its first recession since the early 1990s. The Office for National Statistics said that public sector net debt for April to September stood at 37.59 billion pounds versus 21.46 billion in the same period a year ago - the highest half year total since records began in 1946. "The September public finances were dreadful," said Howard Archer, an economist at Global Insight. Public net debt has risen to 43.4 percent of gross domestic product - above the government's limit of 40 percent - because of the nationalization of failed mortgage lender Northern Rock. Excluding Northern Rock, net debt stood at 37.9 percent of GDP versus a government forecast of 38.5 percent of GDP at the end of the fiscal year. That compares with the latest International Monetary Fund estimates of 56.4 percent in the euro area, 46.3 percent in the United States and 94.3 percent in Japan. The ONS said the public sector posted a net cash requirement of 12.646 billion pounds in September, compared with a deficit of 8.719 billion in the same month last year and a record for the month of September. The government's preferred accruals-based measure - public sector net borrowing - was 8.092 billion pounds. This too was a record for the month of September, and compared with 4.775 billion in September 2007. (Business Recorder, 21st October, 2008)

Index shows US economy not in 'free fall'

Wall Street analysts had expected the leading index, a gauge of future economic conditions, to fall 0.2 percent after a 0.9 percent decline in August, which was originally reported as a much smaller 0.5 percent drop. Real money supply, consumer expectations, the interest rate spread, and the index of supplier deliveries all made large positive contributions to the index, the Conference Board said. The coincident index declined a sharp 0.5 percent in September, after being unchanged in August, mostly due to drops in industrial production and employment, the Conference Board said. That index has declined or held steady since October 2007. (Business Recorder, 21st October, 2008)

WTO head sees consensus forming for financial rules

Countries are coming round to the need for a global system of financial rules because the credit crisis has shown that purely national solutions are not enough, World Trade Organization chief Pascal Lamy said. Speaking in Beijing, Lamy said the crisis may already have created a political will for greater global financial regulation that has hitherto been stifled by divisions between proponents of traditional regulation and advocates of self-regulation. Over 700 delegates from 44 allied nations met in Bretton Woods, New Hampshire, in July 1944 to design the post-war economic order. Designing a new regime would be a slow and painful process, Lamy said. "The most urgent element is to restore confidence in the financial system. The participation of developing countries was critical to forging a global consensus on regulation, which should be aimed at controlling risks not stifling financial innovation, he said. Lamy drew an analogy with train engineers: the trains they design have to be faster, lighter and smarter, but they must also meet safety standards. (Business Recorder, 21st October, 2008)

Financial crisis to cost 20 million jobs: UN

Twenty million jobs will disappear by the end of next year as a result of the impact of the financial crisis on the global economy, a United Nations agency said. Construction, real estate, financial services, and the auto sector are most likely to be hit, according to the International Labour Organization's (ILO) estimate, which is based on International Monetary Fund projections for the world economy. The toll on jobs could be even higher if IMF economic projections are cut, said ILO Director-General Juan Somavia. Somavia said the ILO, which brings together governments, employers and workers, wanted to steer discussions about the resolving the crisis toward job creation and other steps to promote the "real economy". "It would be tragic to respond to a sub-prime crisis with sub-prime policies," he said. Somavia said the financial sector's share in the profits of US companies had risen to 41 percent last year from 5 percent in 1980. As a result, banks preferred to invest in financial transactions rather than lending to other productive sectors. (Business Recorder, 21st October, 2008)

Economic managers asked to prepare revival plan

Prime Minister Yousuf Raza Gilani has asked the economic managers to chalk out a comprehensive plan for revival of the economy. During a presentation by Advisor to Prime Minister on Finance Shaukat Tarin and his team on economic agenda, the Prime Minister had directed the economic managers to work out an effective strategy for revival of the economy. Beside Advisor to Prime Minister on Finance, other members of the economic team are Secretary, Finance, Dr Waqar Masood, Federal Minister for Water and Power Pervaiz Ashraf and Special Assistant to Prime Minister on Economic Affairs Hina Rabbani Khar. Tarin informed the Prime Minister that the proposed economic agenda would be announced within eight weeks. Primarily, major focus of the economic agenda is to enhance economic stability and socio-economic uplift in the country. The proposed economic agenda would be instrumental in meeting economic challenges for accelerated development of human resources, health, education, energy and banking sectors. (Business Recorder, 22nd October, 2008)

Pakistan and India resume Kashmir trade after 60-year freeze

Trucks loaded with apples, onions and nuts crossed the line of control in Jammu and Kashmir for the first time in decades as nuclear-armed India and Pakistan opened a trade link aimed at easing tension. The decision, taken only last month, to allow limited trade across the line of control in Kashmir symbolizes attempts to solve the Kashmir dispute by creating "soft borders" allowing the free movement of goods and people. The Occupied Kashmir's puppet governor, N.N. Vohra, said the trade link was a major step in a slow-moving peace process: "Today is a historic day ... The trade volume

will increase." On Tuesday, white doves of peace were released as 14 Pakistani trucks bedecked with the national flag crossed a bridge into Indian Kashmir carrying rice, onions and dried fruit. A bus service connecting Srinagar, Indian Kashmir's summer capital, and Muzaffarabad, capital of Pakistani Kashmir, was launched in 2005, one of many confidence-building measures undertaken since the two sides began a peace process in 2004. (Business Recorder, 22nd October, 2008)

China hails resumption of trade

China expressed its happiness over the resumption of boundary trade between Pakistan and India. Responding to a question on resumption of Trade between the two countries the Foreign Office Spokesman Qin Gang said, "China is a neighbour and friend of both Pakistan and India". Qin said that China hopes that the two countries will work harder to strengthen co-operation to promote their relations. Meanwhile, Muzaffarabad-Srinagar trade route between Azad Kashmir and Occupied Kashmir opened on Tuesday after more than sixty years. The AJK Prime Minister Sardar Attique Ahmed Khan opened the route and inaugurated the truck service at Chikothi near the Line of Control, Radio Pakistan reported. The decision of opening trade corridors between the two sides was taken during meeting of President Asif Ali Zardari and Indian Prime Minister Manmohan Singh in Washington recently. (Business Recorder, 22nd October, 2008)

Exploration of non-traditional markets stressed: NDU delegation visits LCCI

Rear Admiral Tayyab Dogar, the head of 135-member delegation of National Defence University (NDU), has urged the Lahore Chamber of Commerce and Industry (LCCI) to continue to play its due role for surmounting the unprecedented challenges being faced by the country. Speaking on the occasion, the LCCI Acting President, Mian Muzaffar Ali, said the LCCI acts as a bridge between the government and the business community. Although the oil prices are linked to the international prices of oil, the benefit of decline in oil prices has not been passed on to the consumers for quite a long time. He stressed the need for developing regional, product specific and target oriented marketing strategy. New markets and new products need to be explored to reduce country's dependence on few commodities and countries. While briefing the participants about the LCCI's role in policy making, former LCCI Senior Vice President Sohail Lashari said the LCCI sector specific standing committees receive feedback, analyze and filter the same through subject experts. (Business Recorder, 22nd October, 2008)

MF sees eurozone inflation down, room for lower ECB rates

Eurozone economic growth will nearly grind to a halt next year and inflation will fall below the European Central Bank's target, making room for interest rate cuts, the International Monetary Fund said. The IMF said in its twice-yearly economic outlook for Europe that gross domestic product growth in the 15 countries sharing the euro would slow to 0.2 percent in 2009 from 1.3 percent predicted for this year and 2.6 percent in 2007. The IMF predicts eurozone growth at 1.4 percent in 2010. In 2009 Irish GDP would again shrink 0.6 percent and Italy's by 0.2 percent, with Spain joining them with 0.2 percent shrinkage, the IMF said. At the same time, the IMF expects euro zone inflation to fall to 1.9 percent next year from 3.5 percent this year. The Fund said it expected the aggregated budget deficit in the euro zone to rise to 1.5 percent of GDP this year from 0.6 percent in 2007 and then further to 2.0 percent in 2009. Ireland would see its budget balance turn to a 4 percent deficit this year from a 0.3 percent surplus last year and the gap will widen to 4.7 percent in 2009. The IMF forecast no other eurozone country would go above the budget gap limit this year and next, although euro outsider Britain would see its shortfall deepen to 3.5 percent this year and 4.4 percent next year from 2.7 percent in 2007. (Business Recorder, 22nd October, 2008)

Rice for completing Doha talks

US Secretary of State Condoleezza Rice called for a successful completion of the Doha trade talks round to send a "powerful signal" to the ailing world economy. "We must seize this moment as an opportunity to revive and conclude the Doha round for the expansion of an open, global trading system," Rice told a development summit here." During that period, "many countries, including the United States unfortunately, turned inward, adopted protectionist practices and deepened the crisis," Rice said in a keynote speech to the summit. The Doha Round was launched in the Qatari capital in 2001, with the aim of liberalizing trade rules for the benefit of developing countries. July's summit collapsed over a disagreement on tariffs between the United States and India. US President George W. Bush was also due to address the gathering here, officially named "White House Summit on International Development: Sustaining the New Era." Rice said the White House summit - gathering representatives of government, non-government aid organizations and civil society - is aimed at supporting people who are "striving to lift themselves out of poverty." The summit comes at a "time of unprecedented challenge, a time when the very foundations of global politics and economics are shifting beneath our feet," Rice said. "For too long governments in developing countries and major donor agencies started with top-down approaches, with well-meaning experts telling local communities what to do," Sirleaf said. Sirleaf is due to meet Bush on Wednesday at the White House, the Liberian president's office said. (Business Recorder, 22nd October, 2008)

Sri Lanka trade deficit widens

Sri Lanka's trade deficit for the first eight months of the year widened 86.1 percent to \$4.03 billion, with imports of oil and consumer goods pushing the gap past the country's original full-year forecast, the central bank said. The trade deficit in August widened 76.4 percent to \$500.9 million from \$283.9 million a year earlier, data showed. The bank originally forecast a full-year trade deficit of \$3.97 billion. Imports in August rose 34.7 percent from a year earlier to \$1.26 billion. Petroleum imports rose 71.2 percent in the first eight months of the year to \$2.5 billion, which accounted for 26.3 percent of the total import bill of \$9.53 billion. Oil accounted for 20.8 percent of the last year's January-August import bill. The total oil bill in 2007 was \$2.49 billion. High oil prices boosted the island nation's April trade deficit to \$659 million, the highest monthly deficit since data was available in 2002, followed by \$512.2 million in May. Annual consumer price inflation eased to 24.3 percent in September from August's 24.9 percent after oil prices steadied in the local market. It hit a 6-year high of 28.2 percent in June mainly on record oil prices. (Business Recorder, 22nd October, 2008)

World trade growth slows

World trade was surprisingly resilient over the summer but the growth rate remains on a negative trend as the global economic downturn threatens to choke off demand, according to an indicator of international goods commerce. A monthly measure of world trade produced by the Netherlands Bureau for Economic Policy Analysis, monitored by the International Monetary Fund and other leading institutions, found the volume of world trade in goods was unchanged in August after robust 2.5 per cent growth in July. Since trade tends to follow movements in the overall economy with a time lag, economists are braced for continued reductions in growth in the year ahead. The World Trade Organization has called a meeting later this month to discuss the shortage of trade credit. (Financial Times, 22nd October, 2008)

Rich-poor divide widens, says OECD

The gap between rich and poor has widened in most developed countries over the past two decades as economic growth has benefited the wealthy more than the poor, according to the Organization for

Economic Co-operation and Development. Mid-way through this decade, Mexico and Turkey had the highest inequality in incomes, followed by Portugal and the US. Denmark and Sweden were the most equal societies in terms of income disparity in the 30-nation study. (Financial Times, 21st October, 2008)

Anti-dumping investigations soar

The number of new anti-dumping investigations soared by nearly 40 per cent in the first six months of this year, the World Trade Organization said, reflecting increased trade tensions as the credit crunch began to take its toll on the global economy. Between January and June 16 WTO members started 85 new investigations compared with 61 in the first six months of 2007. China was the target of nearly half the probes, a jump of 75 per cent over the same period last year. (Financial Times, 21st October, 2008)

Fed offers \$540bn to prop up money funds

Money market funds have faced severe redemption pressures since the financial crisis deepened last month, forcing them to raise cash by scaling back their short-term lending to banks and selling their holdings of commercial paper. Under the scheme the US central bank will lend money to five special purpose vehicles, to be managed by JPMorgan Chase, tasked with purchasing assets from money market funds. The Fed announced its plan as money markets thawed. The Federal Reserve Board on Tuesday announced the creation of the Money Market Investor Funding Facility (MMIFF), which will support a private-sector initiative designed to provide liquidity to U.S. money market investors. Eligible investors will include U.S. money market mutual funds and over time may include other U.S. money market investors. The short-term debt markets have been under considerable strain in recent weeks as money market mutual funds and other investors have had difficulty selling assets to satisfy redemption requests and meet portfolio rebalancing needs. By facilitating the sales of money market instruments in the secondary market, the MMIFF should improve the liquidity position of money market investors, thus increasing their ability to meet any further redemption requests and their willingness to invest in money market instruments. The MMIFF complements the previously announced Commercial Paper Funding Facility (CPFF), which on October 27, 2008 will begin funding purchases of highly rated, U.S.-dollar denominated, three-month, unsecured and asset-backed commercial paper issued by U.S. issuers, as well as the Asset Backed Commercial Paper Money Market Mutual Fund Liquidity Facility (AMLF), announced on September 19, 2008, which extends loans to banking organizations to purchase asset backed commercial paper from money market mutual funds. (Financial Times, 21st October, 2008)

Global downturn hits Swiss exports, rate cuts seen

Swiss exports fell sharply in September, according to data that indicated the country's economy was being hit by the global economic downturn. The sharp slowdown of Switzerland's traditional growth driver exports and a drop in one of the Swiss National Bank's core inflation gauges to a 2-1/2 year low bolstered analysts' views that the central bank would cut interest rates again soon. Swiss watch makers recorded above-average export growth with nominal exports up 15.1 percent at 1.53 billion francs, driving the share price of Swatch Group up by over 7 percent. But many economists see Switzerland following other European countries into a recession as the global outlook worsens. The central bank is widely expected by financial markets to cut interest rates further in the months ahead. The SNB's gauge for price pressures - so-called dynamic factor inflation, which includes factors such as the labour market - fell in October to 1.07 percent, the lowest since March 2006, the SNB's monthly report showed. (Business Recorder, 22nd October, 2008)

US to host G20 world summit over crisis

Global stock markets plunged on 22nd October, 2008 as the White House said it would invite world leaders to a global financial summit next month, 11 days after the US presidential election. The S&P 500 fell more than 6 per cent to close at its lowest level in five years, while London's FTSE 100 lost 4.5 per cent and Japanese stocks dropped 6.8 per cent. The stock-market retreat came as prices for oil and gold fell sharply and European currencies slumped against the dollar and yen as traders bet on interest rates being slashed to offset a looming recession. Following calls from European leaders such as Gordon Brown, British prime minister, and Nicolas Sarkozy, France's president, the White House said it was planning a meeting of the heads of state of the G20 group of countries in Washington on November 15. The French president welcomed the White House announcement, pointing out that he had proposed such a summit a month ago. (Financial Times, 22nd October, 2008)

Strategy developed to upgrade Pak-Afghan trade, economic ties

Pakistan and Afghanistan have developed a comprehensive strategy to upgrade economic and trade relations for which documents were shared for consideration of the Afghan government, said Foreign Minister Shah Mahmood Qureshi at a joint press briefing with Afghan Foreign Minister Dr Rangin Dadfar Spanta. Regarding reports that India has dispatched troops to Afghanistan in the garb of bringing peace in the region and also established 16 consulates in Afghanistan, Spanta said: "Neither there is any Indian soldier in Afghanistan nor any person imparting training to Afghan army. "Both Pakistan and India have consulates in Afghanistan. Qureshi said that parliament is having an in-camera session vis-à-vis policy on Afghanistan, particularly the operation conducted by the army in the tribal belt and future plan of action will be chalked out after comprehensive debate in the parliament to check cross-border terrorism. Commenting on informal talks being brokered between different Afghan warring factions and Saudi Arabia to bring peace in the region he said that Afghan government is not in favour of talking to terrorists until and unless they lay down arms and respect the constitution of the country. (Business Recorder, 23rd October, 2008)

Punjab government determined to promote tourism sector: minister

Provincial Minister for Prisons and Tourism Chaudhry Abdul Ghaffar has said the Punjab government is determined to promote tourism sector to realize its full potential and is exploring new avenues to attract maximum number of foreign tourists. Speaking on the occasion, Acting President, LCCI, Mian Muzaffar Ali said that the tourism sector, if developed on modern lines, could help the country earn millions of dollars foreign exchange. Tourism is the main source of foreign exchange in several countries like Switzerland, Sri Lanka. The country could earn billions of dollars every year from tourism, he asserted. He was trying to highlight the soft image of Pakistan by focusing on regional and domestic tourism. Moreover, he said that new tourist sites were being identified that would help promote tourism sector in Pakistan. (Business Recorder, 23rd October, 2008)

Pakistan's foreign exchange reserves fall by \$426 million to \$7.323 billion

The country's foreign exchange reserves further declined by 426 million dollars during last week due to rising trade deficit, huge foreign payments and slow inflows. The State Bank of Pakistan on Thursday said that the country's foreign exchange reserves declined to 7.3233 billion dollars during the week ended October 18, from 7.7497 billion dollars a week earlier, depicting a decline of 426.4 million dollars. The major decline was witnessed in the reserves held by the SBP, which plunged by 298.5 million dollars during the week. The reserves held by the SBP declined to 4.0368 billion dollars during last week. Previously the reserves stood at 4.3353 billion dollars on October 11, 2008. The reserves held by banks also depicted a decline of 127.9 million dollars and with the current decline,

banks' overall foreign exchange reserves reached 3.2865 billion dollars on October 18, 2008 as compared to some 3.4144 billion dollars a week earlier. (Business Recorder, 24th October, 2008)

Traders demand to repeal hike in power and gas tariffs

The business community has unanimously decided that recent increase in power and gas tariff would not be tolerated and demanded of the government to take the decision back otherwise they would decide their further strategy on November 1. Addressing a meeting of chambers and trade unions at office of Federation of Pakistan Chambers of Commerce and Industry, they said they had got 10-day duration from Karachi Electric Supply Company to deal the problem with government. They said that would not become part of strike call made by industrialists of Punjab until the results of negotiations do not appear. The business community bitterly opposed the recent hike in electricity and gas tariff made by National Electricity Power Regulatory Authority (Nepra) and Oil and Gas Regulatory Authority (Ogra). They also opposed the State Bank's tight monetary policy and demanded of the government to make it soften by cutting four percent interest rates. (Business Recorder, 24th October, 2008)

July-August LSM growth declines by five percent

Large Scale Manufacturing (LSM) growth has decelerated and witnessed a decline of some 5 percent during the first two months of the current fiscal year 2009 due to economic slowdown, high interest rates and shortage of utilities. The political uncertainty and deteriorating law and order situation already has hurt LSM and it had presented poor performance during FY08 by registering a six-year low growth of 3.76. Federal Bureau of Statistics (FBS) on Wednesday informed that Quantum Index Number of LSM industries shows a negative trend of some 4.87 percent during the July-August of current fiscal year as compared to same period of last fiscal year. Quantum Index Number of LSM industries stood at 194.79 points in first two months of fiscal year 2009 as compared to 204.76 points in corresponding period of FY08. Official provisional statistics of Quantum Index Numbers of Large Scale Manufacturing Industries (QIM) of FBS depicting the production of major industries in the country have not been growing. The LSM growth during August 2008 also registered a decline of 5.55 percent in growth, when compared to August 2007 and QIM stood at 193.09 points. "Economic slowdown, poor law and order situation, high interest rates and shortage of utilities are the major contributors in the slow growth of LSM," economists said. (Business Recorder, 24th October, 2008)

Grants for social sector areas: Pakistan and US sign \$339 million agreements

Pakistan and USA signed agreements, worth \$339.10 million, on strategic objective grant to be spent in areas of economic growth, education, governance, health, population welfare, earthquake reconstruction programme and Fata development programme during fiscal year 2008-09. Under the strategic objective grant agreements, for Education Sector Support Programme US Government has committed to provide \$128.9 million. This contribution will strengthen and improve basic education and higher education programme. It will further enhance the need and merit-based scholarships programme with the collaboration of Pakistan Higher Education Commission. The financial assistance under Governance to the tune of \$23.2 million will be spent for improvement of justice system, civil participation and media freedom, improvement in electoral process and decentralisation programme. Similarly, the amount allocated for Health & Population Welfare of \$76.5 million will ensure improvement of reproductive health, HIV Aids, tuberculosis, maternal and child health and water supply & sanitation in different parts of the country. (Business Recorder, 25th October, 2008)

KESC's current month bills: SAI decides to pay only 60 percent amount

The Site Association of Industry (SAI) has directed all its members to deposit 60 percent of their electricity bills they have received for the current month. In a circular, the association noted that former President, Karachi Chamber of Commerce and Industry (KCCI) who is also former chairman, SAI, Zubair Motiwala and member of the parliamentary committee deliberated on the issue of enhanced utility bills in Islamabad. The committee held a meeting in which it was decided that all consumers would pay 60 percent of the increased electricity bills received by them. Karachi Electric Supply Company (KESC) has assured the committee that they will instruct the banks to receive payment as per decision. (Business Recorder, 25th October, 2008)

20 items placed on mandatory list: sale, manufacture of sub-standard items prohibited

The federal government has decided to come down heavily on the sale and manufacture of spurious and sub-standard items of daily use which pose serious threat to human health. According to a notification issued on October 11, the federal government in consultation with the Pakistan Standards and Quality Control Authority (PSQCA), has prohibited from January 1, 2009, the manufacturing, keeping in stock and the sale of 20 items which do not conform to the Pakistan standard. Thus for the first time in the 61 year history 20 items have been placed on mandatory list in one stroke. These items include sugar, white and refined, black tea and all types of milk now being sold in the market. The federal government has further directed that every such article, which conforms to the Pakistan standard, shall be marked with the standard mark of the Authority. These items are in addition to 58 items, which are already on the mandatory list. The items placed on the list now total 78. (Business Recorder, 25th October, 2008)

PNSC posts Rs 432.896 million profit

The Pakistan National Shipping Corporation (PNSC) posted Rs 432.896 million as consolidated profit after tax in the quarter ended September 30, 2008 as compared to Rs 426.216 million earned in the corresponding period of last year. The company's earning per share increased to Rs 3.28 in the period under review against Rs 3.23 in the same period of last year. According to the financial results, the company's revenue increased to Rs 3.562 billion in this quarter against Rs 2.487 billion in the same quarter of last year. The company's expenditure surged to Rs 3.027 billion against Rs 1.939 billion. The company's profit before tax increased to Rs 558.702 million against Rs 533.484 million. (Business Recorder, 25th October, 2008)

Gwadar-Ratto Dero road to be completed by 2010

The National Highways Authority (NHA) will complete the linked road from Gwadar Port to Ratto Dero by the end of 2010, said a spokesman of Ministry of Ports and Shipping. The spokesman of the authority said that Gwadar Port is functioning very well and other development works at Gwadar Port are in full swing. He said the link road would be completed within the stipulated timeframe. He further said that the Ministry of Ports and Shipping has also constructed a residential complex for employees of Gwadar Port. He said that layout of railway track from Gwadar to China has been finalised and its construction work would be started soon, adding that Gwadar Port was an attractive place for the business community. (Business Recorder, 25th October, 2008)

Over Rs 54 million subsidy released to Punjab DFCs: Sasti roti scheme to continue

Punjab Food Department has released over Rs 54 million to the District Food Controllers (DFCs) across the province for making payments to flourmills against supply of flour to registered 'tanoors' at subsidised rates so that 'Roti' could be sold at Rs 2. The Director Food, Punjab, Waseem Mukhtar

disclosed this while presiding over a departmental meeting. Giving a break-up of the subsidy being given to different districts, he stated that districts of Lahore, Sheikhpura, Okara and Kasur had been given Rs 35.858 million as subsidy for supply of flour to tandoors at a cheaper rate. Further, districts of Gujranwala, Hafizabad, Sialkot, Narowal, Mandi Bahauddin and Gujrat were given Rs 2.660 million. In addition, Rawalpindi, Attock, Jhelum and Chakwal received Rs 4.147 million while Sargodha, Khushab, Mianwali and Bhakkar were given Rs 1.247 million. Similarly, Faisalabad, Toba Tek Singh and Jhang were given a subsidy of Rs 3.615 million and Multan, Lodhran, Sahiwal, Pak Pattan, Vehari and Khanewal were allowed 2.473 million while Dera Ghazi Khan, Rajanpur, Muzaffargarh and Layyah districts were assisted with Rs 2.3 million as subsidy for sasti roti' tandoors. Mukhtar directed all the DFCs to immediately release the amount of subsidy to the flourmills concerned so that flour supply to the registered tandoors should continue without any interruption. Meanwhile, sources in the Food Department said that 40,000- 42,000 20-kg flour bags are being sold daily to tandoors across the province. 'The department was meeting the requirement as per the demand,' he said. (Business Recorder, 25th October, 2008)

India sees bigger fiscal deficit, aims to cool prices

Indian authorities will continue to take steps to moderate inflation and cut wasteful expenditure as it expects its fiscal deficit to swell beyond the 2008/09 target, the finance ministry said. The quarterly review report tabled in parliament also said tax receipts have been buoyant in the April-June period and the outlook was "good" for the remaining part of the fiscal year. "Due to the perceived slow down in the world economy and its possible impact on India, it is likely that the final figures of fiscal deficit and revenue deficit may exceed the budget estimate," it said. In February, India set a fiscal deficit target of 2.5 percent of gross domestic product (GDP) for 2008/09, smaller than 2.8 percent in the previous year. The finance minister said the fiscal deficit could be close to 3 percent of GDP at the end of March 2009. "Notwithstanding the slowdown in the economy due to global uncertainty and pressure of increase in crude oil prices, the process of fiscal consolidation which is a pre-requisite for sustained growth, continues to be in focus." "Harmonising the need to provide resources for developmental expenditure within the fiscal discipline, government will continue to take necessary measures to moderate inflation, prune unproductive expenditure and closely monitor the FRBM (fiscal deficit) targets," it added. But higher subsidies on fertilizer and food, a debt relief scheme for poor farmers and other populist schemes have prompted the government to seek parliament's approval to spend an extra 1.06 trillion rupees during 2008/09. (Business Recorder, 25th October, 2008)

US annual economic growth rate at 33-year low

A measure of future economic growth in the United States fell to a seven-year low and its annualized growth rate hit a 33-year low, indicating a severe recession is underway, a research group said. The Economic Cycle Research Institute said its Weekly Leading Index fell to 114.0 in the week to October 17, down from 117.0 in the previous period. It is at its lowest level since October 26, 2001, when it stood at 112.7. The index's annualized growth rate slid from minus 17.1 percent to negative 19.3 percent, it's lowest since January 10, 1975, when it was minus 19.4 percent, according to ECRI data." The nose dive in WLI growth to within half a point of its all-time low underscores the speed of deterioration in the economic outlook." said Lakshman Achuthan, managing director at ECRI. The index fell due to unfavourable moves in all components except for a measure of money supply, he said. (Business Recorder, 25th October, 2008)

Traders cancel Rs 5.5 billion import orders

Traders have cancelled import orders worth Rs.5.5 billion keeping in view the fast depleting foreign exchange reserves in the country. Chairman Trader Action Committee (TAC) Siddique Memon said that traders had contracted for the import of 85 items from China, Thailand and Indonesia one month ago. Most of the orders had been cancelled now, he added. (Business Recorder, 26th October, 2008)