

PM holds previous govt's responsible for economic woes

PM Imran Khan has stepped up criticism of past 2 govt's, holding them responsible for the country's profound economic woes. He was speaking with delegations from the textile, hosiery, leather and automotive sectors. He also spoke to the delegation of KCCI comprising of Siraj Kasim Teli, Junaid Esmail Makda, Khurram Shahzad, Zubair Motiwala, Haroon Farooqui, Anjum Nisar, Haroon Aagar, Shamim Firpo. The delegation raised the issue of smuggling (inland and otherwise) as a major challenge severely affecting the competitiveness of the Pakistan made and manufactured goods in the national and international markets. It also extensively deliberated upon the issue of taxation and shared with the PM their recommendations to enhance revenue generation on a sustainable basis. The PM directed his team to look into the issues and get them urgently and adequately resolved. *BR.*

Imran, traders meeting makes no headway

PM Imran Khan, along with his team, held talks with the representatives of businessmen, industrialists, traders, farmers, bankers, and Pakistan Stock Exchange on the revised taxation and subsidy regime in the country as part of the federal budget FY20. The dialogue between the PM and businessmen could not make any headway. A number of meetings were lined up leaving the PM with very limited time to settle grievances of the sectors. The PM and his team has categorically refused to do away with the condition of providing CNIC copy on transactions of over PKR 50,000 which was the primary demand of the business community. President KCCI, Junaid Ismail Makda reminded the PM of his promises he had made with the business community and pointed out that the policies are quite contrary to those promises. *The News.*

In Karachi, PM rebuffs traders' concerns, invites textile producers for detailed talks

During a marathon meeting with business community at Governor House, PM Khan said trading activities would no longer run on old pattern. Meanwhile, business community expressed its dismay after listening to PM views which were also seconded by Adviser on Finance, Dr Abdul Hafeez Sheikh and Chairman FBR Shabbar Zaidi. Former president KCCI Zubair Motiwala said that issue of 17-20% sales tax on textile sector and CNIC condition would be discussed at length at a meeting to be held on 12th Jul'19 with businessmen. He said business community also discussed issues related to budget anomalies under which duty impact on machinery had increased, while ACD on imports has raised from 2-4%, followed by 5% income tax on electricity. He added that PM had also asked Abdul Razak Dawood to resolve the problems being faced by textile industry. However, Finance Adviser is quite adamant that fundamental changes in the budget cannot be made. *Dawn.*

Export-oriented units: FBR decides to withdraw ST, FED exemption

FBR has decided to withdraw the exemption of sales tax and FED on buying of locally procured input goods by exporters operating under Export Oriented Units and Small and Medium Enterprises Rules, 2008. The FBR has released SRO 747(I)/2019 to issue draft amendments in this regard. The FBR has also proposed to reduce the life of plant and machinery to 5 years as compared to previous life of 10 years, however it inserted a new provision about the replacement parts of machinery and spares that they shall be allowed removal after 3 years from the date of importation. *BR.*

Revenue projections by FBR & IMF: Discrepancy detected

There is a discrepancy of PKR 217.4Bn between the projected revenue generation from additional measures as revealed by the FBR and the IMF staff level report. FBR enumerated additional revenue measures of PKR 516Bn while the IMF staff report indicated PKR 733.47Bn. Revenue from mobile phones (PKR 70 to 80Bn is not shown as an additional revenue measure by the FBR as the stay order was vacated on 25th Apr'19 however the IMF has included it as a new tax measure. The revenue impact of petroleum products levy and 17% sales tax on petroleum products was not incorporated/included in the PKR 516Bn revenue measures taken in budget. *BR.*

Emergency conditions: Govt. powers to grant GST zero-rating curtailed

The powers of the federal govt. to grant sales tax zero-rating has been curtailed whereas the conditions/situations under which the federal govt. can grant exemptions through a notification have also been reduced. The conditions/situations under which the federal govt. can grant exemptions through a notification have been reduced by omitting conditions relating to protection of national economic interests in situations arising out of abnormal fluctuation in international commodity prices, removal of anomalies in taxes, and development of backward areas. *BR.*

Umar appointed NDC member

PM Imran Khan has appointed former Finance Minister Asad Umar as member of the National Development Council (NDC). NDC comprises 13 members including Chief of Army Staff General Qamar Javed Bajwa. *BR.*

Average exchange rate likely to be PKR 172.53 by June 2020

IMFs underlying assumptions suggest that the average exchange rate at the end of FY20 could be PKR 172.53 to a dollar – a depreciation of over 27%, due to weak macroeconomic fundamentals, reveals a latest the staff level report of IMF. *Tribune.*

Lobbying going on in FBR to secure positions

Some hectic lobbying is going on to secure key positions within the fold of FBR. PM Imran Khan has cancelled his scheduled meeting with FBR members today (11th Jul'19). Now the tax machinery is totally in grip of uncertainty where everyone seems clueless whether everyone would continue to perform or shown the door anytime. The revenue collection target of PKR 5.5Tn for FY20 compared to provisional collection of PKR 3.8Tn in FY19 will require a growth of 43% that has never happened in any single year in history of Pakistan. *The News.*

FBR set to unveil automated system to issue tax exemption certificates

The FBR is all set to launch an automated system to issue exemption certificates to importers of raw materials in a bid to minimize human interaction and speed up the processing time. The FBR has sought proposals from all the stakeholders before launching the new system. *The News.*

Inflation to be more than what IMF projects, says ex-minister

Amid IMF's acceptance as slippages on fiscal front as major risk to the new \$ 6Bn program, former finance minister Dr. Hafeez A Pasha has pointed out some glaring mistakes in the projections of twin deficits made by the IMF for approving bailout package for Pakistan. He warned that the massive adjustments on fiscal and external account fronts might result into hiking average inflation to 15-16% against IMF's projected inflation of 13% in FY20. *The News.*

Milk wholesalers defer strike for two days after Ghani's intervention

After intervention by Sindh Local Govt. Minister Saeed Ghani, milk wholesalers of Karachi have put off their 2 day strike. Retailers are also not willing to buy milk from them at higher rates after the milk farmers announced an increase in the milk price. *The News.*

White House confirms July 22 meeting between PM Imran, US President Trump

The White House has confirmed that PM Imran Khan will meet US President Donald J. Trump on 22nd Jul'19. The visit will focus on strengthening cooperation between the US and Pakistan to bring peace, stability and economic prosperity to a region that has seen far too much conflict. *Dawn.*

Remittances rise 9% to \$ 21.48Bn

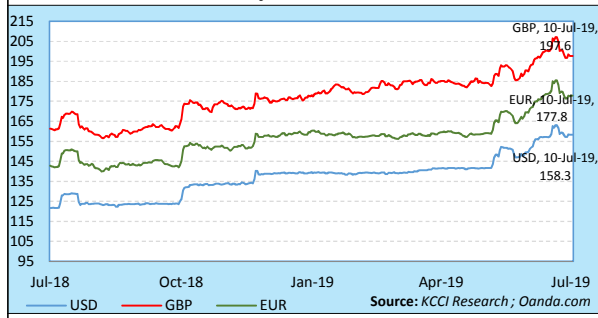
Total inward remittances in FY19 clocked in at \$ 21.84Bn, up 9% from FY18. SBP data showed that inflows from countries other than those in Middle East were considerably higher. Amongst the gulf nations, highest inflows came from Saudi Arabia at \$ 5Bn, up 2.97%. Inflows from US also grew noticeably by 20.15% to \$ 3.41Bn compared to FY18. *Dawn.*

Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	10-Jul	PKR	157.88	0.32%
USD-Open MKT	10-Jul	PKR	158.00	0.51%
KSE-100 index	10-Jul	Pts.	33,840	-0.05%
FIPI	10-Jul	\$ Mn	1.22	NM**
Crude (AP'19)	10-Jul	\$/bbl	60.26	3.15%
Gold (MA'19)	10-Jul	\$/oz	1,420.1	1.47%
Gold (10g) Local	10-Jul	PKR	68,844	2.10%
Silver (MA'19)	10-Jul	\$/oz	15.18	0.80%
Cotton(KHI)-40 kg	10-Jul	PKR	9,002	1.20%
Kibor-6M	10-Jul	%	13.15	0.01%
Forex Reserves	28-Jun	\$ Bn	14.44	0.64%
	FY19			YoY
Remittances	Jul-Jun 19	\$ Bn	21.84	9.68%
Exports*	Jul-May 19	\$ Bn	21.27	-0.30%
Imports*	Jul-May 19	\$ Bn	50.47	-8.47%
Trade Balance*	Jul-May 19	\$ Bn	-29.21	13.62%
Current Account	Jul-May 19	\$ Bn	-12.68	29.28%
Foreign Direct Inv.	Jul-May 19	\$ Bn	1.61	-49.18%
LSM Growth*	Jul-Apr 19	%	-3.51	
Avg. CPI	Jul-Jun 19	%	7.34	
Discount Rate	May-19	%	12.25	

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

Major Currencies

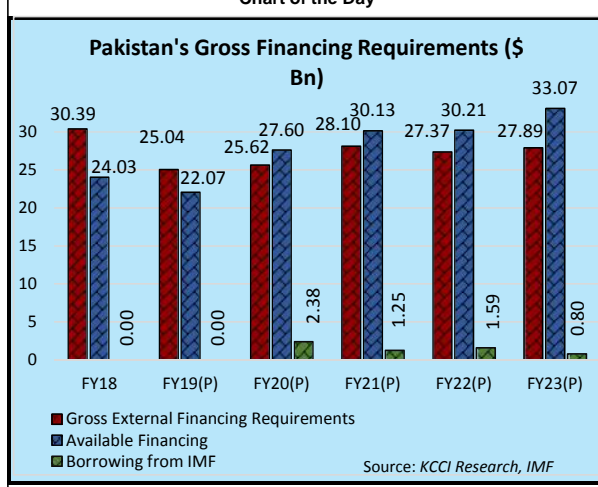


Quote of the Day

"Some debts are fun when you are acquiring them, but none are fun when you set about retiring them."

Ogden Nash

Chart of the Day



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