HOPES REKINDLE FOR $2B CHINESE LOANS

ISLAMABAD: Pakistan and China have reached a deal for a $700 million commercial loan, reviving prospects for a total of $2 billion injection from the friendly country -- a move that might temporarily stabilise the extremely thin foreign currency reserves until the International Monetary Fund (IMF) money started pouring in.

The development came days before Pakistan was scheduled to return another $300 million Chinese commercial loan.

The agreement for the $700 million loan between Pakistan and the China Development Bank was reached at the weekend.

According to officials, the money is expected to be transferred this week. “One loan will be rolled over in a day or two,” said Finance Secretary Hamed Yaqoob Sheikh on Tuesday. He was responding to a question during a meeting of the National Assembly Standing Committee on Finance.

The secretary did not clarify the origin of the money and the amount of the loan but sources said the agreement was reached with the Chinese bank at the weekend.

The finance secretary further said another rollover was expected within this week -- in a veiled reference to the loans being given by the Industrial and Commercial Bank of China (ICBC).

Pakistan had also paid back a total of $1.3 billion for two commercial loans to the ICBC over two months ago in the hope of receiving back the money immediately.

However, the ICBC did not refinance the two separate facilities -- $800 million and $500 million -- which contributed to a significant reduction in the country’s foreign exchange reserves.

This time, the Chinese commercial banks took a longer time in finalising the new agreements because of certain complexities involved in these transactions and the bilateral relations.

It is now expected that the ICBC would reimburse one loan this month and the second one in March.

Pakistan’s gross official foreign exchange reserves stood at $3.2 billion as of last week, which may plunge further in the absence of any new foreign loan.

Although Minister of State for Finance Dr Aisha Pasha hoped that the staff-level agreement with the IMF might be reached this week, it would still take another one and a half months before the global lender called a board meeting and approved the $1.1 billion tranche.

The finance secretary also said the staff-level agreement with the IMF would be finalised soon.

However, he added that the economic challenges would not come to an end immediately.

Ms Pang Chunxue, the chargé d’affaires at the Chinese embassy, called on Finance Minister Ishaq Dar, according to a handout issued by the finance ministry. During the meeting that took place at the Finance Division, the two sides discussed further deepening ties in financial sectors, it added.

The sources said the Chinese diplomat informed the finance minister about the decision to release the money this month. “She shared good will gestures and assured the continuous support of the Chinese government to Pakistan,” the handout read.

It continued that she said the government of China stood with the people of Pakistan and was willing to provide every possible assistance.

The finance minister commended the support of the Chinese leadership to Pakistan in its challenging times and shared various economic measures taken by the government to bring the economy on progressive path, the handout added.

Ms Pang Chunxue appreciated the policy steps taken by the government for sustaining and boosting the fiscal and monetary stability.

Dr Aisha told the NA panel that the cost of debt servicing might increase to a whopping Rs5.3 trillion in this fiscal year -- a sum that was Rs100 billion more than what Pakistan conveyed to the IMF last week and Rs1.4 trillion higher than the budgeted estimates.

The amount of Rs5.3 trillion is equal to 55% of this fiscal year’s budget.

Separately, a delegation of Rothschild & Co -- one of the leading world financial advisory groups, also called on the finance minister.

The delegation comprised Eric Lalo, the partner of Rothschild and Thibaud Fourcade, its managing director.

The company officials encouraged the Pakistani authorities to follow the IMF path and not default on its obligations, saying the debt restructuring was always painful, according to people privy to these discussions.

The delegation also said Pakistan did not need to default or a hard restructure.

They advised the ministry to improve communication with the rest of the world.

The finance ministry said in a press statement that Dar greeted the delegation and shared the economic outlook of the country.

The minister said despite the challenging economic situation, the government was steering the country towards stability and growth. He added that the present government was committed to complete the present IMF programme and fulfill all its international obligations.

The Rothschild & Co delegation supported the policy steps taken by the government for sustaining and boosting the fiscal and monetary stability. It expressed confidence in Pakistan achieving sustainable economic development because of the pragmatic policies of the government, according to the press statement.

“The meeting discussed the economic challenges being faced by Pakistan and possible roadmap for economic recovery leading to sustainable growth and development,” the statement read.

The delegation was of the view that Pakistan should “vigorously” highlight the positives in its economy globally.

TR 22-2-2023

ADB APPROVES EMERGENCY FLOOD ASSISTANCE PROJECT

ISLAMABAD: Asian Development Bank (ADB) has approved the emergency flood assistance project - additional financing worth $5 million aimed at supporting operational priority on addressing remaining poverty and reducing inequalities and accelerating progress in gender equity.

The project documents noted that the additional financing is emergency assistance and is aligned with the ADB Strategy 2030. It will support Operational Priority (OP) 1 on addressing remaining poverty and reducing inequalities; OP 2 on accelerating progress in gender equity; OP 3 on tackling climate change, building climate and disaster resilience, and enhancing environmental sustainability; and OP 4 on promoting rural development and food security.

This will support (i) urgent provision of climate-resilient seeds for staple crop cultivation and (ii) women-led livelihoods to meet basic household needs. It will support rural farm households, including women, in the four districts in Nasirabad Division that have canal-irrigated cropland. It will provide 60,000 out of a total of 188,000 households in the target districts with climate-resilient rice seed (2023 Kharif [summer] sowing crop). The seeds will be sown on 54,000 hectares (ha) out of a total of 139,000 ha of rice cultivated area in the province. The proposed additional financing will also provide women from the targeted farm households with durable farming tool kits to assist them in undertaking farming activities. Protective footwear will also be provided for safer rice transplanting. The additional financing will also incorporate measures to strengthen community resilience to disasters caused by natural hazards.

The Government of Pakistan undertook a post-disaster needs assessment in September and October 2022. This was supported by a team of development partners comprising ADB, the European Union, the World Bank, United Nations agencies, and other organizations.

The Government of Pakistan also prepared the 2022 flood response framework in December 2022. This provides the basis for the development of a disaster recovery framework and arrangements for an effective, efficient, and coordinated post-flood recovery and reconstruction plan. The damage and losses in the agriculture sector in the country were primarily in crops, with 82 percent damaged or lost, followed by livestock (17 percent), and fisheries and/or aquaculture (one percent). About 1.78 million ha of agricultural land have been damaged, and 0.8 million livestock are estimated to have perished. In Balochistan province, agriculture accounts for one-third of the provincial gross domestic product and provides livelihoods for about 68per cent of the population.

The province has borne a heavy impact because of its high poverty levels, making it more vulnerable to disasters like floods. Out of its 37 districts, 35 have been impacted. At least 9.2 million people have been affected out of a population of 12.3 million. In Balochistan, 15 percent of the crop area is estimated to have been inundated (about 490,000 ha) by floodwater. More than 500,000 livestock are estimated to have been lost, affecting about 36per cent of households keeping livestock. The remaining livestock are at risk because of the loss of animal feed and disease.

WB DOWNGRADES $200M LOCUST EMERGENCY PROJECT

ISLAMABAD: The World Bank has downgraded the $200 million locust emergency and food security project for Pakistan to “highly unsatisfactory”, as project activities have not yet commenced. Official documents of the project a copy of which is available with *Business Recorder* revealed that the project is expected to close on June 30, 2023. Counterparts are identifying interventions to be implemented in the period prior to project closing.

R 22-2-2023

IMF STAFF-LEVEL PACT LIKELY THIS WEEK

ISLAMABAD: With the implementation of all major prior actions, Pakistan is eyeing a staff-level agreement with the International Monetary Fund (IMF) this week which will also pave the way for much-awaited credit flows from other bilateral and multilateral lenders. A day after the passing of the Supplementary Finance Bill 2023 in the National Assembly, the top economic team of the PMLN-led coalition government on Tuesday briefed the parliamentary committees on finance on all conditions agreed upon with the Fund.

State Minister for Finance Aisha Ghaus Pasha and Secretary Finance Hamid Yaqoob Sheikh responded to questions asked by the members of these committees in meetings held separately who have raised their concerns on modalities agreed upon with the Fund that could trigger a further spike in inflation. MNA Qaider Ahmed Sheikh and Senator Saleem Mandviwalla chaired the meetings of the finance committees separately.

The secretary finance told the NA committee that the consultations with IMF are in the final stages. “We expect to conclude the consultations soon even within the week”, he further said. However, the IMF Executive Board meeting is expected in the first week of March after the staff-level agreement has been reached. The secretary, however, did not give the timeline or exact date of the IMF board meeting. He also hinted at the positive signals coming from international financial circles regarding the revival of the $7bn Extended Fund Facility (EFF) programme. However, Mr Sheikh did not elaborate further. He said the staff-level agreement will pave the way to get funds from other international financial institutions.

The secretary categorically said it would take two to three months to settle the country’s economic challenges. He further informed the committee about a major rollover of loans is expected in a day or two while another one is in the ongoing week. However, the secretary did not disclose it. “Let’s wait for things to clear up please”, the secretary said.

Answering a question, the secretary said that forex reserves numbers have been agreed with the IMF. However, the number could not be disclosed ahead of the agreement, he said, adding there has been positive news regarding the staff-level agreement in the international media. Aisha Ghaus also spoke about the IMF talks and informed the NA standing committee that the fund has identified a fiscal gap of Rs875bn. This was to be filled through tax and non-tax measures. The bulk of the gap is because of the energy sector slippages.

FBR has been given an additional task of collecting Rs170bn over the budgetary target of Rs7.470 trillion. The remaining amount will be raised through an increase in natural gas as well as electricity rates. However, the break-up was not shared with the committee members. Miss Pasha agreed that the government needs to do structural reforms. She also agreed to reduce the bulk of unnecessary cabinet members. At the Senate Standing Committee, she said that all prior actions with the IMF were implemented. Under this, subsidies will only be allowed to poor people. Regarding further raise in interest rates, the minister said that it was the domain of the State Bank of Pakistan.

The minister ruled out the possibility that Pakistan could default on its external debt. “People should not pay any heed to the propaganda of bankruptcy,” she said. Islamabad has fulfilled all its international obligations and would also do so in the future.

Appointing bank heads

The National Assembly Committee expressed its dissatisfaction with the delay in appointing heads for the National Bank of Pakistan (NBP) and Zarai Tarqqiati Bank Ltd (ZTBL) despite lapsing of nearly a year. The secretary finance replied that the appointments of NBP and ZTBL heads are the prerogative of the federal cabinet. Meanwhile, the committee recommended a comprehensive super tax applicable to all entities, which would be based on the limit of profits, as proposed by the FBR.

The committee also demanded a progress report from the authorities concerned on the measures taken to ensure the investigation of banks involved in exchange rate manipulation.

The committee suggested that the Finance Division and the FBR formulate policies designed to bolster domestic industries that rely on the importation of raw materials from international markets and to aid importers in clearing their commodities from customs authorities. In response to a proposal for amnesty schemes aimed at enhancing the inflow of dollars, the government declined the offer because such a measure would cause Pakistan to once again enter into the blacklist of the Financial Action Task Force. During the meeting, the FBR chairman expressed confidence that the agency is pursuing the correct course of action to collect the anticipated tax revenue of Rs7.47tr for the current fiscal year.

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IMF SEEKS RS3/UNIT POWER SURCHARGE: PAKISTANI AUTHORITIES AND THE IMF SIDE HELD VIRTUAL TALKS ON TUESDAY

ISLAMABAD: With an agreement on re-financing a loan of $700 million from China Development Bank (CDB), the IMF has asked Pakistan for slapping a power surcharge of approximately Rs3 per unit on consumers for recovery of piled mark-up on the Power Holding Company. On the issue of re-financing of commercial loans from Chinese banks, one top official of the government informed The News on Tuesday night that they were hopeful that all Chinese matured loans would be re-financed soon. However, according to official sources, two more commercial loans were expected to be re-financing including $500 million and $800 million. So in totality, Pakistan is eyeing to get re-financing of Chinese loans up to $2 billion by the end of February or the first week of March 2023. But the cash-bleeding power sector still remained a hard nut to crack as so far it has become one of the major stumbling blocs in the way to signing a Staff Level Agreement (SLA) with the IMF. The government will have to make up its mind about slapping another surcharge on the power sector for moving towards striking a much-awaited Staff Level Agreement.

Pakistani authorities and the IMF side held virtual talks on Tuesday evening for moving towards signing of SLA and both sides discussed the possibility of slapping another surcharge but its exact amount could not be firmed up yet. The IMF wants power surcharge of approximately over Rs3 per unit on an immediate basis in the wake of unprecedented losses continuously being experienced by the sector. The **IMF** has conveyed to Pakistani side that the betterment of the country or this cash bleeding power sector could not run simultaneously with the status quo approach so there was a dire need to undertake much delayed reforms in this sector without wasting time.

The government paid out total accumulated losses of Rs 1600 billion during the last financial year 2021-22 which was even higher than the defence spending shown in the **budget** documents. This monster of circular debt and losses accumulated in the power sector will result into drowning of the economy of Pakistan. When contacted, one of the negotiators from the Pakistani side said that “They were still discussing the surcharge issue with the IMF”.

There is still confusions within the ranks of the government for resolving this lingering issue which so far found one of the major stumbling blocs in the way for striking a staff level agreement as some quarters of the government are taking stance that efforts should be made through improved revenues or expenditure cuts instead of raising the tariff by imposing another power surcharge. But there is another view within the ranks and profiles of the government that there is a need of revival of the IMF on an immediate basis so the power surcharge should be imposed without wasting time. There is another issue haunting the economic policy makers more forcefully that the IMF does not trust the Ministry of Finance so they wanted to secure guarantees on each and every issue from the PM office that no deviations would be made during the remaining course of the IMF programme.

Now three issues remained outstanding including getting confirmation from all external financing avenues, slapping additional power surcharge and hiking the policy rate under the tough prescriptions given by the IMF for fixing the ailing economy of Pakistan and releasing a $1 billion tranche under the $6.5 billion Extended Fund Facility.

PLANNING COMMISSION OPPOSES TARIFF PROTECTION TO OLD REFINERIES

KARACHI: Planning Commission has opposed the tariff protection to existing refineries under the Pakistan Oil Refining Policy 2023, whereas the Prime Minister Office (PMO) directed to examine whether the proposed exemption of taxes and levies were allowed under IMF conditions, The News learnt on Tuesday. Tariff protection for existing old refineries needed to be discouraged and priority should be given to establishment of new state of the art refinery to bridge the demand supply gap of petroleum products in the country, the commission observed in its comments on the Refining Policy 2023 to be put before Cabinet Committee on Energy (CCoE).

According to the copy of the comments, the upgradation cost of $4 billion to $5 billion through tariff protection regime is to be recovered through end consumers tariff. “To have the ownership of the refineries in the sustained upgradation process, it would be appropriate that refineries must contribute proportionate share through debt/equity at their own balance sheets,” it added. Under Section 6 (Policy Structure) Clause - 6.1.2.9 of proposed refinery policy, exemption from levy custom duties/ levies , surcharges, WHT, GST and any other ad valorem tax or any other levies/duties on import on any equipment to be installed or material to be used in the refinery without any precondition for certification by Engineering Development Board.

However, the commission suggested that the proposed exemption should be allowed only for import of new/advanced equipment or material to be used in refineries upgradation. Planning Commission also proposed that petrochemical production might be excluded from the upgradation due to its different requirements and dynamics against the clause of the new refining policy which reads, “the upgradation/modernisation/expansion of existing refineries included petrochemicals”.

The commission pointed out that the refineries were already in the loss except PARCO and there was no guarantee that proposed protection regime would improve profitability of the refineries. “Therefore, those refineries have the capacity to enhance more than 50 percent of their existing production may be allowed for upgradation in the first phase.”

Feasibility of installing an additional cracking unit instead of upgrading all refineries at the same time might be carried out, it stated. Meanwhile, PMO directed Petroleum Division to address the issues related to provincial taxes and levies and directed it to seek whether consent of provinces was needed on exemption of provincial taxes and levies.

PMO also asked to incorporate the cause of previous policy failures and how the proposed policy aims address them as well as keeping in view the government’s fiscal position, a clear analysis of cost of incentives and expected benefits in the new policy.

The office also directed to examine whether International Monetary Fund (IMF)’s Extended Fund Facility placed any restriction on proposed exemptions.

SINDH WANTS TO RAISE MINIMUM WAGE DUE TO INFLATION, GHANI TELLS PA

Labour and Human Resources Minister Saeed Ghani on Tuesday said that Sindh had become the first province to raise the minimum monthly wage of labourers to Rs25,000 and soon a meeting of the provincial wage board would be convened to raise it further considering the prevailing situation of inflation. Ghani was responding to verbal and written queries of the lawmakers during the question hour of the provincial assembly. He said that in 2021 the provincial government had raised labourers' minimum wage to Rs25,000 but it had not been able to implement its order because certain stakeholders had moved the court. He added that Rs25,000 as minimum wage is to be paid to unskilled labourers, while semi-skilled, skilled and highly skilled labourers in the province are to be paid higher wages. He also said that after getting a favourable judgment, the provincial government had issued a notification on June 18, 2022, to implement the decision of increasing the minimum wage to Rs25,000. He added that the provincial government wants that the minimum wage is further increased keeping in view the prevailing situation of inflation in the country. The labour minister said the provincial government alone could not make such a decision, adding that a 12-member wage board existed for the purpose, with representation of business owners, labourers, government and other stakeholders. The government will make the final decision on the basis of the board's recommendations, he added.

Replying to a question, he said that the notification of minimum wage is applicable to all the employees in the province. All commercial and industrial establishments in the province are under an obligation to honour the minimum wage order of the provincial government, he added. He also said the Sindh government will certainly take action whenever it receives a complaint that its minimum wage order is not being implemented at any of the organisations in the province. He added that factory owners had moved the court against the minimum wage order of the provincial government on the pretext that other provinces had not raised the minimum monthly wage of labourers to Rs25,0000. Ghani told the House that Pakistan Tehreek-e-Insaf Chairman Imran Khan was genuinely responsible for the issue of inflation in the country. He said Khan's incompetent government had been sent packing by the Pakistan Peoples Party through the constitutional and lawful means of a non-confidence motion.

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MODERN FACILITY FOR TECH STARTUPS LAUNCHED

KARACHI: Founders 2.0; a new co-working space has launched its first facility in Karachi, adding another 144 seats to the capacity of 15,000 plus existing seats in the market nationwide. Founders 2.0 hosted an exclusive dinner to commemorate its vision, which was attended by Sindh IT Minister Tanzila Umi Habiba. The IT minister praised Founders 2.0 for creating a state-of-the-art facility for tech startups to grow and thrive from while adding tremendous value to the startup ecosystem of Pakistan. "Founders 2.0 seems to be a dynamic and promising project. Pakistan needs more progressive facilities such as this one to facilitate the young entrepreneurs and thriving tech startups of Pakistan." said Tanzila. "I hope they succeed in their vision by enabling synergies and growth across the tech sector, especially during these tumultuous economic times. We will continue to support their initiatives," she added. Various prominent political figures and leaders like Pir Muhammad Sadiq, Chairman of Luari Pak Group as well as Pir Noorullah, Special Assistant to Cheif Minister Sindh were also present at the dinner alongside Hollywood film producer, Habib Paracha.

The event was attended by one of the only unicorn founders in the country presently, Jonas Deizun – former co-founder of Razor Group that went on to raise over USD 1 billion. Jonas and his team currently working on a generative AI-based tech startup, Beam.So and occupy private offices in Pakistan at Founders 2.0's facility. Other attendees of the launch included several stakeholders in the corporate world and startup fraternity including Rabeel Warraich, Founder and CEO Sarmayacar, Jamil Mughal, CEO of Mcdonalds and Director at Lakson group, Hassan Khan, Founder of Trax, Rafay Sheikh, CEO of Dunkin, Akbar Jaffer, CEO ASSL and Jaffer Group, Owais Shaikh of Hubpay, Raza Afzal, co-founder of Truck it in, Kassim Shroff and Ahsan Kidwai, founders of Krave Mart, Muneeb Maayr, founder of Bykea etc.

Founders 2.0, despite being a new market player, claims to transform the co-working landscape of Pakistan with their first office kicking off in Karachi. They offer beautifully designed offices with carefully cultivated environment of creativity & collaboration for all types of professionals & tech communities.

'REGULATIONS FOR TELECOM EQUIPMENT STANDARDS, 2023' TO BE APPLICABLE ON ALL LICENCES ISSUED UNDER 1996 ACT

ISLAMABAD: Pakistan Telecommunication Authority (PTA) has prepared "Regulations for Telecom Equipment Standards, 2023" to provide different standards for different classes of telecommunication equipment prescribing therein procedure for testing of telecommunication equipment. These regulations will be applicable on all licenses issued under the Pakistan Telecommunication (Re-organisation) Act, 1996 including those who are in the business of manufacturing and importing of telecommunication equipment.

The applicable standards for 5G are proposed to be (TS 138 101, TS 138 521, TS 138 521-1, TS 138 521-3), describing New Radio (NR) User Equipment (UE) conformance specification, Radio transmission and reception; Protocol Stack compliance in NR (5G). For 4G the applicable standard is proposed to be (36.521-1, 36.521-3, 134 926, TS 31.121, TS 31.124, TS 136 124, 301 908-1, 301 908-6, 301 908-13, 301 908-18, 301 489-24) with description “Test specification for RF compliance in LTE (4G), RF Radio Resource Management (RRM) compliance in LTE (4G), Protocol Stack compliance in LTE (4G). IMT cellular networks; Harmonised Standard for access to radio spectrum; Part 13: Evolved Universal Terrestrial Radio Access (E UTRA) User Equipment (UE).

All technical standards for Telecommunication Equip-ment as provided or as specified by the Authority from time to time, where applicable, may be considered for Terminal Equipment or Terrestrial Equipment as defined in these regulations. Provided that where the Authority has not prescribed any technical standards for a type of terminal equipment, the technical standards laid down by standardisation bodies mentioned in clause 4 of these regulations shall be adopted.

According to the regulations standards for telecommunication equipment issued by following bodies shall be applicable and adopted by the Authority to be used for establishment, maintenance and operation of telecommunication system or the provision of telecommunication services in Pakistan:

i. The ITU Telecommunication Stand-ardization Sector (ITU-T), ii. Directive 2014/53/EU for Radio Equipment Directive (RED), iii. European Standards (EN), iv. Federal Communications Commis-sion (FCC), v. International Organisation for Standardization (ISO), vi. Occupational Health and Safety Assessment Specification (OHSAS), vii. The European Committee for Electro-Technical Standardization (CENELEC), viii. The European Telecommunications Stan-dards Institute (ETSI), ix. The International Electro-Technical Commission (IEC) and its International Special Committee on Radio Interference (CISPR).

Provided that Authority may revise by standard of Telecommunication Equipment as and when required and reflect the same within the regulations from time to time. The minimum technical standards for Telecommunication Equip-ment, inter alia, are categorized as under:

(a) Electromagnetic Compatibility Standards (EMC) – applicable for all Satellite, Terminal, Terrestrial, Telecom and Wireless Equipment, (b) Health and Safety - applicable for all Satellite, Terminal, Terrestrial, Telecom and Wireless Equipment, (c) Optical and laser - applicable for all Devices offering Laser and Optical functionality,(d) Radio Frequency (RF) Communication Standards – applicable to all Telecommunication Equipment using the required radio Frequency. (e) Specific Absorption Rate (SAR) Standards/Human Exposure Standards - applicable for all Mobile Devices using the required radio Frequency, (f) Satellite communication standards - applicable to all Telecommunication Equipment using satellite communication, (g) Terminal Mobile Devices and Communication Standards- applicable to all Terminal Equipment which required radio Frequency, (h) Terrestrial Devices Standards - applicable to all Terrestrial Equipment which required Radio Frequency.

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AUTOMAKERS PASS ON GST HIKE TO BUYERS

KARACHI: While continuously increasing the prices on the pretext of rupee devaluation and rising raw material prices, assemblers on Tuesday passed on the impact of one per cent hike in general sales tax to the consumers.

Indus Motor Company (IMC) had already raised prices thrice in one month. In the fourth price jump, the company has announced new price of Yaris 1.3 MT, 1.3 CVT, 1.3 H MT, 1.3 H CVT, 1.5 MT and 1.5 CVT to Rs4.316 million, Rs4.588m, Rs4.558m, Rs4.790n, Rs4.911m and Rs5.213m from Rs4.279m, Rs4.549m, Rs4.519m, Rs4.749m, Rs4.869m and Rs5.169m.

The new rates of Corolla 1.6 MT, 1.6 CVT, 1.6 CVT Upsspec, 1.8 CVT, 1.8 CVT SR and 1.8 CVT SR BLK are Rs5.576m, Rs6.111m, Rs6.716m, Rs6.423m, Rs6.998m and Rs7.039m as compared to Rs5.529m, Rs6.059m, Rs6.659m, Rs6.369m, Rs6.939m and Rs6.979m.

The new rates of Hilux STD, STD Upspec, Deckless, 4x4 and ZTR are Rs6.787m, Rs6.917m, Rs6.282m, Rs8.985m and Rs6.504m versus Rs6.729m, Rs6.759m, Rs6.229m, Rs8.909m and Rs6.449m.

Revo STD, G MT, G AT, V AT and V AT ROCCO now carry new price tags of Rs10.316m, Rs11.184m, Rs11.728m, Rs12.969m and Rs13.675m as compared to Rs10.229m, Rs11.089, Rs11.629m, Rs 12.859m and Rs 13.559m.

Fortuner LO Petrol, High Petrol, Diesel and Diesel Legender rates have been jacked up to Rs14.230m, Rs16.297m, Rs17.175m and Rs18.112m from Rs14.109m, Rs16.159m, Rs17.029m and Rs17.959m. Pak Suzuki Motor Company Ltd (PSMCL) has raised prices by Rs110,000-263,000. The Alto VX, VXR, VXR AGS and AGS are now available at Rs2.144m, Rs2.487m, Rs2.665m and Rs2.795m from Rs2.034m, Rs2.359m, Rs2.528m and Rs2.651m. After a hike of Rs185,000-215,000, the new prices of WagonR VXR, VXL and AGS models are Rs3.062m, Rs3.248m and Rs3.563m. Cultus VXR, VXL and AGS models are now tagged at Rs3.540m, Rs3.889m and Rs4.157m, showing a rise of Rs214,000-251,000.

Swift GL MT, GL CVT and GLX CVT prices went up by Rs245,000-263,000 to Rs4.052m, Rs4.355m and Rs4.725m. Ravi price soared to Rs1.768m from Rs1.669m, up by Rs99,000. Bolan van is now priced at Rs1.848m as against Rs1.754m.

Lucky Motor Corporation revised the price of Picanto MT and AT to Rs3.228m and Rs3.430m from Rs3.200m and Rs3.400m. Stonic EX and EX plus now carry new rates of Rs4.842m and Rs5.295m as against Rs4.800m and Rs5.250m.

The new prices of Sportage Alph, FWD and AWD have surged to Rs 6.556m, Rs 7.111m and Rs 7.716m from Rs6.500m, Rs7.050m and Rs7.650m.

The new price of Sorento 2.4L FWD is Rs 8.472m as compared to Rs 8.400m while 2.4L AWD and 3.5L FWD models now hold a new price of Rs9.178m each as compared to Rs9.100m.

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SOUTH KOREAN FIRM SEEKS EXTENSION IN TAXES

ISLAMABAD: South Korean power firm, M/s KOEN has sought extension in taxes till June 30, 2024 arguing that withdrawal of desired exemption would seriously de-motivate the proven investors in hydropower sector of Pakistan which shall just delay the much needed FDI.

In a letter to Secretary Power, the company's representative stated that KOEN is Korea's leading state-owned electricity generation company, operating around 10,000 MW in South Korea. KOEN initiated a 100% foreign investment of around $ 1 billion in 2018 for two hydropower projects in the Swat Valley of Khyber Pakhtunkhwa (KPK), namely the 229-MW Asrit, Kedam Hydropower Project and 238-MW Kalam-Asrit Hydropower Project. The projects are being processed under Federal Government's Power Policy 2015 and KPK Hydropower policy 2016. The Letter of Intent (LoI) for the projects was issued by KPK while the issuance of Tripartite Letter of Support is being processed by Private Power & Infrastructure Board (PPIB) of Ministry of Water and Power.

As per Clause (132) of the Part-l of the Second Schedule of Income Tax Ordinance, 2001, the income tax exemption available to the electric power generation projects shall be withdrawn from June 30, 2023. Last year before the promulgation of Finance (Supplementary) Act 2022, the company approached Federal Board of Revenue (FBR) to revise the proposed amendment wherein the word Letter of Intent was proposed to be replaced with word Letter of Support (LoS) in the said section. The FBR accepted the company's request and proposed amendment was withheld. However, the exemption was made available with the condition that project obtains valid LoI issued before June 30, 2021, and obtain Letter of Support issued before June 30, 2023. The company appreciated FBR for consideration in saving the projects and Foreign Direct Investment (FDI) at that time. After the said amendment the KOEN mobilized all possible technical and financial resources to expedite the project progress so that project may obtain the LoS before June 30, 2023. For that KOEN finalised the feasibility studies of both projects in less than a year. As per the power policies and terms of the LoIs, after the approval of the feasibility studies, the projects become qualified for the issuance of the LoS from PPIB, subject to the determination of the feasibility stage tariff by National Electric Power Regulatory Authority (Nepra). One of the prerequisites for determining tariff is the generation licence award by Nepra.

Therefore, the projects immediately approached Nepra for grant of generation license. Nepra admitted the applications but stated that the grant of generation licences for the projects should not proceed until the projects are optimized in Indicative Generation Capacity Expansion plan (ICCEP) to be prepared by National Transmission &Despatch Company (NTDC). Even though KOEN projects were qualified to proceed to the next stages under the terms of the policies and LoIs, progress was halted till the finalization of the IGCEP.

IGCEP was awaited in April 2022; however, it was approved by Nepra after a delay of nine months on February 2, 2023. This delay has caused an immense disorder to the scheduled timelines, and the LoS before June 30, 2023 is highly unlikely keeping in view the typical time required for processing of generation licence and tariff petition by Nepra.

The company claimed that it made tremendous efforts and compromised specific incentives to receive the LoS before the expiry of the exemption. However, the preparation and approval of IGCEP, coupled with the subsequent delay in obtaining LoS, is beyond the control of KOEN. The company argued that withdrawal of tax exemption available to electric power generation projects shall make the tariffs of projects highly uncompetitive with other power projects (which already have obtained the LoS), especially in the context of the newly announced IGCEP. As per Power Generation Policy 2015, the IPPs are exempt from this tax; therefore, a pass-through or adjustment in tariff shall be provided to immune the IPPs from dilution of returns which shall ultimately burden the end consumers.

The company maintains that considering the situation, it requested the government to extend the deadline till June 30, 2024 as the amendment shall not bring any immediate benefit to the exchequer as hydropower projects have a development period of 8-10 years, after which the project starts commercial operations and shall attract income taxes. The inordinate delays in approval of IGCEP and withdrawal of desired exemption have seriously de-motivated the proven investors in hydropower sector of Pakistan which shall not just delay the much needed FDI but also delay other taxes and duties payable during the construction of the said projects along with allied benefits of such projects to the country.

R 22-2-2023