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**Gas pipeline tops Iran-India agenda**

The proposed \$7.6bn gas pipeline from Iran to India will be at the centre of discussions between the two countries' leaders, as they meet to strengthen their economic relations at a time when New Delhi needs energy and Tehran needs allies. The talks, coming during Iranian President Mahmoud Ahmadi-Nejad's whistle-stop visit to India, will probably irritate Washington as it seeks to isolate Tehran from the international community over its nuclear programme. (Financial Times, April 29<sup>th</sup>, 2008).

**EU rejects call to limit food imports**

France and Brussels clashed over the future of farming on Monday, with the European Commission dismissing French calls to curtail food imports as self-defeating and backward-looking." Autarky is not the future. We are not aiming at a closed market where we are self-sufficient," a spokesman for Mariann Fischer Boel, agriculture commissioner, said in response to a Financial Times interview with Michel Barnier, French agriculture minister.

(Financial Times, April 29<sup>th</sup>, 2008).

**OPEC says oil could hit \$200**

OPEC's president warned oil prices could hit \$200 a barrel and there would be little the cartel could do to help. The comments made by Chakib Khelil, Algeria's energy minister, came as oil prices hit a historic peak close to \$120 a barrel, putting further pressure on global economies.

(Financial Times, April 29<sup>th</sup>, 2008).

**EU ratchets up inflation forecast to 3.2pc**

The European Commission hiked its 2008 inflation forecast to 3.2 per cent from 2.6 previously in the face of record oil and food prices but predicted that growth would suffer only slightly. We are facing a very challenging time regarding inflation, EU Economic and Monetary Affairs Commissioner Joaquin Almunia told reporters in Brussels, describing soaring consumer prices as a "major problem. Despite the sharp upward revision to inflation, the European Union's executive arm only trimmed its euro zone growth estimate in its spring Economic Forecast to 1.7 per cent

from its last forecast of 1.8 per cent in February. In the 27-nation European Union, the commission forecast inflation would reach 3.6 per cent this year, instead of the 2.9 per cent previously expected, but stuck to its estimate for 2.0 per cent economic growth. Driven ever higher by record commodities prices, 12-month euro zone inflation hit 3.6 per cent in March, the highest since the 1999 launch of the shared currency and well above the European Central Bank's comfort level of just under 2.0 per cent. (Dawn, April 29<sup>th</sup>, 2008)

### **French Govt maintains growth forecast**

The government sees growth this year of between 1.7 and 2.0 per cent, with a public deficit of 2.5 per cent of output. In 2009, growth should come to 1.75-2.25 per cent, with a deficit reduced to 2.0 per cent, according to Paris. The European Commission meanwhile predicts French growth this year of only 1.6 per cent and a shortfall in public finances of 2.9 per cent. For 2009 the comparable forecasts are 1.4 per cent and 3.0 per cent. "We are maintaining our projections, especially as we are seeing the first fruits" of the government's economic policies, a source with the finance ministry told. (Dawn, April 29<sup>th</sup>, 2008)

### **China losing charm for US investors**

China is losing some of its attractiveness to foreign investors as rising costs are forcing some US manufacturing firms to leave the country, the American Chamber of Commerce (AmCham) said. More than two-thirds of AmCham's member companies surveyed in an annual white paper agreed that China was losing some of its competitive advantage in global markets due to rising costs. Norwell Coquillard, chairman of AmCham in Shanghai, told that for manufacturers, the seemingly endless supply of low-cost unskilled labour may be approaching its limits. (Dawn, April 29<sup>th</sup>, 2008)

### **Oil hovers near \$120 on supply problems**

Oil hit a fresh peak near \$120 a barrel as worker strikes in Nigeria and Britain shut down a big chunk of crude production, further tightening global supply. US light crude for June delivery rose 45 cents to \$118.97 a barrel by 1655 GMT, after hitting a record high of \$119.93. London Brent crude was up 43 cents at \$116.77 a barrel. (Dawn, April 29<sup>th</sup>, 2008)

### **Politics of steel grips Bank of Punjab.**

A big loan to a steel competitor is the real reason for the sudden dissolution of board of directors of the Bank of Punjab and removal of its president, well-informed. The Punjab government, which has 51 per cent shares in the BoP, dissolved the board and removed its president. Banking sources said the BoP provided a loan of Rs8.6 billion to Harris Steel and its subsidiary. The BoP issue remained the most heated topic in the banking circles. After full year audit of the bank, auditors placed their qualification (observation) on its accounts due to loans worth Rs8.6 billion given to three companies, mainly Harris Steel. The BoP issued a notice to the KSE (Karachi Stock Exchange) and announced that it had been successful in receiving a tranche of the total Rs8.6bn suspicious loan from its debtor. (Dawn, April 29<sup>th</sup>, 2008).

### **Escap shows concern over rising food prices**

The Asia and Pacific region is facing daunting challenges in achieving the Millennium Development Goals (MDGs) as the rapidly rising food prices in several countries of the region may further complicate the fight against hunger and malnutrition with a possible adverse impact on the incidence of poverty. One clear widespread problem is sanitation: the Asian and Pacific region

is home to 75 per cent of the world's rural population and 63 per cent of the world's urban population without access to safe sanitation. The region also has a relatively high number of people suffering from tuberculosis and underweight children. There is currently no reliable data for assessing trends on the country level; new regional estimates suggest that with over 240,000 maternal deaths in 2005, the Asia-Pacific region accounts for over 44 per cent of the total number of such deaths worldwide. The report finds that the economic growth rates required to achieve the MDGs are much higher than the current rates, indicating a growth gap. Filling this gap requires the development of assistance programmes for off-track countries to maintain macro-economic stability and generate pro-poor economic growth. (Dawn, April 29<sup>th</sup>, 2008).

### **Stakeholders to be consulted, says minister: New trade policy**

Federal Minister for Commerce Shahid Khaqan Abbasi said that all stakeholders would be consulted before framing the new trade policy. He said that the trade policy, gives an opportunity to traders to improve their production and increase exports of the country. Federation of Pakistan Chambers of Commerce and Industry (FPCCI) President Tanvir Ahmed Sheikh termed higher growth in imports as major cause of rapid increase in trade deficit. The export industry also demanded setting up of marketing, display centers and warehouses for better exports. (Dawn, April 29<sup>th</sup>, 2008)

### **National Industrial Park plans more clusters to expand auto industry**

The National Industrial Park and Development Company (NIP) has planned more auto clusters in the country. The NIP had sought proposals from the auto assemblers and vendors to identify new locations. Dewan Farooqui Motors proposed that that the already planned clusters are well suited to the auto industry, besides the development of auto clusters at Hub, Balochistan and Gujranwala may be considered. Atlas Group of Companies proposed five vendors specific clusters like steel and chrome plating, aluminum, plastic and rubber and electronics and their proposed locations are Sialkot, Gujranwala, Sheikhpura, Lahore and Karachi. If the cluster planned for Sheikhpura is shifted to Kala Shah Kaku, it can serve manufacturers on both the GT Road and Sheikhpura Road. Sigma Motors Private Limited proposed setting up of clusters at Port Qasim, Lahore and Site Karachi. NIP is already working for acquisition of land for auto clusters with enabling infrastructure to provide for setting up of auto units. (Dawn, April 29<sup>th</sup>, 2008)

### **Survey: U.S.-based companies mostly positive about China prospects**

The majority of U.S.-based companies are positive about business prospects in China, with 89 percent characterizing their five-year outlook as optimistic or cautiously optimistic, according to a survey released here by the American Chamber of Commerce. The findings of the 2008 Business Climate Survey revealed that U.S. companies remained bullish in China as an investment destination, with many planning to expand. However, despite the positive outlook and improved operating margins, competitive forces and rising costs are increasingly affecting these companies, according to the survey. With rapid economic development and increasing foreign investment, the demand for Chinese managers of international caliber has also increased significantly. (web. news. xinhuanet, April 29<sup>th</sup>, 2008)

### **India steps up war on inflation**

India's central bank reduced liquidity in the banking system for the second time in a fortnight, in a further sign of anxiety about soaring inflation in a country where most people live on less than \$2 a day. The Reserve Bank of India, facing wholesale price inflation of 7.33 per cent in the week to

April 12, well above its “comfort level” of 5 per cent, raised the banking sector’s cash reserve ratio by 25 basis points to 8.25 per cent. (Financial Times, April 29<sup>th</sup>, 2008).

### **United Nations task force to tackle global crisis**

The United Nations announced establishment of a task force to combat the world food crisis, describing a dramatic escalation in prices as “an unprecedented challenge of global proportions”. Ban Ki-moon, UN secretary-general, told heads of 26 UN agencies in Bern, Switzerland, the world faced “the spectre of widespread hunger, malnutrition and social unrest on an unprecedented scale” without an immediate injection of food aid to the poorest. . (Financial Times, April 29<sup>th</sup> 2008).

### **Treasury eyes stronger powers for Fed**

The Federal Reserve could use proposed new regulatory powers to try to stop credit and asset market excesses from reaching the point where they threaten economic stability, the US Treasury said. David Nason, assistant secretary for financial institutions, said the Fed could even use its proposed “macro-prudential” authority to order banks, hedge funds and other entities to curtail strategies that put financial stability at risk. (Financial Times, April 30<sup>th</sup> 2008).

### **Japan output slide fuels fears for economy**

Japanese industrial production fell sharply, while jobs and household spending were weak, painting a bleak picture for the Bank of Japan as it reviews rates and issues a half-yearly economic report. The weak figures helped push up Japanese bond prices already weighed down by a slump in US consumer confidence, and also stoked worries that American economic woes were hitting Japanese companies. (Financial Times, April 30<sup>th</sup> 2008).

### **Gulf investor warns of EU over-regulation**

One of the most powerful Gulf investors has warned that European attempts to force greater transparency on sovereign wealth funds are making the continent unattractive for investment. Sultan bin Sulayem, head of Dubai World, said such moves by regulators were discriminatory and would deter him from investing. In an interview with the FT, the head of Dubai’s powerful government-backed conglomerate said Europe was now exerting more pressure on SWFs than the US, which has openly resisted Arab investment in assets deemed “strategic”. (Financial Times, April 30<sup>th</sup> 2008).

### **Pakistani entrepreneurs urged to avail vast Czech trade opportunities**

The Czech Republic has huge business opportunities for potential Pakistani businessmen in the power, textile, pharmaceutical, leather and construction sectors and Czech businessmen are ready to initiate joint ventures with their Pakistani counterparts for the mutual benefit of both the countries. Frequent exchange of business delegations and holding of single country exhibitions can be instrumental in raising trade and investment between the two countries. Pakistan's strength lies in textiles. The business environment in Pakistan has improved considerably. Pakistan's investment policy offers attractive terms to foreign investors, and 100 percent foreign equity has been allowed. Pakistan's major exports to the Czech Republic include leather and textile products, but these exports constitute a petty fraction of Czech's total imports of these commodities. Similarly textile imports from Pakistan accounted for only 2.1 percent of Czech Republic's total imports of textile products from the world. The Czech Republic's share in Pakistan's total imports of machinery, paper and paperboard and electrical & electronic machinery in 2005 was only 0.08, 1.0 and 0.12 percent. Pakistan's strength lies in textiles," he added. (Business Recorder, April 30<sup>th</sup>, 2008).

### **Dar's criticism termed 'financial engineering'**

The Finance Minister in the Cabinet meeting had given Rs 443 billion as the projected domestic interest payment, in contrast to the budgeted amount of Rs 318.2 billion. The present Finance Minister had also projected wheat subsidy at Rs 45 billion as an amount not budgeted, as a wheat crisis was not anticipated at the time of the budget. However, according to sources, subsidy on wheat was unlikely to exceed Rs 20-25 billion. In addition, the projected subsidy of Rs 123 billion to Wapda was unlikely, given that till February this year only Rs 34.5 billion subsidies is given. (Business Recorder, April 30<sup>th</sup>, 2008).

### **Investment invited in IT sector**

Pakistan provides an excellent opportunity for investment especially in the field of information technology, said Federal IT Minister Qamar Zaman Kaira. He was talking to a delegation of Progressive International Pty Ltd, a potential Australian investment company, here. Members of the delegation discussed various issues regarding conceptual plan for Export Processing Zone Authority Tech Tower. The minister informed the delegation that Pakistan provides an excellent opportunity to investors with a deregulated IT sector and an enabling environment conducive to investors' needs. (Dawn, April 30<sup>th</sup>, 2008)

### **Exchange companies rules amended**

The State Bank of Pakistan has forced exchange companies to sell more imported dollars in the inter-bank market than a previous mandatory amount to streamline the current volatile situation in the currency market which impacted negatively the exchange rate mechanism. The State Bank amended the Exchange Companies Rules & Regulations. Earlier, the exchange companies were required to ensure that a minimum of 10 per cent of foreign currencies exported by them and a minimum of 10 per cent of foreign exchange received by them on account of inward home remittances (in equivalent US dollars) must invariably be sold in the inter-bank market on an ongoing basis. Through another circular, the SBP slashed advance payment against imports. (Dawn, April 30<sup>th</sup>, 2008)

### **WTO slaps down US anti-dumping procedure**

A method known as "zeroing" used by the US in anti-dumping investigations and reviews was slapped down on Wednesday by the top court of the World Trade Organization. In a case brought by Mexico against punitive US duties on imports of Mexican steel, the WTO's appellate body ruled that zeroing was illegal in all types of anti-dumping action. It was the latest in a series of similar rulings against Washington.

(Financial Times, May 1<sup>st</sup>, 2008)

### **Balochistan wants overdraft converted into soft loan**

The Balochistan government has requested the State Bank of Pakistan to convert its overdraft into a soft loan to overcome the financial crisis being faced by the province. The province had obtained an overdraft of Rs21 billion during the past three years and was paying around Rs300 million per month as interest. Chief Minister Nawab Mohammad Aslam Raisani met SBP Governor Dr Shamshad Akhtar in Karachi recently and made a request that the province be allowed to repay the amount in easy installments after converting the overdraft into soft loan. The SBP chief expressed the hope that the province would take steps for increasing its resources and also point out concrete measures to resolve the issue of overdraft and prepare the next financial year's development projects by implementing it. (Dawn, May 1<sup>st</sup>, 2008).

### **UAE to set up refinery in Pakistan**

The United Arab Emirates will set up an oil refinery in Pakistan and would further invest by participating in privatization of public sector entities. The UAE envoy assured full support to further promote the private sector and his government's investment in the fields of energy, petrochemical and real estate sectors. Pakistan provided tremendous investment opportunities to the investors in every sector of economy with liberal investment policies and unmatched incentives in the region with a level-playing field. He informed the envoy that the government was planning to sell a specific number of shares of Habib Bank Limited to the institutions through block sale, while expressions of interest have been invited for the sale of SME Bank. (Dawn, May 1<sup>st</sup>, 2008).

### **Competition Commission of Pakistan (CCP) to proceed against APCMA for 'cartelisation'**

The Competition Commission of Pakistan (CCP) has got substantial evidence to proceed against the All Pakistan Cement Manufacturers Association (APCMA) for their alleged cartelisation behind increase in cement prices. It was preparing a report based on the information gathered during a raid on the APCMA office last week although the people of APCMA resisted. (Business Recorder, May 2<sup>nd</sup>, 2008 )

### **Relocation of big industries: Chinese investors briefed about government incentives, facilities**

The globalization has provided Chinese investors a golden opportunity to relocate their large scale industries to Pakistan to reap the benefits of its most conducive business policies as compared to other regional countries. LCCI Senior Vice-President Mian Muzaffar Ali, Vice-President Shafqat Saeed Piracha also spoke on the occasion. The Chinese delegation comprised people from real estate developers, construction companies, computer hardware trading, investment, consultants and high-ranking government officers. The Provincial Minister, who was representing Punjab Chief Minister Sardar Dost Mohammad Khosa, said the government would extend maximum facilitation to the Chinese investors for setting up their industry in Punjab. Major imports of Pakistan from China include iron, steel products, tyres, tubes, chemical, medical, pharma products, fertilisers, yarn and thread of synthetic fibre, railway vehicles, hand tools and hardware products etc, he added. Likewise, he added, the government of Punjab had allocated 500 acres of land to China National Power Company Limited in Faisalabad Industrial Estate to establish an industrial area, including 50-megawatt power project. The balance of 21 acres was still available for Chinese investors, he added. (Business Recorder, May 2<sup>nd</sup>, 2008)

### **Islamic states agree on rapid trade promotion**

Islamic countries unanimously agreed at the 3-day "4th World Islamic Economic Forum" (WIEF) concluded at Kuwait to accelerate the promotion of trade among Muslim states on top priority besides becoming partners in the global development. There is a dire need to forge business collaboration in the Muslim world to capitalize on this promising development. To date, there is a vast array of promising investment opportunities in the GCC countries that can turn out to be promising ventures for the Muslim world. The economic boom in Dubai, Abu Dhabi, Bahrain, Qatar and Kuwait are the best avenues for foreign investment by Muslim corporate sector. A sizeable proportion of Muslim societies live in abject poverty, despite the presence of immense wealth in other parts of the Muslim world. (Business Recorder, May 2<sup>nd</sup>, 2008).

### **Pakistan one of top favourable economies: World Bank**

World Bank said that the Pakistan has been ranked as one of the top favourable economies in the world in terms of economic performance states doing Business 2008. Pakistan has comparatively

better business environment in terms of paying taxes and registration of assets, the report added. The report evaluates business activities based on regulations affecting the 10 stages of a business's life; starting a business, dealing with licenses, employing workers, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contracts and closing a business. 'Doing Business 2008' is the fifth in a series of annual reports that evaluates the regulations that directly impact economic growth provides objective measures of business regulations and their enforcement. (Business Recorder, May 2<sup>nd</sup>, 2008).

### **EDB working on two auto clusters**

The Engineering Development Board was actively working on establishment of two auto clusters at Sheikhpura and Karachi, under Auto Industry Development Plan. A spokesman for the EDB announced that a sub-committee on auto cluster development has been formed to overview the progress. The stakeholders, however, have proposed to increase the number of these clusters. The sites of Lahore, Hub, Dera Ghazi Khan, Gujranwala and Sialkot have been suggested by them, he said. The first auto cluster is taking shape at Karachi with allocation of plots. (Dawn, May 3<sup>rd</sup>, 2008)

### **PSDP 2008-09 may range up to Rs 550 billion**

The Public Sector Development Programme (PSDP) for the year 2008-09 is likely to range between Rs. 535 billion and Rs 550 billion despite the fact the new government is facing the overspending of over Rs 500 billion in the current year. Given the tough challenges being faced by the government, the likely allocation for development is showing the new government commitment to the development of the country. The Finance Division's priorities committee has completed its exercise of consolidating the development allocation. The Planning Commission (PC) is of the view that PSDP size should be at least Rs 550 billion in the next fiscal year. The Finance says that Rs 535 billion should be enough allocation for PSDP. The allocation for the development budget was a tough task for the government. Keeping the operational shortfall of Rs 35 billion, the actual PSDP size is 450 billion. An allocation of Rs 150 billion is for provincial development programmes in the current fiscal year. The allocation outside PSDP for development is Rs 239 billion. According to the proposal of the priorities committee, the allocation for provincial development programmes could be curtailed to Rs 100 billion in the next budget. (Business Recorder, May 3<sup>rd</sup>, 2008)

### **KCCI urges government to maintain uniformity in sales tax policy**

Karachi Chamber of Commerce and Industry (KCCI) President Shamim Ahmed Shamsi has urged the Federal Ministers for Finance and Commerce to maintain uniformity in policies, and suggested taking all stakeholders into confidence before making any change in the law and procedure in respect of sales tax. In a communication to the ministers, he said that conflicting policy statements on sales tax and frequent changes in procedures, and issuance of SROs complicated most the sales tax system. He said that confusion, lack of clarity and fear among the business community, were creating a negative impact on the business environment. The KCCI President stressed the need for observing uniformity in respect of policy and procedures. He said that clear policy and procedure would help establish GST as the main revenue generating tax regime, promoting healthy tax culture and trust between tax collectors and taxpayers. (Business Recorder, May 3<sup>rd</sup>, 2008)

### **ICCI for comprehensive strategies to control inflation**

Islamabad Chamber of Commerce and Industry (ICCI) here stressed upon the government to devise a comprehensive and concrete strategy to control rising inflation in the country. ICCI

President said that the high inflation has put a great burden on the life of common man and the prices of daily use commodities are rising with every passing day, which have been putting adverse affects on the lives of poor. He opined that government should not further increase the petroleum price keeping in view the poor economic condition of a large segment of the society, adding that rise in petroleum prices directly leads to price hike of other commodities. He stressed the need for enhancing agriculture yield adding that farmers should be educated to use latest techniques and technology for getting better output. He was of the view that despite the fact that Pakistan has a large agriculture land, desired production was not achieved due to lack of technology and research. He said that some model villages should be set up, where with the help of foreign agriculture experts and use of latest technology, special focus is given to enhance agriculture production. (Business Recorder, May 3<sup>rd</sup>, 2008)

### **Minister affirms maximum facilities to private sector**

The Provincial Minister for Food has affirmed that the private sector will benefit maximum facilities with top priority to the issues related to tax, law and order, environmental hazards and treatment plants to cope with industrial waste. The minister also assured the business community that the government was committed to solving problems like professional tax, which is being charged by the provincial and local governments. (Business Recorder, May 3<sup>rd</sup>, 2008)

### **World Bank chalks out plan to promote industrial sector in AJK**

The World Bank is chalking out a comprehensive plan to promote and encourage collective and mutual potential of private and public sectors for industrial progress and to accelerate business activities in Azad Jammu & Kashmir, official sources said. The sources told APP that close liaison and interaction between the private and public sectors in the field of industries as well as in small business sector is imperative to promote and gear up business activities in AJK. The World Bank, the sources indicated, intends to encourage this gesture of close interaction and mutual cooperation between the private sector and public sector institutions in the country including AJK. It may be added that the industrial and investment potential of AJ&K, backed by a strong and reliable information database for local and foreign investment in AJK especially from lakhs of Kashmiri expatriates, was considered as one of the best areas of cooperation for promotion of industrial development in AJK. (Business Recorder, May 3<sup>rd</sup>, 2008)

### **ADB to spend \$300 million on Sindh cities' improvement programme**

Sindh Government is carrying out planning for \$300 million Sindh Cities Improvement Program with the co-operation of Asian Development Bank (ADB). Nazar Hussain Maher said a Public Utility Service Corporation, to be named as Sindh Urban Services Corporation, will be setup to provide better basic facilities to cities under Sindh Cities Improvement project. Briefing the meeting about present situation in Sindh regarding water supply and drainage, waste management, problems of existing infrastructure and other related issues, Ms Cathey Julian, leader of the ADB Cities Projects team, informed that objective of Sindh Cities program is to focus on the problems of water supply, drainage and solid waste management. The Chief Minister welcomed the ADB team and appreciated its Cities Improvement Program. Approving the project, Syed Qaim Ali Shah issued directive for the establishment of Sindh Urban Services Corporation under Companies Ordinance 1984. He said that other cities of Sindh, including central Sindh and cities in the South should also be studied. (Business recorder, 04<sup>th</sup> May, 2008)



### **Pakistan to get \$1 billion ADB loans during 2008**

The Asian Development Bank (ADB) has so far given the green light to provide Pakistan with about one billion dollars (648 million euros) in loans this year. "These are not new loans, they are disbursements on existing loans," Juan Miranda, ADB's Director General for Central West Asia, told AFP on the sidelines of the bank's annual meeting in Madrid. Pakistan was the ADB's biggest borrower in 2007, receiving two billion dollars, or 20 percent of total loans extended by the bank that year. The loans include 200 million dollars to improve access to financial services, 200 million dollars to help develop capital markets and another 200 million dollars for reconstruction efforts following a deadly 2005 earthquake. Another 62 million dollars will go towards aiding small to medium industries while between 300 and 350 million dollars has been or will be dispersed on projects to develop roads, energy and urban services. It approved 10.1 billion dollars in loans last year. (Business recorder, 04<sup>th</sup> May, 2008)

### **Qatar to hire 30,000 Pakistani workers**

The Gulf state of Qatar would hire 30,000 skilled and semi-skilled workers from Pakistan this year. In this regard, an additional protocol has been signed pertaining to the existing labour agreement, which was inked between the two countries in 1987 to regulate export of manpower to Qatar. The agreement was signed by Federal Minister for Labour and Manpower Khursheed Ahmed Shah and the visiting Qatar Minister for Labour and Social Affairs, Dr Sultan Bin Hassan al Dhabit al Dousari. Talking to media, the Minister said that around 75,000 Pakistanis are working in Qatar so far. Under this agreement, he said, "We would send 30,000 workers to Qatar in 2008". He said that Qatar has been demanding skilled manpower, "but we are facing a shortage of trained workers due to discontinuation in policies during last many years". The Qatar government is committed to invest more than \$2 billion in Pakistan. The major sources of Qatar are liquefied natural gas (LNG) and oil. (Business recorder, 04<sup>th</sup> May, 2008)

### **Budgets being drawn up on old 'formula'**

The four provincial governments are drawing up their budgets on the basis of President Pervez Musharraf's national finance distribution formula which stipulates population as the only criterion for distribution of resources. There is a lot of confusion on availability of resources from the federal government and it is hampering the budget-making exercise as the provinces depend almost 90 per cent on transfers from Islamabad. Conversations with serving and retired officials in finance, planning and development and a few other departments indicate a possible outlay of Rs180 to Rs200 billion for 2008-09 budget. The rule of thumb is a 10 to 15 per cent increase over the outgoing fiscal year's budget. But the size of Annual Development Plan (ADP) remains tentative. "Our budget preparation exercise is being hampered by a number of factors," an official explained. First and foremost is the unstable international oil price which has already knocked out 2007-08 budgetary projections of revenue collection and expenditure. The 2007-08 budget is totally out of original shape as almost all budgetary projections have become irrelevant and severely impacted on provincial budgets. The officials say that the 2007-08 budgets of federal and provincial governments were drawn up with election in sight. (Dawn, May 4<sup>th</sup>, 2008).