

#### PM unveils PKR 180Bn package to boost exports

Prime Minister Nawaz Sharif has unveiled a "Trade Enhancement Initiative" worth PKR 180Bn to shore up country's declining exports. Under the package, duty drawback for garments would be 7%, textile made-ups 6%, processed fabric 5%, yarn and grey fabric 4%, sports goods, leather and footwear 7% and carpets and tents 5%. Similarly, the govt. has abolished import duty on cotton, customs duty on man-made fiber other than polyester and sales tax on import of textile machinery. On the occasion, Finance Minister Senator Ishaq Dar said that the govt. has accepted all demands of the business community, is providing liberal incentives to businessmen and that now, it is exporters' responsibility to increase the exports significantly. The Finance Minister also urged them to ensure that exports are increased to 10% of the GDP. *The Nation/BR.*

#### World Bank revises GDP growth upward to 5.2% for 2017, 5.5% for 2018

World Bank has revised GDP growth for Pakistan upwards to 5.2% for FY17 and 5.5% for 2018 and 5.8% in FY20, reflecting improvements in agriculture, infrastructure, energy, and external demand. The WB report "Global Economic Prospects; weak investment in uncertain times", states that the uptake in activity was spurred by a combination of low commodity prices, rising infrastructure spending, and reforms that lifted domestic demand and improved the business climate. *BR.*

#### Pakistan ranked third in region in GDP growth

Latest economic and financial indicators updated by the Economist show that Pakistan compares favorably with other regional countries and ranks 3<sup>rd</sup> in the region after China and India whereas it ranks 7<sup>th</sup> globally in terms of GDP growth. The Economist's data validates the government's target for the GDP growth which is a positive sign; however, there is a need of reducing unemployment ratio as well. The unemployment rate has been recorded at 5.9 till 2015 whereas India's unemployment was recorded at 5 in the same period. *The News.*

#### Remittances witness slowdown

The inflows of home remittances witnessed slowdown and posted a slight decline of 2.37% or \$ 230Mn after remitting \$ 9.46Bn in 1HFY17, compared to \$ 9.68Bn during the same period in the preceding year. During Dec.'16, the inflows of workers' remittances were amounted to \$ 1.58Mn, which is 1.2% lower than Nov.'16, in which the country received home remittances inflows amounted to \$ 1.62Bn. The major decline was witnessed in the inflows from US and UK. *BR.*

#### FBR launches scrutiny of chemical imports to detect misuse of zero-rated facility

The FBR has launched scrutiny of all chemical imports to detect misuse of zero rating allowed to five export sectors. In this respect, data of chemical imports has been retrieved from the Customs authorities for analyzing the supplies in the local market. Almost all the chemicals imported during the last six months had availed of zero-rating facility. From 1<sup>st</sup> Jul'16, the government had reintroduced the sales tax zero-rating regime for five export-oriented sectors, textiles, leather, carpets, surgical and sports goods. *The News.*

#### Mayor accuses govt. of neglecting Karachi

Addressing the business community during his visit to the Karachi Chambers of Commerce and Industry (KCCI), Mayor Karachi Waseem Akhtar has lashed out at the federal and Sindh govt. for what he said 'consistently neglecting' Karachi despite the fact that the port city was contributing 70% revenue to the national exchequer. During the meeting, leader of Karachi-based business community, Siraj Qasim Teli, asked the mayor to assert his existing authority and resources, besides demanding rights from the federal and provincial governments. *BR.*

#### Immovable properties: pro-Islamic banking body makes key recommendations

The sub-committee on taxation, constituted by Finance Minister Ishaq Dar for the promotion of Islamic banking, has recommended the provincial governments to exempt registration of sale/purchase of immovable properties by banks/financial institutions under any Islamic mode of financing from the levy of capital value tax, registration fee, stamp duty, district/municipal/town taxes or any other related taxes. The recommendations finalized in the meeting are being communicated to the federal and provincial govts. *BR.*

#### After KP, Sindh denounced ECC decision of CNG deregulation

The Sindh govt. has alleged the ECC for approving CNG deregulation and asked the federal govt. to place the issue in front on Council of Common Interest (CCI) for consideration. In this regard, a letter by Sindh Chief Minister Murrad Ali Shah has requested the Prime Minister Nawaz Sharif to reverse the decision of the ECC regarding the deregulation of the CNG sector. The letter has further anticipated that future CNG price would be benchmarked with LNG to ensure guarantee relatively cheap energy to domestic consumers. Taking advantage of the ECC's decision of deregulating the CNG sector, owners of CNG stations have already increased the gas price in Sindh by PKR 3 per Kg. *BR.*

#### Auto sales down 3.5% during July-December 2016

Country's automobiles sale has posted a decline of 3.5% in 1HY17, while tractor sales rose 69% during this period. Total auto sales during this period were recorded at 122,347 vehicles, down against 126,740 units sold during 1HFY16. The largest number of sale in the month of December was recorded in cars of 1300cc or above at 6,880 units, slightly above 5,571 units sold in the same period of the last year. Farm tractors recorded sales of 20,933 units as compared to 12,375 units. *The News.*

#### Sindh moves to bring life, health insurance under sales tax net

Sindh Chief Minister Syed Murad Ali Shah has directed the Sindh Revenue Board (SRB) to take the necessary measures to bring the insurance services including life insurance, health insurance and restaurants. Appreciating the performance of the SRB, the chief minister emphasized the need for making relentless efforts to achieve the assigned target of PKR 78Bn for the current financial year. *The News.*

#### PAC comes across massive irregularities in FBR accounts

A meeting of the Public Accounts Committee (PAC) has expressed displeasure as massive irregularities to the tune of PKR 187Bn have been disclosed in accounts of FBR during the audit while a recovery of PKR 16Bn was made after this was pointed out. The Public Accounts Committee reviewed the audit objections for FY14 of the FBR's PKR 169Bn and expressed displeasure over stark contradictions in statistics presented by the audit as well as the FBR officials. Audit officials have also informed the committee members that 514 withholding agents in Karachi and Lahore did not deposit PKR 24Bn in taxes in the national exchequer. *BR.*

#### CCP initiates Online Merger Filing System

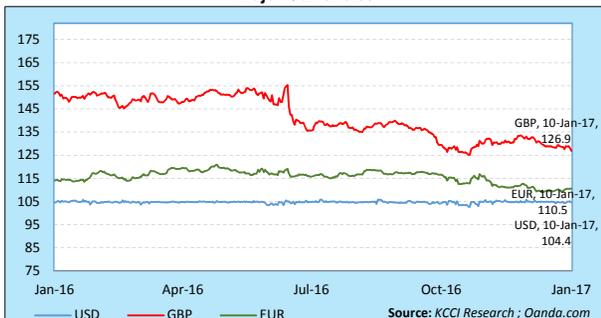
The Competition Commission of Pakistan (CCP) has launched an Online Merger Filing System to facilitate the stakeholders in submitting pre-merger applications to CCP in electronic form. The online system has been launched as part of an initiative undertaken by CCP to automate its systems and procedures as a step towards creating a 'less paper' environment. In order to ensure safety of the documentation, the system uses secure certificates to ensure that all communications between CCP and the concerned undertaking is confidential. *The Nation.*

#### Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	10-Jan	PKR	104.85	0.01%
USD-Open MKT	10-Jan	PKR	108.40	3.84%
KSE-100 index	10-Jan	Pts.	48,866	-0.35%
FPI	10-Jan	\$ Mn	-5.10	NM**
Crude (FE'17)	10-Jan	\$/bbl	50.80	-2.04%
Gold (FE'17)	10-Jan	\$/oz	1,187	0.34%
Gold (10g) Local	10-Jan	PKR	42,942	0.20%
Silver (FE'17)	10-Jan	\$/oz	16.81	1.35%
Cotton(KHI)-40 kg	10-Jan	PKR	6,805	-2.09%
Kibor-6M	9-Jan	%	6.13%	-0.01%
			WoW	
Forex Reserves	30-Dec	\$ Bn	23.16	-0.53%
			YoY	
Remittances	Jul-Dec 16	\$ Bn	9.46	-2.27%
Exports*	Jul-Dec 16	\$ Bn	9.91	-3.82%
Imports*	Jul-Dec 16	\$ Bn	24.40	10.10%
Trade Balance*	Jul-Dec 16	\$ Bn	-14.49	-22.20%
Current Account	Jul-Nov 16	\$ Mn	-2,601	-90.97%
Avg. CPI-FY17*	Jul-Dec 16	%	3.88	
Discount Rate	Nov-16	%	5.75	

Sources: KCCI Research, PMEX, NCCPL, KSE, SBP, PBS\*  
 \*\* Not Meaningful WoW= week on week; YoY=Year on Year

#### Major Currencies

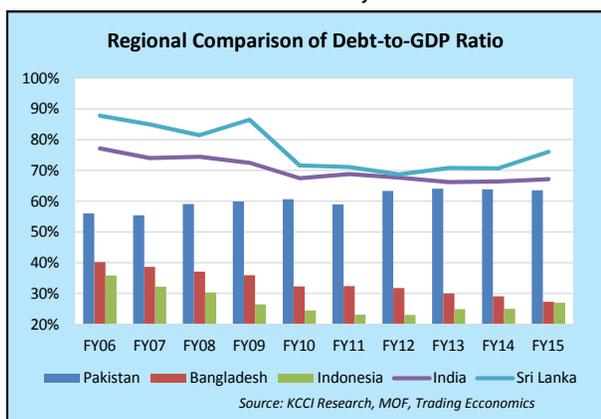


#### Quote of the Day

*"Winning has never been about making the most."*

**Tim Cook**

#### Chart of the Day



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