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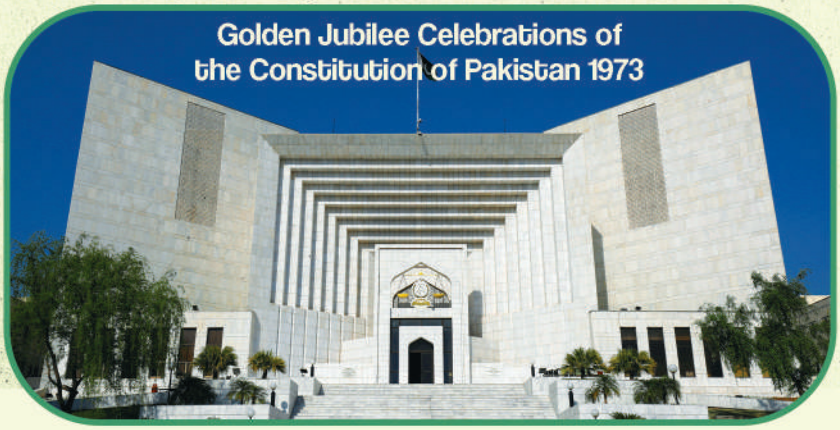
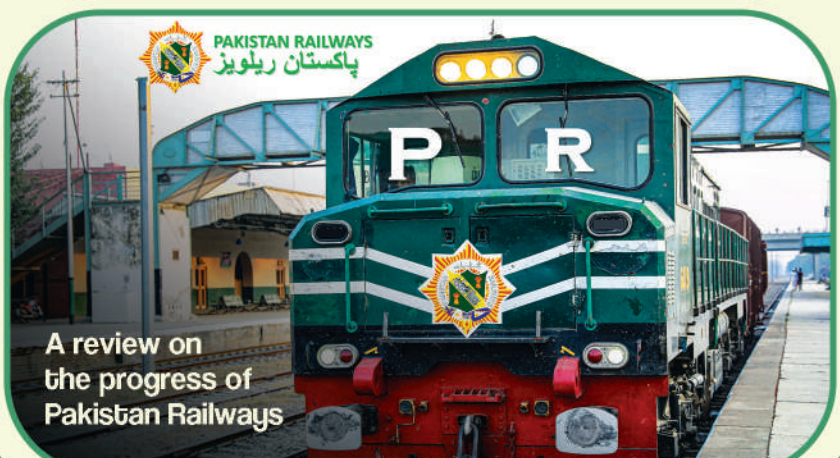
TRADE CHRONICLE

PAKISTAN'S OLDEST MONTHLY MAGAZINE OF COMMERCE, TRADE, INDUSTRY & PUBLIC AFFAIRS

Golden Jubilee Celebrations of the Constitution of Pakistan 1973



National Assembly Speaker Raja Pervaiz Ashraf and others offer Dua after laying the foundation stone of the Constitution Monument, opposite Parliament Lodges, D-Chowk, Islamabad.



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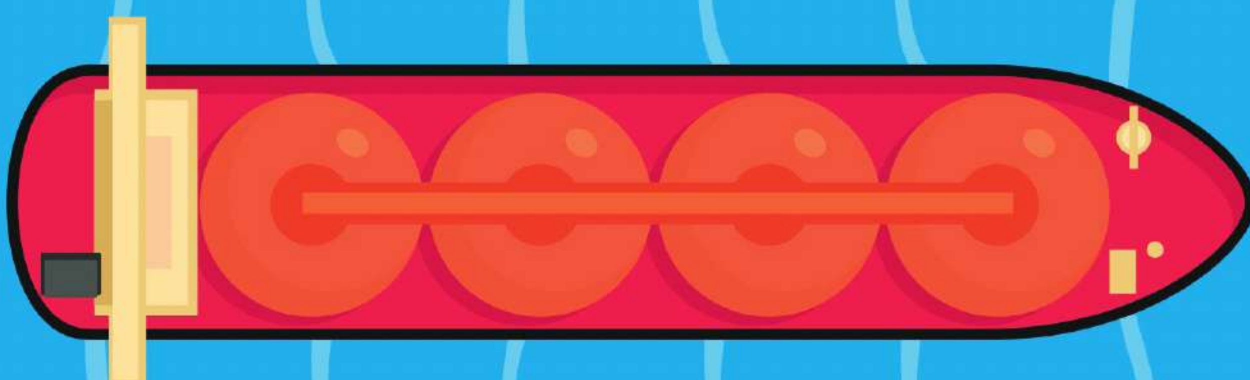
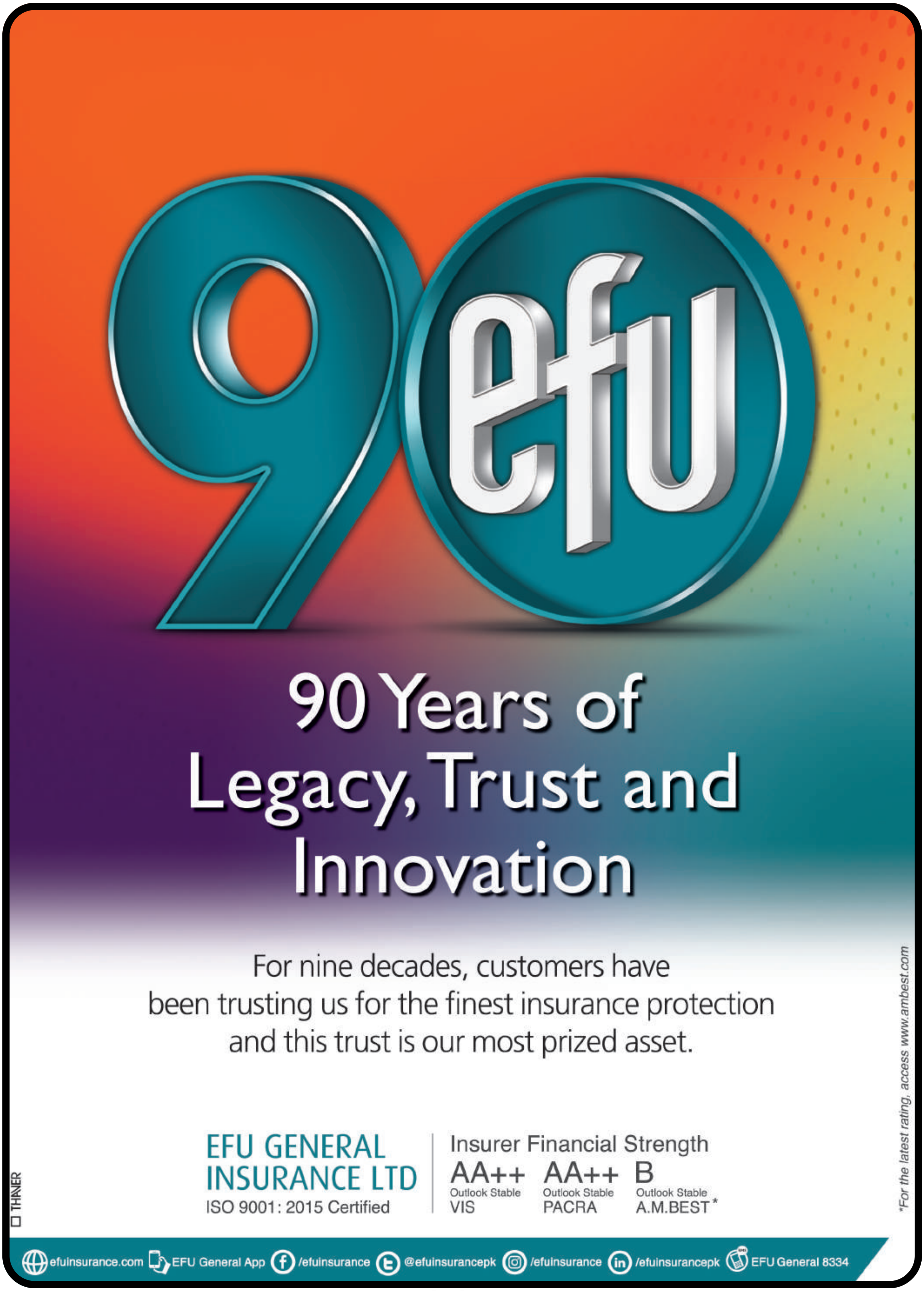


GSA House, Keamari, Karachi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TRADE CHRONICLE

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We begin with the name of Allah the Magnificient

Industrial production continues to slide on many negative factors

From the editor's desk

ABDUL RAB SIDDIQI

Pakistan Bureau of Statistics (PBS) has released Large Scale Manufacturing Industries (LSMI) data for February 2023 and July – February 2023 (eight months) in mid of April. It reveals that the LSMI output decreased by 11.59 per cent for February 2023 compared with February 2022 and 0.50 per cent for January 2023. On a cumulative basis, the output declined by 5.56 per cent during the 8MFY23 compared to last year. The trend was negative on both MoM and YoY basis, sending a distress signal among Pakistani and raising concern as it may lead to unemployment. In addition, it will ultimately impact GDP for the current fiscal year, which is already under strain due to several unconducive factors. The main contributors towards overall negative growth of -5.56% are, Food (-0.35), Tobacco (-0.50), Textile (-2.82), Garments (3.21), Petroleum Products (-0.64), Cement (-0.77), Pharmaceuticals (-1.25), and Automobiles (-1.68), reported PBS. Experts blamed the measures on monetary and fiscal authorities' actions to slow the aggregate demand. The rising cost of doing business led to the decline of LSMI. However, sugar production stands positive due to slight increases in area and sugarcane yields. The sugar production for 2022/23 is estimated to reach 7.2 million metric tons, a marginal increase over the good 2021/22 crop. Suspecting the dwindling trend in production data and unprecedented inflation, the International Monetary Fund (IMF) projected Pakistan's real GDP growth rate from 2% to 0.5% for the current fiscal year. Similar lower projections came from the World Bank and Asian Development Bank at 0.4pc and 0.6pc, respectively. This is too alarming.

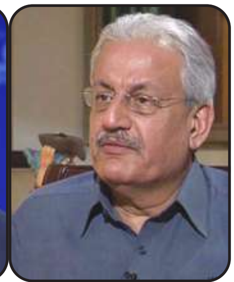
The big industry production contracted for the sixth consecutive month of the current fiscal year, indicating that economic growth will slip further. According to experts, the slowdown in industrial output is mainly attributed to the textile and clothing industries because exports posted double-digit declines. The exports will fall further in the coming months. Economists have been raising concerns about a slowdown caused by record energy, raw material prices, and import restrictions. The export-based manufacturers have already hinted at a decline in production due to higher energy costs and other inputs, mainly because of the discontinuation of subsidised electricity. The fourth quarter is estimated to be more disturbing owing to the discontinuation of subsidised energy to industries and the highest cost of industrial inputs due to half-deading inflation, the highest in the history of Pakistan. In addition to domestic factors, the global economic slowdown has added to the woes of industries in Pakistan, with many businesses scaling back operations or reducing operating hours while others have shut down their plants. Ongoing economic and political instability in Pakistan has also been linked to the decrease in industrial output by independent political economists.

Uncertainty in the country has decreased investor confidence, resulting in a slowdown in manufacturing activities. Moreover, the government's inability to provide a stable and conducive environment for businesses has further worsened the situation, making investors hesitant to invest long-term in the country. These factors have contributed to the ongoing nose-dive of the LSM sector, which could impact Pakistan's overall economic growth. A great industrial tragedy against the general public is that nothing in terms of out-of-the-box thinking or freethinking views on the horizon may reverse the negative trend in LSMI with obvious negative repercussions on employment opportunities. It s becoming increasingly critical to induct an economic team able and willing to formulate policies to take the country out of this untenable situation without further loss of time. A sickening situation. The business community must fight against the economy's evil beneficially.

The high cost of doing business, particularly the scarcity of dollars and the plunging of the Pak rupees value against the dollar, made importing raw materials very expensive. The high-cost products/commodities and the Public Sector Development Programme (PSDP) receding made things worse. The Ministry of Planning, Development and Special Initiatives Secretary Syed Zafar Ali said that a total of Rs371 billion had been authorised to date (February 8) for development projects under the Public Sector Development Programme (PSDP) 2022-23 against the total budgetary allocation of Rs727 billion. We understand that the higher distribution of PSD catalyses the growth of all manufacturing sectors. The absence of increased funding and delay in disbursement would continue to hurt industrial production in Pakistan. Industries must also learn self-reliance and say goodbye to the government's peanut help.

The Golden Jubilee celebrations of the 1973 Constitution




The month-long celebrations commenced on April 10, 2023, with a series of events to commemorate the founding principles of federal parliamentary democracy, social justice, and equality, as enshrined in the 1973 Constitution. These activities have been meticulously chalked out by the Parliamentary Advisory Committee, constituted by the speaker, drawing members from both houses of the Parliament and headed by seasoned parliamentarian Senator Main Raza Rabbani.

The month-long activities include speech contests in educational institutions, quiz competitions, exhibitions, special programmes by electronic media, newspaper supplements, commemorative coins and stamp issuance, and an international constitution convention on May 10, 2023.

To kick start, the National Assembly Speaker Raja Pervaiz Ashraf inaugurated the celebrations by laying the foundation stone of the Constitution monument at the site approved by the Advisory Committee, opposite Parliament Lodges, D-Chowk, Islamabad. The monument will serve as a permanent reminder of the importance of the Constitution in the nation's history.

This was followed by a wreath-laying ceremony at the memorial of the unsung heroes of democracy in the Parliament House, paying homage to those who fought for democracy and constitutionalism in Pakistan. Besides, inaugurate an exhibition showcasing rare pictures of the Constitution's framers, inspect a commemorative stamp, and then head to the second floor of the Parliament to inspect the original Constitution and other manuscripts. In parliament, the convention chaired by Speaker Raja Pervaiz Ashraf and Prime Minister Shehbaz Sharif, Advisory Committee Chairman Senator Mian Raza Rabbani, and other participants paid tribute to the framers of the Constitution. It reflected how it has served as a cornerstone of democracy, justice, and equality in the country. The session passed several resolutions related to the Constitution's recognition as a binding document, its incorporation into the national curriculum, a homage to the Constitution's framers, and declaring the State Bank building (old National Assembly Hall) as a national monument.

The Golden Jubilee celebrations of the 1973 Constitution promise to be a landmark event in Pakistan's history, celebrating the ideals and principles that define the country's democratic and progressive identity.

National Assembly Speaker Raja Pervaiz Ashraf while inaugurating the Diamond Jubilee celebrations of the first Constituent Assembly at the National Assembly Hall said that parliamentarians are the precious asset of Pakistan's democratic and constitutional struggle and the nation is proud of them. He said that efforts and sacrifices of parliamentarians have protected the right of expression and sanctity of speech in the beloved country.

Former and present parliamentarians, renowned politicians, leaders of political parties and women parliamentarians attended the convention.

NA speaker said that parliament is the only source of all powers and authority in the country. He said that authority and law originate from this house. He also said that institutions are created by this house and it has the final authority in state matters. He said that this house has witnessed the faces of the authors of the unanimous Constitution of 1973.

This Constitution is the chain of integrity, unity and development of the federation of Pakistan, and the great scholars of their time Maulana Mufti Mehmood, Abdul Wali Khan, Noor ul Amin, Sher Baz Mazari, Maulana Shah Ahmad Noorani, Khan Abdul Qayyum Khan, Professor Ghafoor Ahmed, Dr Abdul Hai Baloch, Sardar Shaukat Hayat; and leaders outside the assembly including the leaders of democracy, Nawabzada Nasrullah Khan, Ghous Bakhsh Bizenjo and Abdul Samad Achakzai had accorded their full support and patronage for framing of this Constitution, he added.

NA speaker said that this Constitution is now a sacred trust with us and we have to be the voice and practical guarantors of the rights of the people, the nobles, the labourers, the farmers, the traders, the minorities, and the defenders. He said that we should no longer be limited to legislation, but should exercise the right to public representation by effectively using our primary parliamentary oversight function.

Pakistan has the potential to generate 33000 MW of solar and wind power

By Nasir Jamal

Pakistan must pursue a more ambitious plan to tap its variable renewable energy (VRE) — solar and wind power — potential to significantly increase its share in the country's energy mix than the one planned in the National Transmission & Despatch Company (NTDC) 10-year Indicative Generation Capacity Expansion Plan (IGCEP) prepared last year. In its analysis of the IGCEP 2021-22, a German think tank, Agora Energiewendie, suggests that Pakistan has the potential to generate at least 33,000 megawatts of solar and wind power or more than 48 per cent of the the planned increase in electricity production to nearly 70,000MW in the next 10 years. That will result in generation cost savings of 15pc and emission savings of almost 50pc, says the recently commissioned Agora study titled 'Solar and Wind Roadmap for Pakistan'.

The study examines VRE scenarios beyond 2022 and reviews the 10-year generation expansion planning for Pakistan, evaluating the possibility and benefits of pursuing a more ambitious solar and wind power target by 2030-31. Based on the hourly dispatch of 2030, the study concludes that an increase in the planned total VRE capacity is possible by adding minor grid infrastructure reinforcements.

"Increasing VRE to 33,000MW by 2030 or 60pc greater than the IGCEP planned 21,000MW has high benefits and is stable under all scenarios. For any unexpected change in demand or others, the annual tender capacities of solar and wind can be adjusted flexibly in the future," it adds.

The study further recommends including this more ambitious target in the next iteration of the IGCEP, which is due in June this year. It also suggests pursuing a strategic reinforcement of road infrastructure (including the high-voltage direct current link to Chaghai in Balochistan), focusing on the flexibilisation of the operation of hydro and coal units, and implementing a stringent and localised annual tender plan for auctioning out the 33,000MW of solar and wind power over the life of the NTDC plan. The NTDC prepares IGCEP every year as required under the National Electric Power Regulatory Authority law to forecast the electricity demand and supply scenarios in the country over the next decade and gives plans to boost power generation from different fuels to meet the increase in demand.

The IGCEP encapsulates power generation additions required to meet the country's future energy and power demand, including NTDC and K-Electric (KE) systems. Three scenarios of long-term forecast are prepared for the low, normal and high GDP growth of 3.40pc, 4.30pc and 5.42pc, respectively.

Agora has made its VRE recommendations based on the 'base case' scenario developed by the NTDC on a normal scenario of the long-term forecast, existing contractual obligations and retirements of power projects during the planning horizon. For the study, 8,021MW of existing power generation capacity is retired during the planning horizon in every scenario.

In the base case, the demand and installed capacity of the whole country, as forecast by the IGCEP, is 41,338MW and 69,372MW, respectively, by 2031, according to the IGCEP executive summary.

It is to highlight that in the planned future installed capacity, the optimised share of VRE is 20,548MW — 13,680MW from solar photovoltaic (PV) and 6,868MW from wind. That will be about 30pc of the total projected installed generation capacity in 2031.

This is in line with the 2019 alternate energy plan that seeks to increase renewable energy share in the power generation fuel mix from the existing 7pc to 20pc by 2025 and 30pc by 2030. The salient features of the IGCEP base case include aggressive inclusion of VREs, minimal reliance on imported fuels, that is, coal, RLNG and Residual Furnace Oil (RFO), and increased share of hydropower as well as local coal, with all optimised generation based on indigenous resources. The current installed generation capacity in the country is 41,239MW megawatts, including 3,319MW produced by KE. The committed projects will have a capacity of 14,159MW, while the candidate projects of 17,812MW.

Historically, Pakistan strongly relies on hydropower. Heavy capacities in thermal plants have been added over the years based on coal, heavy fuel oil, gas and nuclear to cover demand-supply. Apart from some domestic coal and gas, all fuels are imported. Solar and wind are at their initial stages with a share of 1pc and 4pc in the total energy mix, respectively.

The Agora study, conducted by energy experts working on or in Pakistan's energy sector, describes the IGCEP as much more progressive in terms of wind's 7,000MW and solar's 14,000MW power than the last version. However, it still includes substantial further investments in local coal and other fossil fuel plants.

Due to the developments in the global energy market since early 2022, a completely new situation has evolved for countries dependent on imported energy like Pakistan: imported coal and gas prices have almost doubled, increasing Pakistan's electricity generation costs and consumer prices and often leading to planned loadshedding to save money on energy imports that have caused the current account imbalance to worsen.

The Agora study says the increase in VRE does not mean that evacuation capacities have to be constructed in the grid infrastructure. "The envisaged VRE capacity is located across the country at different voltage levels, allowing the usage of existing infrastructure. Feeder-based and net metering plants do not require transmission grid infrastructure; furthermore, 1,000MW of PV nameplate capacity are typically connected to 0.8-0.9GW of evacuation capacity with a negligible amount of curtailment," it points out.

Courtesy - DAWN

A review on the progress of Pakistan Railways

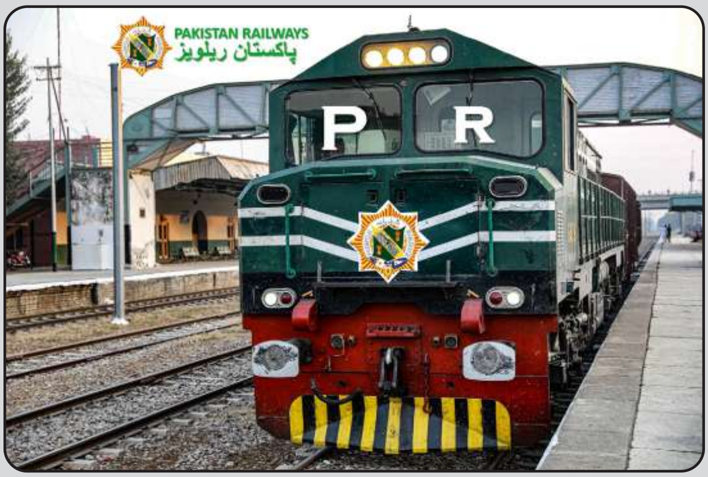
By Dr. Muhammad Nawaz Iqbal

In recent years, Pakistan Railways has undertaken major modernization and improvement initiatives. To boost income and offer greater logistical assistance, the Pakistan Railways introduced a new freight train service dubbed "Parcels Express" in 2020. The service is intended for people and businesses that wish to rapidly and safely transfer their items. Also, the government has launched a number of projects targeted at enhancing Pakistan Railways' services and infrastructure. The "ML-1 project," a brand-new railway line project that the government unveiled in 2021, entails modernizing the current rail lines between Karachi and Peshawar in order to provide high-speed train services.

Moreover, Pakistan Railways has released a smart phone software called "Railways App" that enables users to purchase tickets, view the timetable, and follow their trains in real-time. The software, which is readily available for both Android and iOS smart phones, has gotten positive reviews from users. There are various reasons why Pakistan Railways' introduction of the "Parcels Express" freight train service in 2020 is noteworthy. For starters, the Parcels Express service offers businesses and people who wish to move their goods swiftly and safely an economical, dependable, and effective way of transportation.

Small and medium-sized businesses (SMEs), who frequently struggle to afford pricey air or ground freight services, may particularly benefit from this service. Second, Pakistan Railways, which has recently had financial difficulties, has the potential to make considerable profits from the Parcels Express service. Pakistan Railways may become a more enduring and lucrative organisation by diversifying its sources of income and capitalizing on the rising demand for logistical services in the nation.

Finally, Pakistan Railways' initiatives to modernize its operations and raise the caliber of its services include the Parcels Express service. Pakistan Railways can provide its clients with a more competitive and customer-focused service by utilizing digital technology and contemporary logistical techniques. Overall, the introduction of the Parcels Express freight train service is a good step forward for Pakistan Railways since it not only aids businesses and individuals with improved logistical assistance, but it also enables the company to boost its income and enhance its operations. Customers may use this app to purchase tickets, look up train timetables, and view real-time train tracking information. Customers have responded well to this software since it offers a simple and easy method to access railway services.



Moreover, Pakistan Railways now offers online ticket purchasing options so that clients may do it at the convenience of their homes or places of business. Customers now have simpler access to railroad services, and the time and effort needed to order tickets has decreased thanks to this service. In order to better serve its clients, Pakistan Railways has established customer care centers at several of the country's busiest train hubs. These service centers are staffed with knowledgeable individuals who can answer questions about reserving tickets, train timetables, and other railway services. With enhanced features and amenities like air conditioning, plush seats, and improved culinary services, Pakistan Railways is modernizing existing trains and adding new ones. These improvements are intended to improve passenger comfort and convenience and provide them a better travel experience. Customers can register travel-related grievances with Pakistan Railways and seek resolution thanks to the establishment of this facility. By ensuring that customer complaints are handled promptly and effectively, this mechanism raises customer satisfaction.

The Main Line 1 (ML-1) project, which entails upgrading the current railway tracks between Karachi and Peshawar to enable high-speed train services, is one of the projects that Pakistan Railway is in charge of developing and modernizing in accordance with the CPEC framework. A important component of CPEC, the ML-1 project is anticipated to have a seismic impact on Pakistan's railway industry. The project include building a new railroad line, repairing the current lines, installing cutting-edge signaling and communication systems, and purchasing new locomotives and passenger coaches.

The ML-1 project's expanded railway infrastructure is anticipated to offer a more effective and dependable means of transit for both passengers and cargo between Pakistan and China, enhancing commerce and economic activity between the two nations. Pakistan Railway is in charge of developing a number of additional railway projects under the CPEC framework in addition to the ML-1 project, including the creation of a new railway line between Gwadar and Quetta and the upgrading of the current railway track between Havelian and Khunjerab.

PNSC to get very low sulphur fuel oil for its vessels

In pursuance to explore avenues for a reduction in operational costs of the corporation, a Memorandum of Understanding (MOU) was signed between Pakistan National Shipping Corporation and ENAR Petroleum Refining Facility on March 16, 2023.

ENAR Petroleum and Refining Facility will provide Very Low Sulphur Fuel Oil (VLSFO) for PNSC vessels. All PNSC vessels calling at Karachi Port will lift fuel oil locally, reducing PNSC's dependency on lifting fuel oil from foreign Ports.

PNSC entered into a technical services contract for ferry services

Pakistan National Shipping Corporation (PNSC), through its subsidiary Swat Shipping (Private) Limited, entered into a Technical Services Contract for Ferry Services with Tajjar-ul-Bahr (Private) Limited. Tajjar intends to enter the business of owning and operating a Ferry Service in Pakistan and internationally.

PNSC has extensive business, commercial, industrial and technical knowledge, experience, network, contacts and information related to maritime and shipping business in Pakistan and internationally, with the Corporation willing to transmit such knowledge, experience and information to enable Tajjar to establish and operate a successful Ferry Service, thereby strengthening Pakistan's blue economy.

In this regard, PNSC shall' assist Tajjar with technical management and operations of the Ferry Service and facilitate Tajjar for obtaining the requisite regulatory approvals. The agreement is part of a larger initiative launched by the Ministry of Maritime Affairs together with PNSC and KPT by working towards realising the potential of Pakistan's blue economy by promoting business opportunities in the areas of maritime tourism, coastal development and passenger-cum-cargo Ferry Services in Pakistan. The MoU. was signed at PNSC Head Office in Karachi by Chairman PNSC, Rear Admiral Jawad Ahmed HI (M) and CEO Tajjar-ul-Bahr (Private) Limited Mr. Adil Rashid.

PNSC signs MoU to carry edible oil from Far-East to Pakistan

Pakistan National Shipping Corporation (PNSC) signed a Memorandum of Understanding (MoU) recently with the M/S IMGC and Waheed Group of Industries consortium to transport edible oil from the Far East to Pakistan.

Re-call, every year Pakistan imports edible oil for more than 3 billion USD, of which a substantial portion is paid on account of freight charges in USD. With the signing of the MoU, edible oil importers will be in a better position to reduce the cost of imports, which will benefit the local populace.

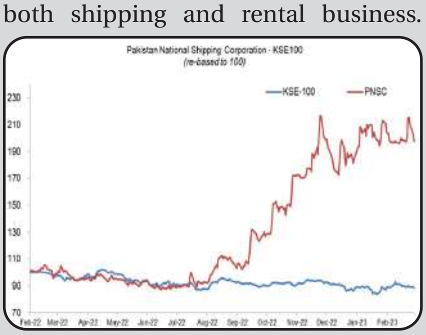
This venture will open up a new era for PNSC to enter an untapped market whose beneficial stakeholders will be Pakistan and the end consumer of Edible oil products.

This arrangement comes at a time when the country is facing an acute shortage of foreign exchange reserves. This initiative will save foreign exchange and ensure edible oil's economical and reliable availability in Pakistani markets.

Pakistan National Shipping Corporation

Recent Performance (1HFY23)

Following the growth trajectory of 2022, the company performed exceptionally well in the 1HFY23. The topline grew by 187 percent year-on-year during the period with an improvement in both shipping and rental business.



The gross profit multiplied by over 4 times translating into a GP margin of 46 percent in 1HFY23 as against 24 percent during the same period last year.

Growth in impairment loss on financial assets, administrative expenses and other expenses was absorbed by a handsome increase in other income resulting in a 6 times higher operating profit in 1HFY23 than 1HFY22.

While the financial statements don't show the breakup of other income, we can safely assume that the tall figure is the result of high income on deposits owing to high discount rate and massive exchange gain due to devaluation of Pak Rupee.

Finance cost grew by over 160 percent owing to high discount rate and an increase of Rs4344 million for the induction of two oil tankers. The bottomline grew by 742 percent year-on-year in 1HFY23 culminating into a NP margin of 41 percent in 1HFY23 as against 14 percent during the same period last year.

Future Outlook

The addition of two tankers in 1HFY23 would increase the capacity of PNSC's tanker business and result in greater revenue in the coming times.

High impairment loss and financial expense can put brakes on the bottomline growth; however, other income will remain buoyant enough on the back of exchange gain and high return on deposits. This will keep the margins healthy.

Courtesy - BR

PICT remains “optimistic” about the extension of the concession agreement soon

One of the four container-terminal operators in Pakistan has vowed to bring in more than $100 million in fresh foreign direct investment shortly — provided that procedural glitches hindering the extension of its concession at the Karachi Port Trust (KPT) are removed immediately.

Pakistan International Container Terminal Ltd (PICT) CEO Khurram Aziz Khan has informed the media that the country’s only listed entity handling containerised cargo is planning a big-ticket investment in advanced equipment and technology following a net FDI of $20m in 2022.

“We want to do it immediately. We may spend that money in the next 12 months if we reach an understanding with the government. We have six cranes that cost around $12-13m each. We want to add many more to achieve a quicker turnaround for vessels,” he said.

The point of contention is the terminal’s concession agreement with KPT for a period of 21 years commencing on June 18, 2002. PICT went to court in December 2021 to stop KPT from terminating the concession agreement or inviting bids for the award of a new contract.

As a consequence, it obtained an interim injunction or stay order for the status quo. However, PICT remains “optimistic” about the extension of the concession agreement soon.

Mr Khan’s optimism is based on the fact that two container terminals — one operated by DP World at Port Qasim and the other run by Hutchison Ports at KPT — have already received some kind of extensions in their original concessions.

Terminals are expensive to build. Port authorities either renegotiate commercial terms with the operators towards the end of the concession period or go for fresh bidding altogether. In the latter case, the existing operator reserves the first right of refusal, which means it’ll be asked to match the best bid to retain the mandate for terminal operations. “We’re absolutely fine with that,” Mr Khan said.

So why did it obtain a stay order restricting KPT from inviting bids for a new award of concession? “All we demand is that we be treated like everyone else. They facilitated other terminal operators. We should receive the same treatment,” he said. PICT had “no option” other than seeking legal intervention as KPT failed to respond to its concerns about the concession “for the last five years,” the CEO said. PICT is the smallest of the four container terminals with a 600-metre quay wall, earth retaining structures that allow the berthing of ships. Its market share in the total container handling business is around 20pc, according to Mr Khan.

It handled about 287,000 containers in the first nine months of 2022, down 22pc from a year ago. Its net profit dropped 14pc to Rs2.2 billion over the same period.

Philippines-based International Container Terminal Services Inc is the ultimate sponsor of PICT with an 80.4pc shareholding at the end of 2021.

Courtesy - DAWN

DP World signs MoU with Pakistan’s National Logistics Cell (NLC)

DP World, a leading global provider of logistics solutions and Pakistan’s National Logistics Cell (NLC), signed a Memorandum of Understanding (MoU) to explore areas of cooperation within the country’s trade and logistics sector. The MoU was signed in Rawalpindi recently by Sultan Ahmed Bin Sulayem, Group Chairman and CEO of DP World, and Major General Farrukh Shahzad Rao, Director General of NLC.

DP World began operations in Pakistan in 1997 at the Qasim International Container Terminal – the first of its kind in the country – and has since transformed the facility into the country’s leading gateway for global trade in the region.

NLC has been Pakistan’s leading multimodal logistics company, offering end-to-end solutions to its clients across road, rail, sea, and air for more than four decades. Its capability is augmented by a network of dry ports, warehousing facilities, and border terminals across Pakistan.

Under the MoU, DP World and NLC will explore areas of cooperation in Pakistan’s logistics sector that will enable both companies to benefit and expand their businesses, including by forming a potential joint venture. The MoU covers a wide range of areas on both land and seaside and includes, amongst others, port infrastructure such as container and bulk terminals, Roll-on/Roll-off (RORO) services, dry ports, inland container depots, rail and trucking and border terminals in Pakistan as well as in its neighbouring countries.

At the signing ceremony, Bin Sulayem said: “Pakistan is a growing market and an important trade corridor to Central Asia. Partnerships are critical to meeting the region’s trade requirements, and this MoU with NLC enables us to explore the country’s huge potential formally.”

King Abdulaziz Port breaks container handling record

King Abdulaziz Port in Dammam has logged in yet another milestone by handling 18,553 TEUs on a single vessel, making it the highest throughput ever recorded across Saudi ports.

Beating the previous record of 18,021 TEUs set in Q2 2022, the historic feat was achieved aboard CSCL INDIAN OCEAN, a 400-meter, 20,000-TEU containership arriving from the Far East, through the efforts of container terminal operator Saudi Global Ports.

Besides realizing the strategic objectives of the Saudi Ports Authority (Mawani) and the National Transport and Logistics Strategy (NTLS), the latest achievement brings to light the advanced operating capabilities and leading-edge logistics solutions at the Dammam based hub, which has increasingly served as a port of call for leading container carriers boasting mega fleets.

King Abdulaziz Port is the Kingdom's primary trade gateway on the Arabian Gulf coast, a status well-reflected in its global rankings and world-class services that are tailor-made to suit the needs of various importers, exporters, and other major players from the maritime industry.

DP World plans to set up new edible oil terminal at Berbera Port

DP World has started developing a new edible oil terminal at the Port of Berbera in Somaliland, reducing supply chain costs and creating vital local jobs. It has already agreed to a long-term lease for the facility. The edible oil terminal will be the latest addition to Berbera's growing trade ecosystem, following the recent opening of the Berbera Economic Zone (BEZ), 15 km from the port along the Berbera to Wajaale road (Berbera Corridor) that connects to Addis Ababa in Ethiopia.

DP World plans to transform Berbera, which sits alongside one of the world's busiest sea routes, into an integrated maritime, logistics and industrial trade hub to serve the Horn of Africa, a region with more than 140 million population people.

The terminal will initially have a storage capacity of 18,000 tonnes, which will be expanded as demand grows. It will be able to service vessels with a draught of up to 16 metres, allowing Berbera Port to handle bulk imports of edible oil for the first time. The ability to import oil in bulk and package it locally will make edible oil more affordable for people in the region and create jobs locally.

The initial phase of the terminal is already fully leased on a long-term basis to Mzahim Investment LLC, a subsidiary of Essa Al Ghurair Investments (EGI) of the United Arab Emirates. Mzahim Investment will also develop a local packaging plant in Berbera to supply existing customers in Somaliland and the wider Horn of Africa, which could employ up to 100 people.

Suhail Albanna, CEO and Managing Director of DP World Middle East and Africa, said: "Our development of the edible oil terminal is a game changer

for the region and is another example of how we are reducing the cost to trade by finding solutions that meet the needs of our customers while having a positive impact on local communities in terms of job creation and easier access to goods. As part of the Berbera port and economic zone ecosystem, this facility is the integrated port infrastructure that attracts international investors such as EGI looking to get closer to their customers."

Essa Abdulla Al Ghurair, Chairman of Essa Al Ghurair Investments, said: "As a UAE-based family business, we have traded with the region for nearly 40 years. Having a facility in Berbera will continue to strengthen our business ties with the region. The presence of DP World played a significant role towards encouraging businesses like ours to invest in the region. The Berbera edible oil facility will allow us to manufacture locally, ensuring essential commodities such as edible oil are affordable and freshly available to the locals. We can create employment and nurture talent through manufacturing, especially in the skilled and semi-skilled workforce."

Major ports of India handle the highest ever cargo at 795 mn tonne in FY23: MoPSW Secy

India's major ports handled the highest ever cargo at 795 million tonne in 2022-23, Ministry of Ports, Shipping and Waterways Secretary Sudhansh Pant said recently. He further said that with transactions worth about Rs 5,000 crore, the shipping ministry has surpassed its FY23 asset monetisation target of about Rs 3,700 crore.

He also said that soon, Ports, Shipping and Waterways Minister Shri Sarbananda Sonowal will launch 'Green Port' guidelines to make India's ports green.

"Our major ports have handled the highest ever cargo in the history of the ports at 795 million metric tonne. This is 10 per cent higher than the previous year's cargo handled," he told.

India has 12 major ports — Deendayal (Kandla), Mumbai, Mormugao, New Mangalore, Cochin, Chennai, Ennore (Kamarajar), Tuticorin (V O Chidambaranar), Visakhapatnam, Paradip and Kolkata (including Haldia) and Jawaharlal Nehru Port.

"Four or five of the major ports, including Syama Prasad Mookerjee Port (Kolkata), Deendayal (Kandla), Jawaharlal Nehru Port and Paradip have recorded the highest ever cargo," Pant added.

"So, this year (2022-23), major ports achieved an overall growth of 10.4 per cent, while non-major ports achieved a growth 1.5 to 2 per cent less than this," he said.

CEMENT INDUSTRY

Bestway Cement inaugurates its Line-I of 2.3 million TPA at Mianwali

Bestway Cement Limited, Pakistan's largest cement producer achieved yet another milestone when it commenced production and despatches of cement at its greenfield plant in District Mianwali. The plant is Bestway's 8th production line with an annual production capacity of 2.3 million tonnes of cement. The state-of–the-art and most environmentally friendly plant has its own Waste Heat Recovery Power Plant of 9 MWs and 20 MWs of Solar Power generation there by meeting more than half of its energy requirement through green and renewable means.

A simple ceremony was held at the plant premises to celebrate the occasion which was attended by the Chairman, Bestway Group, Sir Mohammed Anwar Pervez OBE HPk, the Group's CEO, Lord Zameer M. Choudrey CBE SI Pk, the Group's Director Finance, the Honourable Haider Choudrey, Managing Director Bestway Group Pakistan, Mr. Irfan Sheikh, the Company's senior officials and delegates from the plant suppliers, Sinoma.

Lord Choudrey reiterated Bestway Group's commitment towards economic and social development of Pakistan and highlighted that Bestway Cement was one of the largest taxpayers in the country having contributed more than Rs. 251 billion to the exchequer in direct and indirect taxes since its inception. He highlighted that the Company was providing direct employment to nearly 5,000 families and generated indirect employment for another almost 50,000 families.

Pakistan's cement industry saw a mixed export revenue trend in 9MFY22-23 and March

Pakistan's cement industry saw a negative trend in export revenue on the back of a range of factors, including a slowdown in economic activity in Pakistan and overseas. According to the country's Federal Bureau of Statistics (FBS), in the 9MFY22-23, the cement industry earned US$135.439m by exporting 2.91Mt of cement and clinker, compared with US$199.372m from 5.23Mt exports in the 9MFY21-22.

This shows that exports slid by 32.1 per cent in value, and volumes were down by 44.4 per cent. In local currency terms, export sales receded by 6.3 per cent YoY to PKR32.26bn, FBS added.

On an encouraging note, during March 2023 alone, export revenues increased to US$17.74m on shipments of 436,070t versus US$17.055m on 411,512t in February 2023.

This translates to a 4.1 per cent MoM growth in value terms and six per cent in volume. However, exports fell by 10.4 per cent YoY in value and 8.9 per cent in quantity compared to export figures of US$19.817m on 478,544t in March 2022.

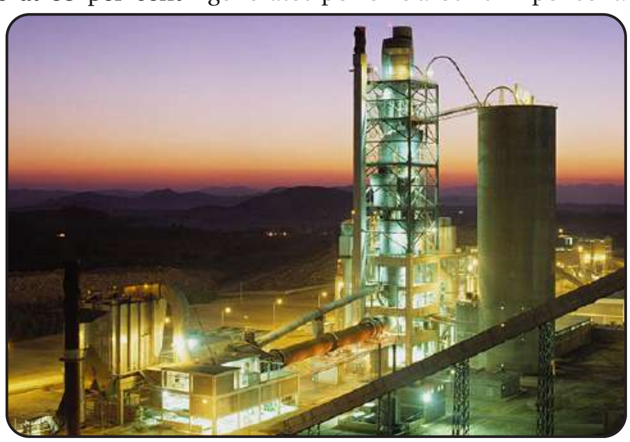
Fauji Cement Co to become Pakistan's 3rd largest cement producer

Fauji Cement Co Ltd (FCCL) heads to become the third-largest cement producer with a total cement production capacity of 10.5Mta in Pakistan, according to AKD Research.

FCCL Commissioned its Nimazpur capacity expansion of a 2.05Mta plant at Khyber Pakhtunkhwa in late October 2022. Moreover, another capacity expansion of 2.05Mta at DG Khan is in the pipeline and is expected to be commissioned in 2QFY23-24.

The research house has estimated that the current coal mix stands at 53 per cent local and 44 per cent Afghan coal while there is only a mere three per cent reliance on coal imported from South Africa.

Moreover, FCCL has 28.6MW of solar power and 47.5MW of WHR capacity, currently contributing around 28 per cent to the power mix. Total reliance on self-generated power is around 42 per cent.



Maple Leaf Cement has become 4th largest producer in Pakistan

Maple Leaf Cement Factory Limited has become the fourth largest grey cement producer in Pakistan. It capacity stands 7.9Mt after the completion of the expansion in November last. The Company's domestic share in grey cement stands at 10 per cent and white cement at 90 per cent; the latter fetch good prices compared to grey cement due to a higher cost of 1.5 per cent over grey cement. This impact a good

impact on the margin.

According to AKD Securities Limited, the Company has a better edge due to the timely completion of expansion on a subsidised loan, less reliance on the national power grid, less leverage and growth-oriented profit margins.

On a positive note, the Company relies heavily on local coal while meeting its 80 per cent power requirement through a subsidiary power generation coal plant and Solar Power Plant and Waste Heat Recovery Plant.

1HFY23 Financial result

The Company earned a consolidated profit of PKR4.308bn against PKR 2.757bn for the corresponding period last year, representing an increase of 56 per cent. The total sales volume of 2.113Mt achieved depicts a decrease of 12.16 per cent over 2.406Mt sold during the corresponding period last year. Domestic sales volume was 2.049Mt, showing almost the same level of demand due to political instability causing uncertainty is another major factor contributing to negative growth of the construction sector.

The Company's export volumes decreased by 8.22 per cent to reach 64,264t from 70,020t in the corresponding period. Exports have not picked up post the American departure from Afghanistan. This has slowed down the economy, and banking restrictions are another major reason for the decline in export sales. Cement dispatches to the rest of the world were not feasible due to high production costs in Pakistan compared to global markets and increased shipping costs, impacting competitiveness in the regional markets.

D.G Khan Cement completes solar power plant in Punjab

Company Secretary Khalid Chohan of D.G. Khan Cement Company Limited (DGKC) informed Pakistan Stock Exchange (PSX) on March 27, 2023, that the Company has completed the construction and installation of an On-Grid Solar Power Plant of 6.952MW at its site in Khairpur, District Chakwal in the Punjab Province of Pakistan.

The plant has a capacity of 2.110Mt and uses mixed power generation. It has a dual fuel power production capacity of 33 MW and 12 MW of WHR.

The project has successfully started power generation. It will decrease Company's power cost mix, reduce

carbon footprints and curtail reliance on expensive fossil fuels.

Lucky Cement under the radar of research houses

Lucky Cement has become the tenth-biggest firm in market capitalisation on the Pakistan Stock Exchange (PSX). It continues to lead the cement industry as the largest cement producer in the country. According to AKD Research, Lucky cement commissioned its Pezu capacity expansion of 3.15Mta in late Dec'22 in KPK, with a total cement capacity of 15.3Mta, holding its mark as the largest cement producer of Pakistan.

Lucky Cement has a 10.3Mta cement capacity in the North and 5Mta in the South Zones of Pakistan. With the last expansion, it is estimated that the Lucky market's share would reach 16.8 per cent in the current fiscal year instead of 15.3 per cent in the previous fiscal year. Lucky uses 80 per cent /20 per cent of Afghan/local coal in their North plant. The South plant uses imported coal. Moreover, the company is committed to adding 10-20 per cent of alternative fuel to the fuel mix of its South plant. The under-construction 25.3 MW solar power plant at South will come online in the second quarter of the next fiscal year.

Lucky cement has a well-diversified portfolio outside its core power, autos, mobiles and chemicals operations. Moreover, the cement business is also hedged with operations in Iraq and DR Congo.

AHL Research has also reported that cement demand in Iraq and Congo remained robust despite global challenges. The company's subsidiary in Najmat-Al-Samawah (Iraq) switched to natural gas from furnace oil to fire its kiln, which aided the venture's profitability.

Bangladesh's cement export posts growth of 50%

During the 8MFY (July-Feb) of the current financial year 2023, Bangladesh's cement industry saw a significant growth of 49.72 per cent in export revenue to US$8.13m on the cement export, mostly to neighbouring Asian countries, compared to US$5.43m in the same eight months (July – Feb) of last year. This also translates to surpassing the target by 15.16 per cent for these months. The figure also includes a minor amount of salt, stone and related products, says the Bangladesh Export Promotion Bureau (EPB) data.

Bangladesh has set an export target for the cement industry at US$11m during the 12 months of the ongoing financial year ending 31 June 2023, compared to US$9.57m earned in FY21-22 (July 2021-June 2022). This translates to expected growth of 15 per cent YoY, according to the EPB.

APCMA releases mixed dispatches data for March 2023

Pakistani cement mills' total local/ overseas cement despatches during March 2023 were 3.795Mt against 5.006Mt despatched during the last fiscal year. This translates into a fall of 24.19 per cent. A spokesman of the All Pakistan Cement Manufacturers Association (APCMA) said that construction activities in both the northern and southern regions of the country have significantly decreased in the last many months, which is not only creating an alarming situation for the industry but also drying up the employment opportunities for skilled and unskilled labour attached to the construction sector. Continued political instability, currency devaluation and poor economic conditions badly affect all the industrial sectors, including cement.

According to the data released by APCMA, local cement despatches during March 2023 were 3.356Mt compared to 4.710Mt in March 2022, showing a decline of 28.75 per cent. However, export despatches increased by 48.46 per cent as the volumes increased from 295,321t in March 2022 to 438,433t in March 2023.

In March 2023, North-based cement mills despatched 2.82Mt cement showing a decline of 28.22 per cent against 3.929Mt despatches in March 2022. South-based mills despatched 974,467t of cement during March 2023, showing a 9.48 per cent less than the despatches of 1.076Mt during March 2022.

North-based cement mills despatched 2.72Mt cement in domestic markets in March 2023, showing a decline of 29.33 per cent against 3.849Mt despatches in March 2022. South-based mills despatched 636,465t of cement in local markets during March 2023, which was 26.14 per cent less than the despatches of 861,742t during March 2022.

Exports from North-based mills increased by 24.63 per cent as the quantities increased from 80,584t in March 2022 to 100,431t in March 2023. Exports from the South also increased by 57.40 per cent to 338,002t in March 2023 from 214,737t during the same month last year.

Cumulative dispatches

During the first 9MFY23, total cement despatches (domestic and exports) were 33.6Mt, which is 17.59 per cent lower than the 40.769Mt despatched during the 9MFY22. Domestic despatches during this period were 30.564Mt against 36.126Mt during the same period the previous year, showing a reduction of 15.40 per cent. Export despatches were also 34.62 per cent less as the volumes reduced to 3.036Mt during the first 9MFY23 compared to 4.643Mt exports during the last fiscal year.

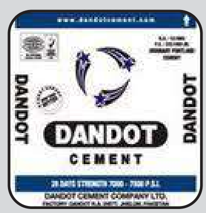
North-based Mills despatched 25.047Mt cement domestically during the first 9MFY23 showing a reduction of 16.33 per cent to cement despatches of 29.937Mt during 9MFY22. Exports from the North increased by 14.56 per cent to 778,437t during 9MFY23 compared with 679,481t exported during the same period last year. Total despatches by North-based Mills were reduced by 15.65 per cent to 25.826Mt during the first 9MFY23 from 30.617Mt during the previous financial year.

Domestic despatches by South-based Mills during 9MFY23 were 5.517Mt showing a reduction of 10.86 per cent over 6.189Mt cement despatched during the last fiscal year. Exports from the South declined by 43.05 per cent to 2.257Mt during 9MFY23 compared with 3.964Mt exported during the previous year. Total despatches by South-based Mills reduced by 23.43 per cent to 7.774Mt during the first 9MFY23 from 10.152Mt during the last financial year.

Dandot Cement moves fast to complete the BMR of the plant in Punjab

Company Secretary Muhammad Kamran of Dandot Cement Co Ltd has stated that commercial production is expected to resume in the 1st quarter of the next financial year upon completing Balancing the Modernisation of Replacements (BMR) of 504,000t of cement plant at Jehlum in Punjab, Pakistan.

A regulatory filing to the Pakistan Stock Exchange (PSX) and the last financial report adds that to meet the legal standards and to avoid any adverse action from Environmental Department, the Company decided to close down its operations during the financial year 2019-20 and move towards upgrading it through BMR and signed a Memorandum of Understanding



(MOU) with a Tianjin Cement Industry Design and Research Institute Company Limited (TCDRI) from China for BMR. The revised total financial outlay of the BMR has been estimated at PKR 6.21 bn, including $14.92m for the import of new machinery and equipment.

India focuses on net zero concrete

Representatives of more than 75 renowned academic institutions and businesses worldwide have gathered in New Delhi, in India, to participate in the Innovandi Global Cement and Concrete Research Network (GCCRN) Spring Week. They are meeting to help drive critical research and innovation towards the decarbonisation of concrete. The GCCRN brings together more than 450 researchers and scientists from more than 40 leading universities and institutions, including EPFL (Lausanne), South East University (China), University of Toronto, Indian Institute of Technology Delhi, University of Cape Town, Imperial College London, as well as 35 cement and concrete manufacturers and their suppliers. They will work together on initiatives focussed on achieving net zero concrete, including sourcing and improving alternatives to clinker, the carbon-intensive element of cement, work on calcined clays, concrete recycling, its carbonation and durability, as well as kiln electrification and carbon capture, usage and storage (CCUS). Claude Loréa is Innovation and ESG Director at the Global Cement and Concrete Association (GCCA).

Courtesy - CemNet

STEEL & ALLIED INDUSTRY

Steel melting sector highlights challenges

The country's steel melting industry is in a state of extreme distress as the banking sector remains incapable of allowing opening of Letters of Credit (LCs), leading to a severe shortage of imported scrap that is used as essential raw material in melting furnaces. This has been mentioned in the budget proposals for the year 2023-24 presented by the Pakistan Steel Melters Association (PSMA) to the Federal Board of Revenue (FBR) and the relevant ministers.

In the proposals, the critical problems faced by the steel melting industry have been highlighted and also the possible solutions to them. In their budget proposals the PSMA has argued that local scrap is of low quality and requires additional electricity for the melting process; so the steel industry is largely dependent on imported scrap.

However, in the crisis-like situation, the industry has been left with no other option but to use local scrap only. Under the circumstances, the taxation measures for temporary reduction of withholding tax to 0.25 percent on scrap supplies and 1 percent extra sales tax on supply from non-registered scrap dealers are immediately required to make the industry viable. Furthermore, cash purchases should be allowed from unregistered scrap dealers till the time of opening of LCs.

The documented steel melters face practical problems in dealing with undocumented local scrap suppliers/ dealers, who are not registered with FBR due to the very high 9.5 percent withholding tax on supplies and levy of 5 percent extra sales tax. The PSMA has also asked the government to strictly check the smuggling of a huge quantity of cheap long steel bars from Iran, which are being used in the construction of buildings.

MUGHAL: Attractive entry point

• Most of the manufacturing sector witnessed significant slowdowns in the first half of FY23 majorly on the back of sharp currency depreciation (inducing higher RM prices & exchange losses), supply chain disruptions (import bans/restrictions) and overall inflated commodity prices in the international market.

• Overall, the long-steel industrial volumes are expected to close FY23 around 5.2mn tons (FY22: 6.4mn tons), down 18% YoY, with Mughal expecting to enhance market share to 5.25% (4.9% in FY22).

• The contribution of the non-ferrous sales to the total revenues has grown exponentially in previous two years, with export revenues accounting for as much as 20% during FY22 (1.5% back in FY20).

• Since the company has indicated that it is targeting to diversify its non-ferrous portfolio (aluminum) and add other base metals (zinc) in it, we expect the contribution from non-ferrous division to increase significantly in the years to come.

• Overall, MUGHAL remains our top pick in the long steel sector with a Dec-23 target price of PkR73/share on the company, offering an upside of 48% from last close, based on a WACC of at 26% (RF/Rm: 21%/9%) and terminal year of FY28 (terminal growth of 4%)

Courtesy - AKD Research

AGHA announced the financial result for 3QFY23

Agha Steel Industries Limited (AGHA) announced the financial result for 3QFY23 recently, whereby earnings arrived at PKR 303mn (EPS: PKR 0.50) against PKR 562mn (EPS: PKR 0.93) last year, down by 46% YoY. At the same time, the bottom line posted a 22% jump QoQ primarily due to augmented topline and lower finance costs. This took the profitability in 9MFY23 to PKR 705mn (EPS: PKR 1.17) against PKR 1,740mn (EPS: PKR 2.88) last year.
Result Highlights

• During 3QFY23, sales showed a decline of 7% YoY as a result of a significant dip in sales of rebars and billets (estimated at over ~29k tons, down by 34% YoY) given the slowdown in the country, which offset the impact of hike in rebars prices (forecast at PKR 227k per ton against PKR ~190k per ton in SPLY). Albeit, on a QoQ basis, we believe an uptick in offtake and prices aided the 12% jump in revenue. Albeit, we await clarity from the management regarding the quarterly sales volumes. Whereas the 17% dip in net sales during 9MFY23 represents an approximate 36% decline in volumes, which was slightly cushioned by improved retention prices.

• Gross margins in 3QFY23 settled at 24.1% vis-à-vis 23.2% in 3QFY22 as the company managed to procure domestic scrap (with AGHA's electric arc furnace having an advantage over other induction mills), which offset the impact of higher energy tariff, and PKR depreciation. Margins remained stable on a QoQ basis despite slightly higher scrap prices as prices of steel rebars rose across the country (2QFY23 margins: 24.3%). Whereas margins during 9MFY23 settled at 23.4% vis-à-vis 22.8% in 1HFY22, given the aforementioned reasons.

• Finance cost settled at PKR 752mn during the quarter under review, up by 13 YoY, on account of augmented borrowing and higher interest rates. However, the 7% dip on a QoQ basis indicates repayment of short-term borrowings.

• The company booked effective taxation at 15% in 3QFY23, the same as last year.

(Courtesy - AHL Research)

LEATHER INDUSTRY

TDAP holds seminars on the leather industry

• The T&L Division of TDAP had organized the second Seminar on "Sustainability – Leather Sector" for Leather Industry on 20th March 2023, at the 3rd Floor Conference Room, TDAP Headquarters, Karachi, wherein, other than virtual participation via Zoom, more than 27 participants from the leather sector, experts on environment, NGOs etc. participated.

• The seminar was organized in connection with the 4th edition of Texpo-2023 scheduled to be held on 26th to 28th May 2023 at the Expo Center, Karachi, under a dynamic theme "Weaving the Way to Sustainability" to appreciate the efforts of the local leather industry for their ambitions & aims to ensure compliance to local & international laws, customer requirements working to adopt eco-friendly practices, LWG certifications etc.

• As a keynote speaker, Mr. Amanullah Aftab, Chairman, PLGMEA & CEO, Hafiz Tanneries, briefed about the facts & figures of the current sector scenarios and the importance of LWG certification and its benefit.

• The second speaker of the seminar having a prominent portfolio in the sector, was Mr Asfandyar Farrukh, MD, HUB (Urban Brands), who put in the picture of the initiatives of his brand to adopt modern-day techniques & tactics to avoid various environment polluting practices which are common, especially in the leather sector.

• The final speaker Mr Junaid Vohra, CEO of Essential Elements Leather, addressed impressively "Why Leather Sector Go Green" and explained a few measures as a way forward towards this goal.

• In his closing remarks, Mr. Basit Rauf, DG (Textiles & Leather), TDAP, complimented the efforts of participants towards their interest in adopting various ' Methods' towards the common goal of Sustainability for a better environment tomorrow and invited the guests to actively participate in Texpo 2023 with its tag line ' Weaving the Way to Sustainability.

Leather exports from Pakistan falls in 9MFY23

Pakistan's leather industry saw a decline of 6.45% in export revenue during the first nine months (July – March 23) of the current financial year 2022-23 (July- June) despite continued significant growth in footwear exports.

According to data compiled by the Pakistan Bureau of Statistics, the total leather, leather garments/goods and footwear industry export revenue fell to US$ 687.665 million from USD$ 735.113 million earned in the same nine months of the last fiscal year (PBS).

This refers to a fall of 6.45 YoY, mainly on the fall of finished leather and leather garments/goods. The breakdown shows that Pakistan exported 8.164 million sqr. mtr tanned leather at $126.807 million, compared to 11.387 million sqr mtr shipped at $154.5016 million.

Thus, export recorded a fall of 28.30% in quantity and 17.93% in dollar value, respectively, over July – March 2021-22.

Similarly, Pakistan exported leather manufacturing, including garments, goods and other articles, worth $422.345 million between July and March 2023, compared to $463.904 million in nine months of the last fiscal year. This translates to a decrease of 4.65% in dollar value on a YoY basis.

On a positive note, during this period, Pakistan's footwear export comprised 20.328 million pairs of all kinds of shoes at $138.513 million compared to 13.747 million pairs at $116.703 million between July and March 2022.

Thus, export recorded a growth of 47.87% in quantity and 18.69% in value on a YoY basis.

Bangladesh leather industry records 6.04% growth

The Bangladesh leather industry saw a growth of 6.04% in export revenue to US$ 832.38 million in the first eight months (July – February 2023) of the current financial year 2022-23 (July - June) from US$784.98 million earned in July – February 2022, despite a fall in shipments of finish leather during this period, according to the Bangladesh Export Promotion Bureau (EPB).

The breakdown shows that Bangladesh received US$ 85.68 million in exports of finished leather between July and February 2023, compared to $ 100.27 million made in the same eight months in the last fiscal year, which shows a fall of 14.55%. On a positive note, leather product exports increased to US$259.87 million in July – February 2023 from US$209.76 million in the same seven months of the previous year. It translates to a rise of 23.94% on a YoY basis.

Dhaka footwear exports to US grow 64pc in 2022

Bangladesh's footwear exports to the US market witnessed more than 64-percent growth in 2022, reflecting the buyers' strategy to diversify sourcing destinations and reduce dependence on China and Vietnam.
FE

In the last calendar year, Bangladesh exported footwear worth US$451.40 million as compared to $274.78 million in 2021, according to OTEXA, an affiliate of the US Department of Commerce.

Bangladesh has huge potential to increase exports to the US and raise market share provided improvements in 'speed to market' and ease of doing business, including that of customs procedures to reduce long lead time, are ensured, industry insiders have said.

According to FDRA (Footwear Distributors and Retailers of America), the shoe business and trade association, Bangladesh ranked 9th in 2022 with exporting 19 million pairs from the 10th position in 2021.

China remained the top supplier of footwear to the US, followed by Vietnam, Indonesia, Cambodia, India, Mexico (seventh in 2021), Italy (sixth in 2021), Brazil and Germany (ninth in 2021).

Data analysis showed that, out of US$451 million footwear exports from Bangladesh to the US, the majority or $406.68 million came from leather footwear shipments.

US overall footwear import stood at $33.43 billion in 2022 which was 32.51 per cent higher than that of 2021, according to the OTEXA data.

China exported footwear worth $12.15 billion in 2022 marking 23 per cent year-on-year growth while the export from Vietnam stood at $10.48 billion last year recording over 41 per cent growth.

US footwear imports from Indonesia, Cambodia and India grew by over 53 per cent, 47 per cent and 64 per cent to $2.99 billion, $1.0 billion and $745.03 million respectively.

When asked, Syed Nasim Manzur, President of Leathergoods and Footwear Manufacturers and Exporters Association of Bangladesh (LFMEAB) said Bangladesh's exports grew mainly because of the American brands' country of origin diversification strategy.

Bangladesh tanners seek financial aid

Tanners have sought financial assistance from the government aiming to set up different machinery in the leather industrial estate. The Bangladesh Tanners Association (BTA) has requested that the commerce ministry take necessary measures.

The proposal has been made for gradually setting up the mechanized desalting machine, chrome recovery plant and hair filtering machine under the Leather Sector Business Promotion Council (LSBPC).

In the letter, BTA Chairman Shaheen Ahmed said the volume of leather production, and export declined due to the relocation of factories to the Savar estate from Hajaribag.
For this, the tannery owners faced financial losses. They were also facing losses due to the ongoing Russia-Ukraine war.

In the circumstances, there arose a financial limitation for the tanners, he added. He requested the government to provide necessary financial assistance for installing such machinery.

Indian leather export likely to aggregate over 5 billion in FY23

During the first eleven months (April – February) of the ongoing financial year, April 2022 to March 2023, the Indian leather industry earned US$4.875 billion against bringing home $4.401 billion in corresponding months last year. This translates to a growth of 10.78% on a YoY basis, according to the Indian Council for Leather Export (CLE). The trend indicates that India will surpass the revenue of US$ 4.872 billion earned in the last fiscal year and will also cross US$ 5 billion earing during this period.

The breakdown shows that during 11MFY23, finished leather saw a fall of -5.45% in value to $389.10 million from $411.15 million in the same period last year.
However, leather footwear was up 19.94% to $2.213 billion from $1.845 billion, and leather garments by 3.67% to $332.99 million from $321.19 million during the same eleven months of the last fiscal year.

Likewise, leather goods exports increased by 3.56% to $1.204 billion from $1.163 billion during this period. But Saddlery and Harness's export fell by 17.10% to $207.96 million from $250.86 million during this period.

The export of non-leather footwear rose to $259.67 million, up by 43.35% and footwear components at $267.25

million, rising by 17.51% during the export period.

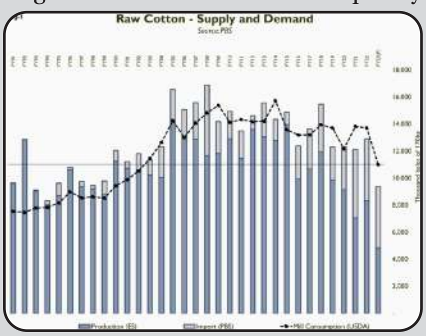
The Top 15 countries together account for about 79% of India's total leather and leather products exported from April-February 2022-23, with an export value of $3.840 billion.

TEXTILE INDUSTRY

Textile exports facing quadruple whammy

It seems beyond dispute that Pakistan's textile industry must now bid farewell to the export bonanza of the last two financial years. After breaking the $13 billion barrier for the first time in FY21, textile exports rose to $18.5 billion by FY22, but are now set to recede back below $17.5 billion during current year, with only downside risk of slipping further.

It is said that tragedy strikes in threes. And that's exactly what seems to have taken place to textile exports. First, the staggered recovery of global economy post Covid drove cotton prices in the international market to 11-year peak, marking the first strike on exporter profitability. Then came the monsoon floods of 2022, which caused national cotton output to drop 55 percent below target. Later came the dollar liquidity crisis, making imports prohibitively inaccessible than expensive. Now, finally, world cotton prices have drastically declined, falling 40 percent compared to peak levels reached just nine months back. That too, will not bode well for Pakistan's exporters.



Why? If cotton consumption over the last decade is taken as proxy, consensus estimates of Pakistan Central Cotton Committee, Pakistan Cotton Ginners Association, APTMA, and USDA indicate that the milling segment processes anywhere between 12 – 14 million bales (of 170kg) per annum. Inclusive of carryover and imports, cotton supply in the local market during the ongoing year may hardly reach 12 million bales, if not lower. Meanwhile, although cotton prices in many competing exporting markets have declined in local currency terms during recent months, up to 25 percent currency depreciation in Pakistan since Sep-22 has ensured that prices remain elevated in rupee terms.

And this confluence of misery has struck at a time when the central bank has begun to unwind its concessionary financing portfolio to the exporting segment, resulting in working capital loans outstanding to the industry declining by a third in dollar terms. As screws have also been tightened on the monetary policy, cost of working capital borrowing in rupee terms for the exporting industry has escalated from an average of 5 percent a year ago, to close to 18 percent currently. Meanwhile, the federal government has also rolled back subsidies on energy tariffs which have hit upstream segments such as spinning and weaving very hard.

The industry might be able to keep its head above water for a little while longer thanks to ultra cheap long term financing obtained during the pandemic, which may keep cashflows positive in the immediate term. However for far too long, Pakistan's textile industry has survived on a combination of state largesse in the mode of concessionary financing, cheap energy, and cheap access to raw material, without investing itself in upstream value chain such as improving the productivity of cotton crop through better seeds, mechanization; ensured profitability for farmers; or bringing efficiency to ginning operations. Now, as the state has finally run out of money to throw around, the chickens will finally be coming home to roost. Without access to competitively priced capital, energy, labor, or even raw material, it might finally be the right time to ask: does Pakistan's textile industry enjoy any comparative advantage in the export market?

Courtesy - BR

Textile exports plunge almost 30pc

Pakistan's exports of textile and clothing fell 29.76 per cent in February to $1.18 billion compared to $1.68bn over the same month last year, the highest decline in a single month since Covid-19, data released by the Pakistan Bureau of Statistics (PBS) showed recently.

The textile and clothing exports in 8MFY23 dipped 11.09pc to $11.21bn this year against $12.61bn over the corresponding months of last year. The decline is across all the sectors during the period under review.

The overall export proceeds shrank for the sixth consecutive month in a row. The drop shows the government would find it difficult to achieve the export target this fiscal year leading to more pressure on foreign exchange reserves of the country.

The drop in textile and clothing exports is gaining momentum over the past sixth months owing to multiple factors including high energy costs, stuck-up refunds and a slump in global demands despite the massive depreciation of the rupee.

Exporters believe that one of the main reasons behind falling exports was the exchange rate instability. The discontinuation of duty drawbacks on local taxes and levies by the government has also created liquidity issues for the export sector.

Withdrawal of subsidised power tariff from March 1 under the IMF dictations would further hit the overall export sector.

The piling of containers at ports is also contributing to the decline in exports. The impact of this decision will be visible in the next few months.

OIL AND GAS

PPL discovers gas reserves in Sindh

Pakistan Petroleum Limited (PPL) informed PSX that it made the discovery from the exploratory well Rayyan-1 in Kirthar Block (2667-7), located in District Dadu, Sindh Province. The well is operated by M/s. Polish Oil and Gas Company, PKN ORLEN Pakistan Branch with 70 percent working interest along with its joint venture partner Pakistan Petroleum Limited with 30 percent working interest.

Amid fast depleting foreign exchange reserves, the news is good for Pakistan as it mainly relies on imported LNG to meet its needs.

Rayyan-1 was spud-in on December 5, 2022 and drilled to the depth of approximately 2,446 meters. Drill stem test (DST) was carried out at the said well and the well initially flowed at 7.8 million standard cubic feet per day (mmscfd) gas with the wellhead flowing pressure (WHFP) of 1,920 pounds per square inch (PSI) at 28/64" choke size.
Following the DST, Rayyan-1 well successfully completed and concluded completion integrity test. Accordingly, frac job was conducted and the well flowed at the rate of 12.88 mmscfd gas at the WHFP of 3,190 PSI at 28/64" choke size.

In October 2022, PPL made a gas and condensate discovery from exploration well Shahpur Chakar north X-1, in Block 2568-18 (Gambat South), located in District Sanghar, Sindh.

The Block 2568-18 (Gambat South) EL is operated by PPL with 65 percent working interest along with its joint venture partners Government Holdings Private Limited and Asia Resources Oil Limited with 25 percent and 10 percent working interest, respectively.

Energy giants sign MoU to pursue green hydrogen projects in Pakistan and beyond

Leading exploration and production (E&P) companies Oil & Gas Development Company Limited (OGDCL), Pak-Arab Refinery Limited (PARCO), Pakistan Petroleum Limited (PPL), Mari Petroleum Company Limited (MPCL), and Government Holdings Private Limited (GHPL) have signed a Memorandum of Understanding (MoU) to explore and pursue green hydrogen opportunities within and outside Pakistan. The collaboration aims to drive the energy transition towards a more sustainable future, leveraging each company's expertise and resources.

The MoU was signed by Ahmed Hayat Lak, MD/CEO OGDCL; Shahid Mahmood Khan, MD PARCO; Imran Abbasy, MD/CEO PPL; Fahim Haider, MD/CEO MPCL; and Masood Nabi, MD GHPL on behalf of their respective companies. Federal Secretary of Petroleum Division, Capt (R) Muhammad Mahmood, witnessed the MoU signing ceremony held here on Wednesday at the OGDCL Head Office, Islamabad.

Under the MoU, OGDCL, PARCO, PPL, MPCL, and GHPL will consider joint venture projects and areas of cooperation for green energy initiatives. Companies will also establish a joint fund to raise equity for hydrogen projects. As a first step, feasibility will be conducted to initiate the project formally.

"This collaboration is a significant step towards building a more sustainable future for Pakistan and beyond," said Capt (R) Muhammad Mahmood, Federal Secretary Petroleum Division. “We are confident that by leveraging our collective expertise and resources, we can accelerate the energy transition and create a greener, cleaner, and more prosperous future," remarked Ahmed Hayat Lak, MD/CEO of OGDCL.

PSO dominates a challenging energy market

Pakistan State Oil (PSO) exhibited exceptional resilience and reported a net profit of PKR 10.3 billion (9MFY22: PKR 64.8 billion) with Earnings Per Share of PKR 21.9. The company’s strong operational performance and strategic thrust helped increase its market share as it displayed unyielding perseverance and adaptability in the face of ever-changing market conditions. PSO’s Board of Management reviewed the performance of the company and its subsidiary, Pakistan Refinery Limited (PRL), in the meeting held at the PSO head office in Karachi on April 27, 2023. The group collectively posted a net profit of PKR11.8 billion. Nationally, the petroleum demand for white oil plummeted by 19.6%, coupled with a decline of 17.1% in motor gasoline and 24.9% in diesel sales.

Furthermore, there was a marked downturn of 32% in demand for black oil, mainly attributable to a limited furnace oil-based power generation given the reduced demand for electricity across the country. Despite the challenges faced by the petroleum industry, PSO exhibited unwavering resilience by achieving consistent growth and resolutely maintaining its leading market position in the white oil category. Through its aggressive market penetration strategy, the company was able to increase its market share by a remarkable 2.9% compared to last year and capture approximately 51% of the industry’s total volume. The major contributor was diesel, in which the company increased its market share by 4.1%, closing the period at 54.4%. With a firm focus on innovation and technological advancement, PSO accomplished its objective of integrating and automating 3 of its terminals, namely Keamari Terminal A (Karachi), Machike (Lahore) and Sihala (Rawalpindi), a crucial step towards realising a fully digital supply chain.

PEOPLE & EVENTS

Lt Gen Nazir Ahmed appointed NAB Chairman

Prime Minister Shehbaz Sharif has appointed Lt Gen (retd) Nazir Ahmed as the National Accountability Bureau Chairman after consultation with the Leader of the Opposition in the National Assembly Raja Riaz.

Lt Gen (retd) Nazir has served as President of the National Defence University from April 11, 2016 to December 19, 2016. He also served as military secretary to former prime ministers Shaukat Aziz and Syed Yusuf Raza Gilani before his posting as Pakistan's military attaché to the US.

The recipient of Hilal-i-Imtiaz, Nazir was commissioned in the 40 Frontier Force Regiment, Pakistan Army, in 1983.

He graduated from the Command and Staff College and the National Defence University, Pakistan.

Prior to his appointment as commander of the Peshawar Corps in December 2016, he served as commander of the Pakistan Military Academy (PMA) in addition to commanding an infantry division in the erstwhile Federally Administered Tribal Areas (Fata).

He was promoted to lieutenant general in 2014 and was subsequently appointed as inspector general of Communications and Information Technology at the General Headquarters. Before retirement in 2018, he commanded a military formation in South Waziristan as major general.

Lt General (R) Nazir Ahmed is a Kashmiri and has good command over the Kashmiri language. His father had also served the Pak Army and retired as a colonel.

Sohail Ali gets charge of Information, Broadcasting Division

The federal government has appointed Sohail Ali Khan, an officer of Information Group (IG) as Additional Secretary for Information and Broadcasting (In-charge), with an immediate effect.

He has previously served in various capacities in the Information Group, including as Director General of the Pakistan Broadcasting Corporation (PBC) and Managing Director of Pakistan Television Corporation.

Muhammad Naveed made PTA chairman

The Government has assigned the charge of Chairman Pakistan Telecommunication Authority (PTA) to Muhammad Naveed, according to media report. Naveed is currently serving as Member Finance at the PTA.

The Authority (PTA) was being run headless for more than two and a half months, as the government has yet to appoint a regular chairman.

Major General Amir Azeem Bajwa (retired) left the charge of chairman PTA on January 2, 2023, on completing his four-year tenure, as the government did not approve a further extension for him.

Alvi administers oath to Fauzia Viqar as Federal Ombudsperson

President Dr Arif Alvi administered the oath of office to Fauzia Viqar as Federal Ombudsperson for Protection against Harassment at Workplace. The President made the new appointment after the completion of the tenure of former Federal Ombudsman for Protection against Harassment at Workplace Kashmala Tariq.

The appointment has been made in accordance with Sections 3 and 21 of the Federal Ombudsman Institutional Reforms of 2013.

Fauzia Viqar is a Pakistani human rights activist with a focus on women's rights. He was currently an independent director at Engro Powergen Qadirpur Limited. She is the former chairperson of the Punjab Commission on the Status of Women, serving from 2014 to 2019. Since August 2019, she has worked as the chief elective officer of the consultancy firm Rah Center for Management and Development.

Chinese group plans industrial park in Pakistan

Commerce Minister Syed Naveed Qamar has appreciated the plans of a Chinese group for setting up an industrial park in Pakistan. A Chinese delegation headed by Shandong Xinxu Group Corporation chairman Hou Jianxin during a meeting with the commerce minister discussed its investment plans.

Mr Jianxin said he came up with the vision to establish an industrial park in Pakistan to get benefit from the decision of the Shandong government, a Chinese province intending to shift its industry to Pakistan.

The park will serve as a focal point for all the industrial requirements of Pakistan from China and vice versa, the chairman added. Mr Qamar appreciated the Shandong government's decision to shift its industry to Pakistan which would not only attract foreign investments but would also create job opportunities.

Nazafreen Saigol Lakhani elected as APNS president

The annual meeting of the APNS General Council held recently at APNS House, Karachi unanimously elected Nazafreen Saigol Lakhani as President, Imtinan Shahid as Senior Vice President, Muhammad Aslam Kazi as Vice President, Sarmad Ali as Secretary General, S.M. Munir Jilani as Joint Secretary and Shahab Zuberi as Finance Secretary of the Society.

The AGM was held under the chairmanship of Sarmad Ali, President of the Society.

Following dailies and magazines were elected un-opposed to the Executive Committee of the APNS for the next tenure:

Daily Aghaz, Daily Business Recorder, Daily Deyanat, Daily Dawn, Daily Jasarat, Daily Jiddat (Khi), Daily Abtak, Daily Dunya, Daily Jang, Daily Khabrain, Daily Pakistan, Daily Tijarat, Daily Ausaf, Daily Sahafat, Daily Awam (Quetta), Daily Mashriq (Quetta), Daily Mashriq (Peshawar), Daily Wahdat, Daily Kawish (Hyd), Daily Kaleem (Sukkur), Daily Aftab (Multan), Daily

Paigham, Daily Business Report, Daily City 42, Daily Pakistan Observer, Daily Halchal (Hyd) and Daily Sayadat, Monthly Dastak, Nawa-i-Waqt, Monthly Naey Ufaq, Monthly Naya Rukh, Monthly Centerline, Fortnightly Ibrat Magazine and Weekly Nikhar were elected on periodical seats.

The new Executive Committee elected Zahida Abbasi of Daily Nau Sijj, Karachi on woman - publishers seat.

The newly elected Executive Committee appreciated the performance of the Election Commission.

Recognition for British Pakistani diplomat

British-Pakistani diplomat Fouzia Younis this week became the first British Muslim to be appointed His Majesty's British Consul General to Toronto, marking the end of her Pakistan posting as a senior diplomat at the British High Commission.

Ms Younis, a British Pakistani whose family moved to the UK in the late 70s, shared the news on Twitter with an acknowledgment of her parents' sacrifice and dedication.

Amir Paracha elected as President of OICCI

Amir Paracha, Chairman and Chief Executive Officer, Unilever Pakistan Limited, has taken over as the President of the Overseas Investors Chamber of Commerce and Industry (OICCI) for the 2023 term.

This was announced at the 163rd Annual General Meeting of the OICCI held at the Chamber on Tuesday, February 28, 2023. Rehan Muhammad Shaikh, Chief Executive Officer, Standard Chartered Bank (Pakistan) Limited, was elected as the Vice President.

Fakhr Alam appointed Vice Chairman of DP World

Dubai Port World a leading global ports and logistics giant estimated to be valued at $90 billion has appointed Pakistan's much loved and respected public figure Fakhr Alam as its Vice Chairman.

According to a press release Fakhr Alam will spearhead DP World's new investment strategy and create new synergies to fuel growth in the region.

DP WORLD

Fakhr Alam recipient of Sitar-e-Eesaar and Sitar-e-Imtiaz(both Presidential medals of high honour) is known for his dynamic personality and his ability to execute projects of various nature.

He is also known as the only Pakistani in world history to have successfully circumnavigated the globe flying a small airplane in 23 days.

As an entrepreneur he has experience in real estate, transport, media, technology, manufacturing and hospitality.

His entertainment career has been spectacular winning awards for his music, acting and television hosting. This indeed is a milestone achievements to serve as vice chairman of DP World.

Fakhr Alam has been a role model and an inspiration for many young people. A great ambassador for Pakistan and a dedicated humanitarian.

His tireless humanitarian work post the 2005 earth quake of Kashmir is still recognized world over.

BANKING & INSURANCE

EFU Life, HABIBMETRO Bank launch new product for women

EFU Life Assurance Ltd, the leading private life insurance provider in the country further strengthened its partnership with, HABIBMETRO Bank – a leading commercial bank -by launching various key initiatives including the launch of "EFU Ladies Insurance & Investment Plan".

This plan is designed for HABIBMETRO Ladies account holders and is a unit-linked protection and savings plan bundled with micro-critical illness cover and a new paperless distribution channel "Telesales".

The signing ceremony was attended by Ahmed Shah DurranI, Group Executive Retail Bank & Chief Digital Officer and Sarah Irfan, Head – Liabilities & Bancassurance from HABIBMETRO, while Mohammed Ali Ahmed, Deputy Managing Director, Nilofer Sohail, Head Channel Strategy & Execution of EFU Life attended from EFU along with other senior officials from both organizations.

PBA signs contract for 'know your customer' platform

On behalf of its members, the Pakistan Banks' Association (PBA) has signed a project contract with the Avanza Group for the development and execution of the country's first blockchain-based national 'electronic Know Your Customer (eKYC)' banking platform.

The ceremony was attended by PBA Chairman Muhammad Aurangzeb, who is also the President of HBL, Akhter Javed, director BPRD SBP, Tawfiq Hussain, CEO of PBA, Waqas Mirza, and Omer Khan, the CEO of Avanza Solutions (Pvt) Ltd.

The eKYC (electronic Know Your Customer) project is part of the State Bank's ongoing efforts to strengthen the control infrastructure on Anti-Money Laundering (AML)/ Terrorist Financing (TF) in the country.

PBA has been overseeing the planning and management of the project on behalf of the banking industry, under the aegis of the State Bank of Pakistan.

In addition to strengthening AML controls, the deployment of this platform will enhance efficiencies at the participating banks and will result in improvement in customer experience, especially at the time of account opening, thus facilitating financial inclusion.

The Avanza Group's eKYC platform, 'Consonance', is being implemented for PBA. The platform will use blockchain technology through which banks will be able to standardise and exchange, with customers' consent, their details via a decentralised and self-regulated network.

Bank Alfalah introduces Instant Credit Card

Bank Alfalah has announced the launch of Instant Credit Card (ICC) which offers a completely automated digital experience and allows both liability and existing credit card customers to apply for a credit card, complete the screening and credit bureau checks, and receive approval in less than five minutes. Once approved, customers can activate their credit card and start using it immediately.

The ICC is an end-to-end digital experience that eliminates the need for visiting bank branches or physical documentation. Customers can start the process by entering their details and selecting the card type and limit of their choice.

The screening team and credit bureau checks are completed automatically, and customers receive approval within minutes. The ICC is available to all Bank Alfalah customers, making it easier than ever to apply for a credit card.

Muhammad Yahya Khan, the head of Digital Banking Group at Bank Alfalah, has said that the new service is a testament to the organisation's commitment to providing faster and more convenient banking experiences to the customers, while creating a digitally inclusive world.

"This is an easy and hassle-free process for our customers to apply for a credit card, and we are confident that it will be a game-changer in the banking industry," he added.

Upon approval, the customers can activate their credit card through Alfa App and start spending immediately. The physical credit card will be delivered to their doorstep without the need for a visit to a branch.

MCB posts PBT of Rs. 23.02bn (+54%) for Q1-2023

The Board of Directors of MCB Bank Limited (MCB), in its meeting held under the Chairmanship of Mian Mohammad Mansha on April 27, 2023, reviewed the performance of the Bank and approved the condensed interim financial statements for the first quarter ended March 31, 2023. The Board of Directors has declared the first interim cash dividend of Rs. 6.0 per share i.e. 60% for the quarter ended March 31, 2023.

With a strong build-up in core earnings, MCB's Profit Before Tax (PBT) for the first quarter of 2023 increased to Rs. 23 billion with an impressive growth of 54%. Profit After Tax (PAT) posted a growth of 46% to reach Rs. 13 billion; translating into an Earning Per Share (EPS) of Rs. 11.02 compared to EPS of Rs. 7.52 reported in the corresponding period last year.

On the back of strong volumetric growth in current account and timely repositioning within the asset book, net interest income for 1Q'23 increased by 66% over corresponding period last year. YoY average current deposits of the Bank registered a remarkable growth of Rs. 178 billion (+31%).

Non-markup income increased to Rs. 5.9 billion (+3%) against Rs. 5.7 billion in the corresponding period last year with major contributions coming in from fee commission income. The Bank registered a growth of 27% in fee commission with income from trade and guarantee business up by 59%, cards related income up by 42% and income from home remittances up by 39%.

The Bank continues to manage an efficient operating expense base and manage costs prudently. Amidst an exceptionally persistent high-inflation, impact of sharp currency devaluation and rapidly escalating fuel and utility costs, the operating expenses of the Bank reported at Rs. 11.8 billion (+25%). The cost to income ratio of the Bank improved significantly to 32.77% from 39.65% reported in corresponding period last year.

Proactive monitoring and recovery efforts led to a net provision reversal of Rs. 293 million against non-performing loans (NPLs) for the period under review. Persistent focus on maintaining a robust risk management framework encompassing structured assessment models, effective pre-disbursement evaluation tools and an array of post disbursement monitoring systems has enabled MCB to effectively manage its credit risk. The Non-performing loan (NPLs) base of the Bank was reported at Rs. 55.3 billion. The Bank has not taken FSV benefit in calculation of specific provision against its non-performing loans (NPLs) base. The coverage and infection ratios of the Bank were reported at 81.88% and 7.87%, respectively.

On the financial position side, the total asset base of the Bank grew by 1.39% to Rs. 2.11 trillion. Analysis of the assets mix highlights that net investments and gross advances have decreased by Rs. 33 billion (-3%) and Rs. 95 billion (-12%) over December 31,

2022 respectively, whereas Lending to Financial Institutions increased by Rs. 71 billion (+140%).

The Bank continued its focus on building no cost deposits, leading to a robust growth of Rs. 178 billion (YoY: +31%) in average current deposits. The average current to total deposits ratio improved to 51.2% in Q1-2023 from 40.1% in Q1-2022. The domestic cost of deposits was 7.15% as compared to 4.91% in the corresponding period of last year due to the exceptional increase in interest rates during the period. Return on Assets and Return on Equity significantly improved to 2.49% and 29.63% respectively, whereas the book value per share was reported at Rs. 153.29.

During the period under review, MCB attracted home remittance inflows of USD 786 million to further consolidate its position as an active participant in SBP's cause for improving flow of remittances into the country through banking channels; with market share improving to 12.3% compared to 11.4% in the corresponding period of last year.

Meezan Bank surpasses $1.5bn deposit inflows under RDA

Meezan Bank, Pakistan's leading Islamic bank has surpassed $1.5 billion in deposit inflows under Roshan Digital Account (RDA).

RDA was launched by the State Bank of Pakistan in collaboration with various banks across Pakistan with an aim to offer innovative banking solutions to Non-Resident Pakistanis who are interested in accessing banking and investment services in Pakistan.

Since the inception of RDA in September 2020, Meezan Bank has been playing an active role in supporting the initiative, with the ultimate aim of promoting financial inclusion and propelling the country's overall economic development.

With over 88,000 accounts from 144 countries, the Bank's record deposit inflows reaffirm its position as the top performer in RDA in the industry, sustaining a market share of around twenty-five percent.

Ijaz Farooq, Group Head, Retail Banking, Commercial, SME & Agri Finance, Meezan Bank while commenting on this achievement said as the largest Islamic bank meeting the Shariah-compliant banking needs of Pakistanis residing abroad, Meezan

Bank has been steadfast in its support for the RDA initiative and in attracting foreign currency inflows to the country.

"The Meezan Bank has cross $1.5 billion deposit inflows add we express our gratitude to our overseas customers for their continuous patronage and trust in our services," he added.

Meezan Bank recognised as best Islamic bank of country, again

Meezan Bank, Pakistan's leading Islamic Bank and one of the largest banks in the country has been recognized as the global winner of 'Best Islamic Retail Bank' for 2022, by Islamic Finance News (IFN) of RED money Group, Malaysia.

The Bank has also achieved a clean sweep of all the six Pakistan-level titles awarded by IFN. This achievement serves as a testament to the unparalleled success of Islamic banking both in Pakistan as well as across the world and reflects the Bank's growing strength in various areas of operations.

The Bank has won the following country-level awards:

• Best Islamic Bank in Pakistan

• Best Investment Bank in Pakistan

• Best Corporate Bank in Pakistan

• Best Retail Bank in Pakistan

• Most Innovative Bank in Pakistan

• Best Digital Offering in Pakistan

Meezan Bank has retained the 'Best Islamic Bank in Pakistan' title for the past 17 years, reflecting its growing strength and ability to deliver innovative Shariah-compliant banking solutions to all categories of customers.

Commenting on the occasion, Irfan Siddiqui – President & CEO, Meezan Bank, said: "Alhamdullilah, we are honoured to be recognized by IFN as the Best Islamic Retail Bank in the world.

With a network of over 960 branches in more than 300 cities, it has the largest Islamic banking network in Pakistan. Meezan Bank has consistently been recognized as the Best Islamic Bank in Pakistan by numerous local and international institutions including its recognition as the 'Best Bank – 2020' by Pakistan Banking Awards – the most prestigious award in the country's financial sector and by Islamic Finance News - Malaysia, Global Finance magazine - New York, Asset AAA - Hong Kong, Asiamoney – Hong Kong, The Banker – United Kingdom, South Asian Federation of Accountants, Islamic Finance Forum of South Asian Awards, – Dawn & IBP Pakistan, Employers Federation of Pakistan and CFA Association - Pakistan.

Askari Bank partners with BPC to implement SmartVista suite

Askari Bank announced a partnership with Banking Payments Context (BPC), a global payments fintech. Through this partnership, BPC will implement its next-generation SmartVista suite to enable state of the art credit card management system by migrating the existing solution and services.

Also an enterprise fraud management solution powered by AI & machine learning models will be introduced to detect and prevent fraudulent activities on Askari Bank's digital channels in real time to fulfil the bank's security targets and maintain an exceptional user experience.

Askari Bank has expanded its branch network with 600+ conventional and Islamic branches, along with a wholesale bank branch in Bahrain and a representative office in Beijing, China. To support this impressive growth, the Bank required a highly scalable and configurable credit card management system which can adhere to local and international standards as well as requirements.

Any growth in digital transformation requires a sophisticated high security platform which is built upon latest technology and is already proven in the market through leading players locally and globally while providing end-to-end fraud management detection and prevention in real time.

Implemented by leading financial institutions around the world, BPC's SmartVista Suite comprises cutting-edge banking payment and commerce solutions such as digital banking, ATM and switching, payments processing, card and fraud management. This proven technology, coupled with BPC's local experience in Pakistan, was key to winning this trust.

Atif R. Bokhari, President & CEO AKBL, commented, "We are pleased to partner with BPC for our digital transformation projects. By joining forces, we are taking a new approach to security throughout our financial initiatives and compliance. Together we will ensure that our financial services are highly configurable, scalable and secure."

Bank Alfalah continues its growth momentum

The Board of Directors of Bank Alfalah Limited (BAFL), in its meeting held on April 27, 2023, approved the Bank's financial results for the quarter ended March 31, 2023. The beginning of 2023 has been challenging due to the economic slowdown in the country, high inflation, and currency devaluation. Despite the challenging landscape, the Bank posted a profit after tax of Rs. 10.743 billion for the period ended March 31, 2023. The Earning Per Share (EPS) stood at Rs. 6.81. The results reflect strong momentum in line with the Bank's strategy. The Bank's market share increased for several of its products while it continues to invest in people, technology and physical infrastructure.

Bank Alfalah's deposit base increased by 31.9% year-on-year (YoY), closing at Rs. 1.554 trillion as at March 31, 2023. CA and CASA ratios stood at 43.7% and 68.0%, respectively.

The Bank's loan book closed at Rs. 731.863 billion. The Bank has sufficient coverage of over 103% of its non-performing loans. In view of the normalising flood situation in the country, the provision held against the flood-impacted portfolio was reversed.

The disciplined execution of the strategy has enabled the Bank to support its customers through a highly challenging time, proving resilience with strong credit discipline and sound capital management. The bank remains focused on its business and core strengths. Staying optimistic about a return to economic stability in the medium term, the bank anticipates delivering sustainable growth in the years ahead while managing costs prudently.

Bank Alfalah continues to lead the way on the Sustainability and Corporate Social Responsibility front in 2023 through its comprehensive flood rescue and relief programme aimed at giving back to the community. This year, the Bank disbursed funds to different institutions and charitable partners for rehabilitation, including the construction of houses, the revival of livelihood, sustainable healthcare, and enabling students to return to school.

Shareholders of Soneri Bank approve 2022 financial results

The annual audited financial statements of Soneri Bank Limited for the year ended 31 December 2022 were approved by the shareholders of the Bank in their 31st AGM held in Lahore and through video-link via Zoom recently.

The meeting was chaired by Alauddin Feerasta, Chairman of the Board, with Muhtashim Ahmad Ashai, President and Chief Executive Officer and other members of the Board of Directors also in attendance.

The Bank posted profit before tax (PBT) of Rs 4,554 million and profit after tax (PAT) of Rs 1,883 million in the year 2022, as compared to Rs 5,149 million and Rs 2,854 million respectively in 2021. Earnings per share (EPS) for the year was reported at Rs 1.71 per share for the current year, as compared to Rs 2.59 for the comparative prior year. During the meeting, the shareholders approved the final cash dividend for the year ended 31 December 2022 @ 10.00 percent i.e. Rs 1.00 per share, as recommended earlier by the Board of Directors.

Briefing the shareholders on the financial results, the President and CEO mentioned that Bank's Net Interest income for the year was reported at Rs 11,267 million, increasing by 3.01 percent against Rs 10,938 million for the prior year, while non-interest income increased by 20.21 percent to end at Rs 5,157 million as against Rs 4,290 million for the last year.

He also mentioned that despite inflationary pressures, growth in expenses was restricted at 20.16 percent as compared to the prior year with Non-markup expenses reported at Rs 12,245 million for the year ended December 2022. He further explained that due to the changes introduced by the Finance Act 2022, the overall effective tax rate for the Bank for the year ended 31 December 2022 stood at 58.65 percent (2021: 44.57 percent).

Bank's Deposits registered an increase of 1.64 percent when compared to 31 December 2021, ending at Rs 409,643 million at 31 December 2022. However, the Bank's CA mix improved to 32.73 percent in December 2022 as against 27.17 percent at December 2021, with year end current deposits at Rs 134,080 million as against Rs 109,494 million at the year end 2021.

The Bank's net advances portfolio increased to Rs 208,434 million as at 31 December 2022, 25.95 percent higher than the year end 2021 level, while the Bank's Non-performing loans to total advances ratio improved to 4.71 percent (December 2021: 5.95 percent). Specific coverage was at 71.61 percent (December 2021: 76.51 percent).

The Bank's ADR at 31 December 2022 was at 52.67 percent, and Capital Adequacy Ratio was reported at 15.19 percent.

Escorts Investment Bank Limited (EIBL)

Escorts Investment Bank Limited (EIBL), a Non-Banking Financial Institution, incorporated on May 15, 1995 is pleased to announce the appointment of Mr. Basit Rahman Malik as its new Chief Executive Officer.

Mr. Malik has formally assumed charge of the bank in November, 2022 and brings with him vast and phenomenal experience from well renowned foreign Commercial Banks with special focus on Retail and SME banking. He is well equipped with a growth-oriented approach through technological innovations and diversification. Mr. Malik replaced the post left vacant by Mr. Naveed Amin. Prior to joining EIBL, Mr. Basit was serving as Country Head SME at Standard Chartered Bank, Pakistan.

Escorts Investment Bank

He has over three decades of international experience in banking and finance, including senior positions at Emirates Bank International, Oman International Bank, Union Bank, HSBC Bank and Standard Chartered Bank. Mr. Malik is a graduate of Boston University, School of Management and holding a degree in Business Administration with a concentration in fmance.

EFU General and Habib Metropolitan Bank have signed an agreement for Women Banking account-holders. This is a loyalty proposition for ladies account-holders, which will cover their valuable processions like handbag, identification documents, cash and jewelry and mobile phone. This alliance aims to promote financial inclusion and intends to deliver an unparalleled level of services to the female population.

EFU General Takaful partners with Takaful Bazaar to offer Shariah compliant products through Takaful Bazaar's digital platform and enhance the customer journey.

EFU General was recognized by the Insurance Association of Pakistan with an award for the Company's relentless effort and devotion in executing the IAP House Project. The award was received by Mr. Hasanali Abdullah, Managing Director & Chief Executive of EFU General from Chairman IAP Mr. Azfar Arshad at the recently held IAP Annual Dinner 2022 and Flood Relief Fundraiser.

EFU General leads Pakistan's non-life insurance industry with its experience spanning over 9 decades, standard-setting service and strength to swiftly settle claims.

EFU General wins le Corporate Social Responsibility (CSR) Award 2022 in the category of 'Public Health Safety Initiative' organized by the National Forum of Environment and Health (NFEAH). This award is the first and only CSR award of Pakistan registered with IPO, Government of Pakistan. The award received is in recognition of EFU's continued efforts for social and environmental sustainability and its commitment to improve the quality of lives of people in various communities by giving back to the society.

EFU General has been conferred with the 16th Consumers Choice Award 2022 in the category of 'Best General Insurance Company of Pakistan'. EFU received this award in recognition of its outstanding performance in the field of non-life insurance industry of Pakistan.

Pak-Qatar Takaful Group announces financial results for 2022

Pakistan premier and pioneer Islamic financial conglomerate, Pak -Qatar Group has announced its financial results for the year ended December 31, 2022, for its companies Pak-Qatar Family Takaful Limited (PQFTL) and Pak-Qatar General Takaful Limited (PQGTL).

The Board meetings, presided over by Sheikh Ali bin Abdullah bin Thani al-Thani, the Chairman of Pak-Qatar Takaful Group, discussed the companies' financial results for the financial year 2022 and their plans for the year 2023. It was attended by the Directors, including – Mr. Abdul Basit Ahmad al-Shaibei, Mr. Ali Ibrahim al Abdul Ghani, Mr. Said Gul, Mr. Muhammad Owais Ansari, Mr. Zahid Hussain Awan, Mr. Farrukh V. Junaidy and Mr. Muhammad Kamran Saleem.

During the year 2022, Pak-Qatar Takaful Group (the Group) achieved a consolidated aggregate turnover of PKR 11.44 Billion*. The Group's Shareholders' Fund posted a net consolidated profit after tax of PKR

207 Million, while the Participants' Takaful Fund (Waqf Fund) generated a net consolidated surplus of PKR 151 Million for the year 2022. Despite severe economic and political turmoil, the Group had an *average consolidated growth of 9.6%*.

Pak-Qatar Family Takaful (PQFTL) posted a profit before tax of PKR 184 Million, with an EPS of PKR 1.14 despite all challenges.

The aggregated turnover was PKR 10.2 Billion, with total assets under management at PKR 33 Billion.

Pak-Qatar General Takaful (PQGTL) posted a profit before tax of PKR 80 Million with an EPS of PKR 1.14. The aggregated turnover was PKR 1.2 Billion, with total assets base of PKR 2.4 Billion.

Pak-Qatar Family Takaful offers Innovative Health Takaful Plan

Pak-Qatar Family Takaful and Emaan Islamic Banking (a division of Silk Bank) Collaborate to Offer Health Takaful Plan. The agreement was signed by Mr. Azeem Pirani, Chief Executive Officer Pak-Qatar Family Takaful and Mr. Shahram Raza Bakhtiari, President & CEO of SilkBank. Pak-Qatar Family Takaful, Pakistan's leading Takaful company, and Emaan Islamic Banking (a division of SilkBank) have announced a groundbreaking partnership to offer a new health Takaful plan that will provide comprehensive and affordable health Takaful solutions to customers across the country.

The collaboration between Pak-Qatar Family Takaful and Emaan Islamic Banking leverages the strengths of both organizations to deliver a customer-focused approach to providing top-notch health Takaful solutions. This partnership underscores the company's commitment to innovation, quality, and customer satisfaction, making it a game-changer in the industry

Standard Chartered posts a strong financial performance for 1QCY23

Standard Chartered Bank (Pakistan) Limited delivered a strong profit before tax of PKR 16.1 billion for Q1'23, registering an increase of 37 per cent yearly. Performance was driven by strong income growth and continued cost and risk discipline.

Overall revenue grew by 43 per cent to deliver the highest ever-quarterly top-line of PKR 20.4 billion, with positive contributions from all segments. Operating expenses were well managed through efficiencies and disciplined spending, with an increase of 25 per cent from the comparative period, in line with inflation. Moreover, prudent risk approach coupled with recoveries of bad debts led to a low net charge of PKR 0.2 billion in Q1'23.

With a diversified product base, the Bank stands well-positioned to cater to its clients' needs. On the liabilities side, the Bank's total deposits stand at PKR 729 billion, up by PKR 10.3 billion. In contrast, current and saving accounts grew by PKR 28 billion (up 4 per cent) since the start of 2023 and comprise 98 per cent of the deposit base. On the assets side, net advances increased by 6%, and the Bank continues to follow a prudent lending approach. With a strong Return on Equity (ROE) of 42.3% for the period and a Capital Adequacy Ratio (CAR) of 16.8%, the Bank remains well-positioned for future growth.

Standard Chartered continues to make good progress against its strategic priorities. The global network differentiates the Bank for its clients, bringing forth innovative solutions, product specialisation and structured offshore offerings. The Bank always strives to maximise its contribution to State Bank's initiatives. In line with the State Bank's efforts on financial inclusion, with enhanced digital offerings, Standard Chartered can now reach more clients nationwide and provide them with the convenience of opening accounts and subscribing to products and banking services online. Overall, the Bank's transformation journey stands well-curated and closely aligned with Pakistan's landscape, helping lift participation through digitization. Sustainable finance, along with digital solutions for clients and their ecosystem, stays as area of keen focus. The Bank continues with its efforts under the initiative 'Futuremakers by Standard Chartered' to tackle inequality and promote greater economic inclusion for young people in the community.

Commenting on the results, Mr. Rehan Shaikh, Chief Executive Officer of Standard Chartered Bank (Pakistan) Limited, said, "Our results for the first quarter of 2023 amid a tough external environment have set a strong and optimistic tone for the year, and we plan to build on this momentum going forward.

TELECOMMUNICATION NEWS

Number of 3G, 4G users increases by 1.35 million

The number of 3G and 4G users in Pakistan increased by 1.35 million from 122.81 million by end January 2023 to 124.16 million by end February, Pakistan Telecommunication Authority (PTA) data revealed.

The number of cellular subscribers in Pakistan increased from 192.78 million by end January 2023 to 193.85 million by end February. The Monthly Next Generation Mobile Service (NGMS) penetration increased from 54.91 per cent by end January to 55.42 million by end February.

Mobile phones worth $447.855m imported in 8MFY23

Pakistan imported mobile phones worth $447.855 million during the first eight months (July-January) of the current fiscal year 2022-23, registering a negative growth of 68.29 percent when compared to $1.412 billion during the same period of last year.

Pakistan Bureau of Statistics (PBS) data shows that on a month-on-month (MoM) basis mobile phone imports registered 36.39 percent negative growth and stood at $33.054 million in February 2023 when compared to $51.960 million in January 2023.

Mobile phone imports registered 76.73 percent negative growth on a year-on-year (YoY) basis in February 2023 when compared to $142.033 million during the same month of last year.

The overall telecom imports into the country stood at $708.798 million during the period under of the current fiscal year 2022-23 and registered 62.08 percent negative growth when compared to $1.869 billion during the same period of last fiscal year.

PTCL works with Vodafone to bring IoT solutions to Pakistani market

Pakistan Telecommunication Company Limited (PTCL) and Vodafone have agreed to cooperate to bring Vodafone's industry leading IoT products, services and solutions to the Pakistani market.

PTCL and Vodafone will collaborate to develop and deliver a full suite of end-to-end IoT services aimed towards accelerating enterprise digital enablement and improving adoption of connected services in the Pakistani society.

Zarrar Hasham Khan, Group Chief Business Solutions Officer, PTCL & Ufone said, "PTCL is the largest ICT services provider having a massive footprint across Pakistan. Being a telecom company, we endeavour to play a pivotal role in driving the digital transformation in the country.

We believe that to achieve this goal, strategic collaborations in the IoT segment need to foster as this will create synergies to revolutionize various sectors such as Health, Education, Automotive, Retail, Energy & Utilities, Cities, Agriculture and industries of Pakistan. This will further enable all geographical areas with modern IoT technologies for a better future."

Giorgio Migliarina, Director of Products and Services, Vodafone Business said: "The collective power of the largest ICT provider in Pakistan with the leading IOT company will allow us to help businesses of all sizes in Pakistan leverage the power of IOT for their digital transformation."

Ufone 4G launches WhatsApp Chatbot

Ufone 4G, the leading mobile company of Pakistan, is proud to unveil its WhatsApp Chatbot to enhance interactions with millions of customers, powered by leading Cloud communication platform E.Ocean. Customers can now avail various telecom services instantly and enjoy a superior digital experience by simply sending a message via WhatsApp on 03311333100.

0.87m cell phones produced locally

Local plants manufactured or assembled 0.87 million mobile handsets during January of 2023 compared to 0.07 million imported commercially.

The local plants manufactured/assembled 21.94 million phones during the calendar year 2022 compared to 24.66 million in 2021, thus they registered a decline due to issues in imports like restrictions on the opening of letters of credit (LCs).

Similarly, according to the Pakistan Telecommunication Authority (PTA), the local manufacturing plants manufactured/assembled 21.94 million handsets during 2022 compared to 1.53 million commercially imported phones.

PTCL Group iftar dinner in honour of journalists in Karachi

Like past practice, Pakistan's largest integrated ICT provider, PTCL Group (PTCL& Ufone 4G), has arranged Iftar cum Dinner in honour of leading journalists in Karachi's local hotel recently. Group Director PR, Media, CSR & Corporate Communication PTCL & Ufone 4G Amir Pash and his team along with M/s. Asiatic Public Relations Network (Pvt) Ltd. welcomed the media personalities. The rendezvous provided an opportunity to interact with PTCL officials and will long be remembered.

Corporate Social Responsibility

Being a national carrier and a Pakistani company, PTCL Group, during the recent floods, has contributed significantly towards the relief and rehabilitation of flood-affected communities across Pakistan. PTCL Group has taken multiple initiatives, including a donation to PM's Flood Relief Fund, collaboration with NGOs, PTCL opening the doors of its medical centres nationwide to provide emergency health and care to the affected communities and Ufone 4G offering free calls to help people stay in touch with their friends and family.

Ufone 4G, ConnectHear collaborate on social empowerment

Pakistani cellular company, Ufone 4G and ConnectHear, a social enterprise aiming to enable and empower persons with disabilities, have collaborated to improve accessibility for the deaf community to enhance their socioeconomic integration.

Amir Pasha, Group Director PR, Media, CSR and Corporate Communication, PTCL & Ufone 4G, and Arhum Ishtiaq, Co-founder/CTO ConnectHear signed the agreement in Islamabad.

Nestlé, Ufone 4G team up to establish advanced customer contact centre

Nestlé Pakistan Limited, a leading global food and beverage company, has collaborated with Pakistani telecom services provider, Ufone 4G's Business Process Outsourcing Operations (BPO Operations) arm to establish a state-of-the-art Contact Center solution to provide effective customer services to Nestlé customers.

In addition to voice and non-voice interactions, the Contact Center will also manage social media engagements, for end-to-end consumer support and enhanced customer experience.

Ahmed Kamal, Group Chief Customer Care Officer, PTCL & Ufone, Faisal Rana, Communications Director, Nestlé Pakistan and Abdullah Jawaid, Business Head for Nestlé Waters business were present at the signing ceremony held at Nestlé Pakistan's head office in Lahore.

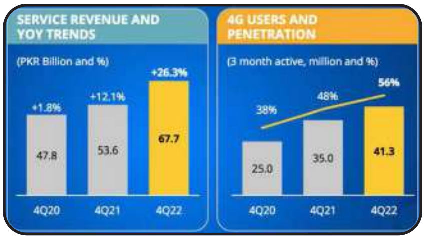
Jazz in CY22

The leading mobile network operators (MNO) had a relatively good year in 2022, despite the macroeconomic turbulence and sector-specific operational challenges. Veon, which is the parent company of Pakistan Mobile Communications Limited ('Jazz'), released its CY22 financials last week, in which the report showed that the Jazz topline (total revenue) had grown by 14 percent year-on-year to Rs261 billion. Due to PKR depreciation, however, the USD-based returns were negatively impacted.

At the end of December 2022, Jazz had 41.3 million 4G users on its network, an increase of 18 percent since December 2021.

During CY22, Jazz increased its data revenues by 22 percent year-on-year to Rs106 billion. Data revenues provided 41 percent of the Jazz overall topline during 2022 (CY21: 38%). This share could be improved. Driving double-digit data revenue growth in the future depends on pumping higher capex billions into the 4G network. However, capital spending slowed down at Jazz during CY22, growing just 1 percent year-on-year to Rs52 billion.

Courtesy - BR



Jazz CEO, Aamir Ibrahim (1st from the bottom right) along with the President of Pakistan, Dr Arif Alvi (6th in bottom row) at the second edition of the BIZNET2023 after receiving an Excellence Award.

This recognition was themed around "Supporting Diversity, Inclusion & Pakistan Startups" and was awarded to individuals and companies for outstanding performance in the area of Diversity and Inclusion. President Alvi applauded Jazz for its various DEI programs, particularly the women empowerment initiatives through digital platforms.

AUTOMOBILE NEWS

Auto raw material, CKD: PAAPAM urges govt to ease import restrictions

As the car manufacturing in the country has almost closed down due to non-availability of raw material, the Pakistan Association of Automotive parts and Accessories Manufactures (PAAPAM) Chairman Munir K Bana has appealed the government to resume the opening of Letter of Credit (LCs) or minimum immediate import resumption of at least 50% of YoY raw material and Completely Knocked Down (CKD) Kits until the situation gets normal.

"Our current position is that the Industry wants to keep itself afloat instead of any closure as that would be a national loss.

In an emergent meeting which was held at PAAPAM Office the Chairman Munir K Bana requested the Prime Minister, Minister Finance, Minister MOIP, and EDB to urgently take stock of the auto sector and help it out of this critical situation, as the restrictions on import materials have hit the auto industry hard.

PAAPAM Senior Vice Chairman, Usman Aslam Malik observed that the auto industry could not resist closure in absence of basic raw materials of OEM CKD.

In July 2022, an Import quota regime was affected, leading to 50% reduction in production. At least during this period, the Industry was able to marginally keep afloat.

However, from January 2023, since the responsibility of LCs opening for import of industry raw material has

been shifted to the commercial banks the entire car manufacturing has come to a grinding halt, as the banks are not ready to open LCs.

Other senior leadership of the PAAPAM pointed out in the meeting that the auto industry is a globally networked sector with a global supply chain. Once Pakistan gets off this network, resumption would become very difficult.

Auto financing falls for eighth month in row

The outstanding auto financing continued to decline for the eighth consecutive month in February dipping almost 9 per cent to Rs326 billion from Rs357bn in the same month last year, data released by the State Bank of Pakistan (SBP) showed it recently. Samiullah Tariq, head of Research Pak Kuwait Investment Company, said car financing would remain depressed in coming months due to a massive rise

in monthly instalments on account of soaring interest rates and surging vehicle prices and delay in delivery due to plant shutdowns. Car assemblers have continued to keep production activities suspended due to parts shortages after the central bank's decision of putting curbs on imported parts and accessories in a bid to slow down the demand for vehicles. The interest rate stands at 20pc which was 7pc in March 2020.

He said banks are offering loans at four to 5pc higher than the Karachi Interbank Offered Rate (Kibor), making it difficult for the buyers to afford higher monthly instalments amid unprecedented inflation.

"I do not think that the share of auto financing is more than 20pc of total car sales," Tariq said.

The auto sales numbers increased by 61% MoM to 9.4K units

During Mar'23, automobile sales in Pakistan depicted a decline of 66% YoY, while a jump of 61% MoM to 9.4K units. The monthly growth can be attributed to better volumetric sales of PSMC and INDU, which showed an increase of 475% MoM and 6% MoM, respectively. In addition, in the rising inflationary pressure, consumers switched towards affordable vehicles of below 1000cc, which went up by 423%. The production also slightly recovered, increasing by 14% MoM to 7,137 units. Besides, the measure taken by SBP to curb imports are still intact;

hence, auto assemblers need prior permission to import CKD units and raw materials resulting in production limitations.

INDU: Indus Motors improved volumetric sales, selling 1,912 units in March 2023, up by 6% MoM compared to the previous month. The sales of Fortuner and Hilux also jumped by 11% MoM to 793 units.

PSMC: PSMC, remained the major contributor to auto sales, showing a massive jump as its sales depicted a of 475% MoM increase, with the sale of 2,542 units of Alto in March 2023 against the sale of 544 units in February 2023, up by 367% MoM.

HCAR: HCAR sales were down by 49% MoM, with BRV/HRV sales recorded at 224 units.

Tractors: Tractor sales portrayed a meagre dip of 10% MoM in March 2023, with Millat Tractors Limited (MTL) sales increasing by 3% MoM, while Al-Ghazi Tractors Limited (AGTL) sales went down by 57% MoM.

TRAVEL WORLD

CAA justifies airport's outsourcing

Defending the government's move to outsource the country's three major airports, a spokesperson for the Civil Aviation Authority (CAA) said the decision was aimed at improving service quality at the airports and making them globally competitive.

"The objective is to make our airports globally competitive by implementing best practices and exploiting their untapped revenue potential," the official said in a statement.

The statement came a day after the Aircraft Owners and Operators Association of Pakistan condemned the move and planned to challenge it in court.

The CAA spokesperson, however, said no law of the land was being violated in this process, adding that complete adherence to the Public Private Partnership Authority (P3A) Act 2017 and P3A Regulations was being ensured.

He clarified that no decision had been made to outsource operations and land assets to the International Finance Corporation (IFC), the private sector arm of the World Bank, stating that IFC mandate was to provide transaction advisory services for outsourcing the airports.

The official said no airport would be outsourced if the process adopted did not indicate "appreciable growth in revenues and improvement in quality of service standards".

PIA adds 11 more destinations to its network

The Pakistan International Airlines (PIA) has added 11 destinations to its network by a code-share arrangement with Malaysian Airlines.

A spokesman for PIA said recently that the national flag carrier had entered into a commercial arrangement - Special Prorate Agreement (SPA) — with the Malaysia Airlines for destinations in Australia, New Zealand, Indonesia, Singapore, Thailand, Philippines, and Vietnam.

Pakistan and Malaysia share long-term relations and the commercial agreement between the two airlines will further increase people-to-people contact as well as trade opportunities between the two countries and beyond, said the PIA spokesman, Abdullah H. Khan.

This partnership between PIA and Malaysian Airlines allows PIA to access 11 destinations through its counterpart's hub in Kuala Lumpur, he said.

Attractive fares for these destinations with convenient flight timings at Kuala Lumpur and Pakistan are being offered for the convenience of passengers.

The spokesman said the arrangement also fulfills the long-standing demand of Pakistani expatriates in Sydney, Melbourne and Auckland.

The 11 additional destinations added to PIA network include Sydney, Perth, Melbourne, Adelaide, Auckland, Singapore, Bangkok, Phuket, Jakarta, Manila and Ho Chi Minh City.

Passengers can book their flights through PIA call centre and the airlines' travel partners.

PIA gets approval from PCAA to perform 'Check Maintenance' at Islamabad

After achieving approval of maintenance check for A320 aircraft at Islamabad by CAA Pakistan, PIA has now been granted approval maintenance check for Boeing 777 aircraft at Islamabad.

With the enhancement of PIA engineering facility at Islamabad, PIA Engineering Division successfully conducted Check-1A and lower checks on Boeing 777 aircraft.

The maintenance activities were carried out inside the newly-constructed maintenance hangar at IIAP.

As an SOP, the Check-A maintenance activity was witnessed by PIA Quality Assurance & Pakistan Civil Aviation Authority Airworthiness directorate officials, to ascertain compliance with international safety and airworthiness standards.

CEO PIA, AVM Amir Hayat congratulated Chief Engineering officer, Amir Ali and his team for performing successful check A on Boeing 777 at Islamabad. He also directed engineering personnel to sustain and further improve the high quality workmanship.

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