RS170BN ADDITIONAL TAXES: DO IT THRU BILL, PRESIDENT ASKS FIN MINISTER

ISLAMABAD: President Dr Arif Alvi has advised the government to take fiscal measures of Rs170 billion through additional taxes as agreed with the International Monetary Fund (IMF) by introducing a bill in the Parliament instead of issuing an Ordinance. According to the Finance Ministry, Finance Minister Ishaq Dar on Tuesday met with the president and apprised him about the progress in talks with the IMF and that all modalities have been agreed upon.

The Finance Ministry in a statement stated that the President appreciated the efforts of the government for negotiating an agreement with the IMF and assured that the state of Pakistan would stand by the commitments made by the government with the IMF. The minister informed that the government wanted to raise additional revenue through taxes by promulgating an ordinance.

The President advised that it would be more appropriate to take the Parliament into confidence on this important subject and that a session be called immediately so that the bill is enacted without delay.

FITCH FURTHER DOWNGRADES LONG-TERM FOREIGN CURRENCY IDR TO 'CCC-'

ISLAMABAD: Fitch Ratings has downgraded Pakistan's Long-Term Foreign-Currency Issuer Default Rating (IDR) to "CCC-", from "CCC+". There is no outlook assigned, as Fitch typically does not assign outlooks to ratings of "CCC+" or below.

The Rating Agency stated that the downgrade reflects further sharp deterioration in external liquidity and funding conditions and the decline of foreign exchange (FX) reserves to critically low levels. "While we assume a successful conclusion of the 9th review of Pakistan's IMF programme, the downgrade also reflects large risks to continued programme performance and funding, including in the run-up to this year's elections. Default or debt restructuring is an increasingly real possibility, in our view," it added.

Liquid net FX reserves of the State Bank of Pakistan were about $2.9 billion on 3 February 2023, or less than three weeks of imports, down from a peak of more than $20 billion at end-August 2021. Falling reserves reflect large, albeit declining, current account deficits (CADs), external debt servicing and earlier FX intervention by the central bank, particularly in 4Q22, when an informal exchange-rate cap appears to have been in place, said the agency, adding that it expects reserves to remain at low levels, though forecast a modest recovery during the remainder of the fiscal year 2023, due to anticipated inflows and the recent removal of the exchange rate cap.

External public-debt maturities in the remainder of the fiscal year ending June 2023 amount to over $7 billion and will remain high in the fiscal year 2024. Of the $7 billion remaining for fiscal year 2023, $3 billion represent deposits from China (SAFE) that are likely to be rolled over, and $1.7 billion are loans from Chinese commercial banks which we also assume will be refinanced in the near future. The SAFE deposits are scheduled to mature in two instalments: $2 billion in March and $1 billion in June, it added.

"Pakistan's CAD was $3.7 billion in 2H22, down from $9 billion in 2H21. As such, we forecast a full-year deficit of $4.7 billion (1.5 percent of GDP) in the fiscal year 2023 after $17 billion (4.6 percent of GDP) in the fiscal year 2022. The narrowing of the CAD has been driven by restrictions on imports and FX availability, as well as by fiscal tightening, higher interest rates and measures to limit energy consumption," Fitch added.

Reported backlogs of unpaid imports in Pakistan's ports indicate that the CAD could increase once more funding becomes available. Nevertheless, exchange-rate depreciation could limit the rise, as the authorities intend for imports to be financed through banks, without recourse to official reserves. Remittance inflows could also recover after they were partly switched to unofficial channels in 4Q22 to benefit from more favourable exchange rates in the parallel market, it added. Shortfalls in revenue collection, energy subsidies and policies inconsistent with a market-determined exchange rate have held up the 9th review of Pakistan's IMF programme, which was originally due in November 2022. We understand that completion of the review hinges on additional front-loaded revenue measures and increases to regulated electricity and fuel prices, it added.

The IMF's conditions are likely to prove socially and politically difficult amid a sharp economic slowdown, high inflation, and the devastation wrought by widespread floods last year. Elections are due by October 2023, and former prime minister Imran Khan, whose party will challenge the incumbent government in the elections, earlier rejected an invitation by Prime Minister Shehbaz Sharif to hold talks on national issues, including IMF negotiations.

Recent funding stress has been marked by the apparent reluctance of traditional allies - China, Saudi Arabia and the United Arab Emirates - to provide fresh assistance in the absence of an IMF programme, which is also critical for other multilateral and bilateral funding.

The authorities appear close to agreement on the 9th programme review after the conclusion of the IMF's staff visit to Pakistan on 9 February and have already taken action that should facilitate agreement. This includes an apparent removal of a cap on the rupee exchange rate in January. The prime minister has repeatedly expressed the intention to remain in the programme, it added.

In addition to remaining IMF disbursements of $2.5 billion, Pakistan stands to receive $3.5 billion from other multilaterals in the fiscal year 2023 after agreement with the IMF is reached. There have been reports of over $5 billion in additional commitments being considered by allies, on top of rollovers of existing funding, although details on the size and conditions are still pending. Pakistan received $10 billion in pledges at a flood-relief conference in January 2023, mostly in the form of loans.

The prime minister has also expressed the intention to remain current on all debt obligations. Pakistan repaid a Sukuk due in December 2022, and the next scheduled bond maturity is not until April 2024. The previous finance minister said before resigning that Pakistan would seek debt relief from non-commercial creditors.

In addition, the prime minister had appealed for bilateral debt relief within the Paris Club framework, although no official request has been sent and this is no longer under consideration according to the authorities. Should Paris Club debt treatment be sought, Paris Club creditors would be likely to require comparable treatment for private external creditors in any restructuring. We believe local debt might be included in any restructuring, despite macro-financial stability considerations, as it accounts for 90 percent of the government's interest burden," Fitch added. Signs that a default of some sort appears probable; for example, indications that the authorities are considering debt restructuring, or further deterioration in external liquidity and funding conditions making traditional payment default more likely, it added.

PURCHASES BY DISCOS FROM NET METERING CONSUMERS: NEPRA TRASHES PLAN TO REVISE POWER RATES

ISLAMABAD: The National Electric Power Regulatory Authority (Nepra) has trashed its plan to revise rates of electricity being purchased by Discos from consumers of net metering, after massive pressure from different government and private quarters.

The Regulator wanted to revise down Rs 19.32 per unit National Average Power Purchase (NAPP) and replace it with National Energy Purchase Price (NAEPP), which is Rs 9 per unit aimed at bringing the sale price of net metering electricity slightly above the price of solar projects.

In September 2022, Nepra initiated the process of amendments to the NEPRA (Alternative & Renewable Energy) Distributed Generation and Net Metering Regulations, 2015 and proposed the following amendment: In Sub-Regulation 5 of Regulation 14 of the Regulations, the word NAPPP be replaced with NAEPP.

The process for amendment to the regulations was initiated, keeping in view increase in National Average Power Purchase Price, from existing Rs.12.95/kWh to Rs.19.32/kWh, after notification of revised consumer end base tariff by the federal government from July 25, 2022.

The proposed amendment to Regulations was published in newspapers for eliciting public opinion for a period of 30 days. The Authority, however, considering the comments received from various stakeholders and media reports, decided to conduct a public hearing in the matter, which was accordingly scheduled for September 27, 2022. In this regard notice for public hearing was published in newspapers and also uploaded on Nepra website. During the hearing, the Authority seemed determined to revise down the rates of solar electricity being purchased by Discos from Green Meter holders, and has now bowed down before unprecedented pressure from top government circles as well as private sector investors.

The public/consumers, during the hearing, strongly opposed the proposed amendments citing the fact that electricity through net metering is one of the most efficient methods incurring low distribution losses, with no investment for distribution infrastructure, and the proposed amendment in the Regulations would discourage net metering/solar installation.

According to the decision, the Authority has carefully reviewed the submissions of the stakeholder, made during the hearing & in writing and is also cognizant of the vision of the Government for induction of cheap and clean renewable energy into the system.

The Regulator, in a revised logic, stated that although net metering is predominantly based on the concept of minimizing electricity cost through roof top solar self-generation for self-consumption and not for commercial sale and Discos have to maintain Grid & Generation Capacities for the Net Metering consumers during non-solar hours as well however the economic benefits of net metering in terms of displacement of costlier electricity, savings of foreign exchange and incurring minimal losses, cannot be ignored.

Moreover, the quantum of net metering units at present is very low i.e. below 1% of the total energy purchased by Discos. After explaining the entire scenario, the Authority maintained that it has decided not to amend the existing NEPRA (Alternative & Renewable Energy) Distributed Generation and Net Metering Regulation, 2015.

SBP TAKES STEPS AIMED AT TIMELY REALISATION OF EXPORT PROCEEDS

KARACHI: The State Bank of Pakistan (SBP) has taken some new measures to ensure timely realization of export proceeds. Para 33 of Chapter 12(Exports) of the Foreign Exchange (FE) Manual provides the procedure for dealing with cases relating to non-realization or delay in realization of the export proceeds. A new Para 33A has been inserted after Para 33 to take fresh measurers for timely realization of export proceeds.

In order to ensure timely realization of export proceeds, SBP has decided to initiate necessary action in all those export cases where full export proceeds are not realized within prescribed time period as defined Foreign Exchange Manual. As per Para 33A titled “Delayed Realization of Export Proceeds”, in cases where export proceeds (fully or partially) are realized after the prescribed period, the banks will adopt the new procedure at the time of conversion of export proceeds into PKR.

The Authorized Dealer (AD) will compare the weighted average buying rate published by SBP on the date of realization (i.e. Rate-A) with the same rate published by SBP on the last day of the prescribed period, after addition of the grace period, if any (i.e. Rate B). In case Rate-A is higher than Rate-B, the AD will convert the export proceeds at Rate-A, but pay the export proceeds at Rate-B to the exporter and will keep the difference amount in a separate account opened by them for the purpose. A consolidated statement regarding all such differences collected by the AD will be submitted by Head/ Principal Offices of the Authorized Dealers to the Director, Foreign Exchange Operations Department (FEOD), SBP-BSC on weekly basis.

FEOD, SBP-BSC will file a complaint to Foreign Exchange Adjudication Department (FEAD), with respect to delay in realization of export proceeds. Banks will deposit the said difference amount with SBP or refund the same to the exporter, as decided by FEAD. However, SBP has clarified that that these instructions will not be applicable in cases of export bills/ export receivables that are discounted by the exporter to the AD. Fresh instructions will come into effect as of March 1, 2023.

Accordingly, overdue export bills will be dealt as described by the SBP. If the date of realization of export proceeds is on or before February 28, 2023 and date export proceeds became overdue prior to February 28, 2023 than the date of realization, will be applied, for payment to exporter. In case if the date of realization of export proceeds is on or after March 1, 2023 and date export proceeds became overdue on or before February 28, 2023 than the date of realization or March 1, 2023, whichever is lower, will be applied, for payment to exporter. If the date of realization of export proceeds is after March 1, 2023 and date export proceeds became overdue after March 1, 2023 than the date of realization or date on which export proceeds become overdue, whichever is lower, will be applied, for payment to exporter.

SBP has advised the Authorized Dealers to bring the instructions to the knowledge of all their constituents and ensure meticulous compliance of the above instructions.

FRAMING ‘CHARTER OF ECONOMY’: LCCI, ICAP AND PIPFA ANNOUNCE LAUNCH OF JOINT EFFORTS

LAHORE: Minister of State and Chairman Reforms and Resource Mobilization Committee - Ashfaq Yousaf Tola, led an economic briefing session hosted by Lahore Chamber of Commerce & Industry (LCCI).

The delegation also included President Institute of Chartered Accountants of Pakistan (ICAP) - M Ali Latif and Council Members - M Maqbool and Zeeshan Ijaz. The event, held at the LCCI, was attended by LCCI President Kashif Anwar, Senior Management of LCCI, Stakeholders representing the business community, as well as prominent journalists.

The Minister of State stated that they have been discussing the Charter of Economy for a long time. This is a dream that will soon be realized. He further suggested that stakeholders should sit with ICAP, suggest solutions, bring up issues one by one, and work to resolve them.

The Lahore Chamber of Commerce & Industry (LCCI), the Institute of Chartered Accountants of Pakistan (ICAP), and the Pakistan Institute of Public Finance Accountants (PIPFA) announced collaborative efforts aimed to develop a comprehensive document on Charter of Economy to be led by LCCI President Kashif Anwar and President ICAP, M Ali Latif. Both Presidents emphasized that all Chambers of Commerce should work together to help frame the Charter of Economy, which can then be presented to the Government and other political parties. While addressing the participants of the briefing session, President ICAP stated that Political Stability is important for economic stability and then growth.

Our country is currently suffering from severe political instability which is having a direct impact on our economy. He stated that it is imperative that efforts be made to bring together all Stakeholders through Sectoral Consultative Sessions for framing this Charter of Economy.

The most important Stakeholders are the Political Parties as without their express commitment to implement the Charter of Economy, it would only reduce to a piece of paper.

President ICAP further stated that Sectoral Policies of Tariff and Taxation would be developed with an aim for import substitution after obtaining comments from FBR and Ministry of Finance. President ICAP urged political parties to share their economic manifestos and engage in debates on important economic issues. M Ali Latif further stated that achieving political consensus on economic policies is crucial to addressing the country's economic problems and advancing sustainable economic growth - which is the primary goal of the current Minister of Finance.

President LCCI stated that whichever political party comes to power, should then fully implement this Charter. Pakistan has been facing economic crisis for many years.

The country has suffered from low growth rates, high levels of debt, inflation, low productivity, and poor competitiveness, which has led to widespread poverty and slow development. Overcoming these economic challenges is crucial for the future of Pakistan. A meeting was planned in next month between representatives of ICAP, PIPFA and LCCI to share research work and schedule consultative sessions.

R 15-2-2023

NTSOC LAUNCHED FOR CYBER SECURITY: PTA AIMS TO SECURE TELECOM DATA, INFRASTRUCTURE AGAINST CYBER-ATTACKS

KARACHI: Amid rising concerns over cyber security in Pakistan, the Pakistan Telecommunication Authority (PTA) has recently launched the National Telecom Security Operations Centre (NTSOC), a centralised platform that aims to efficiently manage and mitigate cyber security incidents in the country's telecom sector.

This development also presents a significant business opportunity for cyber security firms.

The NTSOC, established under the Pakistan National Cyber security Policy 2021 and Prevention of Electronic Crimes Act (PECA 2016), aims to secure Pakistan's critical telecom data and infrastructure against cyber-attacks, according to a PTA statement released on Tuesday.

Speaking to The Express Tribune, cyber security Expert Etizaz Mohsin said, "The launch of NTSOC by the PTA is a significant step towards improving cyber security in Pakistan's IT ecosystem and society. It is expected to strengthen the protection of critical telecom data and infrastructure against cyber-attacks, enhance Pakistan's cyber security ranking and enable quick and effective incident response."

"The integration of the telecom operators' Security Operations Centres (SOCs) and the national Computer Emergency Response Team (CERT) with NTSOC is a positive development that will further enhance Pakistan's cyber security capabilities," he observed.

The NTSOC is the first ever sectoral SOC to be introduced in Pakistan, after the issuance of a Cyber Security Policy, as per the PTA statement. It involves three key components, Security Incident and Event Management (SIEM), Threat Intelligence, and Security Orchestration and Automated Response (SOAR) all of which have been indigenously customised to improve the country's cyber security ranking.

The NTSOC will integrate with the telecom operators' SOCs and the national Computer Emergency Response Team (CERT), ensuring quick and effective incident response. Six telecom operators have been integrated with NTSOC, with the rest to follow gradually. The project includes continuous enhancement in the provided solution to keep pace with the evolving cyber security threats, mentioned the statement.

"In today's world, cyber-attacks and warfare have become increasingly common," remarked Nasheed Malik, ICT Analyst at Topline Research, while talking to The Express Tribune.

“It has become a growing concern for national security agencies in Pakistan, who keep highlighting the need for improved cyber security measures,” said Malik.

“This issue is not only limited to the public sector – private firms are also taking cyber security seriously – given that everything is becoming digital,” he added, adding that, “As a result, the post of Chief Cyber Threat or Chief Cyber Security Officer has become a customary position in every organisation.”

“Over a year, the government issued a national cyber security policy – which was a step towards combating cyber threats. With the NTSOC the government is now aiming to centralise its efforts to combat cyber threats,” said Malik.

“Both the government and private sector will have to hire cyber security specialist companies to protect themselves from cyber-attacks,” he said, adding that, “This initiative also presents an opportunity for IT companies to develop their cyber security capabilities and help organisations protect themselves from cyber threats.”

Supernet Limited, a company recently listed on the Pakistan Stock Exchange (PSX), is heading towards cyber security, while System Limited also recently announced plans to explore the cyber security domain.

“The recent incident of money being stolen from a big bank’s depositors’ accounts highlights the need for better cyber security measures. This issue is not limited to Pakistan only – it is prevalent at a global level. This is a wake-up call for both the public and private sectors to take the necessary measures to improve their cyber security protocols,” emphasised Malik.

Reiterating the importance of a cyber security protocol, Malik said, “Cyber security is no longer an issue that can be ignored, given the growing number of cyber threats that organisations face. It is a matter of national security and both the government and private sector need to take proactive measures to protect their systems and data from virtual attacks. The establishment of the NTSOC is a positive step, but there is still a lot of work to be done.”

TR 15-2-2023

MINISTER VOWS TO MOVE COURT OVER CEMENT FACTORY ISSUE

QUETTA: Balochistan’s local government minister has called for cancelling the allotment of a 45,000-acre piece of land to a cement factory in Hub and said he would take the matter to court. Mohammad Saleh Bhootani, who is also the provincial president of the ruling Balochistan Awami Party (BAP), was speaking on the point of order in the Balochistan Assembly. Mr Bhootani said the Mines and Minerals Development Department had allotted 45,000 acres to a cement factory, which he said belonged to the people of Hub and Lasbela districts.

The allotted land comprised mountains, agriculture lands, hundreds of villages, farms and graveyards, he said, arguing that there was no justification for allotting such a vast area for setting up a cement factory. He said the cement factory owners would soon fence the boundaries of the land and the locals already settled there would be forced to shift elsewhere. Mr Bhootani urged Chief Minister Abdul Qudoos Bizenjo, also from BAP, to “show mercy on the poor people of the area and cancel the allotment”.

The minister said that if the allotment was not cancelled, he and the people of the area would approach the court of law. Sham Lal Lasi, an MPA from Lasbela, also opposed the land allotment and said the people of Lasbela and Hub would resist the move.

The parliamentary leader of the Balochistan National Party-Mengal, Naseer Ahmed Shahwani, condemned the allotment and demanded the government withdraw its decision. “If such practices continue, what will be the future of Balochistan?” he wondered. The house also adopted a resolution to express grief over a powerful earthquake in Turkiye and Syria, which killed and injured thousands of people and rendered millions homeless.

The resolution was moved by Parliamentary Secretary Bushra Rind. On the occasion, the lawmakers announced that they would donate one month’s salary to the relief fund set up to help earthquake victims.

Dawn 15-2-2023

SC SERVES NOTICES IN LAND ALLOTMENT CASE UNDER REVISED POLICY ON THE ALLOTMENT OF PLOTS IN THE FEDERAL CAPITAL ON SUBSIDISED RATES TO TOP JUDGES, LAWYERS AND BUREAUCRATS: TOP COURT ADJOURNS MATTER FOR A FINAL HEARING ON MARCH 8

ISLAMABAD: The Supreme Court has ordered for publication of service notices to respondents through print media about its hearing of petitions against the Islamabad High Court’s (IHC) judgment that scrapped the government’s revised policy on the allotment of plots in the federal capital on subsidised rates to top judges, lawyers and bureaucrats.

The petitioners had applied for plots in sectors F14 and F15 of Islamabad and were successful in acquiring them.

The IHC judgment had declared the allotment of plots to judges, bureaucrats and government employees in the special sectors of the federal capital as “unconstitutional”.

The IHC verdict had affected six serving and several retired judges.

“The revised policy and the scheme pursuant thereto, intended to be launched in sectors F-12, G-12, F-14 and F-15, are in derogation of public interest and violative of the constitutionally guaranteed rights of the people at large. Thus they are illegal, unconstitutional, void and without jurisdiction," read a judgment authored by IHC Chief Justice Athar Minallah on Feb 3, 2021.

A three-judge special bench of the apex court, led by Justice Munib Akhtar and comprising Justice Muhammad Ali Mazhar and Justice Ayesha Malik, took up the petitions on Tuesday.

The allottees who were government servants were represented by Hafiz Ahsaan Ahmad Khokhar.

Submitting before a special bench the background of the case, he stated that almost a year has passed since the passing of judgment and added that it lacked legal jurisdiction and was based on suo motu proceedings. He contended that the allottees were the actual victims of the protracted litigation whereas the matter for the same sectors has already been decided by SC.

The lawyer further argued that while exercising jurisdiction, the high court judicially overreached its constitutional jurisdiction and therefore, the impugned judgment of IHC was liable to be set aside. He also requested that the actual date for the next hearing be given as the matter has been pending since 2015 as all the allottees who are now among the appellants before SC have deposited the amount in response to FGHA advertisement against their respective plot allotment applications.

The bench however ordered for publication of service notices to respondents in two national newspapers and adjourned the matter for a final hearing on March 8.

TR 15-2-2023