

MoC makes admission: tariff lines representing industrial inputs also subjected to RD

Ministry of Commerce (MoC) has acknowledged that some tariff lines representing industrial inputs are subjected to Regulatory Duty (RD), with the objective of curtailing import bill and thereby reducing pressure on Balance of Payments (BoP). In this view, SBP's Monetary and Fiscal Policies Coordination Board decided to establish an inter-ministerial committee on tariff rationalization by including representatives from Finance and Commerce Divisions, SBP and PIDE. The Commerce Division has suggested that customs duty may be reduced on raw materials and intermediate goods that are imported under various schemes including rebate, DTRE, Export Oriented Units (EOU) and Manufacturing Bond (MB) - except those that are locally manufactured. BR.

Govt. mulls fresh regulatory duties

The government is likely to impose regulatory duties on a number of items to curtail the rising budget deficit. This will be its 4th recourse to regulatory duties to curb "non-essential imports" and raise revenue for achieving the ambitious collection target of PKR 4Tn. Growth in the overall import bill came down to 10% in Dec'17 on a year-on-year basis. As per the Special Assistant to PM on revenue, Haroon Akhtar Khan, the deceleration in the import bill is the outcome of the RDs imposed in Oct'17. Dawn.

Imported cotton: FBR to notify waiver of GST and duty

In line with the ECC decision, FBR will issue an SRO on the withdrawal of customs duty and sales tax on cotton imports which will be effective from Jan. 8, 2018. By Jan. 1, 2018, more than 95% of the cotton had been lifted from the farmers therefore it has been proposed by the representative committee of ECC that similar to last year decision, customs duty and sales tax on imported cotton should be withdrawn to encourage value addition, reduce the cost of doing business and fill the gap between production and consumption. BR.

High prices drive away interested European buyers, say exporters

Pakistan's textile producers have received encouraging response from European consumers but regional rivals edge out Pakistani companies in many cases due to cost advantage. According to representatives of different companies that had put up stalls at the Heimtextil exhibition, an increase in prices of yarn and cotton, has pushed up production cost by 15 to 20%, making it tough for exporters to finalize orders at competitive prices. Specifically, Spanish buyers have been willing to offer a 3 to 4% higher price compared to the previous order, but over the past year production cost in Pakistan had gone up in the range of 15 to 20%. Tribune.

No reversal of policy on real estate valuation, says FBR

FBR has taken strong exception to news reports appearing in a section of the press claiming the reversal of policy decision taken in 2016 for adoption of market value of real estate for the purposes of collection of federal taxes. The FBR has asserted that there is no deviation or reversal of the policy to revise the FBR rates in phases and make them equal to the market rate in a reasonable period. The revision of rates in six cities is meant only to remove the anomalies in the existing valuation tables. BR.

PM for removing anomalies in deals with IPPs

Prime Minister Shahid Khaqan Abbasi has directed Power Division to address anomalies in various agreements with Independent Power Producers (IPPs) to avoid litigation and discriminatory treatment. He gave these instructions on a summary issued by Power Division for signing interim agreement regarding revised payment terms for generation on RLNG by IPPs i.e. Orient, Saif, Sapphire and Halmore, currently running on HSD. BR.

PM Abbasi faces challenge to decide 8th NFC award

PM Abbasi IS EXPECTED to decide ON the renewed distribution of resources among the center and provinces in absence of the finance minister, but the government seems reluctant to indulge in such thorny issues ahead of general elections. The 7th NFC award expired in FY15 after completing its five-year life since 2009. Since then, the award has been extended for interim periods. The News.

World Bank puts \$ 250Mn policy loan for Pakistan on hold

The World Bank has put on hold a \$ 250-Mn policy loan, which the lender till recently was ready to give for disaster risk management. A review mission of the WB has not authorised preparations for the loan to continue, according to the Programme Information Document of the Development Policy Credit. The document underlines that Pakistan's macroeconomic framework continues to face some risks as the overall external account position weakened. Tribune.

Loans to private sector drop by PKR 100Bn

Credit off-take by the private sector witnessed a steep fall in 1HFY18 of the current fiscal year, indicating a slowdown in economic growth. A recent report by the SBP shows that loans taken by the private sector fell by 28% or PKR 100Bn on year-on-year basis. Advances to the private sector during this period were PKR 253Bn compared to PKR 353Bn a year ago. Dawn.

Pakistan Single Country Exhibition in Colombo inaugurated

Sri Lankan President Maithripala Sirisena along with Commerce Minister Mohammad Pervaiz Malik and Pakistani High Commissioner in Sri Lanka Dr Shahid Ahmad inaugurated the 3rd edition of Pakistan Single Country Exhibition in Colombo. The exhibition features leading Pakistani companies and manufacturers of engineering products, auto parts, agro products, textile & clothing, designer wear, handicraft & traditional textiles, pharmaceuticals, cutlery, furniture, carpets, marble and services. It will remain open until Jan. 14, 2018 for general public. The Nation.

Public sector universities exempted from 1.25% minimum tax

FBR has issued SRO 29(1)/2018 according to which public sector universities have been granted exemption from payment of 1.25% minimum tax under section 113 of Income Tax Ordinance, 2001. BR.

ADB's disbursal reaches \$ 28.9Bn in 2017

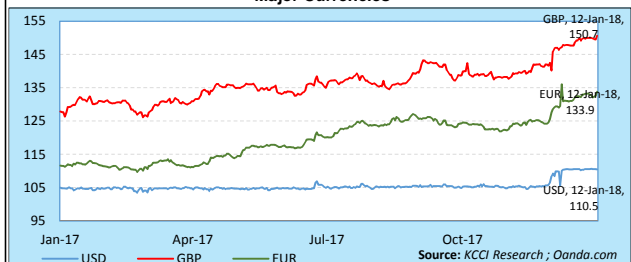
Asian Development Bank's (ADB) loans, grants, technical assistance and financing for Asia and Pacific reached \$ 28.9Bn in 2017. Approvals of loans and grants from ADB's own resources reached a record \$ 19.1Bn, representing a 9% increase from the \$ 17.5Bn seen in 2016. This puts ADB well on its way to meet its \$ 20Bn target by 2020. The News.

Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	12-Jan	PKR	110.50	0.18%
USD-Open MKT	12-Jan	PKR	112.10	0.04%
KSE-100 index	12-Jan	Pts.	42,934	-1.06%
FIPI	12-Jan	\$ Mn	7.45	NM**
Crude (FE'18)	11-Jan	\$/bbl	63.61	0.32%
Gold (FE'18)	11-Jan	\$/oz	1,322.8	0.30%
Gold (10g) Local	12-Jan	PKR	49,371	0.61%
Silver (FE'18)	11-Jan	\$/oz	16.93	-0.22%
Cotton(KHI)-40 kg	12-Jan	PKR	8,145	0.00%
Kibor-6M	12-Jan	%	6.20%	-0.01%
			WoW	
Forex Reserves	5-Jan	\$ Bn	20.02	-0.66%
	FY18			YoY
Remittances	Jul-Dec 17	\$ Bn	9.74	2.51%
Exports*	Jul-Dec 17	\$ Bn	11.01	11.27%
Imports*	Jul-Dec 17	\$ Bn	28.97	19.11%
Trade Balance*	Jul-Dec 17	\$ Bn	-17.96	-24.48%
Current Account	Jul-Nov 17	\$ Mn	-6,430	-90.74%
Foreign Direct Inv.	Jul-Nov 17	\$ Bn	1.15	57.12%
LSM Growth*	Jul-Oct 17	%	9.64	
Avg. CPI	Jul-Dec 17	%	3.75	
Discount Rate	Sep-17	%	5.75	

Sources: KCCI Research, PMEX, NCCPL, KSE, SBP, PBS*
** Not Meaningful on week;

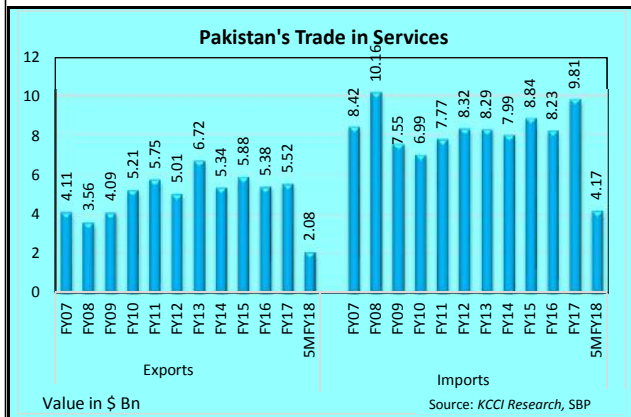
Major Currencies



Quote of the Day

"We want capitalism and market forces to be the slave of democracy rather than the opposite."
Thomas Piketty

Chart of the Day



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