News Alert

Daily Updates

Wednesday, October 24, 2012

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Taxation: *Pakistan*

FBR may reduce ST on steel products

October 24, 2012

The Federal Board of Revenue is likely to reduce sales tax on the steelmelters and steel re-rolling units being collected on the basis of per unit of electricity consumed by the steel manufactures. Sources told *Business Recorder* here on Tuesday that the tax authorities and the steel sector have convened meetings in which the industry has strongly suggested to further reduce the sales tax from existing Rs 7 per unit of electricity to a reduced rate.

In this connection, the FBR is reviewing the proposal of the steel sector to further reduce the sales tax on electricity consumed by steel-melters and steel re-rolling mills. The FBR had reduced sales tax from Rs 8 to Rs 7 per unit of electricity consumed by the steel-melters and steel re-rolling units and correspondently reduced the repayment-cum-drawback on the export of ingots/billets and mild steel re-rolled products through amendment in the Sales Tax Special Procedure Rules 2007.

In budget (2012-13), the FBR has increased the rate of sales tax from Rs 6 to Rs 8 per unit of electricity consumed by the steel-melters and steel re-rolling units. Through another amendment in the Sales Tax Rules, the sales tax was reduced from Rs 8 to Rs 7 per unit of electricity consumed by the steel-melters and steel re-rollers.

Under the Rules, every steel-melter, steel re-roller and composite unit of steel melting and re-rolling (having a single electricity meter), would pay sales tax at the rate of Rs 7 per unit of electricity consumed for the production of steel billets, ingots and mild steel (MS) products which will be considered as their final discharge of sales tax liability.

According to the amended rules, the payment of tax by steel melters, re-rollers and composite units of melting and re-rolling shall be made through electricity bills along with electricity charges. Provided that in case the due amount of sales tax is not mentioned in the electricity bill issued to any steel melter or re-roller or composite unit of melting and re-rolling, the said melter or re-roller or composite unit shall deposit the due amount of tax for the relevant tax period at the rate of Rs 7 per unit of electricity consumed excluding the amount of sales tax already paid on the electricity bill related to the said tax period through his monthly sales tax return.

Transfer and posting of Customs officials

October 24, 2012

The Federal Board of Revenue (FBR) has transferred and posted 10 officials of Pakistan Customs Service (BS-18/20) with immediate effect. According to a notification issued here on Tuesday, Abdul Rashid Sheikh, Director (OPS), Directorate of Internal Audit (Customs), Karachi has been transferred and posted as Collector (OPS),Collectorate of Adjudication-I, Karachi.

He is also allowed to hold additional charge of the post of Collector, Adjudication-II, Karachi; lmran Tariq, Commissioner (BS-20) from Regional Tax Office, Lahore to Collector, Collectorate of Adjudication, Lahore; Saud lmran Ahmed, Additional Director (BS-19) from Directorate of Internal Audit (Customs), Lahore to Collector (OPS), Collectorate of Adjudication, Faisalabad; Zahid Hussain Bhayo, Additional Collector (BS-19) from Model Customs Collectorate, Hyderabad to Collector (OPS), Collectorate of Adjudication, Quetta; Muhammad Aamer, (PCS/BS-19) from On repatriation from deputation to Additional Collector, Collectorate of Adjudication, Lahore; Dr Zulfiqar Au Chaudhry, Additional Director (BS-19) from Directorate of Internal Audit (Customs), Lahore to Additional Collector, Collectorate of Adjudication, Lahore; Ahmad Reza Khan, Additional Director (BS-19) from Directorate of Customs (Valuation), Lahore to Additional Collector, Collectorate of Adjudication, Faisalabad; lhsan Ali Shah, Deputy Director (BS-18) from Directorate of Training & Research (Customs), Karachi to Additional Collector (OPS), Collectorate of Adjudication, Karachi-I and Syed Naeem Akhtar, Deputy Director (BS-18), Directorate of Intelligence & Investigation (Customs), Karachi has been transferred and posted as Additional Collector (OPS), Collectorate of Adjudication, Karachi-II.-PR

Tax frauds, evasion of duties: LTU chief commissioners empowered to register FIRs

October 24, 2012

The Federal Board of Revenue (FBR) empowered the Chief Commissioners of Large Taxpayer Units (LTUs) and Regional Tax Offices (RTOs) to register FIRs against persons involved in tax frauds and evasions of duties and taxes without obtaining proper approval from the Board.

Sources told *Business Recorder* here on Tuesday that at present, field formations had to approach the Board, seeking approval for registration of FIRs. The Chief Commissioners of Inland Revenue also needed to take FBR"s administrative approval for FIR registration. As a result, field officials could not take initiative in cases of emergency where immediate FIRs were needed.

Sources said that legally, the commissioner could register FIRs against such persons, but the FBR had made it mandatory for the Chief Commissioners to take prior approval of the Board for registration of FIRs. The decision has resulted in considerable delays, as the whole process took take weeks or even months. On the other hand, it made no difference if powers were given to field formations, as the Chief Commissioner in field was a Grade-21 official like FBR Member.

April 24 to June 30: Rs 140 million CGT collected

October 24, 2012

AHMED MALIK

The National Clearing Company of Pakistan Limited (NCCPL) has successfully completed the first phase of collection of Capital Gain Tax (CGT) on share trading and collected approximately Rs 140 million in this account for the period from April 24, 2012 to June 30, 2012, sources said. Sources said necessary details and reports for the remaining period of July 1 to September 30, 2012 have also been made available in CGT system effective October 12, 2012, they added.

The NCCPL had announced that the collective amount of CGT, for the period July 1, 2012 to September 30, 2012, would be collected on Tuesday October 23, 2012 through respective settling banks of the clearing members. The collected amount in the account of CGT for this period would be announced soon. The NCCPL was appointed as tax collecting agent by the government after imposition of CGT on share trading to avoid direct interaction of tax officers with the stock market investors.

FTO''s new working on upper slabs: salaried class to get up to Rs 165,000 tax relief

October 24, 2012

SOHAIL SARFRAZ

The salaried class would get maximum tax relief up to Rs 165,000 on the basis of new working of income tax slabs by Federal Tax Ombudsman (FTO) Dr Muhammad Shoaib Suddle, revising three higher slabs (4-6 slabs) issued by the Federal Board of Revenue (FBR) for salaried individuals in budget (2012-13).

Sources told *Business Recorder* here on Tuesday that the said relief would be available to the salaried class as per one of the major relief recommended by FTO Dr Muhammad Shoaib Suddle for salaried class in his recently passed order. As a result of FTO''s new working on tax slabs for salaried individuals, there will be a sharp cut in income tax deduction up to Rs 165,000 for such taxable persons.

The FTO has directed the Federal Board of Revenue (FBR) to take urgent steps to address the glaring anomalies in upper income tax slabs of the salaried class as introduced through Finance Act, 2012. The FTO Office has proposed revision in the tax slabs number 4, 5 and 6 as per Finance Act 2012. The said three slabs have been proposed to be revised by the FTO extending a major tax relief to salaried persons falling within these categories. The following three slabs have been specified in the Finance Act 2012, which have not been endorsed by the FTO:

In this regard, the FTO gave his findings/recommendations in a public interest complaint C.No 88/Isd/Suo Moto(1)1100/2012 titled as Waheed Shahzad Butt Versus The Secretary

Revenue Division, Islamabad, wherein serious anomalies in tax rate slabs 4, 5 and 6 introduced for salaried individuals through Finance Act, 2012 have been pointed out by the complainant for Own Motion intervention by the FTO.

The FTO observed that tax computation mechanism that militates against the principles of horizontal and vertical equity clearly violates Articles 4 and 25 of the Constitution. Being arbitrary, unreasonable, unjust and discriminatory, such a treatment tantamount to maladministration as defined in section 2(3) of the FTO Ordinance, 2000. The argument of the FBR that the newly introduced slabs are based on the collective wisdom of the Parliament does not hold water, as the changes proposed in the Finance Bill 2012, to what emerged in the Finance Act 2012 do not, prima facie, appear to have been affected after debate or discussion in the Parliament. It seems that the Parliament has not been properly assisted by the FBR in the matter. The argument that the newly introduced slabs are based on the collective wisdom of the Parliament does not hold water, FTO order added.

When contacted, the complainant in C.No 1100/2012 Waheed Shahzad Butt while explaining the FTO judgement told this scribe that it is quite a positive and unique move by the forum of Federal Tax Ombudsman to unburden the most documented and fully tax compliant category of taxpayers. The salaried class is taxed on gross receipts of salary and almost each and every head falls under the category of salary is taxable under the provisions of the Income Tax Ordinance, 2001.

Tax expert further elaborated that a salaried taxpayer means where salary constitutes more than 50 percent of the total income. All perquisites, allowances or benefits subject to exclusion under Part-I of the Second Schedule to the Ordinance, are to be included in the taxable salary. The basic exemption limit for tax year 2012 was Rs 350,000/-, however, this limit has been enhanced to Rs 400,000/- wef July 2012 ie, period relevant to Tax Year 2013. The tax slabs have also been revised. The existing tax rate slabs have been reduced from 17 to 6. These slabs shall be applicable for tax year 2013. For withholding purposes, these shall apply to salary paid on or after 1st day of July 2012.

It is also pointed out by the tax expert though government has provided quite a handsome relief to low and average class salaried taxpayers and the tax benefit is to be gradually decreased with the increase in salary under the new slab structure for the salaried class as per Finance Act 2012, however, in the last three slabs where the fixed component does not tally with the maximum tax factor of earlier slab, it was a blatant error of commission at the part of FBR, which is now thrown away by the FTO under Own Motion (suo-motu) action. For the purposes of ease and comparing the effect of tax benefit granted to salaried taxpayer on the basis of recent recommendations issued by FTO as against the slabs introduced through Finance Act, 2012, tax expert provided the following chart:

Following three slabs have been specified in the Finance Act 2012, which have not been endorsed by the FTO:

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Tax Slab Taxable income in rupees Rate of tax

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4 Rs 1,500,000/- to Rs 2,000,000/- Rs 95,000/- + 15% of the amountof exceeding Rs 1,500,000/-

5 Rs 2,000,000/- to Rs 2,500,000/- Rs 175,000/- + 17.5% of theamount of exceeding Rs 2,000,000/-

6 Rs 2,500,000/- and above Rs 420,000/- + 20% of the amountof exceeding Rs 2,500,000/-

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Retrospective effect: anti-dumping duties on tiles from China abolished

October 24, 2012

National Tax Commission (NTC) has retrospectively abolished definitive antidumping duties on tiles imported from China from October 29, 2009 to November 29, 2011 and asked the Federal Board of Revenue (FBR) not to collect such duty on tiles imported during the above-mentioned period.

Sources told *Business Recorder* here on Tuesday that NTC has requested the FBR to immediately stop the customs authorities from collecting antidumping duties on tiles imported from China during this period. Details revealed that the issue is related to the final determination of antidumping investigation on dumped import of tiles, which includes Ceramic, Porcelain, Vitrified, Granite Wall and Floor Tiles in Glazed/Unglazed, polished/unpolished finish, originating in and/or exported from China. In May 2012, NTC had issued a letter and notice of final determination of this investigation and levy of definitive antidumping duty on import of tiles into Pakistan originating in and/or exported from China.

The importers of tiles challenged the definitive antidumping duties imposed on May 11, 2012 on imports of tiles into Pakistan originating in and/or exported from China in this case at Anti-Dumping Appellate Tribunal, Pakistan. On October 1, 2012, Anti-Dumping Appellate Tribunal set aside the commission's notifications for final determination and imposition of definitive antidumping duties and remanded back this case to the commission for fresh proceedings. Therefore, FBR shall not collect definitive antidumping duties on tiles imported from China for the period October 29, 2009 to November 29, 2011.

Tiles are classified under Pakistan Customs Tariff (PCT) number 6907.1000 (tiles, cubes and similar articles, whether or not rectangular, the largest surface area of which is capable of being enclosed in a square the side of which is less than 7cm), 6907.9000 (others), 6908.1000 (tiles, cubes and similar articles, whether or not rectangular the largest surface area of which is capable of being enclosed in a square the side of which is less than 7cm, 6908.9000 (others), 6908.9010 (tiles) and 6908.9090 (other), the NTC added.

Four-member body set up to work out toll tax proposals

October 24, 2012

The Divisional Commissioner Hyderabad Ahmed Bux Narejo constituted a four members' committee headed by Deputy Commissioner Hyderabad Agha Shah Nawaz Babar with Assistant Commissioner Hyderabad Taluka Rural and one representative each from Sindh Agricultural University (SAU) Tando Jam and Deok Jae Company, builder of Hyderabad - Mirpurkhas dual carriage to work out toll tax concessionary proposals for the academic community of SAU Tando Jam with consensus for interim period till the decision made by Provincial Government and to resolve petty differences among them and submit their reports within shortest possible time.

This he ordered while presiding over a meeting to sort-out the toll tax issues in between dual carriage executing company and SAU Tando Jam held at his office today. The Secretary Works and Services Kazi Shahid Perwaiz, Vice Chancellor SAU Tando Jam A.Q. Mughal, D.C. Hyderabad Agha Shah Nawaz Babar, Chief Executive Officer (CEO) Deok Jae Company Hamid Rasool and other officers from line departments attended the meeting. Addressing the meeting, the Divisional Commissioner Hyderabad said that his administration would not allow any party to take law and order into his hand or create hindrances in the process of development works in the interest of common man. He also assured the officials of the executing company that necessary support to guard their properties and employees would be provided.

The Divisional Commissioner Hyderabad said that we have already taken notice of confrontation in between SAU Tando Jam employees and local people over the toll tax collection from commuters for their short distance and want to resolve this issue amicably with all stakeholders on permanent basis. He said that since this is financial matter and concession to any category of commuter/vehicle would cause the loss to executing company which has been guaranteed by government through agreement. However, he made it clear that the issues of commuters of short distance/vicinity or academic institution could not be left unresolved. He said that he would write the government to re-visit the toll agreement and resolve the concessionary issues of local and academic institutions either at the cost of company gesture or government subsidy. He directed the committee to work out some solutions for interim period till the decision from government is notified.

The Provincial Secretary for Works and Services Kazi Shahid Perwaiz said that this is the first mega project completed under the public private partnership at its cost of Rs 6 billion and since a foreign investment in this project is involved, we must have to protect the rights of the company that have been guaranteed by agreement, not only to make it a success but also to give incentive to other investments from abroad. He said that we have many other projects in pipelines, ie, Hyderabad - Tando Muhammad Khan Road, Hyderabad - Karachi Super Highway Road, Jhrik - Thatta Road and so on for which the foreign investment was needed.

He said that once government inks the agreement, we have to get it implemented. He said that though the toll tax issues have created difficulties for the investors at initial stage yet due to interference from government to protect the rights of company, the situation at present is improving. However, he made it clear that any difference in between stakeholders is not good omen for the future investment as such the toll tax issues of Hyderabad - Mirpurkhas Road must be resolved amicably. He said that concession to any category of vehicle, naturally causes huge loss to the executive company and we are not empowered to take such decision but only to recommend government to decide at certain conditions.

The Chief Executive Officer (CEO) executing company Deok Jae while briefing the meeting said that they have already exempted 25 buses of Sindh Agriculture University Tando Jam from collecting the toll tax but cannot afford to exempt the private vehicles belonging to University employees. He said that in case of providing concession to private vehicles of University, we would have to consider other private commuters/vehicles at short distance claiming for same immunity and this will give loss to company up to Rs 100 million per year that according to him is not affordable. However, he agreed that any decision of the government in this regard would be honoured.

The Divisional Commissioner Hyderabad Ahmed Bux Narejo while concluding the meeting asked the management of Sindh Agriculture University Tando Jam/executing company and local administration to sit together and sort out the interim solution of the toll tax recovery from private vehicles of University till the decision made by higher authority.

Business & Economy

Mango exporters asked to follow regulations of European countries

Tuesday, 23 October 2012 18:56

Posted by Shoaib-ur-Rehman Siddiqui

MULTAN: The mango exporters will have to follow regulations to boost mango export in European market so that maximum foreign exchange could be earn.

Addressing a seminar titled 'export of mango to French market' here on Tuesday, Mango Growers Association, Multan president, Major (Retd) Tariq said that only disease-free mango should be sent to the French market or other European countries by taking special care of the rules and regulations of theirs.

Agriculture experts from Faisalabad and Multan informed the progressive mango growers that Pakistan was the fifth largest mango producer in the world and its mango export earning was far below than its potential due to the issues involved in the post-harvest handling of the fruit.

A kilogram of mango can fetch Rs 350 from French market if all requirements of the importing country are met, they added.

Multan Chamber of Commerce and Industry (MCCI) president Muhammad Khan Saddozai said that mango exporters must avail the advisory services of MCCI to enhance exports.

Smeda legal cell becomes formally operational

Tuesday, 23 October 2012 18:11

Posted by Shoaib-ur-Rehman Siddiqui

PESHAWAR: Third Party Facilitation Centre established under the auspices of Small and Medium Enterprise Development Authority (Smeda) with the financial assistance of United Nations Development Program (UNDP) has become formally operational.

Third Party Facilitation Centre, besides extending necessary legal facilities will also create awareness in business related problems.

Similarly it will also organize workshops, seminars and training programs for the trading community of Peshawar.

The centre established under the UNDP PRO Gole, Legal Empowerment for Economic Development project will provide important information regarding legal complications through legal experts.

The centre will provide free legal services and consultancy in matters relating tax, rent related affairs including Cantonment rent laws, utility connections, banking laws, Auqaf properties related issues, local government and companies and partnership related legal issues.

The Third Party Facilitation Centre in Peshawar has been established in collaboration with Tanzim-e-Tajiran in Sona Centre, Sarafa Bazaar, Peshawar City.

The legal facilitation centre has hired Fayyaz Ahmad advocate as legal consultant. He will provide legal consultancy to trading community on different problems, which are included the electricity, telephone and gas, matters relating to rent issues with department of auqaf.

He said that the centre will work along with Tanzim-e-Tajiran for the promotion of business activities in the city.

The legal consultant of the centre will be available for free legal consultancy twice a week on Saturday and Wednesday.

APP

ICCI stresses on more Pak-US economic cooperation

Tuesday, 23 October 2012 15:49

Posted by Parvez Jabri

ISLAMABAD: US Embassy in Pakistan was making all out efforts to highlight Pakistan's potential so that the US businessmen could invest in sectors of their choice.

These remarks were made by Sara M. Beran, Deputy Counsellor of Economic Affairs US Embassy in Pakistan during a meeting with Zafar Bakhtawari, President Islamabad Chamber of Commerce & Industry (ICCI). She also congratulated Bakhtawari on his appointment as President of ICCI.

She said that US Embassy would do all it could to promote women entrepreneurship in the country and the announcement of launching of the US-Pakistan Women's Council by US Secretary of State Hillary Clinton would also aim to promote the economic advancement of women in Pakistan.

Sara M. Beran suggested the Pakistan Government should formulate a concrete energy policy to encourage foreign investors in the energy sector of Pakistan. She also appreciated the current petroleum policy of Pakistan which has offered good returns to local as well as foreign investors.

Speaking on the occasion, Zafar Bakhtawari, President ICCI said that United States should reciprocate to the contributions of Pakistan as frontline state in war against terror by helping Pakistan to address the economic challenges through shifting its support from conventional aid to market access, investment, technology transfer, health, education and training, scientific research, power generation and infrastructural development.

He appreciated the US embassy's assistance in partnering with the Young Entrepreneurs Forum of the ICCI to organize Pakistan's first-ever Young Entrepreneurs Conference in March. He hoped that the two organizations could work together on future activities aimed at developing the next generation of entrepreneurs and business leaders in Pakistan.

Bakhtawari said that that business community of Pakistan attached great importance to trade relations with the United States. He said that Pakistan exports to US were stood around $3.8billion, asserting that there was dire need for concerted efforts on both sides to improve trade.

He was of the view that Pakistan has great potential and good prospects for foreign investors in different sectors of its economy. He said that the US could also help Pakistan in overcoming energy crisis by making investment in power projects and technology transfer. He further said that US should also identify investment opportunities in US market to extend support to Pakistani investors.

Conspicuous display of NTN: FBR told to act against errant shop, factory owners

Tuesday, 23 October 2012 11:01

Posted by Imaduddin

ISLAMABAD: Finance Minister Dr Abdul Hafiz Sheikh has directed the Federal Board of Revenue (FBR) to enforce the existing provision of law for documentation of the economy - making it compulsory for owners of shops, retail outlets and factories to prominently display National Tax Numbers (NTNs).

Sources told Business Recorder here on Monday that the issue of bringing wholesale and retail sector into the tax net was discussed threadbare during the meeting of the Tax Reform Coordination Group (TRCG) held at the FBR House. The meeting was chaired by Finance Minister and attended by FBR Chairman Ali Arshad Hakim and his team of tax managers. Members of the TRCG were also present.

Sources said the FBR has decided to take administrative and enforcement actions against the owners of shop/factories etc, who are not displaying their NTN outside the business premises. To bring wholesalers and retailers into the tax net, the exiting laws would be enforced to ensure filing of sales tax and income tax retunes by them.

Another proposal for documentation is that the sales tax invoices issued by the shopkeepers, wholesalers and retailers should contain some kind of stamp of the FBR. This would ensure issuance of serial number documented invoices to maintain record of the authentic invoices used in business transactions within the supply chain. With reference to the documentation of the services sector, this idea of stamping invoices by the FBR came under discussion at the TRCG meeting. The FBR's stamped invoices would ensure that the units engaged in issuance of sales tax invoices are registered taxpayers. However, no final decision was taken on the said proposal.

During discussion, it was pointed out that the provision was available in the income tax law but never invoked by the field formations. The implementation of this simple provision of law would immediately bring shops, departmental stores and other retail outlets within the documented regime in all major cities. Once the NTNs have been prominently displayed at the business premises, it would be very easy for the tax officials to check the NTN and verify whether the shopkeeper/factories owners have filed income tax return or not.

Under the existing law, section 181 of the Income Tax Ordinance, 2001 requires every person to obtain National Tax Number (NTN), if he is deriving income chargeable to tax. If the person derives income from business chargeable to tax, the Rule 83 of the Income Tax Rules, 2008 clearly makes it mandatory to display this NTN card at every place of business. The Rule 83 says, "Every person deriving income from business chargeable to tax, who has been issued a National Tax Number shall display the person's National Tax Number at a conspicuous place at every place of business of the person".

It has been agreed in the meeting of the TRCG to enforce the provision of the law to ensure that every big trader or shopkeeper must display the NTN at a conspicuous place at every place of business.

FBR Senior Member Tax Policy Asrar Raouf made a detailed presentation on the co-ordination between federal and provincial tax authorities to remove existing irritants and work out mechanism to increase the revenue pie. Major issues raised by the Senior Member Tax Policy included input tax adjustment, cross-border adjustment, data sharing among provinces and FBR, withdrawal of the Federal Excise Duty (FED) on services administered and managed by provinces and inconsistency in tax laws of provincial governments.

Sources said that the provinces are collecting sales tax on services and they are not liable to collect FED as specified in the Federal Excise Act 2005. The FED on services needs to be withdrawn from the Federal Excise Act, 2005 as the same are not being collected by the provincial governments.

Other issues highlighted by Asrar Raouf included taxation issues between the Sindh Revenue Board (SRB) and Punjab Revenue Authority (PRA). As a result of certain issues raised between the SRB and the PRA, taxpayers approached the federal tax authorities seeking clarifications on certain issues. A mechanism needs to be evolved which should address the issues among the provinces and FBR.

It was decided in the meeting of the TRCG that the members of the TRCG would finalize a workable proposal in consultation with the FBR to improve coordination between the provinces and the FBR. The joint proposals of the FBR and the TRCG would be onward submitted to the National Finance Commission (NFC) for consideration. It depends on the NFC to accept the proposals for increasing revenue collection through better coordination between FBR and provinces, sources maintained.

FBR Senior Member Tax Policy also informed the TRCG that the provinces will have to collect sales tax on services in accordance with the “Record Note” agreed between the federation and provinces on September 28, 2010. The services were divided into three broad categories as per “Record Note” finalized between the Federal Government and provinces during a series of meetings held at the Finance Division on Sep 27-28, 2010.

The “Record Note” had clearly specified names of services and authority responsible for collection of sales tax on these services. The services were divided into categories of Group-I Standalone services; Group-II Telecommunication services; and Group-III Services requiring input/output adjustments.

The presentation of Asrar Raouf also highlighted that Rs 300-400 billion inadmissible input tax adjustment would be checked through effective strategy at the level of field formations.

Pakistani carpets exhibition opens in Jakarta

Tuesday, 23 October 2012 10:19

Posted by Imaduddin

M RAFIQUE GORAYA

LAHORE: A three-day exhibition of Pakistani carpets opened at Pakistan Embassy Jakarta on Monday, Embassy press section told Business Recorder through an E-mail message.

Aambassadors from Turkey, Saudi Arabia, Morocco, Belarus, Serbia, Cuba, Nigeria, Russia, Syria and other diplomatic missions and business houses attended the ceremony.

A special effort was made to display carpets made in Pakistan.

In his inaugural remarks, Ambassador Sanaullah said that carpets symbolize luxury, comfort and aesthetic–beauty personified in weaving. Carpets which represent finer oriental and Islamic traditions constitute an important part of Pakistan exports today.

The ambassador said that Pakistani carpets are unique, durable, well-woven and last with the owner for generations.

Pakistani designs follow classic and traditional patterns enriched by dying techniques of the Indus valley.

The exhibition displayed exclusive new and semi antique carpets. Special efforts were made to select carpets which were well within the range of everyone but had every possibility of becoming a priced investment in future. It was a stepping stone to launch an even bigger carpet and culture exhibition in Jakarta in the coming year.

KCCI hails PM's decision regarding Thar coal

Tuesday, 23 October 2012 02:12

Posted by Abdul Ahad

KARACHI: The President of Karachi Chamber of Commerce and Industry (KCCI) has congratulated Prime Minister, Raja Pervez Ashraf, on the historical decision to restrict all future and existing power plants based on coal to utilize Thar or Thar specification coal only.

A KCCI statement issued here on Monday said that during a special meeting of the Thar Coal and Energy Board early this month, the Prime Minister took historic decisions for Thar Coal development which will give long term benefits for Pakistan's economy.

It said that now international studies by reputable companies have confirmed that the quality of Thar Coal (lignite) is at par or even better than the lignite mined in other parts of the world including in India which has extension of same coalfield.

The impression that Thar Coal is not viable for mining and power generation is based on misconception and lack of knowledge.

Renowned international companies like RWE Germany, Oracle Coalfield UK, SRK United Kingdom, Sino Coal China, North East Coal Bureau China and China Coal Technology and Engineering Group have done detailed feasibilities in Thar and all of them concluded that Thar Coal Mining is technically, economically and environmentally viable project and this coal can be used for power generation and other petro chemical uses.

Currently, the GENCO, under a policy guideline of Government of Pakistan, is converting its thermal power plant to coal.

In the first phase it is converting 800 MW RFO based Jamshoro Thermal Power Station to coal and also setting up a new 600 MW coal fired power plant at Jamshoro.

The KCCI statement further stated that the decision of the government to use only Thar coal specifications for these converted and new power plants will certainly not only boost the Thar coal development but also provide much needed energy security to the country and save precious foreign exchange.

If the 600 MW power plant at Jamshoro is based on Thar coal it will accrue a foreign exchange saving between USD 190 to 230 million per annum.

The business community fully supports this land mark decision of the government which will lead us to minimize the reliance on costly imports, the KCCI statement added.

Industries & Sectors

Shipping activity at Port Qasim

Tuesday, 23 October 2012 12:38

Posted by Parvez Jabri

KARACHI: One ship carrying canola seed was allotted berth at FAP Terminal during last 24 hours.

Meanwhile four more ships scheduled to load/offload containers edible oil and furnace oil also arrived at outer anchorage of Port Qasim during last 24 hours said a PQA press release on Tuesday.

Berth occupancy was 35% at the Port on Tuesday where total number of four ships namely Infinite Wisdom, M.V King Coal, Global peace and bow lion are currently occupying berths to load/offload rice canola seed and edible oil respectively during last 24 hours.

A cargo volume of 33589 tonnes comprising 32398 tonnes imports and 1200 tonnes exports were handle at the Port during last 24 hours.

LCCI, UAE agree to enhance economic cooperation

Tuesday, 23 October 2012 11:21

Posted by Imaduddin

LAHORE: The Lahore Chamber of Commerce and Industry (LCCI) and UAE Embassy on Monday agreed to work on preparing a roadmap aimed at further promoting economic cooperation between the two countries.

The decision to this effect was taken at a meeting between LCCI President Farooq Iftikhar and UAE Ambassador in Pakistan Essa Abdulla Al Basha Al-Noaimi here at the Lahore Chamber on Monday.

LCCI Vice President Mian Abuzar Shad, former president Irfan Qaiser Sheikh, former vice presidents Shafqat Saeed Piracha, Saeeda Nazar, Executive Committee Members Mian Zahid Javaid, Mudassor Masood, Nasir Saeed, Kashif Anwar and Tashraff Javaid also spoke on the occasion. UAE Honorary Consul in Lahore Chaudhry Munir also accompanied the Ambassador.

The UAE Ambassador maintained that exchange of trade delegations, participation in each other's fairs and exhibitions, protection to foreign investments and timely dissemination of trade related informed would be pursued with a new strategy.

He underscored the need for promotion of the people-to-people contacts and said this would help strengthen greater cooperation between the two sides. He said the UAE greatly values its deep-rooted relations with Pakistan and committed to further consolidate the existing economic ties.

Essa Abdulla Al Basha Al-Noaimi said that bilateral trade and investments in Pakistan has reached $23 billion in various areas of banking and real estate, energy, infrastructure, telecommunications, ports, housing and aviation, and the two sides are taking interest to hold international expos and joint investments in both countries for the development of this sector and the promotion of economy. He said the UAE had organised a conference in March 2010 at Dubai aimed at promoting investment in Pakistan.

Speaking on the occasion, the LCCI President Farooq Iftikhar expressed serious concern over fast declining UAE investment in Pakistan and sought the Ambassador's help to overcome the phenomenon. He elaborated that Pakistan was facing difficult situation in terms of attracting foreign investment. In 2006-2007, FDI in Pakistan peaked by reaching US $8.1 billion but since then it has been subjected to serious downfall. At that time, the share of FDI from UAE was around US $661 million. As of now the total FDI level in Pakistan has shrunk to well under US $1 billion. The point of concern is that UAE's share in FDI has gone below US $50 million, he added.

The LCCI President said that it was just a misconception that Pakistan was not safe for foreign investment. He said the UAE Embassy could play a role for re-routing the investment in a number of areas including Energy, Livestock and Infrastructure Development. If the UAE investors come up investment in industrial estates in Pakistan, it would of great help to the country's economy, he added.

He urged the Ambassador to use his good offices for expediting work on Khalifa Refinery as the project was of immense importance.

The LCCI Vice President Mian Abuzar Shad said 1.2 million Pakistani expatriates in the UAE are making valuable contributions to the economic and social development of the UAE and Pakistan is interested in further expanding bilateral cooperation with the UAE in the field of manpower.

It may be noted that the UAE and Pakistan are major economic and trading partners. Trade between the two countries is increasing and from 2009 to 2011 the total trade has leaped from US $4.89 billion to US $8.74 billion which is phenomenal.

The UAE has emerged as second largest destination of Pakistani exports. The increase is significant since the beginning of 2009 as our exports grew from US $1.54 billion to US $1.92 billion in 2011.

Although Pakistan has been experiencing unfavourable balance of trade with UAE but it is mainly because of oil import.

Out of total imports last year which amounted to US $6.82 billion, the value of oil imported by Pakistan from UAE was US $5.81 billion.

Pakistan's major items of exports to UAE are articles of jewellery, petroleum oils, rice, wheat, bed & kitchen linens, meat etc. Similarly Pakistan imports crude oil, petroleum products, gold, ferrous waste & scrap of iron & steel, polymers of ethylene and silver etc.

Fuel and Energy: *Pakistan*

Total power loss 44 percent, parliamentary panel told

October 24, 2012

MUSHTAQ GHUMMAN

The Ministry of Water and Power on Tuesday informed a special panel of parliamentarians that the total extent of electricity losses was 44 percent. "We are experiencing 3 percent losses at generation level, followed by 12 percent in distribution and 14 percent in transmission, besides 15 percent theft, totalling 44 percent," said Special Secretary Ministry of Water and Power Himayatullah Khan.

The meeting of special committee on energy crisis met under the chairmanship of Usman Khan Taraki. Members of committee include Dr Ayatullah Durrani, Shahid Khaqan Abbasi and Muhammad Jadam Mangrio. The committee raised a number of questions on power outages, issues in payment to Pakistan State Oil (PSO), installed capacity and reliable capacity and current demand and supply position.

Nepra"s representative informed the panel that corruption, mismanagement and massive increase in prices of furnace oil were key reasons behind the increase in power tariff, adding that because of non-availability of gas Rs 150 billion was being passed on to consumers.

Nepra officials argued that cheap electricity could be generated through, but the Petroleum Ministry was providing gas to highly inefficient thermal power plants, instead of providing the fuel to efficient ones. According to Nepra, the government was passing on Rs 69 billion to consumers in tariff because of generation of expensive electricity.

The four IPPs are 229-megawatt Saif Power Project, 229MW Sapphire Electric Power Project, 229MW Orient Power Project and 225MW Halmore Power Project. "If the government ensures gas supply to these power plants the entire year, consumers can be provided relief of Rs 150 billion per annum.

The Special Secretary said that NTDC"s installed capacity is 21,000MW, whereas reliable capacity was 18,500MW. The current average demand was 12,000MW against generation of 9,900MW, showing a shortfall of 2,100MW. Hydel generation, which was 3,600MW as of today, would decline to 1,100-1,150MW in December because of annual canal closure and NTDC had to rely on furnace oil generation which was costlier than hydel and gas generation. According to him, the duration of load shedding was between four and five hours in different parts of the country, adding that power cuts in the jurisdiction of Islamabad Electric Supply Company (Iesco) and Gujranwala Electric Power Company (Gepco) was less than Lesco, Fesco and Mepco because of lower losses and good recovery rates. "Previously there was an imbalance in load-shedding. The new team has brought a little balance between rural and urban areas. We are trying to minimise leakages," he said.

He stated that the government could minimise electricity cuts but it would be difficult to entirely eliminate it. In reply to a question, he said that federal and provincial governments had to pay Rs 385 billion to distribution companies which is the main reason for the financial constraints. Sindh owes Rs 52 billion followed by Punjab"s Rs 5.4 billion, Khyber-Pakhtunkhwa Rs 19 billion, Fata Rs 23 billion, Azad Kashmir Rs 15.9 billion and Balochistan Rs 6 billion.

The cost of power generation on Residual Fuel Oil (RFO) is Rs 18-22 per unit against the sale price of Rs 8.8 per unit. He said that Discos" September bills recovery up to October was Rs 25 billion which is expected to reach Rs 38 billion by the end of this month. "Secretary Water and Power Nargis Sethi interacted with CEOs of Discos twice a day and asked about the recovery position.

Results of our interaction are very encouraging," said Hamayatullah Khan. In reply to a question raised by Nawab Yusuf Talpur and Muhammad Jadam Mangrio, Special Secretary Water and Power informed the committee that there was resistance to pay bills in some parts of Sindh. He said that relations with the Ministry of Petroleum with respect to supply of RFO and gas, were not good and in winter, the issue of gas supply would aggravate.

In reply to Ayatullah Durrani"s question, Managing Director NTDC Naveed Ismail said that NTDC paid Rs 193 billion to PSO in three and a half months against the billed amount of Rs 118 billion with the blessings of Finance Ministry. He said there was no issue of furnace oil supply now, but gas supply was still a "very important issue". "Four private power plants of 800 MW are not being supplied gas. Gencos are also being denied gas. In winter, NTDC has to depend on 27,000- 28,000 tons of furnace oil for power generation."

According to him, 15-20 percent of the time, IPPs entire capacity was not available because of outages, including annual turnaround. "We are facing a shortfall of 1,500-2,000MW because of outages and 1,500-2,000MW because of non-availability of gas," Ismail maintained.

NTDC"s Managing Director said that rehabilitation of Gencos was underway, adding that after completion, 1,170MW of electricity would be injected into the system. "This implies Gencos"s generation capacity will increase to 3,045MW from 1,885MW." The special committee was also apprised about ongoing and new thermal and hydropower projects. However, the Special Secretary said that contractors were not ready to work at project sites because of security concerns.

PRL's profit after tax increases to Rs 767.128 million

October 24, 2012

The profit after tax of Pakistan Refinery has increased to Rs 767.128 million in the quarter ended September 30, 2012 as compared to Rs 24.408 million earned in the corresponding quarter in 2011. The board of directors of the company in its meeting held on Tuesday declared that the company's earning per share has increased to Rs 21.92 in the period under review against Re 0.70 in the same period last year.

According to the financial results sent to Karachi Stock Exchange, the company's sales increased to Rs 38.201 billion in this quarter against Rs 34.095 billion in the same quarter last year. The company paid Rs 6.545 billion as sales tax, excise duty and development levy during this quarter against Rs 4.951 billion paid in the same account in the same quarter last year. The cost of sales increased to Rs 30.339 billion against Rs 28.577 billion. The company's profit before taxation increased to Rs 944.048 million in this quarter against Rs 197.292 million in the same quarter last year.

CNG stations to remain open during Eid: SSGC

October 24, 2012

On the directives of Prime Minister Raja Pervez Ashraf there would be no gas load shedding during Eid days. The Sui Southern Gas Company (SSGC) has confirmed that all the CNG stations across Sindh province will remain open during Eid holidays on Saturday and Sunday.

Under the gas load management plan, the CNG stations remain closed for two days every week across Sindh province due to acute gas shortage. However, the Prime Minister has issued directives to exempt all CNG stations across the province from gas load shedding during Eid.

OGDC's profit after-tax reaches Rs 25.655 billion

October 24, 2012

The after tax profit of Oil and Gas Development Company (OGDC) has increased to Rs 25.655 billion in the quarter ended September 30, 2012 as compared to Rs 21.915 billion earned in the corresponding period in 2011. The company's earning per share has increased to Rs 5.97 in the period under review against Rs 5.10 in the same period last year.

The board of directors of the company in its meeting held on Tuesday at Islamabad approved first interim cash dividend for the year 2012-13 on the basis of accounts for the period ended September 30, 2012 at Rs 1.75 per share ie 17.5 percent. According to the financial results sent to the Karachi Stock Exchange, the company net sales increased to Rs 53.795 billion in this quarter against Rs 44.686 billion in the same quarter last year.

The company paid Rs 6.256 billion as royalty in this period against Rs 5.115 in the same quarter last year while operating expenses increased to Rs 8.789 billion against Rs 7.230 billion and transportation charges stood at Rs 523.398 million against Rs 435.928 million. The company's profit before taxation increased to Rs 36.443 billion in this quarter against Rs 31.097 billion in the same quarter last year.

State-run oil, gas firms told to regularise all employees

October 24, 2012

ABDUL RASHEED AZAD

A Parliamentary Panel on Tuesday directed the management of Oil and Gas Development Company Limited (OGDCL) to regularise all contractual, third-party and daily-wage employees of the company. The panel also decided to take stern action against Managing Directors (MDs) of all state-run oil and gas entities in case they failed to attend the next meeting.

The meeting of the National Assembly's Sub-Committee on Petroleum and Natural Resources was held here on Tuesday under the chairmanship of Jamshid Dasti to review issues related to fresh recruitment in Sui-Northern Gas Pipe Line Limited (SNGPL), Pakistan State Oil (PSO), OGDCL and Pak Arab Refinery Company (Parco).

The committee, expressed displeasure over the absence of MDs of state-owned oil and gas entities and directed officials concerned to attend the next meeting. Otherwise, the officials were told that the committee would take stern action against them. The committee also sought explanation from the Secretary Petroleum about the absence of oil and gas companies heads.

"These officials actually show that they have no regard for the Constitution as well," Jamshid Dasti said, adding that strict action would be taken against these officials who abstained from the committee meetings. The committee directed the management of the OGDCL to release the salaries of the daily-wage employees before Eidul Azha. Otherwise, responsible would face stern action.

Briefing the committee, Basharat Mirza, a senior OGDCL official, said that the company had recruited a total of 590 contractual employees during the period between February 2008 and September this year; of which 353 had been regularised, while the remaining cases were under process for regularisation as per company policy.

"OGDCL has a total strength of 10,297 employees, out of which 246 are working on contract basis, whereas 2,884 employees have been appointed on third party basis," Mirza said, adding that no fresh recruitment in the company be made without prior approval of the Ministry of Petroleum and Natural Resources. The Chairman of the committee directed the OGDCL to strictly adhere to the quota policy in the appointment process, besides ordering to regularise the services of all employees appointed on third party basis.

Government urged to cut CNG prices at par with other regional countries

October 24, 2012

The All Pakistan CNG Association (APCNGA) has urged the government to bring prices of Compressed Natural Gas (CNG) at par with the prices in other countries of the region. Ghiyas Abdullah Paracha, Chairman Supreme Council APCNGA said that CNG prices in Pakistan are the highest in the region and the government needs to bring it at par with its prices in other countries of the region.

Speaking at a hurriedly-called meeting here on Tuesday, Paracha informed that price of CNG in Thailand is 76.70 percent less as compare to petrol. Similarly, in Bangladesh, CNG is available at 68.61 percent lesser price, in Indonesia 51.65 percent and in India it is 58.84 percent of the cost of petrol.

Many countries including India and Bangladesh don't have any indigenous substitute for gasoline; they lack proper gas infrastructure, but they sell CNG at low price as compare to Pakistan despite importing Liquefied Natural Gas (LNG) and paying for conversion to enable it for use in vehicles. Prices of CNG in Pakistan should match other countries, where buying power of the masses is more or less the same, he said.

Decisions regarding CNG sector are not taken on merit, but on the whims of powerful oil lobby, which wants to boost its business, said Paracha. He said that CNG sector needs immediate attention of authorities, as billions have been invested in it and 3.5 million cars have been converted, adding that livelihood of nearly one million people directly or indirectly attached to this sector.

He said that gas is an indigenous resource, which economical and clean as compare to imported fuels, which are costly and unfriendly to environment. As a policy, US and many EU countries have been promoting use of gas to reduce dependence on imported fossil fuels due to uncertainty in supply chain, volatility in prices, and save foreign exchange, he said, adding that many countries are doing away with expensive LPG, but here CNG sector is being closed to boost import of costly fuel.

Total consumption of CNG sector in Pakistan not more than 8 percent, it is paying more taxes as compare to any other sector using gas, yet it is being victimised, while some other influential sectors are promoted despite the fact that immediate conversion of those sectors on other fuels is in national interest, Paracha observed.

He informed that before 2002, there was a ban on running thermal power plants on CNG. It was Musharraf's era when country started running power stations on clean fuel despite its scarcity. The decision resulted in depletion of precious gas reserves, which took toll on masses and economy, deprived industry of economical fuel, and contributed to rapid environmental degradation, he added. The government should consider reversing the decision, demanded Ghiyas Paracha.

Faisalabad region: gas supply restored to 550 units

October 24, 2012

KHALID ABBAS SAIF

Sui Northern Gas Pipelines Limited (SNGPL) has restored gas supply to 550 industrial units in Faisalabad Region for 60 hours after gas-shedding of four days and announced new gas-shedding schedule for 108 hours in each week.

Talking to newsmen, Chaudhry Salamat Ali, Ex-Chairman, Pakistan Hosiery Manufacturers & Exporters Association (PHMA) North Zone has rejected the SNGPL 108-hour gas closure plan from October 25 (18:00 pm) and stated that this decision would prove last nail in the coffin as a total shut down of textile industry in Punjab, which is facing multiple problems of loadshedding of electricity and gas, high mark-up rates and unfavourable environment of doing business.

He mentioned that there was a global phenomenon that industry was given top priority whereas in Pakistan it came to the least and other sectors were given priority. He said that around 40 percent of the industrial units, most of them textile sector in Punjab, run on gas and gas suspension means no production by almost half of the industry and a loss of millions of rupees to the exchequer.

Pointing out that the gas suspension plan a death knell for export-oriented textile industry and productivity, Chaudhry Salamat Ali sought the President and Prime Minister's intervention and help for a regular supply of gas to the industry in Punjab. In a media briefing, Mian Zahid Aslam, President, Faisalabad Chamber of Commerce & Industry (FCCI) urged the government to restore the supply of gas to the industries in Faisalabad immediately as it would halt the whole production process particularly of textile industries which was already sustaining hardly for survival.

He mentioned that the industries in Faisalabad particularly the textile industries were already crippled in their production process and running at 30 percent of their installed capacity due to electricity shortage - scheduled and unscheduled loadshedding. He continued that due to this curtailment of supply of gas for a day in a week means that there was no supply of gas to the industries and there would be complete halt of the industrial wheel and resultantly, the industries would have to close their operation as gas the major raw material.

"There is no competitive alternate available to the natural gas and if any, the cost of production goes to the exorbitant level thus making the product cost too high and unfeasible," he added. Referring to the commitment by the government that 100 mmcfd gas would be added to the current supply-line to the Faisalabad industries already in lesser supply, he said the promise of the government had gone to afloat like the ending of the electricity loadshedding in the country promised by the government authorities time to time in the past.

The Chamber Chief deplored on the discrimination in the gas distribution which has been curtailed to one day in one part of the country while it has continuous supply to the other part of the country. He said country was already facing serious gap in its external sector due to lowering export proceeds, FDI has lowered to 67 percent from July-September, 2012, if compared to the last quarter of the previous year and domestic investment and industrial expansion was completely stopped. At this point of time when internal and external sectors need increased economic activities, the aggravating situation for supply of electricity and particularly gas will produce damaging impact to the country's economic health already weakening.

Textile being the major sector in Faisalabad and have its forward and backward integration with all the economic activities in the region and national stream, there will be big disaster in the form of unemployment of whole the workforce engaged in the textile/industrial sector at

Faisalabad.

He maintained that current gas production in the country was over 4.3 billion cubic feet per day whereas the managed demand was around 6 bcfd. With the winter following, the government should go for timely arrangement to minimise the shortfall at fast speed because of increase in consumption in the coming months by industrial and domestic sectors.

He also emphasised abolishing duty on furnace oil as a stop-gap arrangement. He further said that, as a real solution to the problem in the long and short run, the government should speed up exploration of gas from local resources, start of the supply of Liquefied Natural Gas (LNG) and practical steps for construction of Iran-Pakistan (IP) Gas Pipeline Project and working on Turkmenistan-Afghanistan-Pakistan-India (Tapi) gas pipeline project.

Fuel and Energy: *World*

Oil prices plummet

October 24, 2012

Oil prices fell sharply on Tuesday as slowing global economic growth, Europe's continuing debt crisis and weak earnings forecasts from US corporations pressured commodities and equities. Brent fell for a sixth straight session and US crude was down for a fourth consecutive day to settle at a three-month low.

Evidence of slowing economic growth and an improving crude oil supply picture continued to counter any potential lift from Middle East turmoil and Iran's dispute with Israel and the West over Tehran's nuclear program. Chemical company DuPont lowered its earnings forecast, announced 1,500 job cuts and posted lower-than-expected profit, helping to push equities, oil and other commodities lower. The Thomson Reuters-Jefferies CRB index, a gauge widely followed by commodity investors, fell 1.2 percent.

DuPont's gloomy outlook came a day after heavy machinery maker Caterpillar Inc warned that the US economy was slowing faster than expected. Rising Spanish borrowing costs and slumping business morale in France's manufacturing sector added to concerns about Europe's debt crisis and sputtering economic growth.

"The main bearish driver is the state of the economy," said Filip Petersson, an analyst at SEB in Stockholm. "And that's taken all markets down quite a bit." TransCanada Corp's Monday restart of its Keystone pipeline carrying crude oil from Canada to the United States added pressure on oil futures. Brent December crude fell $1.19 to settle at $108.25 a barrel, its lowest settlement since October 3. It slumped to $107.31, its lowest level since September 20 and below the 100-day moving average of $107.42.

US December crude fell $1.98 to settle at $86.67 a barrel, its lowest settlement since July 12. Tuesday's low trade was $85.69. Tuesday's move lower left US crude poised "for a test on the 61.8 percent retracement of the $77.28 to $100.42 move at $86.12, and possibly below," Michael Fitzpatrick, editor-in-chief, wrote in the industry newsletter EnergyOverview. US refined products futures extended multiday slides, with front-month RBOB gasoline futures off for a ninth straight session. They fell 4.25 cents to settle at $2.6050 a gallon, off 35.43 cents from its $2.9593 settlement on October 10.

Front-month heating oil traded lower for the eighth straight session, dropping 3.33 cents to settle at $3.0434 a gallon, down 21.37 cents from October 11 when it closed at $3.2571 a gallon. Falling distillate inventories, especially in the US Northeast, the country's biggest heating oil market, had stirred concerns about a potential fuel shortfall as winter approached.

But analysts said a combination of ongoing tepid demand for refined products and healthy crude oil inventories was weighing on both gasoline and distillate prices. "I think the judgement of the market is that, while (distillate) inventories are still low, they are likely to rise," said Tim Evans, energy analyst for Citi Futures Perspective in New York.

Oil prices also felt pressure from expectations that US crude oil and gasoline inventories likely rose last week, according to analysts polled by Reuters. But distillate inventories were expected to be lower. The American Petroleum Institute will release its inventory report at 4:30 pm EDT (2030 GMT) Tuesday. The US Energy Information Administration (EIA) will issue the government's report on Wednesday at 10:30 am EDT (1430 GMT).

Opec deadlocked over top post

October 24, 2012

Opec remains in a stalemate over selecting its next secretary general, delegates to the producer group said on Tuesday after a two-day meeting, due to rivalry between four member-countries over its top administrative post. A panel of officials met at the Vienna headquarters of the Organisation of the Petroleum Exporting Countries on Monday and Tuesday, to advise Opec oil ministers on who should succeed Abdullah al-Badri, whose term in the job ends in December.

Jordan ends uranium deal with France nuclear giant

October 24, 2012

Jordan said on Tuesday it had terminated a uranium mining licence for a joint venture between Areva and a local firm, but the French nuclear giant insisted the agreement was only covering exploration. "The licence for the Jordanian French Uranium Mining Company (JFUMC) to mine for uranium in central Jordan is now void," the Jordan Atomic Energy Commission said in a statement carried by state-run Petra news agency.

"The company has failed to submit its report on time, and its findings on uranium resources were inaccurate." The joint venture between Jordan Energy Resources Incorporated (JERI) and Areva said in a June report that the overall uranium potential on the licensed 70 square kilometre (27 square miles) area exceeds 20,000 tonnes. But an Areva spokesman said it "had never been agreed that (the venture) would lead to production." "We created a joint-venture with JERI and the JFUMC as part of an agreement on uranium exploration in Jordan, which was due to expire this year (in January)," he told.

Putin tells Russian gas exporters to look east

October 24, 2012

President Vladimir Putin ordered a rethink of Russia's natural gas export policy to take advantage of rising Asian demand, as giant producer Gazprom launched a huge Arctic field to supply Europe, where demand is falling. Putin has tightened his personal grip on Russia's gas export policy since the formal launch of a European Commission probe into pipeline gas export monopoly Gazprom's pricing under its standard long-term contracts, which are linked to the oil price.

In the past year, he has been urging Gazprom to update its strategy and develop capacity to produce liquefied natural gas (LNG) that can be exported by sea. "The priorities should be supplies to the domestic market, our own economy and our enterprises, as well as diversification of markets to account for the prospective Asian segment and means of delivery," Putin told a meeting on Tuesday of a Kremlin energy policy commission.

Russia, the world's second-largest producer of natural gas after the United States, has for years unsuccessfully tried to secure a deal to sell pipeline gas to China, the world's largest energy consumer. The two countries have failed so far to iron out differences over issues such as price and routes. Russia is now aiming to sell LNG to China, Korea and India.

Putin was speaking at a meeting of energy officials, including Igor Sechin, the head of Russia's top oil producer Rosneft, who earlier held a conference call with investors on a deal to acquire Anglo-Russian crude producer TNK-BP in a cash-and-stock deal worth $55 billion. Putin presided by video link over the launch of Gazprom's giant Bovanenkovo field on the Arctic Yamal Peninsula, which will pump as much as 115 billion cubic metres of gas by pipelines, mainly to Europe, in 2017 with a view of increasing it to 140 bcm thereafter. It will produce 46 bcm in 2013.

"In the years when (Bovanenkovo) was being built, the entire market changed and we see stagnating demand for gas in Russia, even falling demand in the past year. We see rising uncertainty for Russian gas on foreign markets," Sberbank analyst Valery Nesterov said. "Realistically, if you look at the way the market has developed, Bovanenkovo gas may not be needed on the market even by the end of the decade."

Putin returned to the Kremlin in May for a six-year presidential term and will be eligible for re-election for another that would keep him in power 2024. Hydrocarbon production accounts for a half of state revenues and as part of his close supervision of energy policy Putin has warned Gazprom, which long rejected suggestions that a boom in US shale production would have lasting consequences, to adapt its approach. The much-delayed Bovanenkovo field contains almost 5 trillion cubic metres of gas - enough to satisfy global gas demand for a year - marking Gazprom's first big foray onto the Yamal peninsula, north of its traditional Siberian base.

Yamal is hundreds of kilometres north of Gazprom's core assets in the Nadym-Pur-Taz basin and the company needs tens of billions of dollars to bring gas from remote deposits into its trunk gas pipeline system. Bovanenkovo is Yamal's largest gas field. Development of Arctic oil and gas are a priority for the Kremlin as fields in West Siberia, the traditional producing heartland dating from Soviet times, become depleted.

"It is important to continue comprehensive gas fields development of Yamal and northern part of Krasnoyarsk region, to launch tens of deposits. I am sure it will be implemented," Putin said during the launching ceremony. Gazprom expects that gas output in Nadym-Pur-Taz will decline to 300 billion cubic metres (bcm) in 2015 from 400 bcm at present, and further to 230 bcm in 2020.

But tapping the new and distant reserves beneath the permafrost requires vast investments, and conditions are harsh, with temperatures dipping below minus 50 Celsius (minus 58 Fahrenheit) in winter. Sometimes night shift workers have to grip a rope to avoid being blown by blizzards into the tundra. The Bovanenkovo launch will be the first major gas deposit in Russia to come on stream since production started at Gazprom's Siberian Achimgaz joint project with German chemical group BASF in 2008. Gazprom has delayed the commissioning of Bovanenkovo, discovered in the 1960s, several times due to weak gas demand.

As unconventional US oil, gas boom, so do jobs

October 24, 2012

The US oil and gas rush is cutting into jobless numbers, supporting a total of 1.7 million jobs this year, a number that will swell to almost 3 million by 2020, a leading consultant said in a study released on Tuesday. The report by forecaster IHS Global Insight is part of a series attempting to quantify the impact that booming production of so-called "unconventional" oil and gas has had on the American economy.

Using new technology to blast fossil fuels trapped in shale rock has transformed the US energy sector. After five years of rapid growth, unconventional oil accounts for about 2 million barrels per day of US production in 2012, IHS said. Total US crude oil production is expected to average 6.3 million barrels per day, according to the Energy Information Administration. Unconventional oil will outpace conventionally drilled oil by 2015 and reach close to 4.5 million bpd by 2020, representing close to two-thirds of total US crude and condensate production, IHS said. "At which point do you stop calling this unconventional?" said John Larson, a vice-president at the firm and lead author of the study, in an interview.

"This is going to become the convention." Oil, gas and chemical lobby groups helped pay for the study but did not influence its independent, data-driven results, Larson said. President Barack Obama cited an earlier report in the IHS series on the campaign trail and in a State of the Union address that documented 600,000 jobs created by the natural gas sector.

That natural gas employment estimate has since swelled to 900,000 jobs, Larson said, noting more data is now available about new "plays" where companies are drilling. By 2020, IHS forecasts about 1.3 million additional jobs in unconventional oil and gas, with the sector contributing more than $416 billion to the economy.

Of the 3 million total jobs, IHS said about 20 percent would come directly from the upstream oil and gas industry, with more than 900,000 people employed by suppliers and about 1.5 million "induced" jobs from spending by workers in the sector. With 12 million Americans unemployed and about 23 million underemployed, the growth in unconventional oil and gas jobs is helping take some slack out of the jobs market, Larson said.

"This is really overwhelmingly net new jobs being added to the economy," he said. The report comes as the Environmental Protection Agency considers what role it should play in regulating hydraulic fracturing or "fracking," the technology used by drillers to blast sand, water and chemicals into shale rock to unleash the oil and gas.

Environmental groups have raised concerns that fracking can pollute groundwater and air, but the industry says the practice is safe so long as wells are properly built. The projections in the report assume the industry remains regulated mainly at the state level, and also assumes that most growth in drilling continues to happen on privately owned land, Larson said.

The sector currently contributes more than $61 billion in revenues to government, rising to more than $111 billion by 2020, assuming no changes to the industry's tax incentives. However, both Obama and Republican presidential candidate Mitt Romney have talked about rolling back those tax breaks as US policy makers look for ways to boost revenues to help avert massive spending cuts and personal income tax increases that are part of the "fiscal cliff" looming at the end of the year.

In February, IHS is planning another report in the series looking at how the energy boom has led to a "renaissance" in the US manufacturing sector. Part of that report will forecast jobs created by proposed exports of liquefied natural gas, Larson said. IHS currently assumes exports of 4 billion to 6 billion cubic feet per day by 2035, Larson said - far less than what companies have proposed to build. Even if the Energy Department gives a green light for exports, IHS does not believe the global market is strong enough to support all the proposals, Larson said. "It's really hard for us to see how all those (terminals), even if they were approved, end up being built," he said.

Banking & Finance

SBP to buy govt paper

Tuesday, 23 October 2012 10:36

Posted by Parvez Jabri

KARACHI: SBP said it would buy government paper from commercial banks on Tuesday in a seven-day reverse repo to inject funds into the money market.

The State Bank of Pakistan (SBP) did not say how much money it would inject through the open market operation.

SBP to remain closed from 26th to 29th

Tuesday, 23 October 2012 10:17

Posted by Imaduddin

RECORDER REPORT

KARACHI: The State Bank of Pakistan and all offices of SBP Banking Services Corporation, including the Public Debt Offices, will remain closed from October 26 to 29, 2012 (Friday, Saturday, Sunday & Monday) being public holidays declared by the government on the occasion of Eid-ul-Azha.

Markets

LSE down by 29.71 points

Tuesday, 23 October 2012 20:13

Posted by Shoaib-ur-Rehman Siddiqui

LAHORE: Bearish trend prevailed in Lahore Stock Exchange on Tuesday as it shed 29.71 points, following the LSE-25 index opened with 4045.85 and closed at 4016.14 points.

The market's overall situation also did not correspond to an upward trend as it remained at 1.547 million shares to close against previous turnover of 2.849 million shares, showing a downward move of 1.301 million shares. While, out of the total 104 active scrips 28 moved up, 17 shed values and 59 remined equal.

Treet Corporation Limited, Attock Refinery Limited and Atlas Insurance Limited were Major Gainer of the day by recording increase in their per share value by Rs 2.99, Rs 2.66 and Rs 1.77 respectively.

Lucky Cement Limited, Engro Foods Limited and J.K. Spinning Mills Limited lost their per share value by Rs 1.02, Re 0.54 and Re 0.50 respectively. The volume leader of the day included NIB Bank Limited with 284,500 shares, Silk Bank Limited (Saudi) with 190,500 shares and The Bank of Punjab Limited with 164,500 shares.

LSE allows trading in Redco Textiles' shares

Tuesday, 23 October 2012 11:23

Posted by Imaduddin

RECORDER REPORT

LAHORE: Lahore Stock Exchange (LSE) has allowed trading in the shares of the Redco Textiles Limited with effect from Tuesday (today).

"All transactions taking place in the shares of the Redco Textiles will be settled through NCCPL," a spokesman of LSE said. The spokesman said Redco Textiles Limited has rectified the default of Listing Regulation No. 30(1) (e) & (g) i.e., payment of outstanding dues of the LSE and induction of ordinary shares of the company into CDS. The ordinary shares of the company have been declared eligible for book entry transactions by the Central Depository Company of Pakistan Limited.

Managing Director and Chief Executive Officer of the Lahore Stock Exchange Aftab Ahmed Chaudhry appreciated the efforts of the Management of Redco Textile Mills Limited for rectifying the default of Listing Regulations of the Exchange.

It may be noted that the LSE had suspended trading in the shares of the Redco Textiles vide notice dated July 31, 2012.

BoK earns Rs1.81bn profit before tax

Tuesday, 23 October 2012 11:13

Posted by Imaduddin

RECORDER REPORT

PESHAWAR: The Bank of Khyber (BoK) earned Rs1.181 billion profit before tax for the period ended 30th September, 2012. This was stated by the bank Managing Director, Bilal Mustafa, while reviewing Operational Performance here at a senior management committee meeting held at BoK head Office on Monday.

The meeting was attended by All Group and Divisional Heads. Bilal Mustafa lauded the growth in all operational areas of the BoK during third quarter of the current financial year, and expressed his confidence over the field staff and head office supporting team, adding that we have to work with more devotion and dedication to achieve the various operational targets for the year.

He said that due to increase in branches network, we could attract more client, which would alternatively help us to grow our deposit and advance base and our bank will play its due role in socio-economic development of the country.

Bilal Mustafa mentioned that in-spite of unfavorable economic conditions across the country especially in our province, BoK total deposits as on 30th September are Rs58 billion showing 46 per cent growth as compared to September 2011 and BoK total assets of BoK Rs77 billion.

All these results reflect the confidence of the general public and institutions over the services of BoK. Bilal Mustafa also mentioned that BoK is enjoying a unique advantage of Islamic and Conventional banking services to its clients which also help us in achieving our goals.

Islamabad: prices of sacrificial animals soar by 25-30pc

Tuesday, 23 October 2012 11:09

Posted by Imaduddin

ASMA RAZAQ

ISLAMABAD: Prices of sacrificial animals in the Capital have gone up by 25-30 percent while the number of people who are considering not sacrificing on Eid-ul-Azha this year in comparison to last year has declined by 30-35 percent due to sky-rocketing prices of animals in the cattle markets.

A survey conducted by this scribe reveals that high inflation of food and non-food items accounts for many abandoning the idea of sacrificing animals on Eid-ul-Azha on October 27.

The survey found that many people are opting to purchase shares in buffaloes or cows rather than purchasing goats as it is comparatively cheaper.

There is considerable difference in the price of sacrificial animals in different cities across the country. The average price of a goat in Islamabad is Rs. 20000-25000 while that of sheep is from Rs. 16000-22000. The price of cows/buffaloes ranges from Rs. 65,000 to Rs. 95000 in the Federal Capital.

A comparison between the price of sacrificial animals in Islamabad with other cities of the country like Karachi, Lahore, Faisalabad, and Jhelum show that the prices of sacrificial animals in the Federal Capital are higher than in other cities of Pakistan.

In Karachi, the average selling price range of goat/sheep is between Rs. 14000-17000, the price of cows/buffaloes is in the range of Rs. 45000-60000. In Faisalabad, a goat is being sold at Rs. 14000-16000 and cows/buffaloes from Rs. 45000-55000; in Lahore goat prices range from Rs 15000-19000 and prices of buffaloes/cows from Rs. 50000-75000, and in Jhelum goats are being sold in the price range of Rs. 15000-20000 and cows/buffaloes from Rs. 45000-55000.

Many who managed to sacrifice last year, are unable to perform this obligation due to the unexpectedly high prices of sacrificial animals especially goats and sheep.

During the survey, Mian Bukhsh, a visitor to Bakra Mandi in I-11 told this scribe, "The sky-rocketing prices of sacrificial animals are forcing the citizens to opt for "Ijtamai Qurbani". He added, "I slaughtered a goat last year after purchasing it at Rs. 12000 for Eid-ul-Azha but this year I will go for a share in a cow at Rs. 8000 that I can afford".

A goat seller in the Bakra Mandi of Saidpur Village told Business Recorder that there is no shortage of sacrificial animals in the local markets but the main reason behind the increase in prices is inflation, high transportation cost, recent floods and smuggling of animals to Afghanistan.

Khadim Ali Khan, a visitor to the Bakra Mandi said, "The day by day rise in price of food and non-food items is the reason why I have not been able to save enough to buy a goat. And if you add the rising prices of sacrificial animals then people like me can simply not afford to make the sacrifice this year.

Miscellaneous News

Auto makers lobby Ministry of Industries to curb car imports

By Shahbaz Rana

Published: October 24, 2012

"The industries secretary argued that the import of used units is severely damaging the domestic car industry," stated an official release. PHOTO: FILE

ISLAMABAD: The government has constituted a committee to once again review the possibility of reducing the age limit for imported used cars from five to three years, after the Ministry of Industry claimed that the influx of used cars has threatened the existence of many locally-assembled brands.

A decision to this effect was taken here on Tuesday in a meeting of the Economic Coordination Committee (ECC) of the Cabinet – the country's highest economic decision making forum. The summary to reduce the age limit had been quietly forwarded by the Ministry of Industries, which is pleading the case on behalf of automobile industry lobbyists.

"The industries secretary argued that the import of used units is severely damaging the domestic car industry," stated an official release. The secretary said that the import of cars up to five-years-old was resulting in idle production capacity in domestic industry, and may affect 200,000 jobs.

The ECC's constituted committee will be headed by Chaudhry Pervaiz Elahi, the pro-lobbyist minister for industries, and will submit its report in the next meeting.

To make its case, the Ministry of Industries has made a selective comparison of prices of imported used cars and locally-assembled cars in its summary. It complained that an imported Suzuki Alto is available at Rs750,000 compared to a locally-assembled Suzuki Mehran, which costs a lower Rs607,000. However it said nothing about the relatively low production quality of the Mehran against the better quality Alto. Similarly, it said that the imported Toyota Fielder is available for Rs1.55 million, against the Corolla GLI which costs Rs1.82 million.

The ministry claimed that due to the relaxation in the age limit for imported cars during the last fiscal year, 56,973 used cars were imported which account for nearly 37% of local production. It added that when the minimum age limit was three years in fiscal 2010, car imports stood at only 5% of local production.

It pleaded that if the decision was not reversed, brands like Suzuki Swift, Suzuki Mehran, Suzuki Cultus, Honda City, Corolla XLI, GLI and Altis will be affected. It added that Indus Motors sold only 5,264 units during the July to August period this year, as against 7,362 units in the same period last year.

Motorcycle tariffs reduced

The ECC also reduced tariffs for the motorcycle industry, which will reduce prices of local bikes. On subassemblies, it has reduced the tariff from 20% to 15%; from 65% to 57.5% on completely built units and components for assembly; from 20% to 10% on imported completely knocked down (CKD) kits; and reduced the tariff on local CKD kits to 38.75% from 47.5%.

The ECC has also approved the allocation of 202 million cubic feet of gas per day to four fertiliser plants, and the construction of a 1,000-kilometre long pipeline in order to utilise additional gas from the fields. In this regard, it has set up a committee to work on the determination of legal modalities, the mechanism for pricing, review of agreement and the estimation of cost and time. The said committee will present its report in the next meeting.

PIA gets Rs16b bailout package

The ECC also approved a Rs16.2 billion bailout package for Pakistan International Airlines (PIA). It extended the repayment of Rs6.8 billion in loans for two more years, while issuing fresh sovereign guarantees for Rs9.36 billion in short-term borrowings. The loan will be obtained at about 12% markup.

The Defense Ministry had sought the bailout on grounds that the cash flows from operations were insufficient to pay the company's debt and the PIA had to raise fresh loans to repay the same.

Published in The Express Tribune, October 24th, 2012.

Raising finance: US proposes securitisation of dams' assets

By Zafar Bhutta

Published: October 24, 2012

US assures Pakistan it will play its role in raising funds to meet the entire cost of $13 billion for the 4,500MW Diamer Bhasha dam and power project by becoming part of a consortium. PHOTO: FILE

ISLAMABAD:

The United States has asked Pakistan to securitise assets of different dams including Tarbela and Mangla in order to seek funds from international donors for the multi-billion-dollar Diamer Bhasha Dam.

The suggestion came in a meeting between US embassy officials and Federal Water and Power Minister Ahmed Mukhtar here on Tuesday.

The diplomats assured the minister that the US would play its role in generating funds to meet the entire cost of $13 billion for the 4,500-megawatt Diamer Bhasha dam and power project by becoming part of a consortium, led by the Asian Development Bank (ADB). Earlier, the ADB had refused to lead the consortium.

Pakistani authorities expect to raise $3 billion by securitising assets of Tarbela and Mangla Dam, but the US officials insist that all the cost of Diamer Bhasha project will be covered by implementing the securitisation plan.

Securitisation means creation of an investment instrument by combining financial assets and then marketing different tiers of the repackaged instruments to the investors.

A video conference will be held next month in Washington involving a US energy team and officials of the Water and Power Development Authority (Wapda) to discuss the implementation of the plan of securitising assets of dams.

The government is facing difficulties in generating funds for Diamer Bhasha Dam as the World Bank has sought no-objection certificate (NOC) from India, which says that the planned dam site is situated in a "disputed territory".

Other donors have offered funds for Dasu hydropower project instead of Diamer Bhasha.

According to a statement issued here, a three-member team of the US embassy, led by Economic Assistance and Development Counsellor Richard Albright, met Water and Power Minister Ahmed Mukhtar and discussed the cooperation in the power sector, management and improvement in power distribution companies and financing for Diamer Bhasha Dam. Adviser on the Dam Shakil Durrani was also present.

Praising US cooperation and assistance, Mukhtar said it would help to improve the efficiency of public sector power utilites. The government, he said, was working on power sector reforms, rehabilitation and upgrading of generation companies, improvement in distribution companies, power theft control and reduction in line losses.

Mukhtar pressed for US assistance as well as from the ADB and other donors for the all-important Diamer Bhasha Dam – termed a lifeline for the country's economy. He also discussed the chances of US investment in coal and wind power projects.

The counsellor reaffirmed the US commitment, saying it would continue to support the people of Pakistan and help to improve the power sector.

Diamer Bhasha was a very important project for future water requirements and generating cheap power and the US was interested in extending financial assistance, he said.

He discussed various proposals for raising funds for the project and offered financial advice.

Albright recalled that previous meetings on the energy sector between the two countries were very beneficial, in which various programmes were chalked out to assist Pakistan in the power sector through reforms and upgrading and rehabilitation of existing plants.

Published in The Express Tribune, October 24th, 2012.

Analysis: The govt's indifference to economic competitiveness

By Farooq Tirmizi

Published: October 24, 2012

Reducing red tape is not sexy, and giving away free stuff gets you votes. at is the equation Pakistani political minds look at.

KARACHI:

At this point, it is almost a tradition. For the eighth year in a row, the World Bank has come out with its Doing Business report, and for the seventh time, Pakistan has seen its ranking drop, largely due to the fact that virtually no major policymaker in Islamabad can even spell economic competitiveness, let alone formulate a cohesive national policy and push it through Parliament.

The drop in ranking would be depressing enough, but what makes it worse is the World Bank's observation that over the last two years, the government has undertaken no major or minor reforms to improve Pakistan's economic competitiveness, and actually undertaken at least one that would harm it.

What is even more frustrating is that many of the reforms that other countries have implemented are not out of the realm of possibility for Pakistan, and certainly not particularly expensive. How much would it cost, for instance, to create an electronic database of all land records in the country? Probably slightly more than the $600 million that the World Bank offered in funding to the governments of Sindh and Punjab to implement such a project. Yet doing so would make it infinitely easier to register property in the country, and improve Pakistan's rank from the abysmal 126th it is now.

And how about making it easier to pay taxes? The government will cry incessantly about the need to raise revenues and how tax evaders are bleeding the country dry, but has done absolutely nothing to reduce the estimated 560 man-hours that it takes to make the roughly 47 payments per year that an average company needs to make. In the developed country group Organisation for Economic Co-operation and Development (OECD), it takes 176 man-hours to make the 12 payments per year.

There are probably many other reasons why we have tax evasion in Pakistan, but surely the agony is that the tax bureaucracy in this country is one of them. Reducing it would almost certainly bring in more revenues and improve competitiveness, but on this, there has been absolutely no movement by the government, resulting in Pakistan's ranking consistently dropping, coming in at 162nd in the most recent edition of the report.

And for all the talk of judicial independence, why are Pakistani courts still so painfully slow in enforcing contracts? The World Bank estimates that it takes an average of 976 days to enforce a contract, compared to 510 days in more developed economies. In every single budget – federal or provincial – there was no provision for any increase in the number of courts during fiscal 2013, and even the budgets of the existing courts were not increased by a rate that would keep pace with inflation.

There is at least one institution that has been pushing for a variety of reforms that would make life at least marginally easier for entrepreneurs: the Securities and Exchange Commission of Pakistan (SECP). As the registrar of companies, in addition to being a regulator for several sectors, the SECP has considerable authority in helping shape the business environment in Pakistan.

But while SECP Chairman Muhammad Ali is praised for having the right ideas, he himself admits that he has not had as much success in pushing the necessary legal changes through Parliament.

The chairman, though, is up against a daunting task. Policymakers in Pakistan would much rather spend in excess of Rs500 billion on electricity subsidies rather than spending much smaller amounts on improving the regulatory infrastructure of the country. Reducing red tape is not sexy, and giving away free stuff gets you votes. To the average political mind in Pakistan, that is the equation they are looking at, global economic competitiveness be damned.

Published in The Express Tribune, October 24th, 2012.

Market watch: Results unable to provide momentum to bourse

By Our Correspondent

Published: October 24, 2012

Trade volumes fell to paltry level of 103 million shares compared with Monday's tally of 143 million shares.

KARACHI: The local bourse went up to a high of 15,937 points, however, profit taking near the close of the session pulled the market down to close flat. Announcement of the index heavyweight Oil and Gas Development Company's quarterly results also failed to attract the bulls.

The Karachi Stock Exchange's (KSE) benchmark 100-share index rose 0.03% or 5.21 points to end at 15,853.84 point level.

"Profit taking at the end of the session caused index to remain flat," said Samar Iqbal, equity dealer at Topline Securities.

Trade volumes fell to paltry level of 103 million shares compared with Monday's tally of 143 million shares.

Shares of 371 companies were traded on Tuesday. At the end of the day 175 stocks closed higher, 147 declined while 48 remained unchanged. The value of shares traded during the day was Rs3.9 billion.

Pre-result buying in DG Khan Cement kept the stock in the limelight as investors anticipate healthy earnings announcement today.

Cement, oil and gas stocks witnessed selling pressure even OGDC's results announcement were in line with market consensus, however less than expected payout weakened investor sentiments, according to JS Global Capital analyst Mujtaba Barakzai. In fertiliser stocks, Engro Corporation did not witness any positive momentum owing to pending uncertainty on the gas curtailment issue, added Barakzai.

Engro is under bearish influence at the local bourse over expectations of resolution of gas supply to its Enven plant on the Sui Northern Gas Pipelines (SNGPL) network.

Earlier, the SNGPL said that it will be unable to provide further gas to fertiliser producers on its network due to low gas pressure. The SNGPL network includes Pakarab Fertilizer, Engro Enven, Agritech Limited and DHFL fertiliser plants.

DG Khan Cement was the volume leader with 7.17 million shares gaining Rs0.55 to finish at Rs51.77. It was followed by Jahangir Siddiqui and Company with six million shares losing Rs0.44 to close at Rs14.49 and Pace Pakistan with 5.45 million shares rising Rs0.25 to close at Rs3.52.

Foreign institutional investors were net sellers of Rs0.9 million, according to data maintained by the National Clearing Company of Pakistan Limited.

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SNGPL chastised for delay in gas supply schemes

By Our Correspondent

Published: October 24, 2012

Committee recommended regularisation of contractual and daily wage employees and called for giving salaries to the staff before Eid.

ISLAMABAD: With gas crisis looming in upcoming winter, members of a parliamentary panel's sub-committee have pressed the Sui Northern Gas Pipelines Limited (SNGPL) to complete gas supply schemes swiftly in their constituencies.

In a meeting of the sub-committee of National Assembly Standing Committee on Petroleum and Natural Resources here on Tuesday, chaired by Jamshed Dasti, SNGPL – the gas distributor that covers Punjab and Khyber-Pakhtunkhwa – came under fire for its "failure to complete the gas supply schemes".

The committee members asked SNGPL officers to complete the schemes on a fast track to ensure supply of gas to new towns and villages.

The committee also reviewed the process of recruitment in SNGPL, Pakistan State Oil (PSO), Oil and Gas Development Company (OGDC) and Pak Arab Refinery Company (Parco).

It recommended regularisation of contractual and daily wage employees and called for giving salaries to the staff before Eid.

Giving a briefing, OGDC Executive Director Basharat Mirza said the oil and gas explorer had hired 590 people on contract from February 2008 to September 2012. Of these, 353 had been regularised and remaining cases were under process.

"OGDC had a total strength of 10,297 employees, of which 246 were on contract and 2,884 were appointed on third party contract," Mirza said.

The sub-committee chairman asked OGDC to strictly follow the quota policy in the appointment process and regularise all those employees who were working on third party contract.

Expressing annoyance over the absence of heads of state-run oil and gas companies, the committee warned that it would issue warrants for managing directors of the companies if they failed to attend the next meeting. It also sought explanation from the petroleum secretary about the absence of the heads of companies.

Published in The Express Tribune, October 24th, 2012.

Corporate results: OGDC's profits climb 17% on higher sales

By Zain Siddiqui

Published: October 24, 2012

Higher oil prices and depreciation in the Pakistani rupee augmented the company's topline growth, said a result preview note released by AKD Securities.

KARACHI:

The Oil and Gas Development Company (OGDC) has announced its corporate earnings results for the first quarter of the current fiscal year (1QFY13). The company has declared a net profit of Rs25.656 billion for the period, which translates into Rs5.97 in earnings per share. The figure is 17.07% higher than the profit posted for the comparable period of the previous fiscal year.

OGDC has also announced a first interim dividend for financial year 2012-2013 of Rs1.75 per share.

For the first quarter of fiscal 2013, OGDC posted net sales of Rs53.795 billion, 20.38% higher than the net sales recorded in the first quarter of fiscal 2012, primarily on the back of higher oil and gas production. The company's operating expenses were, however, 21.58% higher than last year – limiting the growth in gross profits.

Higher oil prices and depreciation in the Pakistani rupee augmented the company's topline growth, said a result preview note released by AKD Securities.

Meanwhile, OGDC's 'other income' was higher by 13.06% in 1QFY13 as compared to 1QFY12, in part due to exchange rate gains and interest income, while exploration and prospecting expenditures were higher by 119.7%. Exploration and prospecting expenditure should include a write off of Moolan North-1, and higher 2D and 3D seismic acquisitions, added the note from AKD Securities.

The Express Tribune had reported on October 12, 2012, that OGDC MD and CEO Masood Siddiqui has stated that the company will drill 37 new wells during the current fiscal year, against 17 wells drilled last year. Furthermore, two of its development projects – namely the KPD-TAY Development project and the Sinjhoro Development Project – will be ready to operate before the current fiscal year is through.

On September 6, 2012, the Oil and Gas Development Company (OGDC) had also announced the discovery of new hydrocarbon reserves in the Nashpa-3 well in the Karak District of Khyber-Pakhtunkhwa. The release said significant reserves of hydrocarbon had been confirmed at Nashpa-3 well after testing. The well is a joint venture between OGDC, the operator; Pakistan Petroleum Limited; and Government Holdings Private Limited. "This discovery will add to the hydrocarbon reserves of the company and joint venture partners and bring significant savings to the country in terms of less oil import," the release had said.

Published in The Express Tribune, October 24th, 2012.

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Published in The Express Tribune, October 24th, 2012.

Lotte Pakistan posts losses in successive quarters

By Raheel Ahmed

Published: October 24, 2012

The organisation registered a loss of Rs127.9 million in the first quarter of fiscal year 2013.

KARACHI:

Lotte Pakistan reported a net loss of Rs422 million for the first nine months of 2012 from a profit of Rs4.6 billion in the corresponding period of the preceding year, according to a notice sent to the Karachi Stock Exchange on Tuesday.

The organisation registered a loss of Rs127.9 million in the first quarter of fiscal year 2013. The company posted back to back losses in successive quarters mainly due to declining revenues, squeezed margins, lower finance income and considerably higher unconsolidated financial charges.

Lotte Pakistan PTA is a supplier of purified terephthalic acid (PTA), an essential raw material used in the polyester industry. Over 30% of PTA is sold to the Polyethylene Terephthalate (PET) sector while the rest goes to polyester staple fibre and other sectors. PET is used in the plastics industry for the production of bottles and bed sheets.

The severe hammering of PTA-PX margins below breakeven level remained the primary reason behind the sluggish financial performance of the company while considerable decline in finance income further dented profitability, according to a BMA Capital analyst report.

Revenues declined 10.5% to Rs40 billion from Rs44.8 billion in the corresponding period last year, due to a 16% drop in average PTA prices during the period.

Apart from weak PTA prices, strong PX prices remained the major reason behind worsening PTA-PX margins. Average PTA-PX margin stood at $75 per ton (below breakeven level). Resultantly, the company posted gross loss of Rs62 million in the period.

However, the company was able to cut its distribution and selling expenses but at the expense of no export sales. Other operating expenses witnessed a decline as the company did not have to make provision for Worker’s Profit Participation Fund due to operating losses.

Finance income of the company decreased by massive 64% to Rs241 million due to lower cash balance, thus further denting the bottom-line.

Cash balance of the company was substantially reduced during July to August 2012 owing to repayment to the parent company for a loan and capital expenditure incurred on co-generation power plant. Moreover, deterioration in the rupee against the dollar also dented other income.

Lotte Powergen, wholly-owned subsidiary of the company, supported the company’s road to consolidated profitability of Rs47 million.

Outlook

Going forward, margins will remain squeezed during the last three months of 2012, leading to continued suppressed earnings. However, a gradual improvement in PTA demand is expected towards the end of second half of 2013 when supply pressures are expected to ease and lead to improvement in industry dynamics.

Published in The Express Tribune, October 24th, 2012.

SECP gives permission to commodity schemes

By APP

Published: October 24, 2012

Commodity funds are required to invest at least 70% of their assets in commodity futures contracts, which include both cash-settled and deliverable contracts.

ISLAMABAD: The Securities and Exchange Commission of Pakistan (SECP) has allowed asset management companies (AMCs) to offer commodity schemes to investors, said a press release issued here on Tuesday by the SECP.

SECP's decision to allow a new category of commodity funds will enable small investors to take advantage of gains in commodities such as gold through pooled investments managed by professional fund managers.

The SECP has also devised the minimum requirements for a commodity scheme after thorough consultation with market participants and in accordance with international practices. As per the prescribed requirements, investment in commodities by a fund can only be made through future contracts which are traded on an organised exchange such as the Pakistan Mercantile Exchange and have commodities as the underlying assets.

Commodity funds are required to invest at least 70% of their assets in commodity futures contracts, which include both cash-settled and deliverable contracts. Deliverable contracts, for the time being, have only been allowed in gold. In order to ensure sufficient liquidity, commodity schemes must maintain at least 10% of their net assets in cash and near cash instruments.

Furthermore, such schemes have been prohibited from gearing or leveraging. For managing a commodity scheme, fund managers are required to have the requisite infrastructure and skilled human resources.

Published in The Express Tribune, October 24th, 2012.

Australia seeks opportunities in bilateral trade, investment

By Our Correspondent

Published: October 24, 2012

"Australia had certified mining experts and one of the best mining facilities and techniques in the world," says Patrick Kearins. PHOTO: FILE

LAHORE: Senior Australian Trade Commissioner for the South Asia Region Patrick Kearins said that significant potential exists to enhance Pakistan-Australia cooperation in the areas of energy, livestock, agriculture, mining, advance manufacturing and education.

Australian Trade Commission (Austrade) at present is working in three areas including trade, investment and education; Kearins said during his visit to the Lahore Chamber of Commerce and Industry (LCCI). Kearins said that Pakistani businessmen must avail cutting-edge Australian technology for food processing and dairy sector as Australia had proven capability in these areas. He said that assistance was being provided in dairy, food, mining, oil and gas and water management. Australia had certified mining experts and one of the best mining facilities and techniques in the world. He said that both the government and the private sector could avail these opportunities.

The diplomat said that Australia had formed a ‘Growth and Emerging Market Group’ that includes South Asia. He said Pakistan, Bangladesh and Sri Lanka were included in the group and Australia will continue to work with these countries in trade, investment and education sectors. He said that the Austrade could help identify international partners for those Pakistani businesses through tailored industry intelligence that wanted to go global.

Speaking on the occasion, LCCI President Farooq Iftikhar suggested that market surveys should be conducted to explore potential areas of trade. Similarly, road shows, catalogue exhibitions and trade fairs could be other options to display the product range available for trade.

The Australian investors were needed to be motivated to consider these sectors for the mutual benefits of both the countries, he added.

Published in The Express Tribune, October 24th, 2012.

Khosa invites businessmen to resolve govt-related issues

By Imran Rana

Published: October 24, 2012

Latif Khosa dwelt at length the successive turmoil in the political history of Pakistan which led to economic failures.

FAISALABAD: Governor Punjab Sardar Muhammad Latif Khosa invited the business community of Faisalabad to sit with him in order to resolve the energy, gas and other business-related issues. He was addressing a meeting in Faisalabad Chamber of Commerce and Industry (FCCI).

He dwelt at length the successive turmoil in the political history of Pakistan which led to economic failures. He said that the federal government fully acknowledged the economic contribution of Faisalabad in national development but we have to understand that undemocratic forces hijacked the economic growth in the 80s by eliminating democratic governments.

He said that he had earlier arranged a meeting between the business community and petroleum minister and will act as a spokesperson for the business community in resolving government-related problems.

He said that Punjab was consuming 60% of total gas whereas it was only producing 6%. According to the 18th Amendment, it was the first right of the producing province to consume maximum gas and provide only surplus to the other provinces. He said that this amendment was a stumbling block in equitable distribution of gas. He said that we have already made efforts to get maximum gas for the province and we were ready to even enact yet another amendment for equitable distribution of natural resources. He also pointed out that the United Arab Emirates (UAE) gifted a 350MW power plant to Faisalabad which could be installed and commissioned in consultation with the local business community.

Regarding international flights from Faisalabad airport, he assured to arrange a meeting with the defence minister to start international flights from this city.

Published in The Express Tribune, October 24th, 2012.

OPEN MARKET FOREX RATES

Updated at: 24/10/2012 10:16 AM (PST)

Currency	Buying	Selling
Australian Dollar	97.5	98.7
Bahrain Dinar	251	253
Canadian Dollar	95	96.5
China Yuan	13	13.5
Danish Krone	17	17.5
Euro	123.2	124.5
Hong Kong Dollar	11	11.7
Indian Rupee	1.65	1.75
Japanese Yen	1.19	1.2
Kuwaiti Dinar	332	334
Malaysian Ringgit	28	28.5
NewZealand $	74.5	75.5
Norwegians Krone	16.6	16.9
Omani Riyal	246.3	248.2
Qatari Riyal	25.5	25.6
Saudi Riyal	25.1	25.3
Singapore Dollar	77.4	78.4
Swedish Korona	13.1	13.6
Swiss Franc	99.1	100.1
Thai Bhat	2.6	2.7
U.A.E Dirham	25.7	26
UK Pound Sterling	151.8	153
US Dollar	95.2	95.55

INTER BANK RATES

Updated at: 24/10/2012 10:16 AM (PST)

Currency	**Bank Buying TT Clean**	**Bank Selling TT & OD**
Australian Dollar	98.32	98.52
Canadian Dollar	96.12	96.32
Danish Krone	16.6	16.63
Euro	123.8	124.06
Hong Kong Dollar	12.3	12.32
Japanese Yen	1.1935	1.1960
Saudi Riyal	25.41	25.47
Singapore Dollar	77.92	78.08
Swedish Korona	14.35	14.38
Swiss Franc	102.29	102.5
U.A.E Dirham	25.95	26
UK Pound Sterling	151.94	152.26
US Dollar	95.3	95.5

Bullion Rates (Gold Prices) in Pakistan Rupee (PKR)

As on Wed, Oct 24 2012, 06:30 GMT

Metal	Symbol	PKR for 10 Gm	PKR for 1 Tola	PKR for 1 Ounce	
Gold 24K	XAU	52,552	61,232	163,459	
Palladium	XPD	18,461	21,510	57,421	
Platinum	XPT	48,414	56,410	150,585	
Silver	XAG	980	1,141	3,047	

Gold Rates in other Major Currencies

Currency	Symbol	10 Gm	1 Tola	1 Ounce	
Australian Dollar	AUD	533	621	1,658	
Canadian Dollar	CAD	546	636	1,697	
Euro	EUR	423	493	1,317	
Japanese Yen	JPY	43,866	51,111	136,440	
U.A.E Dirham	AED	2,019	2,353	6,280	
UK Pound Sterling	GBP	345	402	1,072	
US Dollar	USD	550	641	1,710	