

## **NAYA PAKISTAN, ISLAMIC NAYA PAKISTAN CERTIFICATES: INCREASE IN RATES ON RETURN NOTIFIED**

ISLAMABAD: The Finance Division, Friday, notified increase in rates on return on Naya Pakistan and Islamic Naya Pakistan Certificates. Non-Resident Pakistanis (NRPs) and eligible Resident Pakistanis with Foreign Currency Value Accounts (FCVA) can safely invest their money with sizable returns.

The Finance Division notification published in Gazette of Pakistan extraordinarily read that in exercise of the powers conferred by rules 7, 8, and 12 of the Naya Pakistan Certificates Rules, 2020, the Finance Division is pleased to substitute its Notification SRO 862(1)/2020 dated the 11th September 2020, and SRO 211(1)/2021, dated the 17 February 2021. Currency denomination rate of return on US\$1,000 three months would be 7%, six months 7.20%, twelve months 7.50%, and three as well as five years 8%. Rate of return on Rs10,000 would be 15% for three months, 15.25% for six months, 15.50% for twelve months, 14% for three years and 13.50% for five years

## **WAPDA MAY DELAY ISSUANCE OF 2ND \$500M EUROBOND**

LAHORE: The Water and Power Development Authority (Wapda) is likely to delay issuance of its second \$ 500 million green Eurobond for the time being in connection with the construction of Diamer-Basha Dam, said sources close to the authority.

Earlier, the Wapda was expecting to issue it by the middle of last year. However, it could not be materialised in 2022 and the Authority has once again put it on the backburner for the time being keeping in mind the dwindling bond market internationally coupled with fast flattening financial health of the country. "How Wapda can go for the issuance of second Eurobond in a situation when the country's credit rating is in doldrums," said sources close to the Authority. When contacted, former chairman Wapda Lt Gen Muzammil Hussain (retd) termed the situation as "sad". He was behind the idea of raising funds from the international market for the dam due to the financial stability of Wapda and a strong feasibility of the two eco-friendly projects.

The Wapda had launched its first green Eurobond in May 2021 to raise \$ 500 million at a competitive price of about 7.5 percent interest rate for 10 years. Some 201 investors had offered investments worth \$ 3 billion to Wapda due to a stable rating issued by three credit rating agencies of world repute. The offer was six times higher than what Wapda had sought through first-ever bond for the construction of Diamer-Basha Dam.

However, the situation has taken a U-turn since then and the imminent threats of the country's default in debt repayment has changed the scenario altogether. The sources said Wapda was even facing difficulties in paying international firms in foreign exchange against the earlier \$ 500 million green Eurobond after the embargo on foreign exchange transactions introduced by the SBP. They said availability of financial resources is becoming difficult with every passing, as the central government has failed to release funds allocated under the head of the Public Sector Development Programme (PSDP) and Central Power Provider Agreement (CPPA). They have apprehended further delay in the release of funds for both Diamer-Basha and Mohmand Dams due to the financial constraints of the federal government.

## **OIL PURCHASES FROM RUSSIA: PAYMENTS WILL BE IN CURRENCIES OF 'FRIENDLY' STATES**

ISLAMABAD: Russia will start exporting crude oil to Pakistan after March which Islamabad will pay for in currencies of "friendly countries", Russia's energy minister said on Friday, a move that could bring relief to the energy-starved South Asian country.

Pakistan has been battling a balance of payment crisis with foreign exchange reserves falling to \$4.6 billion, barely enough to cover three weeks of imports - mostly for oil. It said in October it was considering buying discounted Russian crude, citing neighbouring India which has been purchasing from Moscow. Pakistan officials and Russian Energy Minister Nikolay Shulginov, who is in Islamabad for an annual inter-governmental commission on trade and economy, did not specify the size of the planned purchases. "We have agreed that the payments will be made in the currencies of friendly countries," Shulginov said at a joint news conference with Pakistan's Economic Affairs Minister Ayaz Sadiq, without elaborating. He said the two sides have drafted an agreement to sort out issues like transportation, insurance, payments and loadings, adding: "We have already established a timeline of this agreement in our joint statement which is late March."

Russia calls "unfriendly" countries, especially the United States and from the European Union, which imposed sanctions against it following Moscow's invasion of Ukraine last year.

Pakistan junior oil minister Musadik Malik told local Geo News TV separately that Islamabad wanted to import 35% of its total crude oil requirement.

Energy purchases account for most of Pakistan's import bill. Shulginov said Russian gas companies might not be in a position at present to extend any supplies to Pakistan. "We have decided that it would be a good idea for Pakistan to approach Gazprom and Novatek, two largest LNG producing companies in late 2023 to discuss the conditions when they have spare capacities," he said.

Historically Pakistan has had no major commercial relations with Moscow, unlike neighbouring India, and as a traditional US ally, it had also been hesitant to do trade or any business with Moscow in the past. It depends on oil from Gulf countries which often extend facilities like deferred payments and because imports from there are cheaper logistically given proximity to the Strait of Hormuz.—Reuters

## **GOVT WANTS TO MEET 35PC OF OIL REQUIREMENT THROUGH RUSSIA:**

### **MUSADIK**

**ISLAMABAD:** State Minister for Petroleum, Musadik Malik Friday said that Pakistan wanted to import 35 percent of its total crude oil requirement from Russia. Talking to journalists on the sidelines of a meeting with officials of Russia, following which the Pakistani state minister for petroleum said Russia would sell crude oil at a discounted rate. Pakistan has not traditionally been a major importer of Russian oil and gas. During the talks, both countries agreed that after consensus on the technical specifications was achieved, the oil and gas trade transaction will be structured in a way it has a mutual economic benefit for both countries.

The officials also agreed to strengthen energy cooperation, enhance energy trade and broaden energy infrastructure investment based on strategic and favourable commercial terms. Both sides have agreed to work on a comprehensive plan for energy cooperation which would form the foundation for future work and is to be finalised in 2023.

## **CRUDE OIL AND OIL PRODUCTS AGREEMENT TO BE SIGNED BY MARCH**

**ISLAMABAD:** Pakistan and Russia have decided to draft an agreement on crude oil and oil products supply by late March 2023 to sort out all issues with regard to transportation, insurance, and payment. This was stated by Nikolay Shulginov, Minister of Energy for the Russian Federation while responding to media queries during a joint briefing with Ayaz Sadiq, Federal Minister for Economic Affairs of Pakistan at the conclusion of the eighth session of the Pakistan-Russia Inter-Governmental Commission on Trade, Economic, Scientific and Technical Cooperation (IGC) held on January 18-20, 2023 in Islamabad. Both sides signed agreements regarding cooperation and mutual assistance in Customs matters, protocol on the exchange of documents and data on the Customs value of goods transported and the working agreement on the airworthiness of aeronautical products.

The Russian minister further said that Pakistan will pay for energy purchases from Russia, when they start in late March, in currencies of friendly countries. "On crude oil and future supply of oil products we already have decided to draft an agreement to sort out all issues with regard to transportation, insurance, payment and have already decided a timeline of this agreement as stated late March," said Shulginov, adding that as for the LNG supply, Russia is committed to long-term contracts and the spot market capacity is very small but nevertheless we decided that it would be a good idea for Pakistan to approach the two largest producing companies in late 2023 to discuss the conditions. He further said that as for the oil supply and oil product and they are now in the final stage of the agreement. "With our Pakistani colleagues we held negotiations and discussed financial and banking cooperation and have agreed that the payments would be made in the friendly countries' currencies. Ayaz Sadiq, while responding to a question, said that gas project is under discussion and Pakistan energy minister has proposed a holistic approach to it starting from the supply of gas till the pipeline, till the distribution and end consumer also.

Both the ministers read out a joint statement which is as given: "According to the joint statement of the 8th Session of the Pakistan-Russia Inter-Governmental Commission on Trade, Economic, Scientific and Technical Cooperation, Pakistan and Russia have mutually agreed to finalize the transaction structure for trade in the oil and gas sector by March 2023. This was agreed to at the Eighth Session of the Pakistan-Russia Inter-Governmental Commission on Trade, Economic, Scientific, and Technical Cooperation (IGC) held on January 18-20, 2023 in Islamabad.

Working under the express guidance of Prime Minister Shahbaz Sharif and Russian President Vladimir Putin, both sides took the opportunity to reaffirm their commitment to a strong and comprehensive economic relationship. Both sides agreed that after consensus on the technical specifications achieved, the oil and gas trade transaction will be structured in a way it has a mutual economic benefit for both countries. The process is to be completed by March 2023.

Both sides proceeded from the discussions and decisions of the seventh IGC and carried the process forward, as well as, explored additional avenues of cooperation. Both sides agreed to further strengthen and enhance collaboration in the fields of trade and investment, energy, communication and transport, higher education, industry, railways, finance and banking sector, customs, agriculture, science and technology, and information technology. Both sides observed and noted positive prospects for implementable and concrete projects in the above-mentioned sectors of the economy with a huge potential for the socioeconomic development of both countries.

The Commission agreed that the relevant ministries and departments from both sides will vigorously follow up to exploit this potential for common prosperity. Participants also agreed to strengthen energy cooperation, enhance energy trade and broaden energy infrastructure investment based on strategic and favourable commercial terms. Both sides have agreed to work on a “Comprehensive Plan for Energy Cooperation”, which would form the foundation for future work and is to be finalized in 2023. It was mutually agreed upon that the Pakistan Stream Gas Pipeline Project should be considered in terms of a comprehensive infrastructure that is economically viable for sustainable gas infrastructure development ensuring affordable gas supplies.

The Russian side was invited toward potential projects of the federal and provincial governments of Pakistan, including in PPP mode, and requested the Russian businessmen to explore these possibilities. Both sides have resolved the pending issues related to the exchange of information on certificates of origin of goods with the use of an electronic verification system and shall endeavour to finalize the above-mentioned protocols by the end of May 2023. The sides agreed to nominate focal persons from both sides in order to enhance mutual cooperation and discuss issues concerning connectivity and logistics in Central and South Asia. The sides also agreed to take necessary measures to increase bilateral cooperation in science, technology, and higher education especially academic linkages, collaborative and impactful research, training and development and learning, and enhanced interest of Pakistani citizens in education in the Russian Federation.

The two sides also discussed innovative ways of doing business, including through barter and agreed to explore the option further. In the context of the desire of both parties to promote regional integration and Eurasian connectivity, the two sides agreed to share information about developing and improving rail and road infrastructure.

The following documents were also signed during the session:

i. Agreement regarding Cooperation and mutual assistance in Customs matters between the Government of the Russian Federation & the Islamic Republic of Pakistan.

ii. Protocol on the exchange of documents and data on the Customs value of goods transported between the Russian Federation and the Islamic Republic of Pakistan.

iii. Working agreement on Airworthiness of Aeronautical products.

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## **PSO SOUNDS ALARM OVER LIMITED STOCKS OF POL PRODUCTS**

ISLAMABAD/LAHORE: Pakistan State Oil (PSO) has warned the government of limited stocks of POL products amid non-opening of letters of credit (LCs) for cargoes, arguing the prevailing situation could lead to a dry-out, an industry official told *The News* on Friday.

The state-owned oil marketing company (OMC) also told the top government functionaries that it had to cancel its Mogas cargo, which was scheduled to be loaded on January 13, 2023, due to non-opening of LCs. Another cargo is to be loaded on January 23 for which also banks are not opening LCs.

“The PSO MD disclosed this in a meeting held on January 19 with the secretary petroleum in the chair. The meeting was attended by DG Oil, OGRA chairman and representatives of the State Bank of Pakistan,” a senior official of the Energy Ministry told *The News*. To avert an impending dry-out in the country, he said, the director general (DG) Oil on the same date had written a letter to Governor State Bank of Pakistan (SBP) for immediate opening of prioritised 32 LCs of refineries (PARCO, PRL) and oil marketing companies (PSO, GO, Hescol, BE, TAJ, PUMA, APL, EURO and Flow) to ensure import of crude oil and petroleum products. As per the letter, the DG has first recommended 23 LCs for the import of crude oil and Mogas to the SBP for immediate action. Under the second priority, 5 LCs for the import of high speed diesel have been recommended. Four LCs for import of lubricants were also proposed to the central bank.

The letter also mentions that in the Petroleum Division, three meetings were held, where the SBP representatives said the country was facing severe liquidity issues, including commercial banks and the central bank, and as a result LCs were being delayed.

In the meetings, it was decided that the SBP might formally send their reply to the already shared list of immediately required LCs, so that the issue could be taken up to the SBP governor as well as the finance minister.

In this connection, Oil Marketing Association of Pakistan (OMAP) has also asked SBP Governor Jameel Ahmad to intervene in the matter of LCs for import of refined petroleum products to avoid severe fuel crises in the country.

OMAP Chairman Tariq Wazir Ali requested a meeting on the issue with Ahmad, asking him to play a role in avoiding any such fear being hand in hand with the central bank. "Kindly pay attention, immediately intervene & take the matter up with the concerned authorities so any threat of imminent fuel crisis may be curbed & avoided in an efficient manner," Ali wrote to Ahmad. Ali also warned that if LCs were not established within a set timeline, imports would greatly be impacted and might lead to a severe shortage of petroleum products and consequently a crisis in the country, also threatening the country's strategic defence and logistic movement. He further observed that member companies of OMAP were facing challenges in opening LCs for import of refined petroleum products into Pakistan. "Due to their nature, import contracts and confirmed LCs are a prerequisite of doing business in our sector but unfortunately due to low foreign exchange reserves, the central bank has advised banks to do rationing on new LC opening," he wrote.

The OMAP chairman further noted that Pakistan's monthly cost for import of petroleum products was approximately around \$ 1.2 billion to meet the energy needs of the country. The challenges in opening and confirmation of LCs were causing delays in import of various cargoes. "Until now the situation is somehow managed with the supervision of relevant authorities, however, in the current situation, we fear that conditions are turning from bad to worse. As banks decline opening LCs, this is drastically shrinking the working capital of OMCs." According to the first prioritised list by the DG Oil, PARCO needs the establishment of LCs for the import of two cargoes each having 535,000 barrels from ADNOC, one on January 13 and the other one on January 19. PRL also needs the opening of LC for the import of 532,000 barrels of crude oil on January 30-31.

OMCs like PSO need the immediate establishment of LCs for the import of two cargoes with each having 50,000 MTs of Mogas, one on January 17 and the other one on January 26. GO needs the opening of 6 LCs for the import of 6 cargoes having Mogas and BE needs the establishment of 4 LCs for the import of Mogas, TAJ needs two LCs and PUMA one LC, HPL two LCs, APL one, Flow one LC for the import of their respective Mogas cargoes. Under the second priority list for import of HSD, OMCs such as TAJ needs the opening of LC for import of HSD of 4,000 MTs on February 4, 2023, and GO needs to establish three LCs for import of three cargoes having HSD on February 25-27. The third priority highlights the import of lubricants. PSO needs to establish LCs for the import of three cargoes on March 30, May 25 and May 20, and EURO is required to open LC for the one cargo of lubricants, which has already arrived. It may be noted that unannounced curbs have been imposed on imports with a view to curtail the demand of foreign exchange. As liquidity crunch in view of debt requirements intensifies, commercial banks have refused to provide US dollars on government controlled rates, virtually adding fuel to fire when it comes to mitigating liquidity crisis.

In such a dire situation, according to market insiders, shortages of numerous items including commodities, raw material for manufacturing units to medicines have been witnessing with no light at the end of tunnel as yet.

## **SECMC SEES INCREASE IN FUEL IMPORT BILL AMID LC ISSUES**

KARACHI: Sind Engro Coal Mining Company (SECMC) has feared about a massive increase in net fuel-based import bill of the country, provided its mining operations remain suspended for a month amid issues related to opening of letters of credit (LCs) for critical spares and payment to foreign contractors. The company stated that in a communication to Sindh Energy Department, seeking its role for resolving LCs opening and payment to foreign contractor issue. SECMC is producing low cost fuel for power generation in the country and providing 7.6 million tonnes of local coal per annum to three independent power producers (IPPs) based in Thar. If the mine doesn't operate for a month, it will increase the net fuel-based import bill of Pakistan by approximately \$40 million for the three IPPs.

The company referred to challenges faced in relation to import of critical spares and payment to foreign contractors pointed out that State Bank of Pakistan (SBP) last month had issued a circular to withdraw the restrictions on imports pertaining to HS Code Chapter 84 and 85 and directed the banks to prioritise the imports related to coal for power projects. However, it added, there was a significant delay in the approval of opening of LCs and foreign remittances, and the mine operations were severely impacted.

SECMC stated that the delays were causing incurring demurrages charges, liquidated damages, and penalties, which could result in reputational damage and additional costs. "We are continuously engaged with banks and SBP for the resolution, but significant amount is still pending", it said. SECMC requested Sindh Energy Department to request the central bank to direct all the banks to immediately clear outstanding dues of foreign operators, including China Machinery Engineering Corporation and China Everest Development International Limited, which were in approval since April 2022.

In addition to that, the company said it also needed approvals for the opening of its regular LCs (followed by remittance under LCs) to ensure continuous supply of tyres and spares parts for its mining equipment. "In addition to operations, SECMC is also initiating the mine expansion project so that IPPs currently operating on imported coal can be converted to local coal, hence reducing the forex burden further." The coal mining company also requested for a SBP approval for establishing LCs for additional mining equipment, whose total estimated value of imports (equipment and spares) for the coming year was approximately \$65 million and services of approximately \$35 million. "Any delay in importing equipment will have a direct impact on the timing and the cost of the phase III project." the company said.

## **SHIPPING LINES MAY STOP PAKISTAN OPERATIONS, WARNS PSAA**

ISLAMABAD: The ship agents have forewarned the government that all export cargoes could come to a halt as foreign shipping lines are considering stopping their services for Pakistan after banks stopped remitting freight charges to them for lack of dollar availability. Apart from bordering countries, almost all the international logistics from Pakistan are catered by sea and any disruption could create serious issues for the country's international trade, Pakistan Ship's Agents Association (PSAA) chairman Abdul Rauf warned Finance Minister Ishaq Dar through a letter. "If the international trade is stopped the economic situation will worsen," the association warned, adding that the foreign shipping lines are already considering winding up their services in Pakistan due to reduced cargo volumes.

The PSAA chairman also wrote letters to State Bank of Pakistan Governor Jameel Ahmed, Commerce Minister Syed Naveed Namar and Maritime Affairs Minister Faisal Sabzwari. Mr Rauf requested the ministries and departments concerned to intervene to ensure continuity in Pakistan's seaborne trade by allowing outward remittance of surplus freight amounts to respective foreign shipping lines forthwith. "Due to discontinuation of outward remittance of surplus freight amounts to respective foreign shipping lines, was hampering Pakistan's seaborne trade which is heavily dependent on foreign shipping lines," the letter added.

However, the crisis relates to the export cargoes as all the outward trade from Pakistan is container-based, as there are no liquid or grain exports from the country.

The state-owned Pakistan National Shipping Company (PNSC) only handles imports of crude oil and other petroleum fuel through its 12 vessels. The annual freight bill of Pakistan is around \$5 billion, and foreign companies receive the charges in international currencies mainly the "greenback".

The ship agents have pointed out that due to the current state of affairs, the shipping sector was already suffering due to economic ups and downs, and any further delays in remitting their legitimate dues will constrain Pakistan's external trade. However, talking to *Dawn* former PSAA chairman Muhammad Rajpar said that Pakistan was not close to an economic meltdown as yet, therefore the government still has time to seek a way out of the current crisis. "We can always have innovative ideas to get out of difficult times, one of them is hedging of dollars and set installments for the payments to the shipping companies," Mr Rajpar said.

Dawn 21-1-2023

## **OGRA TAKES NOTICE OF ARTIFICIAL INCREASE IN LPG PRICES**

ISLAMABAD: The Oil and Gas Regulatory Authority (Ogra) has finally taken serious notice of the artificial increase in Liquefied Petroleum Gas (LPG) prices by the LPG marketing companies, distributors and retailers on receiving various complaints across the country. According to the Ogra spokesman, the end consumers have filed complaints with the Ogra against the LPG plant operators and retailers that they were selling the commodity in the range of Rs 250-300 per kg against Rs 204 per kg fixed by the Ogra. The spokesperson said that the Ogra enforcement teams have been mobilised to take cognisance of the matter and to ensure the sale of LPG at notified prices to provide relief to the end consumers and to initiate action against the violators under the relevant rules.

The Ogra enforcement teams have visited various LPG plants recently in the vicinity of Lahore and Islamabad to check/monitor LPG prices and safety. During the visit, all LPG plants were directed to ensure proper display of LPG prices at prominent places and to ensure that they will not overcharge LPG prices from end consumers. Further, written instructions to this effect have also been issued to all LPG plants across the country. The Ogra has also decided that its enforcement teams along with district administration will remain in the field during the ongoing winter season to ensure sale/availability of LPG on Ogra's notified prices.

LPG is mainly used in hilly and remote areas of the country where natural gas supply is not available. The people of Azad Jammu and Kashmir (AJK), Gilgit Baltistan, remote areas of Khyber Pakhtunkhwa (KPK), Punjab, Balochistan, and Sindh are totally relying on LPG for cooking purposes, while people in urban areas, especially in winter also use LPG owing to the gas load shedding.

## **SECP ISSUES UPDATED 'MASTER CIRCULAR' FOR AMCS, IAS**

ISLAMABAD: In order to facilitate the asset management industry and to ensure compliance with statutory/regulatory requirements in an efficient manner, the Securities and Exchange Commission of Pakistan (SECP) has issued an updated Master Circular for Asset Management Companies (AMCs) and Investment Advisors (IAs). The Master Circular is a compilation of all applicable circulars, directions and clarifications issued by the SECP from time to time for regulation of collective investment schemes (CIS)/mutual funds/investment advisory services (IASs).

The Master Circular covers matters related to digitization, advertisements, categorization of CIS and investment avenues, disclosure requirements, Constant Proportion Portfolio Insurance (CPPI) based schemes, exchange traded funds (ETFs), performance benchmarks for CIS, and selling and marketing of CIS. It also covers sales load and expenses, valuation and provisioning, mandatory certifications for professionals of NBFCs and distribution of Units of CIS, outsourcing arrangements, risk management and compliance, merger of open-end schemes, procedure for unit holders meeting, separately managed accounts and closed ended schemes. In case of any inconsistency between the master circular and the applicable circular, the contents of the relevant circular shall prevail.

## **IMPORT OF RAW MATERIALS: PYMA SAYS HAS APPRISED SBP ABOUT OBSTACLES**

**KARACHI:** Pakistan Yarn Merchants Association (PYMA) has informed the Governor State Bank of Pakistan, Jameel Ahmed, of the serious situation arising from the obstacles in the clearance of textile import raw materials, and requested that for the textile industry, the backbone of the country's economy, the facility of Letter of Credits (LCs) should be restored to continue the production activities so that the clearance of imported raw materials can be possible.

In a letter to the Governor State Bank of Pakistan, Jameel Ahmed, PYMA Senior Vice Chairman Sohail Nisar pointed out that Polyester Filament Yarn 5402.4700, Polyester Textured Yarn 5402.3300, Pre Oriented Yarn 5402.4600, Polyester Spun Yarn 5509.2100 & 5509.5100, Polyester Sewing Thread 5402.6200, Viscose Filament yarn 5403.3100, Nylon Filament Yarn 5402.4500, Nylon Textured Stretch Yarn 5402.3100, 5402.3200 were the basic raw material of textile and without which the textile manufacturing segment cannot operate. "There were numerous specifications within these HS codes that were either not domestically manufactured or not produced in significantly large quantities to meet domestic demand. Consequently, the only way to fulfill the raw material requirements of downstream users is through imports."

The letter further stated that the raw materials covered in the above-mentioned HS Codes were not only used for the production of domestic goods, they were also used in the export sector which cannot fully finance itself therefore, PYMA members were the ones who facilitate this manufacturing segment. In this regard, PYMA members were facing undue delays from commercial banks in the opening of new Letters of Credits (LCs). Furthermore, banks were also delaying the processing of shipping documents for long periods, resulting in high detention and demurrage charges for our members, while also creating a shortage of said raw materials in the local market. Sohail Nisar requested the Governor State Bank that they treat the above-mentioned items as essential goods, and were further requested to instruct commercial banks to facilitate all transactions related to these HS codes on an expedited basis. In this matter, PYMA members will highly appreciate the central bank's cooperation.

## **IMPORT OF REFINED POL PRODUCTS: OMAP URGES SBP GOVERNOR TO HELP RESOLVE ISSUE OF LCs**

**LAHORE:** The Oil Marketing Association of Pakistan (OMAP) on Friday asked Governor State Bank of Pakistan (SBP) Jameel Ahmad to intervene in the matter of opening Letter of Credits (LCs) for import of refined petroleum products to avoid severe fuel crises in the country.

In a letter written to the governor SBP on January 18, Chairman OMAP Tariq Wazir Ali also requested a meeting on the above issue to play its role in avoiding any such fear being hand in hand with the SBP. Asking for immediate attention of the governor SBP, Tariq Wazir Ali said: "Kindly pay attention, immediately intervene and take the matter up with the concerned authorities so any threat of imminent fuel crisis may be curbed and avoided in an efficient manner."

The chairman OMAP also warned that if LCs are not established within a set timeline, imports would greatly be impacted and may lead to a severe shortage of petroleum products and consequently a crisis in the country, also threatening the country's strategic defence and logistic movement. He further observed that member companies of the OMAP are facing great challenges in opening LCs for import of refined petroleum products into Pakistan. Due to their nature, Import Contracts & Confirmed LCs are a prerequisite of doing business in our sector but unfortunately due to low foreign exchange reserves, the SBP has advised banks to do rationing on new LC opening, he wrote.

The chairman OMAP further noted that Pakistan's monthly cost for import of petroleum products is approximately around US\$ 1.2 Billion to meet the energy needs of our country. The challenges in opening and confirmation of LCs are causing delays in import of various cargos. Until now the situation is somehow managed with the supervision of relevant authorities, however, in the current situation, we fear that conditions are turning from bad to worse. As banks decline opening LCs, this is drastically shrinking the working capital of OMCs, he said.

## **MPS ON MONDAY: INCREASE IN KEY POLICY RATE LIKELY**

**KARACHI:** The State Bank of Pakistan (SBP) will announce the Monetary Policy Statement on Monday (Jan 23). The Monetary Policy Committee (MPC) of the State Bank will meet on Monday to review the key economic indicators and decide about the monetary policy. State Bank Governor Jameel Ahmad will announce the monetary policy decision at a press conference the same day after the MPC meeting. Most of economists believed that MPC may increase the key policy rate on high inflation outlook and deteriorating external account situation. In the previous meeting held on November 25, 2022, the committee raised the policy rate by 100 basis points (bps) to 16 percent, aimed at reducing inflationary pressure and containing the risk to financial stability. Currently, the key policy rate stands at 23-year high. Previously, it was 16.5 percent in 1998. Cumulatively, the committee has increased the rate by 625 basis points during last calendar year.

## **IAP EXHIBITION 2023: USE OF BLACK MONEY IN CONSTRUCTION SECTOR SHOULD BE DISCOURAGED: PRESIDENT**

**ISLAMABAD:** President Dr Arif Alvi has called for adopting green and sustainable building practices in the country's housing and construction sector, promoting sustainable living and moderate consumption to conserve energy and limited natural resources. While addressing the Institute of Architects Pakistan (IAP) Exhibition 2023, the president said that rethinking, redesigning, rebuilding and reusing materials and resources had become critical for promoting climate-friendly and resilient infrastructure in the country.

The president was addressing the inaugural ceremony of the Building Materials Exhibition 2023 organized by the IAP's Rawalpindi Chapter, in Islamabad, on Friday. Chairman IAP, Architect Saad Mehmood Khan, Chairman IAP Rawalpindi/Islamabad Chapter, Architect Fawad Suhail Malik, architects, graduates, and members of the housing and construction industry attended the ceremony. Earlier, the President also inaugurated the Building Materials Exhibition 2023.

Addressing the occasion, the president said that the discipline of architecture was important as it provided the basis for the construction industry and provided quality and aesthetically pleasing accommodations to the people. He said that the buildings should be designed with in-built mechanisms to make them differently-abled person friendly as well as by making rooftops usable by growing vegetables and greenery, besides installing solar panels to provide green and clean energy.

The president said that construction and development activities by the public sector contribute greatly in increasing economic activity and injecting liquidity into the system which further helped in the growth of industry and providing employment to the people. He quoted the examples of the Mughal dynasty and Sher Shah Suri who invested public money in developing roads, buildings, monuments, and other public places which greatly contributed to the prosperity of the Indo-Pak sub-continent. He said that the trend of parking money in buying plots and buildings prevented its circulation for promoting business, trade and investment, and contributed to slowing down the economic and financial activities in the country. He said that buildings and houses should be constructed with the underlying objective of providing decent and affordable living to all segments of society, including the poor and the underprivileged. He said that the use of black money for buying plots and buildings and investing in the construction sector should be checked and discouraged; besides systems should be strengthened to disallow the creation of black money at all. He said that it was surprising to note that almost \$13 billion of Pakistani wealth had been blocked and invested in Cyber currency which was depriving the economy of much-needed liquidity. He said that in Pakistan, frequent amnesty schemes had been announced to bring black money into the formal economy but instead of offering such schemes, efficient systems should be developed to tax the wealthy and convert the entire informal economy into the formal economy which would help in overcoming the financial and economic difficulties.

The president said that water was a precious commodity and Pakistan was facing unpredictable fluctuations in the weather patterns, nonetheless, Pakistan received sufficient water through the weather system which needed to be preserved and efficiently utilized. He proposed that all buildings should be designed to harness and preserve rainwater to recharge the aquifers. He said that only a limited volume of water should be allowed to be discharged into the sea as was necessary to protect mangroves and prevent the encroachment of sea into the land while the rest should be efficiently utilized. He also stressed the need to set up water purification and sewerage treatment plants in every industry to prevent the discharge of toxic chemicals, pollutants and waste into the sea as it was negatively affecting the marine flora and fauna.

The president further said that in Pakistan there was a trend to first encroach on state land, build on it unlawfully, and later through various means get it regularized. He said that this phenomenon should be stopped and discouraged to prevent these illegal constructions. Architect Saad Mehmood Khan, on the occasion, said that IAP had been very active in organizing events in different cities, including hosting conferences, symposia, workshops and lectures, and international architectural exhibitions, to sensitize the governments and the public on issues of environment, architectural education, sustainable building practices, building bye-laws, and city planning.

## **CMOs FAIL TO REACH AGREEMENT ON ‘SIM DISALLOWING CHARGE’**

ISLAMABAD: Cellular mobile operators (CMOs) have failed to reach an agreement/ consensus on SIM disowning charge and have not developed/ provided any mechanism for addressing concerns of genuine consumers in case of illegal SIM issuance, says the Pakistan Telecommunication Authority (PTA).

The CMOs had initially agreed with the PTA’s suggestion that one-time waiver may be allowed to customers for disowning their SIMs. Later on, the same was not agreed by Jazz, Telenor, and Zong. However, the authority is of the view that consumers should be given the facility of one-time free disowning of their SIM.

Official documents of the authority noted that it is a fact that significant resources and cost (SIM acquisition cost, NADRA verification cost, etc) are involved in the process of SIM sale to customers through Biometric Verification System (BVS) and the same has increased owing to the current economic situation and increase in operational expenditures. Although the PTA has deregulated SIM connection price but due to competition, CMOs are unable to recover SIM cost. Another phenomenon which was observed is that some consumers willingly or unwillingly handover SIMs to illegal sources for monetary gains and exploit free disowning SIM facility by returning the SIM after they are identified and acquire new SIM of other operator for the same activity. Thus, they are involved in abusing new customer acquisition offers which are offered to new consumers for sale of SIM. There were instances where free disowning of SIM phenomena were exploited by grey traffickers/ fraudsters as they were able to get new SIMs after disowning of old SIMs, which were used in grey traffic/ frauds. After holding of consultation with operators, it has been observed that there is no agreement/ consensus among CMOs on SIM disowning charge.

Moreover, CMOs have not developed/ provided any mechanism for addressing concerns of genuine consumers, e.g., in case of illegal SIM issuance on the CNIC of a customer, etc., the burden of disowning charges will be borne by that customer which is not justified.

Authority intends to seek comments/ feedback from concerned stakeholders including telecom consumers, consumer groups and the general public regarding the implementation of SIM disowning charge. The Authority has sought feedback that whether CMOs should be allowed to levy SIM disowning charge? If yes, should the PTA determine price floor, as well as, price ceiling for SIM disowning? PTA proposes price ceiling of Rs200 for SIM disowning without determining price floor. It asked whether one-time waiver may be allowed to facilitate consumers for disowning their SIMs. Should SIM disowning charge be waived in case of SIM retention period of more than six months? Whether CMOs be obligated to carry out public/ awareness campaigns wherein status of registered SIMs against each CNIC shall be transmitted/ communicated to the consumers to facilitate one-time disowning of SIMs free of charge? Whether Cellular Mobile Operators be mandated to develop proper mechanism for SIM disowning?

In August 2022, Telenor on its own implemented/ introduced disowning charge @ Rs200 per SIM and posted notices on its website. However, after directions by PTA, Telenor discontinued SIM disowning charge and no consumer was charged. Recently, Telenor has approached PTA to re-visit the Authority’s Determination regarding implementation of SIM disowning charge. On 21st September 2022, PTA conducted a consultation session with Jazz, Telenor, Zong, and Ufone, wherein, representatives of all CMOs were requested to submit written feedback/ comments on SIM disowning charges.

The CMOs were also directed to provide framework/ mechanism for addressing genuine concerns of the complainants along with proposed price for SIM disowning. Jazz stated that SIM disowning charge should be uniform across all customers, considering that genuineness of the consumer cannot be determined. Jazz suggested price ceiling of Rs500 as SIM disowning charge.

Telenor proposed minimum charge of Rs300 on all SIM disowning activities without exception. Zong requested a de-regulated approach with a price ceiling of Rs300 and recommended that these charges should be applicable to all customers. Ufone argued that consultation on SIM disowning charge and framework/ mechanism for addressing genuine concerns of complainants may be deferred till the implementation/ maturity of the Multi-Finger Biometric Verification System (MFBVS) and its impact analysis. In order to further deliberate on the issue, a subsequent consultative meeting was held with CMOs on 14th November 2022. During the meeting, Jazz, Telenor, and Zong proposed that the PTA should determine price floor and price ceiling for SIM disowning and suggested price floor and price ceiling in the range of Rs200 to Rs500 respectively. Ufone only agreed on setting price ceiling by the PTA but opposed the determination of price floor for SIM disowning.

## **PAKISTAN CIVIL AVIATION AUTHORITY PCAA HOLDS 30TH ‘E-KACHEHRI’**

KARACHI: Pakistan Civil Aviation Authority (PCAA) held its 30th ‘E-Kachehri’ to resolve the grievances of the general public. Additional Director General CAA, AVM Taimoor Iqbal, on behalf of DGCAA chaired the E-Kachehri and encouraged people to come up with the queries relevant to PCAA airports around the country.



About 41 queries/ issues were received during online E-Kachehri regarding entry restriction at Peshawar Int'l Airport, provision of meet & assist facilitation services at major Int'l Airports of Pakistan, starting of personnel licensing examination at Islamabad & Peshawar, short listing & interview dates for finalization of CAA latest recruitments.

Furthermore, complaints/ issues pertaining to Wifi problem due to non availability of local SIM at different airports, high prices of general commodities/ items, immigration counters manning issues due to shortage of staff & customs scanning issue at Int'l Arrival of Multan Int'l Airport, exemption/ NOC issues for inbound travel to Pakistan for non-vaccinated passengers, missing/ delayed luggage/ baggage complaints of different airlines, non provisioning of meal & recruitments issues were also received. Additional Director General, PCAA responded to most of the queries on the spot and directed the concerned quarters to sort out matters pertaining to their respective domains at the earliest on merit and also emphasized that any laxity on dealing with queries would not be tolerated.

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