



### Decision on lockdown curbs today

The National Command and Operation Center (NCOC) has proposed multiple recommendations to ease lockdown restrictions in the country, which were imposed to curb spread of the coronavirus. The recommendations include: opening of inter-provincial transportation with proper implementation of the SOPs, opening phase-II of the construction sector, reopening of retail outlets, and operationalization of selective outpatient departments in Islamabad. The participants of the meeting proposed to enhance shops' timings from 9am to 5pm and then 8pm to 10pm. The NCOC also approved easing lockdown restrictions after 9<sup>th</sup> May'20. *BR.*

### In Pakistan, terminal operators refuse to extend free-storage period to importers

Despite orders from the maritime affairs minister and the cabinet, in the backdrop of Covid-19, to allow 15 days of free storage to importers of all cargo, terminal operators are adamant to provide relief for only five days. According to KCCI, thousands of containers and Less-than-Container Load (LCL) cargo has been piled up at terminals as importers are unable to bear heavy demurrage and detention charges on delay in the clearance of consignments due to lockdowns and shortage of goods transport. However, private terminal operators have refused to allow free time and waive demurrage for 15 days. *Tribune.*

### MoC drafts STP Framework 2020-25

The Ministry of Commerce (MoC) has drafted the Strategic Trade Policy Framework 2020-25, on the basis of guiding principle of no element of any duties and taxes on exports. The Ministry has projected \$ 26Bn exports in FY21, \$ 31Bn in FY22, \$ 35Bn in FY23, \$ 40Bn in FY24 and \$ 46Bn in FY25. This Strategic Trade Policy Framework is based on the following pillars: to make the exports a driver of economic growth as the only sustainable source of earning foreign exchange; enhancement of exports is a national effort and not just the responsibility of Ministry of Commerce; to introduce strategic interventions in priority sectors under Make in Pakistan initiative; and to align with macro-economic framework and other national policies such as Textiles Policy, Industrial Policy etc. *BR.*

### ECC approves power sector debt restructuring

ECC has approved shifting of the most expensive loan from the books of Power Holding Limited to the Govt. of Pakistan and taking up a PKR 136.454Bn loan in the FY20, while other loans are to be considered in the following financial years accordingly. The ECC also considered and approved a proposal by the Ministry of Maritime Affairs for extension due to COVID-19 pandemic of free period from 5 working days to 15 working days for cargo and containers landing for period up to 31st May'20. *The Nation.*

### Shops must show prices, tax separately on menu cards: FBR

To check sales tax evasion, all restaurants, bakeries, caterers and sweetmeat shops supplying prepared food, foodstuff and sweetmeats would be required to show prices and amount of tax separately on menu cards or menu boards displayed in their outlets for the end consumers. FBR has amended sales tax rules 2006 through an SRO 353 (1)12020. Moreover, it is also mandatory for all the retailers to show prices and amount of tax separately on the price tags attached with finished fabric and locally-manufactured finished articles of textile and textile made-ups and leather and artificial leather. *BR.*

### Repayment of duty on import of raw materials allowed

FBR has allowed repayment of customs duty (5.33% of the FOB value) on the import of raw materials (RBD palm olein etc) used in export of finished products i.e. supplementary/therapeutic foods from 27<sup>th</sup> Apr'20. The FBR has also allowed petroleum exploration and production companies to deduct such amount of input tax from the output tax. *BR.*

### FBR forbids attaching properties, funds of defaulters for recovering sales tax

FBR has withdrawn powers of its officers to attach houses, buildings of agriculturists, govt. servants, pensioners and provident funds for recovery of sales tax from defaulters. Through S.R.O. 353 (1)12020, the FBR amended the Sales Tax Rules, 2006 to issue a list of properties/funds etc. exempted from attachment. *The News.*

### NEPRA approves first competitive hydropower project

NEPRA has granted the first generation license through competitive bidding to the joint venture of Saifco Group and China National Machinery Industry Corporation-Sinomach for setting up 102MW Shigo Kas Hydropower Project in Khyber Pakhtunkhwa. For the implementation of the project the sponsors of the \$ 307Mn project, have incorporated a special purpose vehicle (SPV) in the name of Saifco Hydropower Limited. *The News.*

### FBR extends tax incentive for E&P sector

FBR has extended the scope of a tax incentive to cover all exploration and production firms regardless of their ownership structure. The FBR allowed exploration and production companies to adjust input tax against output sales tax, through SRO 352(I)/2020. FBR, through the latest SRO, facilitates all the exploration and production companies in ease of doing business and reducing their cost of production. *The News.*

### Govt promises to bear 40% first loss to banks on SME loans

The govt. has said that it will bear 40% of the first loss to banks on loans given to SMEs to support employment. The federal govt. would use PKR 30Bn under a credit risk-sharing facility for banks spread over four years to share the burden of losses due to any bad loans. This facility will incentivize banks to extend loans to collateral deficient SMEs and small corporates with sales turnover of up to PKR 2Bn to avail financing under SBP's refinance scheme. *Dawn.*

### Amendments to restrict forex outflow from insurance sector

SECP has proposed amendments to the Credit & Suretyship (Conduct of Business) Rules, 2018 for the insurance sector to restrict the outflow of money for reinsurance. The draft amendments have been placed on the SECP's website for public opinion and aim to delink reinsurance requirements of collateral to save foreign exchange. *Dawn.*

### Cement sales plunge as construction comes to a halt

Cement dispatches in Apr'20 declined 24% to 4.61Mn tons as exports and domestic offtake fell amid the economic slowdown caused by coronavirus. Total exports fell from 574,026 tons in Apr'19 to mere 249,127 tons in Apr'20, down 56.6%. *Dawn.*

### 3.8% budget deficit witnessed in 9 months

The Finance Ministry has uploaded consolidated fiscal operations for 9MFY20, revealing a budget deficit of 3.8% or PKR 1.68Tn, ahead of corona pandemic expenditure and ramifications of lockdown on the revenue and economy of the country. Of the total expenditure of PKR 6.37Tn or 14.5% of the GDP, highest expenditure was incurred on debt servicing of around PKR 1.87Tn both the domestic and foreign, followed by defense spending of PKR 802.4Bn. Of the total revenue collection of PKR 4.68Tn, tax collection was PKR 3.59Tn and non-tax revenue PKR 1.03Tn. *BR.*

### Cut-off yield on 12-month papers edges up

The cut-off yields on 3-month paper, 6-month treasury bills and on 12-month paper were 8.39%, 8% and 7.75% while their auction fetched PKR 136Bn, PKR 149Bn and PKR 106Bn respectively. *The News.*

### Gilead in talks with Pak drug makers to produce remdesivir

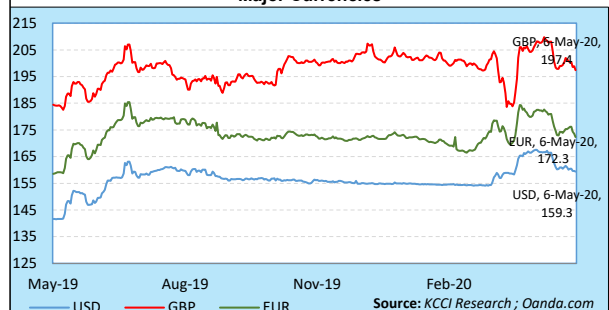
American biopharmaceutical company Gilead is in talks with drug makers in Pakistan and India to produce its new antiviral drug remdesivir for developing countries. Gilead will provide appropriate technology transfers to facilitate this production. A clinical trial of remdesivir showed that patients recovered about 30% faster than those on a placebo. *The News.*

### Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	6-May	PKR	159.75	0.06%
USD-Open MKT	6-May	PKR	160.50	0.31%
KSE-100 index	6-May	Pts.	33,728	-0.78%
FIPI	6-May	\$ Mn	-3.13	NM**
Crude (AP'19)	6-May	\$/bbl	24.12	-3.37%
Gold (MA'19)	6-May	\$/oz	1,685.7	-1.72%
Gold (10g) Local	6-May	PKR	88,740	0.00%
Silver (MA'19)	6-May	\$/oz	14.98	-0.71%
Cotton(KHI)-40 kg	6-May	PKR	9,324	0.00%
Kibor-6M	6-May	%	7.72	0.03%
Forex Reserves	24-Apr	\$ Bn	18.46	6.72%
<b>FY20</b>				
<b>YoY</b>				
Remittances	Jul-Mar 20	\$ Bn	16.99	5.99%
Exports*	Jul-Apr 20	\$ Bn	18.41	-3.92%
Imports*	Jul-Apr 20	\$ Bn	37.91	-16.50%
Trade Balance*	Jul-Apr 20	\$ Bn	-19.50	25.68%
Current Account	Jul-Mar 20	\$ Bn	-2.77	73.10%
Foreign Direct Inv.	Jul-Mar 20	\$ Bn	2.15	137.30%
LSM Growth*	Jul-Feb 20	%	-3.03	
Avg. CPI	Jul-Apr 20	%	11.22	
Discount Rate	Apr-20	%	9.00	

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

### Major Currencies

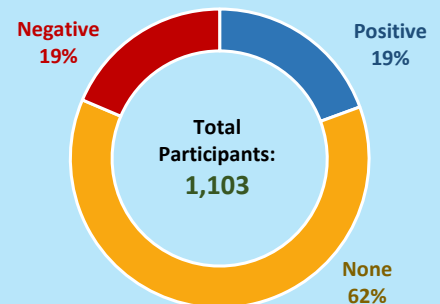


### Quote of the Day

*Risk more than others think is safe. Dream more than others think is practical'*

**Howard Schultz**

### Effect of Anti-Encroachment Drive on Karachi Based Businesses



\*These findings pertain to the results of KCCI's Karachi Business Sentiment Survey available on <http://kcci.com.pk/research/>

Source: KCCI Research

### Disclaimer

This report has been prepared by KCCI Research & Development Cell. The information contained herein have been compiled or arrived at based upon information obtained from sources believed to be reliable and in good faith. Such information has not been independently verified.

Icon represents the sole viewpoint of the KCCI R&D Cell, and is stated to enrich the readers' understanding of the news item. The