

## Market Today (July 19, 2017)

Opening	PSX	Gold Per 10 gm	KCA Spot Rate	Crude Oil USD /bbl.
	45,418.70	43,028.00	6,835.00	46.14

(Source: Express Tribune)

## Exchange rates issued by the Treasury Management Division of National Bank of Pakistan. July 19, 2017

Country	Currency	Selling TT & OD	Buying TT Clear
USA	USD	105.55	105.35
UK	GBP	137.53	137.27
Euro	EUR	121.79	121.56
Canada	CAD	83.53	83.37
Switzerland	CHF	110.46	110.25
Australia	AUD	83.64	83.48
Sweden	SEK	12.84	12.82
Japan	JPY	0.942	0.9402
Norway	NOK	13.05	13.03
Singapore	SGD	77.17	77.02
Denmark	DKK	16.38	16.35
Saudi Arabia	SAR	28.15	28.09
Hong Kong	HKD	13.66	13.64
China	CNY	15.98	15.95
Kuwait	KWD	348.78	348.11
Malaysia	MYR	24.63	24.59
New Zealand	NZD	77.61	77.46
Qatar	QAR	28.98	28.93
UAE	AED	28.74	28.68

(Source: Business Recorder)

## Sectoral Share in GDP %

Sectors/Sub-Sectors	2014-15	2015-16 (p)
<b>Commodity Producing Sector (Agriculture + Industrial Sector)</b>	<b>41.4</b>	<b>40.8</b>
<b>Agriculture</b>	<b>20.80</b>	<b>19.82</b>
Crops	8.2	7.4
Livestock	11.7	11.6
Fishing	0.4	0.4
Forestry	0.4	0.4
<b>Industrial Sector</b>	<b>20.6</b>	<b>21.0</b>
Mining & Quarrying	2.9	2.9
Manufacturing	13.6	13.6
Construction	2.4	2.6
Electricity & Gas Distribution	1.7	1.9
<b>Services Sector</b>	<b>58.6</b>	<b>59.2</b>
Transport, Storage & communication	13.4	13.3
Wholesale & Retail Trade	18.3	18.3
Finance & Insurance	3.2	3.3
Ownership of Dwellings	6.7	6.7
General Government Services	7.1	7.6
Other Services	9.9	10.1

(Source: Economic Survey of Pakistan 2015-16)

## Rex system mandatory for export to EU countries

The Registered Exporter System (the REX System) is the system of Certificate of Origin of Goods that applies in the Generalized System of Preference (GSP) of the European Union and observance of the same is mandatory for all exporters to the European Union Countries. Kamal Shahryar, Consultant TDAP stated this while addressing a seminar on REX held at the Lahore Chamber of Commerce and Industry (LCCI) under the auspices of Trade Development Authority of Pakistan (TDAP), Lahore. Mr. Kamal further stated that this system is based on the principle of self-certification by economic operators who by themselves will be able to make out "Statements of Origin". To be eligible to make out the Statement of Origin, an economic operator will have to be registered into the EU data base by TDAP, Kamal added that the REX System will progressively and completely replace the current System of Origin Certification based on Certificates of Origin issued by TDAP. It is worth mentioning here that this system will cover all of Pakistan's exports to the EU that comprise 32% of Pakistan's total exports. It is also notable that Pakistan is required to switch completely to the REX system by the end of 2017. A large number of exporters attended the seminar. (Pakistan Observer)

## Senate body expresses concern over surging national debt

The Senate Standing Committee on Finance on Wednesday expressed concern over growing external and domestic debts of the country and demanded the Ministry of Finance to present a strategy for loan repayment. The committee was discussing the debt position of the country up to May 2017 which stood at \$58 billion for foreign loans, whereas the domestic debt was Rs12,956bn (Rs12.95 trillion) with an increase of Rs1.18tr over the previous fiscal year 2015-16. The finance ministry officials said the external debt in 2015-16 was \$57bn and there has been an increase of \$3.8bn in 2016-17 (up to May). "The figures are alarming and the government continues to take more amounts from local and foreign sources," said committee chairman Senator Saleem Mandviwalla. "Have you ever tried to devise any strategy for return of foreign and local debt?" he questioned the finance ministry officials. Secretary Finance Shahid Mahmood said the main sources of cash inflow for Pakistan include tax collections by the Federal Board of Revenue (FBR) and foreign workers' remittances. The senators cited the two sources as adequate enough for loan repayment. "The remittances have declined this year mainly due to the flawed foreign policy of the government," said Senator Ilyas Bilour of the ANP. Secretary Finance claimed that remittances from the Middle East declined due to low oil prices and from UK due to Brexit. The committee members pointed out that this was a cosmetic effect as these currencies could become strong again anytime and the loans would rise. The committee also expressed concerns over high domestic debt. Due to excessive government borrowings, commercial banks in the country are less interested in lending to the private sector, the committee noted. The committee directed the finance ministry to prepare a paper highlighting options for the repayment of debt. Depending on FBR collection only is not a viable option, the members opined. We need to consider various options – how to generate money in the next 5 or ten years?" Senator Mandviwalla said. Senator Mohsin Leghari pointed out that the FBR was holding huge amount of returns to maintain books but was also seeking advance tax from all sectors to meet its targets. The FBR officials acknowledged that clearing the refunds of business community was essential to maintain the circle of sales tax as well as to enforce value added tax. Member IR Operations Khawaja Tanvir informed the committee that the FBR was in the process of matching and reconciling tax refund figures with the business community and assured that refunds would be settled in near future. (Dawn)

## Expansion of tax net imperative for country's development

President Pakistan Businessmen and Intellectuals Forum (PBIF), President AKIA, Secretary General of the Businessmen Panel of FPCCI and former provincial minister Mian Zahid Hussain has said that expansion in the tax net is imperative for the bright and prosperous

Economic Indicators	
Annual (2015/16)	
Foreign Debt	\$62.649bn
Per Capita Income	\$1,512
GDP Growth	4.24%
Average CPI	8.6%
Monthly (May, 2017)	
Trade Balance	\$-2,682 mln
Exports	\$1,944mln
Imports	\$4,572mln
Weekly (June 23, 2017)	
Reserves	\$21.36 mln

(Source: Business Recorder)

future of the country and coming generations. In a statement issued here on Wednesday, Mian Zahid Hussain said that currently, GDP-to-tax ratio is very low in the country which forces every government to borrow which is unsustainable. He said that masses hope that government will invest in health, education, infrastructure, social safety and poverty eradication but the culture of tax evasion is barring their dreams to come true. One of the major reasons for non-compliance is the trust deficit between the taxpayers and tax collectors which must be tackled, the business leader observed. Mian Zahid Hussain said that tax-to-GDP ratio has come down from 13 percent to 10 percent in Pakistan, while it is at 14 percent in Bangladesh which is being increased to 18 percent. Many African countries have already achieved the goal more than 18 percent tax-to-GDP ratio, he informed. Government alone cannot ensure massive investment needed for national development, therefore, the private sector should also come forward to discharge national obligations, he said. The business leader noted that despite political turmoil the FBR has collected Rs100 billion in the first two weeks after many years. If the institution can maintain its momentum, it will be a great achievement, he added. Mian Zahid Hussain urged that FBR should collect taxes but ensure that business community is not harmed as the business activities are already suffering due to prevailing uncertainty. (Pakistan Observer)

#### Govt to set up 46 SEZs along CPEC route

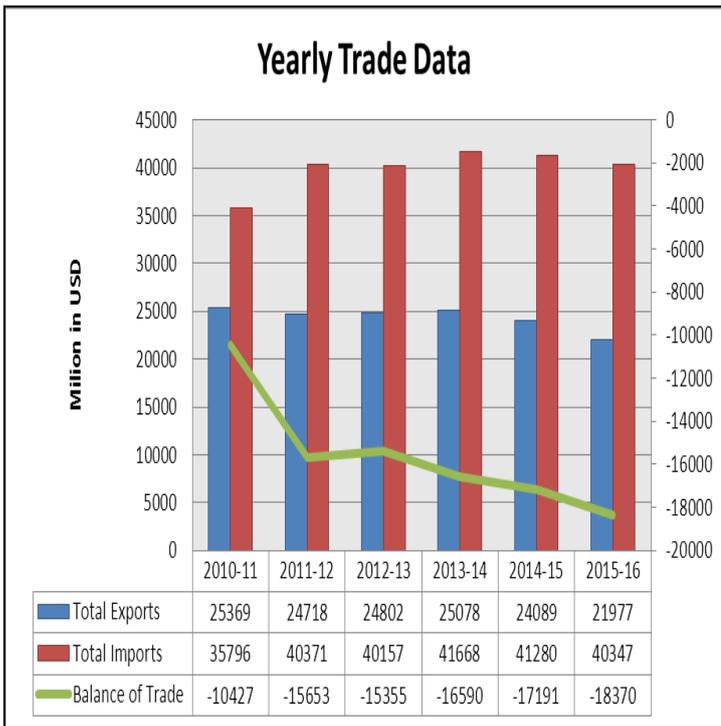
In a recent chain of events, the Board of Investment (BoI) announced that the government was planning to establish 46 Special Economic Zones (SEZs) along the China-Pakistan Economic Corridor (CPEC) route in the long run, stated a press release. During the Pak-China Joint Cooperation Committee meeting held in Beijing, nine out of the 46 zones have been declared priority projects. Chinese companies are simultaneously working on numerous projects relating to infrastructure, energy and railways under CPEC. All Pakistan Business Forum (APBF) President Ibrahim Qureshi highlighted that the products to be manufactured in the economic zones would not only be exported, but could also be sold in the local market. This will make the zones ideal for investors as Pakistan has a market of more than 200 million people. "Chinese companies have enormous opportunities to relocate their businesses to these priority SEZs," said Qureshi. He pointed out that every zone had special benefits for the investors in terms of skilled workforce, location, raw material and linkages with other parts inside and outside of the country. "China is extremely talented in developing zones, especially from 1985 to 1995 and from 2009 to 2015, and Pakistan can learn much from the Chinese," he added. Chairing a meeting to review the development of SEZs under CPEC, Federal Minister for Planning, Developing and Reform Ahsan Iqbal said provinces should make presentations regarding SEZs more elaborative so they could attract more investment. (Express Tribune)

#### Gas pipeline to be completed in Oct

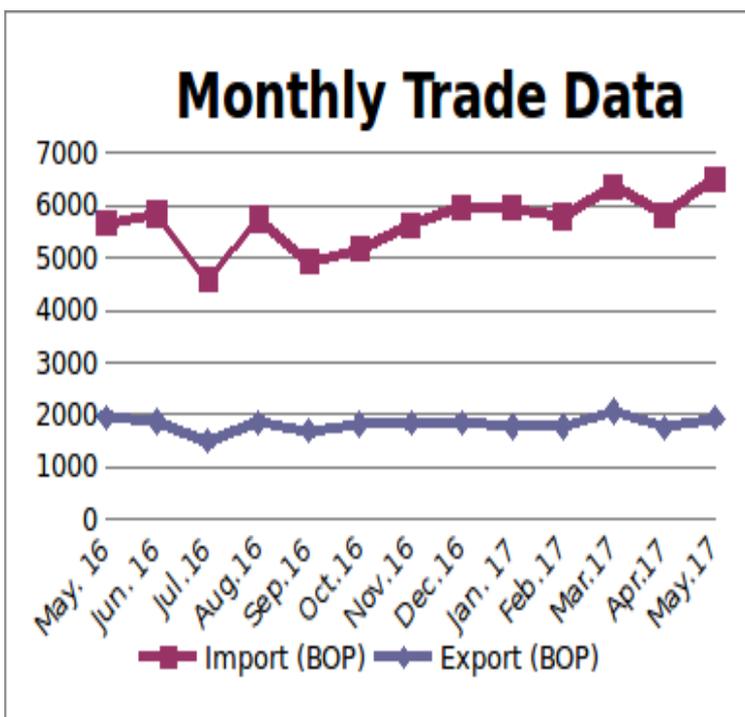
In response to an APP story titled "SSGC to complete S-h J acobabad gas pipeline next month," Southern Gas Company has said that the pipeline will be completed by October 31, 2017. The news has been attributed to a source in the Ministry of Petroleum and Natural Resources. However, as SSGC spokesperson, we would like to clarify that the completion date of the project, which is mentioned as August 31, 2017 in the news, should be read as October 31, 2017," a press release. (Express Tribune)

#### KSE-100 index pares gains, sheds 218 points

The Pakistan Stock Exchange (PSX) on Wednesday landed in the red, with the benchmark KSE-100 Index losing 218 points, or 0.48 per cent, to close at 45,418. The market touched the day's low at 45,297 points within the first 15 minutes of trading, but managed to rebound immediately. It tested the day's high at 45,808 points. The benchmark index sailed around the 45,700 level for most of the session, but adopted a downward trajectory in the second half. More than 82 million shares of KSE-100 companies, worth around Rs6.8 billion, were traded during the day. "Late session support remained in blue chip oil and banking stocks on the back of a surge in global oil prices and reports of surging banking deposits," Ahsan Mehanti of Arif Habib Corporation said. "Concerns over the outcome of the Supreme Court's review of the joint investigation team's report in the Panama Papers case played a catalyst's role in the bearish close," he added. (Express Tribune)



(Source: SBP)



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