$7.407BN BORROWED FROM MULTIPLE FINANCING SOURCES IN 8 MONTHS

ISLAMABAD: The government has borrowed $7.407 billion from multiple financing sources, including $900 million from foreign commercial banks, during the first eight months (July-February) of 2022-23 compared to $12.178 billion borrowed during the same period of last fiscal year.

The Economic Affairs Division (EAD) data shows that the country has not received foreign assistance from China for the fifth consecutive month in February, and $54.93 million was received during the first quarter against the government budgeted estimates of $49.02 million for the current fiscal year.

The country borrowed $900 million from foreign commercial banks during the first eight months of the current fiscal year 2022-23 including $700 million in February. However, the country had received $2.623 billion from foreign commercial banks during the same period last year, shows the Economic Affairs Division data. Further, contrary to the past practices, the EAD data does not mention from which commercial banks the $900 million was borrowed.

The country received $1.166 billion from the International Monetary Fund (IMF) during the first eight months (July-February) of 2022-23. Contrary to past practices, the EAD has also listed the loans taken from the IMF. If the IMF loan is excluded, then the country received $6.241 billion during the first eight months of the current fiscal year compared to $12.178 billion during the same period of the last fiscal year, indicating the slowdown in inflows.

The government procured $1.271 billion in external loans in February 2023. The country received $538.42 million under the head of the “Naya Pakistan Certificate” during the first eight months of the current fiscal year including $72.07 million in February 2023.

The government has budgeted foreign assistance of $22.817 billion for the current fiscal year including $7.5 billion foreign commercial banks.

The country received $3.852 billion from multilaterals, $949.66 million from bilateral and $1.166 billion from IMF during July-February 2022-23. The non-project aid was $6.084 billion including $5.124 billion for budgetary support and project aid was $1.322 billion.

The Asian Development Bank (ADB) disbursed $1.929 billion during the period under review compared to the budgeted $3.202 billion for the entire fiscal year. ADB disbursed $12.85 million in February 2023.

China disbursed $54.93 million in during the first quarter against the government budgeted estimates of $49.02 million for the current fiscal year, however, no money was received in October, November, December, January and February. Saudi Arabia disbursed $782.28 million against the budgeted $800 million. The USA disbursed $20.83 million during the period under review against the budgeted $32.49 million for the current fiscal year. Korea disbursed $19.79 million and France $27.36 million during the first eight months of the current fiscal year.

The IDA $1.019 billion against the budgeted $1.4 billion during the first eight months including $338.63 including in February, IBRD $135.02 million against the budgeted $1.246 billion and Islamic Development Bank disbursed $16.81 million against the budgeted $3.38 million for the current financial year. The IsDB (Short-term) disbursed $161 million in the current fiscal year. The AIIB disbursed $539.02 million in the current fiscal year so far.

GOVT DID NOT CONSULT AHEAD OF ANNOUNCING FUEL SUBSIDY PROPOSAL: IMF

Pakistan authorities did not consult with the International Monetary Fund (IMF) staff ahead of announcing their recent fuel subsidy proposal, the lender's resident representative said. "The IMF is seeking greater details on the scheme in terms of its operation, cost, targeting, protections against fraud and abuse, and offsetting measures, and will carefully discuss these elements with the authorities," Esther Perez Ruiz told *Business Recorder* via message early Tuesday morning.

The IMF's statement comes after Prime Minister Shehbaz Sharif announced on Sunday that the low-income segment of the country will be given a fuel subsidy of Rs50 per litre as part of a new relief package.

Unfunded and untargeted subsidies are frowned upon by the IMF that instead advocates scaling up social protection for the most vulnerable.

In a press conference the next day, Minister of State for Petroleum Musadik Malik said the premier has in fact "ordered the difference between fuel prices paid by the affluent and poor income segments to be Rs100", elaborating that the mechanism would be a cross subsidy that would be generated by raising fuel prices for the rich segment. "As a general matter, the IMF sees strengthening support for those eligible for social assistance through the unconditional Kafalat cash transfer scheme as the most direct way to help the neediest in Pakistan," said Ruiz.

The development potentially means the staff-level agreement could still take some time as authorities remain engaged in talks with the IMF. The government has time and again expressed hope its bailout programme that has remained stalled at the ninth review since November last year would be revived soon.

Its recent negotiations with the IMF resulted in Pakistan imposing additional taxes, higher energy tariffs, a move back towards a market-based exchange rate, and a retreat from its position of unfunded subsidies.

The measures meant Pakistan completed almost all of the prior actions except for the external financing requirement the IMF wanted it to for clearing $1.1 billion in disbursements under the Extended Fund Facility that started in 2019.

A development on this front has not yet materialised.

The staff-level agreement

On the staff-level agreement, Ruiz said substantial progress has been made in discussions towards policies to underpin the ninth EFF review in recent days. "At this point, ensuring there is sufficient financing to support the authorities in the implementation of their policy agenda is the paramount priority. A staff level agreement will follow once the few remaining points are closed," Ruiz told *Business Recorder* in a separate message.

Currently reeling from one of its worst economic crisis in history, Pakistan has been faced with a barrage of woes with a perceived default risk and downgrade by international ratings agencies reflecting the state of the economy that has also had to bear major political turmoil and frequent change in key leadership. Its inflation has been tipped to go beyond 34%, shattering decades-old records, while its currency is getting weaker by the day.

The current account deficit has been tamed using extreme import controls, but foreign exchange reserves held with the central bank have only gotten a boost after loan inflows from China.

DOLLAR-RUPEE FLUCTUATION: IMPORTERS DEMAND ACROSS-THE-BOARD HIKE IN DRUG PRICES

KARACHI: Pakistan is facing an extreme shortage of imported medical products such as those related to general anesthesia, plasma-derived products, various types of vaccines, cancer-treatment therapies, especially hormones and cardiac enzymes as well as blood-thinning products like Heparin due to rising dollar-rupee disparity.

Importers are unable to supply these products on the existing prices approved by the authorities, pharmacists and healthcare professionals, PCDA office-bearers said. They said people were moving from pillar to post to get the medicines, medical products and devices which are imported into the country but due to massive increase in their prices in the international market due to various reasons, traders were not ready to import them on existing prices, causing an extreme shortage of these products in the market as well as public and private health facilities. "Most of the imported medicines and medical products are not available in the local markets due to massive increase in their prices in the international markets. On the other hand, Pakistani regulatory authorities, especially Drug Regulatory Authority of Pakistan (DRAP) are not ready to adjust their prices as per global and local inflation," Yousuf Ahmed, a hospital-based pharmacist said. Asim Jamil, an importer of the finished medical products and secretary general of the Pakistan Chemists and Druggists Association (PCDA), also claimed that the prices of imported medicines and medical products have gone up due to massive devaluation of the PKR, which is to the tune of 78% from July 2020 till date.

“Prices medical of products in the international market have also gone up due to various reasons, the main causes of which have been the Covid-19 pandemic, the Ukraine war, and an unprecedented rise in global inflation,” he said, adding that if this issue was not resolved immediately, a medical disaster could occur in their country.

The PCDA has also sent an SOS to the Chief Executive Officer of the DRAP Asim Rauf, urging him to revisit the pricing policy for the finished, imported medical goods and review the ‘cap of three years on hardship cases, as per the amended 2018 pricing policy.

In its letter, Asim Jamal said imported medical products are not locally manufactured and they are 100% impacted by devaluation, adding that historically, once a new high is reached, the PKR has never retreated. “Based on documentary evidence, importers of medical products should be allowed to apply for hardship, as and when required. Kindly, also consider the current exchange rate of USD 1 = PKR 284, when addressing the pending hardship cases, and cases that have been approved in the DPC in the 53rd DPC, which are pending notification from the federal cabinet,” he said, adding that their member companies have already started conveying their concerns to the Director Costing on this issue, as the PKR has devalued by a huge margin since the time when their applications were submitted. He maintained that importers of finished pharmaceutical products are going through an extremely difficult phase. Despite the fact that they are very keen to serve the medical faculties throughout the country, and above all the ailing patient population; their business operations are totally at the brink of collapse, he added.

In order to avert an imminent catastrophe, our association on behalf of the importers of finished pharmaceutical requests you to kindly address the following very essential measures, to ensure the continuity of life saving products, Asim Jamal added.

The PCDA office-bearers maintained that as there is a Force Majeure situation that the importers are presently facing, there needs to be an “across-the-board” price allowed as an interim relief. “Products that have become unviable today, cannot be imported as they are not viable. The losses being borne by our members in public and private sector tenders are another factor why they are unable to continue supplies,” he added.

Commenting on the issue of imported products, an official of the DRAP said as per the directives from finance minister Ishaq Dar, who is heading a committee to resolve the medicines’ crisis in the country, the Policy Board of DRAP is going to meet on March 24, 2023 to review the situation and take concerns of manufacturers and importers into consideration. “Medicine manufacturers and importers should wait for the outcome of meeting of DRAP Policy Board,” the official added.

FEB FCA: CPPA-G SEEKS POSITIVE ADJUSTMENT IN DISCOS’ TARIFF

ISLAMABAD: Central Power Purchasing Agency- Guaranteed (CPPA-G) has sought positive adjustment of Rs 0.86 per unit in Discos’ tariffs for February 2023 under monthly Fuel Charges Adjustment (FCA),

National Electric Power Regulator Authority (Nepra) will hold a public hearing on March 30, 2023 on CPPA-G’s request of adjustment in Discos’ tariffs.

According to data submitted to Nepra, in February 2023, hydel generation was 2,052 GWh constituting 26.46 per cent of total generation.

Power generation from coal-fired power plants was 1,091 GWh in February 2023 which was 14.07 per cent of total generation at a price of Rs 12.57 per unit as price of imported coal has decreased due to use of Afghan coal, which is cheaper than South African coal.

Generation from HSD was nil whereas generation from RFO was just 108 GWh (1.39 per cent of total generation) at Rs 21.6733 per unit.
Electricity generation from gas-based power plants was 850 GWh (10.95 per cent) at Rs 10.0680 per unit. Generation from RLNG was 1,462 GWh (18.86 per cent of total generation) at Rs 23.3602 per unit.
Electricity generation from nuclear sources was 1,883 GWh at Rs 1.0675 per unit (24.28 per cent of total generation), and electricity imported from Iran was 33GWh at Rs 24.7285 per unit. Power generation from different sources (mixed) was 2GWh at a price of Rs 6.0098 per unit, generation from baggasse recorded at 100 GWh price of which has been calculated at Rs 5.3584 per unit.

The energy generated from wind was recorded at 92 GWh, 1.19 per cent of total generation and solar at 82 GWh, 1.06 per cent of total generation in February 2023. The total energy generated was recorded at 7,756 GWh, at a basket price of Rs 8.0123 per unit. The total cost of energy was Rs 62.140 billion.

CPPA-G also sought negative adjustment in supplemental charges of over Rs 730 million, FCA cost of which has been calculated at Rs 0.0821 per unit. According to the CCPA-G data, net electricity delivered to Discos in February 2023 was 5,516 GWh at a rate of Rs 8.0689 per unit, total price of which was Rs 60.648 billion.

R 21-3-2023

DISCOS, KE SEEK TO CHARGE RS8.5BN ADDITIONAL FUEL COST

ISLAMABAD: In an unending tariff increase streak, the ex-Wapda distribution companies (Discos) and K-Electric have demanded permission to charge about Rs8.5bn additional fuel cost to their consumers at the rate of about 86 paisa and Rs1.66 per unit, respectively, in April.

The National Electric Power Regulatory Authority (Nepra) has accepted the respective tariff petitions and has called public hearings on March 30 to see if the proposed increase in tariff is justified in line with monthly fuel cost adjustment (FCA) mechanism. On approval, Discos would charge an additional amount of about Rs6.5bn from their consumers for electricity consumed in February 2023 at an additional FCA of about 86 paisa per unit despite a healthy contribution of more than 65pc contribution from domestic cheaper fuels. On the other hand, the KE would be able to charge Rs1.66 per unit additional cost to consumers to mop up about Rs1.86bn.

The increase in FCA is despite the fact that base average tariff has gone up by more than Rs7 per unit and reduction in the cost of import fuels like furnace oil and liquefied natural gas. The biggest contribution in overall national power grid came from hydropower generation at 26.46pc in February followed by 24.28pc from nuclear power plants. Hydropower has no fuel cost. The third largest generation share in the national power grid came from LNG-based electricity at 18.86pc, followed by 14.07pc from coal and about 11pc from domestic natural gas.

Interestingly, the fuel cost of furnace oil based power generation at Rs21.67 per unit was lower than Rs23.36pc fuel cost of LNG-based power generation. However, the authorities produced just 1.39pc share from furnace oil-based generation compared to 18.86pc from LNG.

The central power purchasing agency (CPPA) claimed on behalf of Discos that the consumers were charged a reference fuel cost of Rs7.21 per unit in February, but the actual cost turned out to be Rs8.07 per unit, hence an additional charge of 86 paisa per unit.

The cost of power generation from domestic gas slightly came down to Rs10.07 per unit when compared to Rs10.5 per unit in December. The furnace oil based power generation cost stood at almost Rs21.67 per unit significantly down from Rs34 per unit a few months earlier mainly because of decline in international oil prices. Coal-based power generation cost, on the other hand, increased to Rs12.57 per unit when compared to Rs11.5 per unit in December 2022.

Three renewable energy sources — wind, bagasse and solar — together contributed about 3.54pc, down from about 4.54pc a month earlier. Wind and solar have no fuel cost, while that of bagasse has been calculated at Rs5.35 per unit. Under the tariff mechanism, changes in fuel cost are passed on to consumers only on monthly basis through automatic mechanism while quarterly tariff adjustments on account of variation in power purchase price, capacity charges, variable operation and maintenance costs, use of system charges and including impact of transmission and distribution losses are built in the base tariff by the federal government.

Dawn 21-3-2023

NO SUBSIDIZED GAS FOR FERTILIZER PLANTS AFTER MAY

ISLAMABAD: The Economic Coordination Committee (ECC) of the Cabinet has decided to do away with subsidized gas to fertilizer plants after May 31, 2023, well informed sources told Business Recorder.

The decision was taken at a recent meeting of the ECC when supply of subsidized gas to two urea fertilizer plants in Punjab came under discussion. Sharing details, sources said the Ministry of Industries and Production informed the ECC that a meeting of Fertilizer Review Committee (FRC) was convened on March 9, 2023 to review the fertilizer situation for upcoming Kharif Season 2023, wherein Ministry of National Food Security and Research (MoNFS&R) projected that demand for Urea fertilizer was estimated to be 3.2 Million MT, whereas production had been estimated to be around 2.9 Million MT. Shortfall between demand and supply was estimated at 0.3 Million MT.

In view of the shortfall between demand and supply, Ministry of National Food Security and Research recommended the following: (i) SNGPL based fertilizer plants, i.e., Fatima Fertilizer (Sheikhupura plant) and Agritech may be operated immediately or (ii) import of 300,000 MT of urea fertilizer may be concluded by May 2023.

Ministry of Industries and Production further noted that recommendations were agreed by all provincial agriculture departments. MoNFS&R had already requested Ministry of Industries and Production for ensuring operations of SNGPL-based plants for meeting demand of urea fertilizer in the country.

ECC of the cabinet, in its decision of March 30, 2022 had already directed Petroleum Division to shift the SNGPL-based plants to indigenous gas by September 30, 2022; however, both plants have not been provisioned with indigenous gas till date.

Ministry of Industries and Production submitted following proposals for consideration and approval of the ECC: Petroleum Division may be directed to supply indigenous gas to both the plants at SNGPL network, i.e., Fatima Fertilizer (Sheikhupura Plant) and Agritech (Mianwali) immediately for bridging the gap between demand and supply of urea fertilizer for Kharif season 2023.

Matter of gas pricing/ allocation of indigenous gas to both plants on long-term basis may like be decided by the committee constituted by the ECC under chair of Shahid Khaqan Abbasi, MNA; a report of which may be submitted to the ECC by the Petroleum Division. After detailed discussion, the ECC directed Petroleum Division to supply indigenous gas to Fatima Fertilizer (Sheikhupura) and Agritech (Mianwali) Plants immediately for bridging the gap between demand and supply of urea fertilizer for Kharif season 2023, up to May 31, 2023.Furthermore, there shall be no subsidy involved in supply of gas to fertilizer plants.

The ECC further directed Ministry of Industries and Production to submit viable recommendations to the ECC for continuation of indigenous gas supply beyond May 31, 2023 to Fatima Fertilizer and Agritech Plants, in consultation with Petroleum Division, by May 15, 2023.

The ECC also directed that the committee under Shahid Khaqan Abbasi, MNA shall expedite submission of its recommendations on gas allocation and pricing for fertilizer sector to the ECC. The Committee will also make a comparative analysis of gas utilization between fertilizer, power and industrial sectors.

R 21-3-2023

GOVT PRIORITISING EURO 5 AND 6 FUEL STANDARDS: PLANS TO ENFORCE EMISSION STANDARDS FOR INDUSTRIES, PREVENT BURNING OF AGRI-RESIDUE

ISLAMABAD: The government is giving priority to the adoption of Euro 5 and 6 fuel quality standards under the proposed National Clean Air Policy (NCAP) in a bid to reduce pollution and improve environment.

It is planning to enforce emission standards for industries and prevent the burning of agricultural residue. The policy is also aimed at banning the open burning of municipal solid waste as well as promoting the use of low-emission cooking technologies.

Climate Change Division, while briefing the cabinet on NCAP in a recent meeting, said that Pakistan was currently considered one of the most polluted countries in the world and air quality in some urban areas of the country had touched hazardous levels.

It pointed out that short-lived climate pollutants which included black carbon, methane, hydro-fluorocarbons and tropospheric ozone had significant short-term global warming effects, adversely impacting the agricultural yield and contributing to the poor air quality.

Reducing those air pollutants had its co-benefit of decreasing the greenhouse gas (GHG) emissions in line with the Paris Agreement. As per the Air Quality Life Index, air pollution has reduced the average life expectancy across Pakistan by up to 2.7 years.

Premature deaths and morbidities due to air pollution cost Pakistan up to 6.5% of GDP annually, according to the World Bank (2019 report).

To date, Pakistan does not have a comprehensive air quality compliance framework and policy guidelines. To make concerted efforts across all key sectors and resolve the problem of poor air quality, the Ministry of Climate Change has developed the NCAP.

The policy is aimed at improving air quality through the implementation of various policy, technological and management-based measures, coupled with the monitoring of air quality. This can increase the national average life span by two years, reduce annual deaths by 129,500 and improve food security. Consultation had been carried out with all key stakeholders, both at the federal and provincial levels, for preparing the policy draft.

The document was based on scientific evidence and analysis that provided five major scenarios and policy recommendations. The cabinet was requested to approve the NCAP draft.

Highlighting the salient features of the policy in its briefing, the Climate Change Division emphasised that to tackle the growing challenge of air pollution and smog in major cities, the NCAP was drafted after taking the input of all stakeholders to achieve different aims. The framework for improving air quality will help reduce annual deaths, improve the health of citizens, expand economic activity and reduce trans-boundary pollution.

Its core objectives are to identify key mitigation actions, set air quality targets and facilitate the development of provincial action plans for clean air.

The government has formed the National Action Committee, which will provide policy guidance and review progress. It will update the air quality policy every five years. On the other hand, a technical committee will be responsible for devising and implementing the policy action plans.

It will report back to the National Action Committee on the progress on standards, regulations, planning capacity, institutional arrangements and building and research initiatives.

During discussion, it was suggested that the policy should be implemented expeditiously in the Islamabad Capital Territory (ICT) as a model, which would encourage provinces to emulate.

In that regard, it was advocated that the industries, especially in the I-9 and I-10 sectors, which were causing air and water pollution, should be relocated out of the city limits. In order to formulate a viable plan for relocation and pollution control in the ICT, it was suggested that a cabinet committee may be constituted, to which the members agreed.

Highlighting the need to prioritise interventions under the NCAP, cabinet members pointed out that short-term policy measures, which could be implemented during the tenure of current government, should be undertaken immediately, while structural reforms could be left to the next government. However, a majority of the members were of the view that all interventions should be initiated in parallel.

The cabinet considered a summary titled "National Clean Air Policy - (NCAP)", submitted by the Climate Change Division, and approved the policy. It constituted a committee tasked with recommending workable steps for implementing the pollution control measures in the ICT and suggesting a plan for relocating the pollution-causing industries.

TR 21-3-2023

OFFICE TIMINGS FOR RAMAZAN

ISLAMABAD: The federal government has notified timings for public officers during the holy month of Ramazan, a notification said Monday, as the nation gears up for prayers and other religious engagements.

In the notification, the Establishment Division said the public offices coming under the ambit of the federal government would operate from 7:30am to 1:30pm from Monday to Thursday. Moreover, the public offices coming under the ambit of the federal government would operate from 7:30am to 12:00pm on Fridays.

The Pakistan Meteorological Department (PMD) has forecast that there is a strong possibility that the crescent for Ramazan 2023 will be sighted on the evening of March 22 (Wednesday). The update was shared by the Met department's Climate Data Processing Centre. This means the first of Ramazan is likely to fall on Thursday, March 23 in Pakistan.

According to the climate record, the weather is expected to be fair and partly cloudy in most parts of the country during the Ramadan moon sighting time. Muslims throughout Pakistan and the rest of the world observe the month of Ramazan annually. It is the holiest month in the Islamic calendar during which Muslims abstain from food and drink from dawn until dusk.

https://www.thenews.com.pk/print/1052235-office-timings-for-ramazan

TN 21-3-2023

UAE ANNOUNCES CRYPTO FREEZONE: UAE SET TO OPEN WORLD'S FIRST FREEZONE DEDICATED TO DIGITAL AND VIRTUAL ASSET COMPANIES

Mon 20 Mar 2023

The UAE will open the world's first freezone dedicated to digital and virtual assets companies.

Sheikh Saud bin Saqr Al Qasimi, UAE Supreme Council Member and Ruler of Ras Al Khaimah, has issued laws to establish the freezone.

Established under Law No. 2 of 2023, the Ras Al Khaimah Digital Assets Oasis is an independent governmental authority affiliated with the newly created Department of the Future.

UAE crypto freezone

RAK Digital Assets Oasis will open for applications in the second quarter of 2023, becoming the only free zone in the world exclusively for digital and virtual asset companies that are innovating in new and emerging sectors, such as the metaverse, blockchain, utility tokens, virtual asset wallets, NFTs, DAOs, DApp, and other Web3-related businesses.

The new law grants RAK Digital Assets Oasis financial, administrative, and legislative independence, allowing it to function as a purpose-built, innovation-enabling free zone in the virtual assets sector.

The Digital Assets Oasis will be the world's first free zone dedicated to digital and virtual asset companies, with a comprehensive, bespoke, innovation-enabling digital asset approach.

In addition to the establishment of RAK Digital Assets Oasis, Sheikh Saud bin Saqr Al Qasimi also announced Law No. 1 of 2023, which outlines the establishment of the Department of the Future.

The law aims to bolster economic growth and diversification in Ras Al Khaimah, promote its growing status as a hub for innovation in the UAE, and enhance its competitiveness as an economic and global destination for business.

The new department will play a pivotal role in promoting innovation and driving the Emirate's economic development in the digital age, positioning Ras Al Khaimah as a leader in innovation and entrepreneurship in the digital and virtual assets sector.

Sheikh Saud bin Saqr Al Qasimi said: "Ras Al Khaimah has been playing a leading role in national efforts to strengthen the UAE's diversified, sustainable economy.

"With the nation's focus on digitalisation and encouraging enterprises of the future, RAK Digital Assets Oasis will serve as the gateway for global digital and virtual assets companies to establish their operations and grow their business.

"Our commitment is to provide an inspiring, innovation-centric environment that helps realise bright ideas that have transformational impact on the world.

"The new freezone will further cement Ras Al Khaimah's reputation as a destination of choice for next-generation business ventures and the economy of the future.

"Ras Al Khaimah's unique combination of accessibility, agility, and liveability will foster responsible innovation and position the UAE at the forefront in driving the most successful disruptive tech transformations of the coming decades.

"We are focused on promoting entrepreneurship, including the digital and virtual assets sector, which thrives on innovation and speed. The new free zone will encourage young talent to implement their powerful ideas for the digital world, as well as drive global digital players to expand their footprint through our free zone, which will add incremental value to the economy by creating new jobs and promoting inward investment.

"RAK Digital Assets Oasis will be a key economic growth engine for Ras Al Khaimah and the wider region."

https://www.arabianbusiness.com/industries/banking-finance/uae-announces-crypto-freezone