



PAKISTAN BUSINESS NEWSLETTER

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Pakistan - Canada Bi-lateral trade

January 2018

Pakistan's exports growth to Canada maintained its growth with increase of 3.8% in January 2018 as compared to the corresponding month of last year. Canadian exports picked up and surged by 20.9% than last year but remained subdued than last month. Snapshot of the trade statistics is as follows:

	Jan 2017	Jan 2018	% change
Pakistan's exports to Canada	32	33.2	3.8%
Pakistan's imports from Canada	60.9	73.7	20.9%

C\$ million

Source: Trade Data Online

Overall, top 3 export products such as textiles, leather and food accounted for 84% of Pakistan's exports to Canada. Canadian biggest export products were Oil seeds and edible vegetables.

PRESS NOTE

Exports achieve 16.5% growth - set to contribute additional 0.8% to GDP

The increasing exports since June 2017, continued the trend during February 2018, by achieving the highest monthly growth yet in the fiscal year by posting 16% increase in dollar terms and 22% increase in rupee terms, in comparison to the exports in February 2017.

The current year's export performance has already contributed additional forex inflows of around USD 1.5 bn during the first eight months and is expected to reach the figure of additional USD 2.5 bn, during 2017-18. This increase in economic activity in external sector reflects an increase of 0.8% of GDP. This means additional around Rs. 280 bn of incomes to trade, industry, agricultural sectors and the resultant additional employment.

These results have been achieved due to the export-friendly policies and incentives of the government and the renewed efforts towards seeking better market access by the Ministry of Commerce. The positive trend in the international demand and exchange rate correction are also expected to help sustain this rising trend in the coming months.

The imports have also responded to the steps taken to check the surge in consumer goods inflows since past few years. The imposition of Regulatory Duties on 355 non-essential consumer items by ECC on the proposal by Ministry of Commerce, resulted in reduction in the imports of these goods by 16%, while the FBR revenue registered an increase. However, since the large chunk of imports comprise of essential goods such as fuels and edible oil, which has been affected by the rising trend since July 2017, the impact of the reduced imports of non-essentials is being offset. The imports of machinery and raw materials, essential for economic growth also contribute to the gap in the balance of trade. However, despite all these pressures, the increase in imports has been only 9.7% during February 2018 as compared to February 2017, bringing down the trade deficit by 21% from USD -3636m in Jan 2018 to USD -2895m in February 2018.

THE EXPRESS TRIBUNE

Pakistan wins EU praise for meeting GSP Plus criteria

(20 February, 2018)

ISLAMABAD: The European Parliament has expressed satisfaction on the progress achieved by Pakistan in enacting new laws and developing new institutions for implementation of 27 core conventions of GSP Plus, according to a press statement released on Tuesday by the Ministry of Commerce.

The statement added that the International Committee on International Trade also agreed to deliberate upon the possibility of up-scaling the relationship with Pakistan from a beneficiary of GSP Plus Scheme to a FTA partner in the future. The meeting of the International Trade Committee (INTA) of the Parliament, held in Brussels, was called to discuss the 2nd Biennial Assessment Report of GSP Plus, the release stated.

The European Parliament singled out progress on the National Action Plan for Human Rights as impressive and up to the EU's expectations.

“The Committee on International Trade also agreed to deliberate upon possibility of up-scaling relationship with Pakistan from a beneficiary of GSP Plus Scheme to a FTA partner in future. The process of monitoring of compliance of GSP Plus for next biennial assessment report for 2018-2019 would start in March 2018 by the European Commission.”

During the discussions that took place in the meeting of INTA, the Committee noted the positive economic impact of the GSP Plus scheme on the beneficiary countries, adding that it has been useful in encouraging countries to undertake necessary steps for promoting principles of good governance and sustainable development.

The section pertaining to Pakistan appreciated legislative and institutional measures undertaken to improve the human rights regime in Pakistan. It specifically appreciated establishment of the National Human Rights Commission and National Action Plan for Human Rights among other measures, the release added. Pakistan is one of the 10 beneficiaries of EU's GSP Plus Scheme.



Commerce Minister invites Canadian companies to invest in Pakistan

(18 February, 2018)

ONTARIO: Commerce Minister Pervaiz Malik has invited Canadian companies and investors to invest in Pakistan “where there is no restriction on repatriation of profits and dividends”.

Talking to representatives of large multinational companies of Canadian origin at Chamber of Commerce in Ontario on Saturday, the Minister said that Pakistan has

overcome socio-economic and security related challenges and laid down the foundation of sustained economic growth in the country. The Minister said that according to World Data Atlas, Pakistan joined the club of trillion dollar economies in 2017.

“Similarly, Price Water House Coopers Report 2017 has projected Pakistan to become the world’s 20th largest economy by 2030. Pakistan has also improved in the Ease of Doing Business indicators and the country has been recognized as one of the top ten performers globally in business regulation,” said the Minister. The Minister informed the Canadian business community that Pakistan’s GDP growth increased to 5.2 percent in 2017, the highest in 10 years.

He added that besides the China-Pakistan Economic Corridor, investors from USA, UK, France, Germany, Japan, Switzerland, South Korea and the oil rich Gulf States are investing in Pakistan.

President of Ontario Chamber of Commerce Mr. Rocco Rossi and representatives of large multinational companies of Canadian origin attended the meeting. Mr. Rocco while briefing the Minister said that Ontario Chamber of Commerce represent 60,000 large and small businesses in Ontario. He appreciated the vibrant Pakistan entrepreneurs who are contributing to Canadian economy and expressed the desire to forge enhanced trade relations with Pakistan.

The members of Ontario Chamber, doing business in Pakistan, informed about their experience in Pakistan and invited their colleagues to first visit Pakistan and see the opportunities that are available for profit making.

INTERNATIONAL
THE NEWS

Pakistan’s trade with China seen at \$45 bln on improving market access

(20 February, 2018)

ISLAMABAD: Pakistan can increase trade volume with China by twofold to \$45 billion – only one percent of China’s total trade – through connecting

underdeveloped region with the ongoing corridor projects, a study said on Monday.

“China has a total trade volume of \$4,477 billion. If CPEC (China-Pakistan Economic Corridor) is linked with the development of markets along this corridor, and thereby attracts even one percent of China’s trade, a trade volume of about \$45 billion annually could be generated by the market networks on the hinterlands of CPEC,” said the study launched by the United Nations Development Programme Pakistan and Ministry of Planning, Development and Reforms. Pakistan’s trade with China amounted to more than \$15 billion during the last fiscal year of 2016/17 with trade oddly in favour of China.

The report, principally authored by economist Akmal Hussain, said CPEC has the potential of developing many remote areas if government builds ancillary roads for linking remote communities with the main highway, organise the communities in the areas and provide them with skill training, credit, communications and marketing facilities “so that they can produce goods and services required by the vast traffic along the main economic corridor”.

Minister for Planning Ahsan Iqbal said, while launching the report, said Pakistan has accorded the highest priority to goals, which will enable it to join the league of upper middle class countries by 2030. “The goals (are) to include zero poverty and hunger, universal access to health services, education, modern energy services, clean water and sanitation.”

The study also called for an institutional framework to enable small scale industries in the high value-added sectors such as, export-oriented automotive parts, electronics, moulds, dyes and software sectors, especially along the CPEC.

The report urged the government to develop an institutionalised mechanism for the large scale manufacturing sector to outsource the manufacturing of various components and automobile spare parts for which many small scale units have a potential in terms of basic technical skills but they find it difficult to get orders and thus resort to producing low value-added items for the retail market.

Shift in focus: Rise of Pakistan just a matter of time, says David M Darst

(28 January, 2018)

Pakistan is located in a region that will bring major changes in the world economy in coming decades primarily due to its demographics.

With over 100 million people below the age of 30 aspiring to change their lives, the rise of Pakistan is just a matter of time, Morgan Stanley Chief Investment Strategist David M Darst said on Tuesday.

“Demographics will play a major role in coming decades. Pakistan is among those nine countries in Asia that will add another China in the next 35 years and the impact of this change will be phenomenal on the world economy,” he said while giving a lecture on “The World Economic Environment: Where’s the Global Capital Going”.

With a young population of an average age of 22 years, “I believe the opportunities that the young entrepreneurs from Pakistan have are going to make an exceptional contribution to the economy of the region,” he added.

Darst, who is the author of 11 books and has a PhD in economics from Yale, said it is wrong to believe that Pakistan is lagging behind due to its proximity with Afghanistan, Iran and India. “In fact, I believe Pakistan is in the centre of Asian countries like Iran, Bangladesh, Vietnam and Indonesia that will significantly contribute in the world economy in coming decades.”

Speaking about the strong fundamentals of Pakistan’s stocks, he said, with 31% returns in dollar terms Pakistan led the world markets in 2014. “What is important is that the stocks in Pakistan are still very cheap compared to the markets in the industrialised world and they are performing better than many markets in terms of returns,” he added.

“I am surprised to see low number of investors in the bourses of Pakistan. This must change considering the strong fundamentals of Pakistani stocks.”

Times of Islamabad

Pakistan rice exports to touch \$2 billion in 2018

(10 February, 2018)

KARACHI: Rice export from Pakistan has seen significant growth and crossed dollars one billion by the end of January since July 2017 showing increase of 29 percent in value and 15 percent in quantity. In a statement here on Friday, the Senior Vice Chairman, Rice Exporters Association of Pakistan (REAP), Rafique Suleman said that Pakistan exported total 2.28 million metric tons of rice worth dollars 1.06 billion in last seven months, whereas in the same period of last fiscal year the figure was 1.971 million metric tons amounting to \$.820 million. He was very much hopeful that this year the set target to export more than 4.0 million metric tons of Pakistani rice and would earn dollars 2 billion.

REAP had also focused on European countries. Due to the excessive pesticide residue found in Indian rice, she would loose European countries markets. It was a good opportunity for Pakistani rice exporters to grab EU market. REAP leader informed that right now, demand for rice had increased around the globe. He was satisfied that this year the country had a very good crop in terms of quality and quantity. And, he continued, the prices of Pakistani rice were comparatively cheaper than that of its competitors including Thailand and Vietnam.



Booming growth in Pakistan's retail sector

(19 February 2018)

With the induction of global brands and outlets, Pakistan's retail sector at present witnessing a booming and impressive growth. The local retailers are expanding

their boundaries to compete with their larger foreign competitors. In 2013, seven Pakistani brands were nominated for the first time for the World Retail Awards held in Paris, in which three brands were shortlisted. Many local brands have expanded and gone global by adopting fast-changing trends. With an estimated size of the retail market at around \$50 billion, the country's retail sector is growing faster than its economy.

Today, we find in our cities big shopping malls and hypermarkets and small and medium scale outlets providing which various different categories of products under one roof. The phenomenal growth in retail sector bodes well for the country's economic health, as the sector can create enormous job opportunities and attract foreign investment into the country by alluring global brands to the local market.

Trends in the country's retail industry are quite encouraging, as far as the development of new retail formats and the establishment of a large number of global chains' retail outlets all across the country is concerned. The country has witnessed the mushroom growth of more and more malls, restaurants, sport complexes, multiplex cinemas, and a large number of shops in big cities. Household size and income have a decisive influence over shopping decisions. Research studies show that in Pakistan's mega cities a majority of households with larger family sizes shop at general stores, while those with smaller family sizes shop at large supermarkets. Quality shopping has led consumers towards modern retail shopping options. A majority of consumers seek quality products in adequate quantities under one roof.



Pakistan's large-scale manufacturing grows 5.5%

(21 February, 2018)

KARACHI: Large scale manufacturing sector (LSM) in Pakistan posted 5.5 per cent growth during the first half of the current fiscal year of 2017-18, official data showed, but analysts see potential interest rate spike as a challenge to the industrial growth outlook. In December 2017, LSM decreased 1.4 per cent as

compared to the same month a year earlier, Pakistan Bureau of Statistics (PBS) data showed. LSM, however, sharply increased 14.2 per cent in December over November.

The Central Bank swore off its two-year old soft monetary stance by raising the benchmark key policy rate to six per cent to tame inflation. The interest rate remained at the 5.75 per cent level since May 2016. Next two-month monetary policy is expected in March.

Government set annual LSM growth target at 6.3 per cent. The sector accounts for 80 per cent of manufacturing sector that has 13.5 per cent share in GDP.

PBS data further showed that all the key sectors grew during the July-December period. Coke and petroleum production rose 8.14 per cent, followed by pharmaceuticals (3.63%), non-metallic mineral products (10.23%), automobiles (21.86%), iron and steel products (37.13%), electronics (50.46%), paper and paper board (8.84%), engineering products (4.2%) and rubber products (5.92%).

In July-December, the sectors that recorded fall in production included food, beverages and chemicals (0.4%), fertilisers (9.84%), leather products (5.93%) and wood products (19.22%).

All the three data collection authorities registered increase in production during the first half of FY2018. Provincial Bureau of Statistics, counting production of 65 products, recorded 1.57 per cent growth in July-December.

DAWN

Footballs made in Sialkot will represent Pakistan at 2018 FIFA World Cup

(4 February, 2018)

Pakistani football may be languishing in the doldrums but its footballs are set to shine at the 2018 FIFA World Cup in Russia, *Al Jazeera* reported on Saturday. Russian Ambassador to Pakistan Alexey Dedov had recently confirmed that the balls to be used at this summer's spectacle — called Telstar 18 — will be manufactured in Pakistan.

The announcement had come as little surprise as the footballs used at the tournament's last installment in 2014 were also supplied by manufacturers based in Sialkot — a city renowned world over for its thriving sports goods industry.

According to *Al Jazeera*, Masood's company is a contracting manufacturer of global sports apparel giant Adidas, for whom it is currently working on a large order for the World Cup. Masood would not say how many footballs he has been asked to supply, but he did mention that his company makes approximately 700,000 footballs on a monthly basis.

Husnain Cheema, President of the Pakistan Sports Goods Association, claimed that Pakistan's share in global supply of footballs in 2018 would be a staggering 10 million.

Traditionally, Pakistani footballs used to be hand-stitched, but that changed in 2013 when Forward Sports switched to thermo bonded balls, whose panels are joined together through heat rather than stitches.

Local manufacturers believe Pakistani companies are pricing away business from their Chinese counterparts with their high-quality end products.

Pakistan OBSERVER

Pakistani IT industry wins recognition at int'l forums

(12 February, 2018)

Pakistani IT Industry has repeatedly won international awards and recognition at international forums and become world's largest and most reputable entities among its regular clients. Pakistan has won GSMA Awards, Spectrum for Mobile Broadband(2015) and Government Leadership Award (2017).

Minister of State for IT, Anusha Rahman won the United Nations' International Telecommunication Union's Gender Equality and Mainstreaming (GEM-TECH) Award in December 2015. Ministry of Information Technology (MoIT) has also secured a seat in the Governing Council of Asia Pacific Centre for Information and Communication Technology for Development under the UNESCAP.

Managing Director Pakistan Software Export Board (PSEB) Iftikhar Shah said, at yearly APICTA Awards, Pakistani IT companies had consistently won top awards and several Pakistani IT companies were ranked among the fastest growing companies in the country. The presence of international IT companies in Pakistan, as IBM, Intel, Huawei is a vote of confidence in Pakistan's potential as an IT destination. He said, PSEB had launched several programs to bolster the local IT Industry including IT company capability development through international certifications such as CMMi (28 companies), 9001 (110 companies), ISO 27001 and ISO 20000 (24 companies). These coveted certifications made it easier for IT companies to solicit business from overseas entities, he added.

Pakistan is ranked as the 4th most popular country for freelancing in the Online Labor Index published in 2017 by Oxford Internet Institute (OII) and is consistently ranked among the top destinations for ICT outsourcing as a result of strong government efforts and stellar commitment to the growth of the IT sector in Pakistan.

There are already plenty of Pakistani IT companies working in international arena mainly named as 'Mindstorm Studios', 'GameView Studios', 'Pepper PK' and 'TkXeL' etc.

From these companies, 'TkXeL' has created mobile applications and gaming companies from a university lab in Lahore while Pepper PK made history by developing paid BlackBerry applications which reached top rankings on BlackBerry's App World store. Tintash has designed many innovative casual games for iPhone, iPad, and Android platforms. Games are not the only avenue on the mobile platform that Pakistani companies are focusing on, but a number of companies have looked at broader educational and infotainment markets.

Folio3 judged as one of the Harvard Business School's All-World Fast Growth 500 companies in 2010 has interesting products in its portfolio. Folio3 has been instrumental in creating an online educational platform for Secret Builders, a company that boasts a virtual world for children 5 to 14 years old powered by a Web 2.0 community of children, parents, educators, writers, artists and game developers.

Pakistan has produced some great gaming studios. The title animation sequence of Game of Thrones, the world's most-watched TV series these days, has been produced by Hameed Shaukat, a US-born Pakistani. Cricket Companion application which received worldwide recognition was also developed by TricastMedia, a Pakistani startup. Pakistani Visual Effects Artist, Mir Zafar Ali has received three Oscar awards for his work in The Golden Compass, Life of Pi and Frozen. Novaira Masood, a Pakistani animator, effects in some of the most popular Hollywood

movies including Maleficent, A Christmas Carol, Thor, Transformers 3 and Jack the Giant Slayer. Like Novaira Masood, Laraib Atta is another emerging visual artist from Pakistan who has worked on visual effects for popular Hollywood flicks such as X-men, Godzilla, and Gravity to name a few.

PAKISTAN TODAY

Rise in internet and mobile banking witnessed

(22 February, 2018)

ISLAMABAD: A remarkable growth in internet and mobile banking has been witnessed through a rise in banking services through advanced and convenient channels.

Pakistan Telecommunication Authority (PTA) has issued the 'Regulations for Technical Implementation of Mobile Banking, 2016' to formulate the mechanism of introducing an interoperable mobile banking model.

Under these regulations, PTA has invited applications for the issuance of Third Party Service Providers (TPSP) licenses that will bring true interoperability between the CMOs (mobile payment applications) and financial institutions. TPSP licenses also specify the quality of service benchmarks and security standards required for protecting consumer sensitive data and transaction data.

Authorized banks and CMOs are also required to put in place an effective complaint handling mechanism. It is expected that the TPSP licenses will contribute towards the government's National Financial Inclusion Strategy (NFIS) for inclusion of population not yet financially served into the documented economy.

According to State Bank of Pakistan (SBP), a total of 2.3 million internet banking users were registered by the end of June 2017 with 25 banks offering a variety of financial services through Internet Banking (IB) like Intrabank & Interbank fund transfers, scheduled fund transfers, utility bills payments, mobile air-time top up, Intra-bank credit card payments, school fee payments etc.

In the last outgoing financial year 2016-17, internet banking processed 25.2 million transactions worth Rs968.7 billion during FY17 showing YoY growth of 32.5 per cent and 10 per cent in volume and value of transactions, respectively.

Utility Bills Payments contributed 9 million (35.9 per cent) in volume and Rs18.6 billion (1.9 per cent) in value of transactions while the remaining shares consist of other miscellaneous payments including school/university fee submissions, mutual fund payments, credit card payments, etc.

The share of Intra Bank Fund transfer transactions is 6.6 million (26.1 per cent) and Rs258.2 billion (26.7 per cent) in volume and value of transactions, respectively, whereas the share of Inter Bank Funds transfers transactions in volume and value of transactions is 7.5 million (29.7 per cent) and Rs310.1 billion (32 per cent) respectively.

Internet Banking also facilitated 88.2 million non-financial transactions which include pay orders, cheque books, bank account statements and debit cards etc.

Global Village Space

Pakistan's auto industry off to a spectacular start in 2018

(13 February, 2018)

Pakistan's auto industry is off to a good start in 2018. According to a production versus sales data compiled by Pakistan Automotive Manufacturer's Association (PAMA), local assemblers sold 23,700 units of SUV's, Sedans and CUV's in January 2018. This is a 13 percent climb compared in a year-on-year analysis with the corresponding month in 2017. According to statistics, this was the highest monthly unit sale recorded for the start of the year, which is usually not as progressive.

Commentators attribute this growth to taxation policies, buying power and the ever growing demand from online cab hailing services, Uber and Careem. Online cab hailing services have made a serious mark on the auto industry in the past two years. Cumulatively, industry sales during the seven months of the fiscal year 2018 posted 29 percent growth to 147,838 units.

For trucks and buses, sales remained strong, growing by 21 percent in a year on year comparison, while during the 7 month fiscal year 2018 sales rose 18 percent in a year on year comparison with the corresponding period. The rising sales trend is believed by experts to be further fueled by CPEC, higher road connectivity, low financing rate, robust growth in LSM sector and change and enforcement of axle load limit per truck on highways.

Motorcycle/three-wheeler sales for December 2017 grew by a 9 percent year on year comparison, due to rising disposable income of the lower middle class, while 7 month fiscal year 2018 sales were up 19 percent in a year on year comparison. Pakistan Automotive Manufacturers Association (PAMA) recorded tractor sales in a positive trend with sales growing by 5 percent in a year on year comparison in December 2017.

**BUSINESS
RECORDER**
Founded by M. A. Zuberi

**Number of cellphone subscribers touches
145 million mark**

(19 February 2018)

The cellular subscribers have been reached 145 million with teledensity of 71.42%, as a result of initiatives taken by Ministry of Information Technology and Telecommunication. The 3G/4G subscribers have been reached 48 billion out of 145 million mobile users in the country, teledensity for 3G/4G subscribers has reached 23.81 percent and teledensity of cellular subscriber reached 71.42 percent till the month of December where as mobile broadband (3G/4G) users' were 37.574 million till December 2016, revealed by Pakistan Telecommunication Authority (PTA).

Whereas broadband subscriber reached 51 billion and teledensity of broadband reached 24.96 percent, according to an official data. The Ufone 3G users reached 5.7 million, Telenor 3G users reached 10.63 million, Mobilink 3G users reached 14.29 million and Zong 3G users reached 9.5 million till December 2017.

Telenor 4G users reached 1.5 million; Mobilink 4G users reached 1.9 million and

Zong 4G users reached 4.9 million. An official of IT Ministry said that once the infrastructure will be in place to achieve 100 percent 3G coverage, Pakistan will be ready to focus on the demand side of the technology; such as providing training for the masses who want to attain the best of digital skills.

To promote digital trends, tomorrow Ignite is going to inaugurate Digiskill programme to provide digital skill training to over 1 million Pakistani youth. He said telecommunication sector in the country has grown at a rapid pace and undergone an impressive transformation over the last four years.

THE EXPRESS TRIBUNE

Textile exports grow 7pc in seven months

(22 February, 2018)

ISLAMABAD - Textile exports witnessed over 7 percent growth during seven months (July 2017 to January 2018) of the current fiscal year due to PM's incentives package and rupee depreciation against the dollar.

The country exported textile and clothing products worth \$7.7 billion during July-January period of the year 2017-18 as against \$7.2 billion of the corresponding period of the previous year, according to the Pakistan Bureau of Statistics (PBS). Healthy growth in textile and clothing products exports enhanced the country's overall exports to \$13 billion during July-January of 2017-18 as compared to \$11.7 billion of the corresponding period of the last year.

Trade analysts believed that textile exports increased due to the flow of cash under the PM's incentives package, payment of sales tax refunds as well as depreciation of local currency. Meanwhile, the exporters had recently met Prime Minister Shahid Khaqan Abbasi and submitted number of proposals to enhance exports. PM assured the exporters that government will facilitate them in reducing the cost of doing business and early release of refund claims.

According to the PBS, the main driver of growth was the value added textile sector. Exports of ready-made garments went up by 13.93 percent in the first seven months of the ongoing financial year. Similarly, exports of knitwear

increased by 13.27 percent during the period under review. Exports of bedwear went up by 5.62pc in value. Exports of made-up articles, excluding towels, increased by 6.72 percent. Art, silk and synthetic textile exports grew by 93.54pc during the period under review. Exports of cotton yarn witnessed a decline of 1.42 percent and exports of cotton cloth reduced by 1.59 percent. Similarly, exports of cotton carded tumbled by 95.71 percent.

Meanwhile, the exports of food commodities recorded massive increase of 18.83 percent during July-January period of the ongoing financial year.

On the other hand, the imports went up by 18.79 percent and were recorded at \$34.5 billion during first seven months of the current financial year as against \$29.02 billion during the same period last year. The country spent \$7.9 billion on the imports of petroleum group, 35.58 percent higher than a year ago. In the petroleum sector, the government imported petroleum products worth \$4.45 billion and spent \$2.2 billion on petroleum crude. Similarly, the country imported liquefied natural gas (LNG) worth \$1.23 billion and liquefied petroleum gas (LPG) worth \$190 million.

The PBS data showed that country had spent \$6.68 billion on importing machinery during first seven months of the ongoing financial year. The third biggest component was food commodities whose imports rose 9.77 percent year-on-year to \$3.78 billion.

THE EXPRESS TRIBUNE

Pakistan among top investment destinations: Saudi official

(27 February, 2018)

ISLAMABAD: Saudi Arabia sees Pakistan as one of the top destinations for making investments, said Deputy Minister for Foreign Trade of Kingdom of Saudi Arabia Abdulrahman Alharbi at the first meeting of the Pak-Saudi Joint Working Group on Trade and Investment held in Riyadh on Monday.

The Pakistani delegation was led by Commerce Secretary Younus Dagha, while Board of Investment Additional Secretary Saleem Ranjha, Ambassador of Pakistan to Saudi Arabia Khan Hasham Bin Saddique also accompanied him. The two sides reaffirmed commitment to strengthen trade and investment ties in line with the understandings developed during the meeting of the Pak-Saudi Joint Ministerial Commission held in Islamabad last month.

The Saudi side acknowledged and appreciated the attractiveness of Pakistan as a preferred destination of investment in view of its macroeconomic indicators, growth, strategic location and overall investment regime.

The Saudi side showed interest in investing in many sectors of Pakistan including petrochemicals, dairy, livestock, mining etc. It was agreed that Saudi Arabia will send a technical team to Pakistan to review the sector-specific opportunities and projects.

The two sides agreed to activate the Pak-Saudi Joint Business Council within two months. It was further agreed that Pakistan will hold single-country exhibition in Saudi Arabia in 2018. In order to give further impetus to the trade relations, it was agreed to mutually facilitate trade by overcoming issues like visa fees, registration of companies, shipment delays and mutual recognition of standards.

BLOOMBERG

Zara, Next Denim Supplier Bucks Pakistan's Textile Malaise

(16 February, 2018)

(Bloomberg) -- A denim factory in Karachi could hold the key to reviving Pakistan's ailing exports.

With many retailers shifting textile orders to cheaper and more timely suppliers in rival Bangladesh and Vietnam, Pakistan's manufacturers have long-suffered from power cuts, an expensive exchange rate and what they claim is government indifference. Yet while hundreds of factories have shut down in recent years, shedding more than half a million jobs, Artistic Denim Mills Ltd., which operates as a one-stop shop turning cotton into jeans, is doubling production and has built a new factory in Pakistan's financial hub.

Chief Executive Officer Faisal Ahmed is bullish and supplies retailers such as Zara and Next Plc. He points to one key decision -- unlike most industrialists, Artistic Denim started by making garments about 25 years ago instead of just shipping spun yarn or fabric. Now "we have been able to get many orders that used to go to Turkey earlier," he said at his office in an industrial area.

The move shows a rare sign of promise in a stagnant industry that has been part of Pakistan's economic backbone for decades. Pakistan is among the top five growers globally and cultivated has been cultivated on these lands for at least 5,000 years. Typically Pakistan has been mostly converting cotton into thread and fabric that is shipped East to other Asian countries, which then manufacture the final garment.

Pakistan has lost market share with exports growing 27 percent during 2005 to 2016, falling behind Bangladesh's 276 percent increase and 445 percent in Vietnam, according to World Bank data. India is the second-largest apparel exporter in South Asia after Bangladesh. Nonetheless, Pakistan still has the advantage of homegrown cotton that it can capitalize on, unlike Bangladesh and Vietnam.

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