

TANGENT®

POLICY | RESEARCH | ADVISORY | OUTREACH
AN INDEPENDENT ECONOMICS THINK TANK & CORPORATE ADVISORY

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FORWARD **E**STIMATE

SMEs **O**RGANIZATIONS & **S**TARTUPS

CORPORATE **A**DVISORY

CORPORATE **G**OVERNANCE

POLITICAL **E**CONOMY

ECONOMICS & **F**INANCE

CHINA **P**ULSE

REGIONAL **C**ONNECTIVITY

CORPORATE **S**ECURITY

INVESTMENT **G**UIDANCE



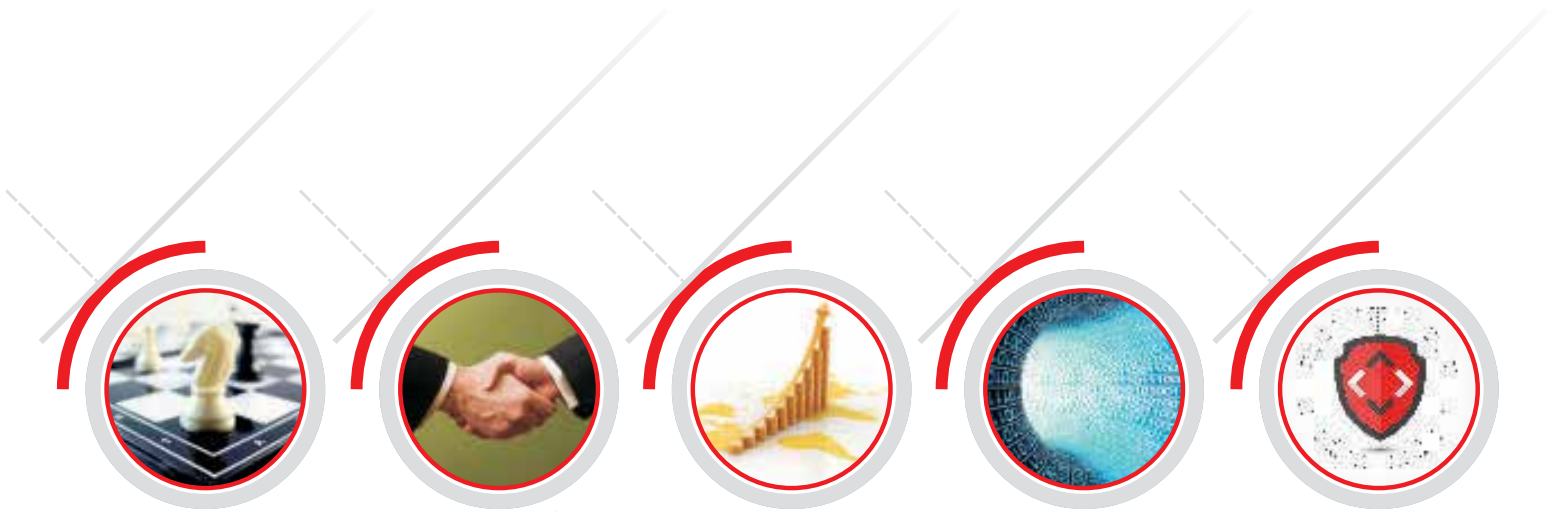
A New GLOBAL RESET

pg 8



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ABOUT US

TANGENT® IS AN INDEPENDENT ECONOMICS THINK TANK & CORPORATE ADVISOR.

TANGENT® PROVIDES ITS SERVICES TO ORGANIZATIONS, START UPS & INDIVIDUALS
IN POLICY, RESEARCH, ADVISORY & OUTREACH
AT THE STRATEGIC, OPERATIONAL & TACTICAL LEVELS.

AUDIENCE OF THIS REVIEW

POLICY MAKERS, CORPORATES, BUSINESSES, SMES, THINK TANKS, BUSINESS PERSONNEL, STARTUPS, MEDIA
& THOSE INVOLVED IN GOVERNANCE, FINANCE, ECONOMICS & MANAGEMENT

LATEST ENGAGEMENTS

ANALYZING DOMESTIC & INTERNATIONAL POLITICAL – ECONOMIC DYNAMICS

ESTABLISHING STRATEGIC DIRECTION & OBJECTIVES (FOR AN ORGANIZATION)

GUIDING FOREIGN COMPANIES IN WORKING IN PAKISTAN

ADVISING IN CORPORATE AFFAIRS, STRUCTURES, REGULATORY & LEGAL MATTERS

TALKS ON MEDIA REGARDING, (POLITICAL) ECONOMICS, FINANCE, STOCK MARKET & MORE BUSINESS

INVESTMENT ANALYSIS (PORTFOLIO, STRATEGIC & FIXED DIRECT)

ANALYZING, ADVISING & STRUCTURING CORPORATE POLICIES

BUSINESS NEGOTIATIONS

CORPORATE GOVERNANCE TRAINING FOR LARGE COMPANIES, SME'S & STARTUPS

SPECIFIC CORPORATE SECURITY, RISK ANALYSES & SOLUTIONS

BRANDING & INTELLECTUAL PROPERTY ADVISORY

CONDUCTING BUSINESS FEASIBILITIES

HEAD HUNTING

ADVISING PARLIAMENTARIANS

MENTORING

PLANNING

OUTREACH & STRATEGIC COMMUNICATION

STRATEGIC MARKETING

FINANCIAL TRANSACTION STRUCTURING

PRIVATE EQUITY VALUATION & ASSESSMENT

CUSTOMIZED TRAINING, PROFESSIONAL DEVELOPMENT

EXECUTIVE TRAINING & COACHING

PERSONAL BRANDING FOR EXECUTIVES

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CONTENTS

■ TANGENT® QUARTERLY SUMMARY & ESTIMATE	1	■ TALKS WITH IMF	7
■ TANGENT® ADVICE FOR STARTUPS, SMES & ORGANIZATIONS		■ POLITICAL CHANGE & ECONOMICS	7
■ GOVERNANCE, BUSINESS & SUSTAINABILITY	2	■ PAKISTAN'S RELATIONS WITH RUSSIA	7
■ TANGENT® CORPORATE SERVICES		■ A GLOBAL RESET	
■ STARTUP ADVISORY	3	■ A NEW EQUILIBRIUM IN ECONOMICS & GEO - POLITICS	8
■ PRIVATE EQUITY ADVISORY	3	■ COVID EPIDEMIC	
■ LEGAL & REGULATORY ADVICE	3	■ WORLD WIDE	9
■ FINANCIAL & ACCOUNTS ADVISORY	3	■ PAKISTAN	9
■ OPERATIONS ADVICE	3	■ Infections, Recoveries & Deaths	9
■ GUIDANCE FOR FOREIGN COMPANIES	3	■ PAKISTAN POLITICS	11
■ CORPORATE GOVERNANCE	4	■ PAKISTAN ECONOMICS	
■ CORPORATE SECURITY	4	■ PAKISTAN'S GDP GROWTH	11
■ INDEPENDENT RESEARCH	4	■ MONETARY POLICY & INTEREST RATES	11
■ FINANCIAL INVESTMENTS GUIDANCE	4	■ KIBOR AT 13 YEAR HIGH	13
■ Equity Price Earnings Ratio	4	■ PAKISTAN DEBT	13
■ Equity Market Valuation	5	■ INFLATION	13
■ HR DEVELOPMENT & INTERNSHIPS	5	■ FATF	13
■ TANGENT® CORPORATE SECURITY		■ PAKISTAN STOCK MARKET	14
■ SECURITY FROM DEEPER LAYERS	5	■ MAJOR QUARTERLY & YEARLY METRICS	14
■ TANGENT® LIVE ON TV, RADIO & WEBINARS		■ TAXES & FEDERAL BOARD OF REVENUE	14
■ PAKISTAN'S BUDGET FY23	6	■ Super Tax	14
■ PAKISTAN ECONOMIC SURVEY & CHARTER OF ECONOMY	6	■ MULTILATERAL LENDING AGENCIES	15
■ GLOBAL & PAKISTAN ECONOMY, MARKETS	7	■ IMF	15
		■ FUND INFLOW & OUTFLOW	15
		■ FDI Into Pakistan	15
		■ Remittances Coming Into Pakistan	15
		■ Repatriation of Profits	15
		■ Roshan Digital Accounts	15
		■ TRADE	16
		■ Exports, Imports & Deficit	16
		■ ICT Exports	16
		■ FISCAL & CURRENT ACCOUNT DEFICITS	16
		■ EASE FOR AFGHANS REGISTERING COMPANIES ..	16
		■ INDUSTRY APPEALS & RESPONSES	17

■ CHINA PULSE

- *AN OVERVIEW – BY BADAR JAMEEL*..... 18

■ CHINA PAKISTAN ECONOMIC CORRIDOR 18

■ REGIONAL CONNECTIVITY

- *FOREVER A PIPEDREAM? BY S M MUMTAZ* 19

■ DECONSTRUCTING THE QUARTER

- *ON THE INTERNATIONAL FRONT*
 - Pakistan National Security Committee Meets Regarding Regime Change* 20
 - India Blocks Pakistan BRICS Attendance* 20
 - Russia – Ukraine Conflict*..... 20
 - World Food Prices*..... 20
 - EU Embargos on Russia* 21
 - EU Reliance on Russian Gas*..... 21
 - US Inflation*22
 - US Economy (Shrinks)*.....22
 - Russian Oil For Sri Lanka*.....22
 - Russia Defaults*22
 - Religious Freedom Worsens In India*.....22

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2ND QUARTER REVIEW 2022

■ Key

ADB	-	Asian Development Bank
BRICS	-	Brazil, Russia, India, China, South Africa
CPEC	-	China Pakistan Economic Corridor
EAC	-	Economic Advisory Council
FATF	-	Financial Action Task Force
FBR	-	Federal Board of Revenue
FCA	-	Federal Committee on Agriculture
FDI	-	Foreign Direct Investment
FY	-	Fiscal Year - July to June
GDP	-	Gross Domestic Product
GOP	-	Government of Pakistan
IMF	-	International Monetary Fund
MOI	-	Ministry of Interior
MPC	-	Monetary Policy Committee
NCA	-	National Command Authority
NSC	-	National Security Committee
OBOR	-	One Belt One Road
PBS	-	Pakistan Bureau of Statistics
PSX	-	Pakistan Stock Exchange
RDA	-	Roshan Digital Account
SBP	-	State Bank of Pakistan
SECP	-	Securities & Exchange Commission of Pakistan
WEO	-	World Economic Outlook

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■ TANGENT® QUARTERLY SUMMARY & ESTIMATE

Startup, investment and business activity picked up and intensified, compared to the previous quarter, as more queries came into TANGENT®. The spectrum of queries also broadened. TANGENT® provided various corporate advisory solutions and political economic analyses.

Pakistan's economy in FY22 grew by 5.9% which for FY21 was 5.6%. This is a robust growth experience which has happened for after the mid 2000's – the IMF had projected a growth rate of 4%. Pakistan's goods exports for FY22 stood at a record of \$31.7 billion (last: \$25.3 billion) and Services of \$6.9 billion (last: \$5.9 billion) – in Services, IT Enabled Services exports were \$2.6 billion (last: \$2.1 billion). Imports for the year stood at \$80 billion (last: \$56.1 billion). This gap created trade gap of close to \$44 billion. Inflation for the year averaged 12.2% (last: 8.9%). The Pakistan Rupee came under severe pressure ending FY22 on Rs. 205.30 / \$US (last: Rs. 158.2). The interest rate for FY22 was at 13.75% (last: 7%). Remittance from overseas Pakistanis was at a historical high of \$31.2 billion (last: \$29.5 billion). The Roshan Digital Accounts were at a historical high of \$4.61 billion (last: \$1.56 billion). FATF said in its June plenary that Pakistan had fulfilled all of the set out plans and actions and an onsite inspection in July was expected.

Pakistan's leadership experienced its first ever vote of No Confidence on 4th April, after which a new Prime Minister came to power, from the united opposition. Many questions were asked by the incumbent government, regarding the previous regime's governance, however, the growth and export numbers were endorsed. The GOP said that the previous government had not managed things effectively, hence inflation, the Rupee and funding position of the country had deteriorated. Rectification of the mentioned was one of the main reasons for the vote of No Confidence.

Domestically, the dominant aspect was the regime change of April 2022, and the discussion that this is a foreign sponsored event. Adding to this was the fall in the Rupee and the rise in prices of oil and essential commodities. Internationally the Russian – Ukraine crisis had brought even non related countries into its effect (including Pakistan), with the sharp rise in oil and commodities prices, which came about due to supply disruptions. COVID cases had come down considerably.

TANGENT® estimates that in the next 2-4 months, Pakistan's economy will face liquidity tightening aspects, but it is expected to ease as time passes. Once the liquidity aspect is taken care of, the economy will be back on the growth trajectory. It is imperative that a) the interest rate be lowered, b) the over heating sectors (if any) be cooled down by means other than high interest rates, c) Rupee hoarding be discouraged through market activities, d) export acceleration be ensured and e) the broadening of tax base be effected. On the international front, Pakistan is expected to continue to push for regional stability and curtailing expected proxy violence, but will be seeking to build up more economic mass.

■ TANGENT® ADVICE FOR STARTUPS, SMEs & ORGANIZATIONS

▪ GOVERNANCE, BUSINESS & SUSTAINABILITY

TANGENT® is keen to promote *Start Ups*. TANGENT® has guided Start Ups on various aspects. The following are some tips that will be helpful. Should there be any queries, they can be directed to service@tangent.com.pk.

1. Protect your ideas however small they may be. Intellectual Property is your asset and must not be ignored.
2. Organize yourself so you do not waste effort, time or money.
3. Seek out training from the expert.
4. Imagine your business plan.
5. Create a synthetic version of your business plan.

TANGENT® has been engaged with *SME's*, with specific reference to the strategic, operational and tactical aspects. The following are some tips that will be helpful. Should there be any queries, they can be directed to service@tangent.com.pk.

1. Remember that all big organizations were SMEs at one point.
2. Scan your business processes for positives and negatives (ideas, concepts, processes etc.).
3. Train yourself and your team if you can, or get an expert.
4. Study how to grow.
5. Be consistent in outreach and Public Relationing.

TANGENT® has been engaged with *Organizations*, with specific reference to the strategic, operational and tactical aspects. The following are some tips that will be helpful. Should there be any queries, they can be directed to service@tangent.com.pk.

1. Take Corporate Governance as an asset, not as a formality – it pays dividends.
2. Formalize your organization and ensure specialization and integration.
3. Take steps to ensure sustainability.
4. Ensure meritocracy. It is cheap, fills holes and is profitable.
5. Be consistent in outreach and Public Relationing.

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2ND QUARTER REVIEW 2022

■ TANGENT® CORPORATE SERVICES

TANGENT® remained active in helping Startups, Small and Medium Enterprises (“SME”) and organizations on various fronts in Policy, Research, Advisory and Outreach. There has been an upsurge in start-up advisory requirements coming TANGENT®’s way. For more details, write to service@tangent.com.pk. Some of the more prominent services offered are discussed below.

▪ *STARTUP ADVISORY*

TANGENT® provided advisory to startups. Some of the key features of the advisory were having a clear sense of the product, having a business plan, and laying out how to go about the business. Business development via physical interaction and through online presence were also illustrated.

▪ *PRIVATE EQUITY ADVISORY*

TANGENT® was approached by private business for advisory in getting private equity investors – it is a detailed process which requires a comprehensive understanding of the company and the investor, and matching both in a manner that is helpful.

▪ *LEGAL & REGULATORY ADVICE*

TANGENT® was approached regarding business legal matters, providing insight to how situations can be handled and how unnecessary risk can be avoided.

▪ *FINANCIAL & ACCOUNTS ADVISORY*

TANGENT® provided suggestions to organizations regarding their financials and related systems, resulting in clarity and optimization. Financial management has to be taken seriously and in a structured manner.

▪ *OPERATIONS ADVICE*

TANGENT® gave advice to organizations, SMEs, and as mentioned, start-ups by giving point specific way forward and guidance. In operations, there was a focus on transactions, outreach, business management and compliance.

▪ *GUIDANCE FOR FOREIGN COMPANIES*

Foreign companies operating in Pakistan and abroad engaged TANGENT® regarding their existing and future business ventures. TANGENT® helped companies navigate, manage and increase their operations. A growing feature of this guidance is dealing with Chinese companies that want to work in Pakistan. More details are in the CPEC section.

▪ *CORPORATE GOVERNANCE*

Organizations and SMEs approached TANGENT® for Corporate Governance. The importance of governance structures and their contribution to the profitability and longevity of a business were introduced into the companies.

▪ *CORPORATE SECURITY*

TANGENT® advised organizations of are of varying sizes, regarding their corporate protection, safety, physical risk analyses and solutions to the same. More details are in the Corporate Security section.

▪ *INDEPENDENT RESEARCH*

TANGENT® conducted independent analysis and research, using its own indigenous research engines, models and sources to arrive at an objective and impartial conclusion.

▪ *FINANCIAL INVESTMENTS GUIDANCE*

TANGENT® provided investment guidance to individuals keen on understanding and investing in Pakistan's stock market and mutual funds. Portfolios customized to the needs and risk tolerance of the client were designed in equities and appropriate mutual funds were suggested.

TANGENT® helps guide clients in investment allocations and portfolio creation and portfolio management with the help of its 300+ scrip universe, mutual fund and forex menu. Risk, return, appetite and probabilities of various dynamics are brought analyzed in depth before any kind of allocation is suggested.

EQUITY PRICE EARNINGS RATIO

TANGENT®'s independent research calculates market values, sector values, market and sector Price Earnings ratios, market and sector dividend yields and more. The same are also available for portfolios.

Pakistan Stock Market's P/E as of end June was 8.99, May 8.6 and April 9.5. The main reason for the dip in the ratio for the quarter was the dip in the market prices of shares. More details are in the Stock Market section.



EQUITY MARKET VALUATION

Valuation of independent scrips and the whole market is also conducted, which helps any one or any company take appropriate investment decisions.

▪ *HR DEVELOPMENT & INTERNSHIPS*

TANGENT® provided HR services by helping companies in their requirements and also by providing internships to interested candidates.

To subscribe to **TANGENT®**'s services, write to service@tangent.com.pk.

■ **TANGENT®** CORPORATE SECURITY

▪ *SECURITY FROM DEEPER LAYERS*

TANGENT® provides Security and Protection advisory to clients, ensuring that their objectives are met and risks are not only avoided but properly understood. It is important to understand that security can be overlooked, trivialized, relegated to the periphery or simply misunderstood. In this edition, **TANGENT®** discusses visible security and its deeper layers.

Security is not supposed to be on the surface only. Security does not exist on the surface only, and if it does, it will not survive for long. Security comes from deeper layers, and securing the underlying principles and layers helps create the desired positive ripple effect (of security).

What is witnessed in Pakistan in (corporate) security is an overly simplistic and misdirected approach to security. Usually, it is either only on the surface and it is illustrated by hiring private guards, who are supposed to be able to handle mundane as well as specific events. This is a typical approach to security which usually is enough to act as a weak illusion, but it does not add much value to real security, which is meant to add safety to lives, assets and activity, among other things. This discussion is meant to briefly bring out the visible and underlying layers, which collectively interact and create a security environment.

What security we see is defined here as Visible Security Deployment (“VSD”). VSD relies on many aspects but the most important are discussed here. *Logistics and Layout* of security is what we see and that is considered to be the most evident of security dynamics, at least for the untrained eye. VSD is meant to serve particular purposes, such as visibly showing the public and those who are observing a secure area for whatever (malafide) reason, that there is active movement and activity is deliberate and vigilant. This leads to a related point of *Optics* which is essential to maintain a sense of deterrence. Optics are meant to make sure that the perpetrator is forced to think, at least twice, before any activity is about to be initiated. VSD security



has to be propped up and strengthened by *Events* that may happen at some point – these events are not supposed to happen on a daily basis otherwise it means security is lax. Events here refers specifically to anything that is meant to make a situation insecure, but the action taken has to be done in a visible manner. Related to this is, these events have to be trained for, which is covered in the next section of this security discussion.

The Deeper Layers of security are essential to add true value to VSD and the following points are some of the most important. *Research and Analysis* on security matters is essential for a broader and deeper understanding of security. In this research, possible events, probabilities, trends, and impact of possible events have to be concluded – this will lead to a veritable plan of how to approach aspects. *Projections* of risk dynamics and possible events is essential as that will create a deeper understanding of events and how to deal with them. *Events* are to be illustrated in detail. The mere mention of an event is helpful but it has to be properly illustrated with practicality, which makes it more real. This leads to *Training* regarding various events – training cannot be a theoretical exercise and requires detailed physical actions that ensure the personnel are able to cope with the event.

For more details, write to **TANGENT®** at service@tangent.com.pk.

■ TANGENT® LIVE ON TV, RADIO & WEBINARS

TANGENT® personnel were LIVE on television and radio programs, and webinars, discussing economics, finance, management, governance, political economy and more. The programs are archived at the **TANGENT®** website www.tangent.com.pk and the YouTube page. Summaries are given below:

■ PAKISTAN'S BUDGET FY23

Pakistan's new budget was passed and it was considered helpful to the public but ambitious as well. It appeared to be easy on the vulnerable segments while building up revenue and financial stability in the country. The existing taxpayers will be expected to pay more tax at this stage.



■ PAKISTAN ECONOMIC SURVEY & CHARTER OF ECONOMY

Pakistan's Economic Survey was released, which showed strong and robust growth for FY22 and FY21 with 5.9% and 5.6% growth respectively. It also showed that inflation and the devaluation of the rupee have caused fiscal difficulty and problems for the country. The growth that was witnessed, came from a strengthening of business sentiment and framework and also from a careful handling of the COVID pandemic.



▪ GLOBAL & PAKISTAN ECONOMY, MARKETS

The global economy has not grown as was projected by the IMF, WB and other organizations. They have revised their growth estimates downward. In April the IMF revised the growth rate downward to 3.6%. There are hiccups in the global recovery and that is causing inflation and other issues across the globe. Monetary easing by multiple central banks has helped economies but it has caused inflation and undue velocity as well.

The Pakistani markets, including the stock market, have been reacting somewhat negatively to the pressure on the Pakistan Rs. and the rise in crude oil prices. Despite this negativity, there has been some growth and increased activity.



▪ TALKS WITH IMF

Pakistan and IMF held talks for the progress of the financial facility in the field, but which is currently paused. IMF put certain important conditions which were aimed raising GOP revenues and lowering demand. With an economy growing above 5%, it is reportedly heating up, which is debatable - imports have risen more than exports which is the major reason for this IMF facility.



▪ POLITICAL CHANGE & ECONOMICS

Pakistan faced a political change in April, with all eyes on the economic outlook. Economics was a political slogan, with the incumbent party saying they can do a much better economic job. Despite growth in the economy, inflation and the depreciation in the rupee have caused considerable problems.



▪ PAKISTAN'S RELATIONS WITH RUSSIA

Pakistan's relations with Russia have been expanding for some years now, but the war with Ukraine has caused issues. The PM of Pakistan visited Russia on their invitation, to help build ties. The United States has showed some signs of concern, but did not offer any economic alternative options or solutions for Pakistan. Every country looks to its own interests and betterment, which should not be a surprise in the case of Pakistan.



ALJAZEERA

■ A GLOBAL RESET

■ A NEW EQUILIBRIUM IN ECONOMICS & GEO - POLITICS

It is becoming more and more apparent that the global scene, arrangements and structures are going through what appears to be a reset, which will bring in a new equilibrium, after a state of unrest and turbulence. Resets typically happen when there is a fundamental shift in a situation or there is a change in the underlying principles - both of these events happen when the driving forces and dynamics change, which start from a change in thought process to how things should be and how they are executed. Differences between countries come up due to political and national exigencies which are then squared up against economic realities – this may appear to be an overly simplistic way of defining geo – political and economic aspects but this is found at the root of most aspects.

The *Russia - Ukraine* conflict has brought real war onto Europe, which has experienced 77 years of relative peace, barring events that happened in the Balkans and Georgia. This conflict has brought NATO and Russia, not completely, but almost face to face, which can have catastrophic outcomes if it proceeds any further. This conflict has tested many assumptions about ‘international brotherhood’, cooperation and economic imperatives. Currently the world is now clearly divided on who to support and how – at the moment countries are supporting one side in part and the other in part as well. Economics has been severely disrupted as energy and food supplies are now under threat, which the skyrocketing prices of oil, energy, food grains have evidenced.

The *US - China* tensions are high and appear not to be abating. With economics usually at the forefront, military aspects with specific reference to *Taiwan* come up. The US has been testing the Chinese resolve regarding Taiwan, which China considers to be its province. Things have progressed over decades resulting in a delicate balance which can easily be upset. The US buildup in the China bordering seas and oceans, the Quad and the AUKUS add to the temperature – China has equally been strengthening its military power (backed by economic power), to ensure its regional integrity.

The *Mid East - Israel* conflict, which is now turning into a tentative peace agreement is changing the almost century old issue of *Palestine - Israel*. This agreement is not just economic interaction or integration, but will most certainly have a huge security dimension to it. A question that is being asked is, security against who? Many Arab countries now have direct and open diplomatic relations with Israel, vice versa, which will change the political, security and



economic landscape of the region. It is probable that this friendship will alienate many Muslim countries that do not hold such a flexible view, and may possibly open up more conflicts in the coming years.

The *Yemen - Saudia Arabia* conflict, which is reportedly approaching a peace settlement, has demonstrated that regional instability is existent and it has the possibility of causing massive social and economic disruptions.

World *Economics* is going through convulsions and what can euphemistically be called transformations. These transformations are at the back of a worldwide 'back breaking' pandemic (COVID), which almost crippled the world economy. COVID which brought the world to a veritable economic standstill, had ironically united the world with a common threat. With the threat brought to a manageable level, all countries started asserting their economic positions to gain most from available resources and market situations, which is leading to resets in prices, terms and positions, which is leading to friction and possibly conflict. In the past one year, oil, energy, food, commodities prices and transport costs have skyrocketed, economic cooperation and agreements are being put to the test with each clause being scrutinized and exercised, currency wars are looming especially with the US interest rate hikes expected and the strengthening of the US dollar putting all markets (including Forex) under pressure, international financial settlement systems are being tested with the exclusion of Russia from SWIFT and its inclusion in CIPS, de-dollarized trade is rising (albeit not exponentially), international banking is facing a liquidity tightening due to high demand and financial markets are constantly readjusting to these (and more) changes.

It is evident that new *political* and *trade blocs* are about to emerge, with different currencies. Political exigencies will be determined by national requirements and economic exigencies will be determined by the ability to extract a better transactional deal. In all circumstances, a new reset is in the process of happening, which will change the current way of working.

TANGENT® has studied the above points in an exhaustive manner. Queries can be sent to service@tangent.com.pk.

■ COVID EPIDEMIC

▪ *WORLD WIDE*

The Corona Virus that causes COVID had, as of end June infected 544 million people (end March: 485 million) worldwide, causing 6,336,543 deaths (end March: 6,155,274). Deaths as a percentage of those infected was 1.2% (end March: 1.3%).

▪ *PAKISTAN*

Pakistan's COVID experience is summarized below. The Omicron wave had also been handled very efficiently, resulting in a fall in the number of outstanding patients. Details are given.

INFECTIONS, RECOVERIES & DEATHS

The following is a profile of COVID infections, recoveries and deaths (along with percentages), in Pakistan:

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2ND QUARTER REVIEW 2022

	Date	COVID Infected	Recoveries		Deaths	
			Total	% of Infected	Total	% of Infected
Per 1,000 Recoveries	12 th April 2020	5,038	1,009	20.0%	86	1.7%
	21 st April 2020	9,216	2,066	22.4%	192	2.1%
	27 th April 2020	13,328	3,029	22.7%	281	2.1%
	30 th April 2020	15,738	4,040	25.7%	346	2.2%
	3 rd May 2020	20,084	5,114	25.5%	457	2.3%
Per 5,000 Recoveries	15 th May 2020	37,215	10,155	27.3%	803	2.2%
	22 nd May 2020	50,694	15,201	30.0%	1,067	2.1%
	29 th May 2020	61,227	20,231	33.0%	1,260	2.1%
	31 st May 2020	69,496	25,271	36.4%	1,483	2.1%
	4 th June 2020	85,264	30,128	35.3%	1,770	2.1%
	9 th June 2020	108,317	35,830	33.1%	2,172	2.0%
	12 th June 2020	128,182	40,247	31.4%	2,495	1.9%
13 th June 2020	132,405	50,056	37.8%	2,551	1.9%	
Per 10,000 Recoveries	19 th June 2020	168,728	61,383	36.4%	3,295	2.0%
	23 rd June 2020	187,400	73,471	39.2%	3,730	2.0%
	25 th June 2020	192,696	81,307	42.2%	3,903	2.0%
	28 th June 2020	202,954	92,624	45.6%	4,118	2.0%
	1 st July 2020	213,470	100,802	47.2%	4,395	2.1%
Per 50,000 Recoveries	11 th July 2020	248,856	156,700	63.0%	5,197	2.1%
	18 th July 2020	263,476	204,276	77.5%	5,568	2.1%
	4 th August 2020	281,136	254,286	90.5%	6,014	2.1%
	5 th October 2020	315,727	300,616	95.2%	6,523	2.1%
	3 rd December 2020	410,072	350,305	85.4%	8,260	2.0%
	19 th December 2020	457,176	407,405	89.1%	9,330	2.0%
	6 th January 2021	495,075	450,151	90.9%	10,511	2.1%
	31 st January 2021	547,648	502,537	91.8%	11,746	2.1%
	3 rd March 2021	585,435	555,242	94.8%	13,079	2.2%
	29 th March 2021	663,200	600,278	90.5%	14,356	2.2%
	16 th April 2021	745,182	650,755	87.3%	15,982	2.1%
	29 th April 2021	810,231	704,494	86.9%	17,530	2.2%
	8 th May 2021	854,240	752,712	88.1%	18,797	2.2%
	20 th May 2021	890,391	804,122	90.3%	19,987	2.2%
	3 rd June 2021	926,695	852,574	92.0%	21,022	2.3%
	28 th June 2021	955,657	901,201	94.3%	22,231	2.3%
	5 th August 2021	1,053,660	952,616	90.4%	23,635	2.2%
	20 th August 2021	1,116,886	1,002,430	89.8%	24,783	2.2%
	3 rd September 2021	1,171,578	1,055,467	90.1%	26,035	2.2%
	15 th September 2021	1,212,809	1,108,339	91.4%	26,938	2.2%
26 th September 2021	1,236,888	1,157,322	93.6%	27,524	2.2%	
15 th November 2021	1,263,664	1,208,438	95.6%	28,252	2.2%	
15 th December 2021	1,290,214	1,251,914	97.0%	28,884	2.2%	
1 st February 2022	1,436,433	1,304,980	90.8%	29,330	2.0%	

	8 th February 2022	1,470,161	1,354,298	92.1%	29,601	2.0%
	19 th February 2022	1,500,320	1,402,653	93.5%	30,009	2.0%
	3 rd March 2022	1,512,707	1,451,665	96.0%	30,248	2.0%
	30 th June 2022	1,536,479	1,499,762	97.6%	30,395	1.98%

■ PAKISTAN POLITICS

On 4th April, Pakistan’s then PM Imran Khan faced a motion for no confidence moved by a united opposition. The opposition comprised of 11 parties. The GOP also received information that a country had sensitized the Pakistan officials about its displeasure regarding the regime in Pakistan.

In reaction, the Speaker of the National Assembly rejected the moved resolution as it was in violation of article 5 of the Constitution. That evening the PM addressed the nation saying that he has moved an advice to the President that assemblies be dissolved and fresh elections be scheduled.

The action by the speaker of the National Assembly was subsequently overturned by Pakistan’s Supreme Court, and the situation was restored to 3rd April. On 10th April, the then Prime Minister Imran Khan faced the vote of no confidence, which he lost to the opposition. They mustered 174 votes against the mandated requirement of 172 votes.

This is the first time a PM of Pakistan has faced and lost a vote of no confidence.

On 11th April, the new PM of Pakistan, Shahbaz Sharif, took the oath to the office. He is the 23rd Prime Minister of Pakistan.

■ PAKISTAN ECONOMICS

A summary of many of Pakistan’s economics related points which include GOP actions, events and other economic elements are discussed below.

■ *PAKISTAN’S GDP GROWTH*

Pakistan’s GDP growth rate for FY22 was 5.9%, which for the previous year was 5.6%. This is the first time since the mid 2005 that this growth rate had been achieved for two successive years. Earlier, on 5th February, the IMF projected Pakistan’s real GDP growth for FY22 at 4%.

■ *MONETARY POLICY & INTEREST RATES*

On 7th April and 23rd May, the Monetary Policy Committee (“MPC”) of the State Bank of Pakistan (“SBP”) again announced successive increases in the policy rate (interest rate) to 13.75%. The MPC said that this is being done to address inflation in the country.

The following is a profile of the interest rates in relation to other dynamics, since 2010:

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Fiscal Year (FY)	Date of Policy Rate Change	SBP Policy Rate*	GDP Growth	Inflation Rate Monthly CPI **	Crude Oil	KSE^ 100 Index Week's Close	KSE Weekly Volume Average mln/day	Rs. / 1 US\$
FY11	30 th November 2010	14.00%	3.0%	15.5%	\$112.60	11,407	150	Rs. 90.30
FY12	1 st August 2011	13.50%	3.7%	11.6%	\$105.69	11,375	52	Rs. 86.20
	10 th October 2011	12.00%		11.0%	\$110.60	11,988	125	Rs. 86.84
FY13	13 th August 2012	10.50%	3.6%	9.1%	\$116.32	15,000	155	Rs. 94.40
	8 th October 2012	10.00%		7.7%	\$114.21	15,694	117	Rs. 95.54
	17 th December 2012	9.50%		7.9%	\$109.52	16,865	138	Rs. 97.42
	24 th June 2013	9.00%		5.9%	\$95.57	21,006	208	Rs. 100.10
FY14	16 th September 2013	9.50%	4.1%	7.4%	\$107.97	23,596	244	Rs. 105.40
	18 th November 2013	10.00%		10.9%	\$95.19	23,846	178	Rs. 108.85
FY15	17 th November 2014	9.50%	4.2%	4.0%	\$74.47	31,495	259	Rs. 101.80
	26 th January 2015	8.50%		3.9%	\$47.02	34,444	289	Rs. 101.55
	24 th March 2015	8.00%		2.5%	\$57.38	29,958	175	Rs. 102.40
	25 th May 2015	7.00%		3.2%	\$60.12	33,057	186	Rs. 103.10
FY16	12 th September 2015	6.00%	4.7%	1.3%	\$45.63	32,761	135	Rs. 104.60
	21 st May 2016	5.75%		3.2%	\$49.42	36,694	249	Rs. 105.30
FY17	30 th June 2017	5.75%	5.3%	3.9%	\$51.47	42,409	146	Rs. 106.30
FY18	26 th January 2018	6.00%	5.8%	4.4%	\$65.38	44,551	275	Rs. 112.50
	28 th May 2018	6.50%		4.2%	\$70.72	42,913	119	Rs. 118.70
FY19	16 th July 2018	7.50%	3.3%	6.7%	\$68.19	41,222	219	Rs. 124.20
	1 st October 2018	8.50%		6.5%	\$72.31	37,518	176	Rs. 125.70
	3 rd December 2018	10.00%		5.4%	\$52.07	38,562	163	Rs. 137.50
	1 st February 2019	10.25%		6.8%	\$53.53	41,113	175	Rs. 138.50
	1 st April 2019	10.75%		8.3%	\$64.07	38,355	119	Rs. 142.70
	21 st May 2019	12.25%		8.4%	\$63.05	33,442	179	Rs. 153.50
FY20	16 th July 2019	13.25%	-0.4%	8.4%	\$59.47	32,972	115	Rs. 160.50
	17 th March 2020	12.50%		10.2%	\$30.32	30,667	239	Rs. 158.50
	24 th March 2020	11.00%		10.2%	\$27.48	28,110	150	Rs. 161.30
	16 th April 2020	9.00%		8.5%	\$20.45	31,329	178	Rs. 167.10
	15 th May 2020	8.00%		8.2%	\$29.67	34,008	219	Rs. 159.90
	25 th June 2020	7.00%		8.6%	\$40.20	33,939	177	Rs. 167.40
FY22	20 th September 2021	7.50%	5.9%	9.0%	\$75.45	44,900	384	Rs. 167.40
	19 th November 2021	8.75%		11.5%	\$80.32	46,489	245	Rs. 174.80
	14 th December 2021	9.75%		12.3%	\$74.23	43,901	234	Rs. 177.65
	7 th April 2022	12.25%		13.4%	\$100.16	43,787	141	Rs. 190.50
	23 rd May 2022	13.75%		13.8%	\$115.95	43,101	281	Rs. 201.80

* State Bank of Pakistan

** Pakistan Board of Statistics (rebase used from relevant month)

*** Estimated

^ Pakistan Stock Exchange

Governors*:	Mr. Shahid Hafeez Kardar	9 th September 2010	-	18 th July 2011
	Mr. Yaseen Anwar	20 th October 2011	-	31 st January 2014
	Mr. Ashraf Mahmood Wathra	29 th April 2014	-	28 th April 2017
	Mr. Tariq Bajwa	7 th July 2017	-	4 th May 2019
	Dr. Reza Baqir	4 th May 2019	-	4 th May 2022

TANGENT® is of the firm view, as it was the view during the rate rises in 2018, that these present rate hikes are extremely detrimental to Pakistan and the economy. The root of all of this inflation is supply oriented and fiscal mismanagement and not monetary in nature or over heating from being on the frontier of the economic capacity. With the rise in remittances and growth in the economy on one hand, this rise in interest rates will severely hamper sustainable growth. **TANGENT®** has conducted detailed impact analyses of the above for its clients. Queries can be sent to service@tangent.com.pk.

▪ *KIBOR AT 13 YEAR HIGH*

On 26th April, Pakistan's KIBOR stood at a 13 year high of 14.1%. This is a gradual rise over time, due to limited liquidity.

▪ *PAKISTAN DEBT*

Pakistan incurred foreign debt of \$17 billion in FY22 against a budget of \$14.1 billion.

This increase in debt included \$4.9 billion from foreign commercial banks which is close to 30% of the increase. The GOP had budgeted foreign assistance of \$14.1 billion, including \$13.9 billion loans and \$217.44 million grants from multilateral and bilateral sources.

▪ *INFLATION*

On 30th June, it was reported that Pakistan's Consumer Price Index for June '22 increased by 21.3% (last: 9.7%). The average inflation for FY22 was 12.2% (last: 8.9%).

According to the PBS data, the prices of the following food and non-food items increased: tomatoes, potatoes, eggs, cooking oil, vegetable ghee, masoor, wheat, rice, milk, electricity charges, motor fuels, construction input items, stationery, motor vehicles accessories, cleaning and laundering, liquefied hydrocarbons, and woolen cloth.

▪ *FATF*

On 17th June, the Financial Action Task Force ("FATF") acknowledged, at its plenary meetings held in Berlin on 13-17 June 2022, that Pakistan has completed all 34 items of the two separate action plans, bringing it nearer to finally exit the country out of its grey list, which will be discussed in October 2022. This will be dependent on the technical team's onsite visit of Pakistan in July 2022.

In a statement FATF said Pakistan made a high-level political commitment to work with the FATF and APG to strengthen its AML/CFT regime and to address its strategic counter-terrorist financing-related deficiencies.

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▪ PAKISTAN STOCK MARKET

For the 2nd Quarter (April to June), the Pakistan Stock Exchange's ("PSX") KSE 100 Index moved from 44,929 to 41,541 registering a change of -7.5% (previous: 0.8%) against a market turnover of 258 million / day (previous: 244 million / day).

TANGENT® had calculated the Price Earnings ratio, which for end June was 8.99, May 8.6 and April 9.5. The Price Earnings ratio was close to 16 in August 2021, which is a typical high. **TANGENT®** informed its clients and the media through programs, of the movements and their effects.

The market level has been volatile due to the political uncertainty and the market volumes have reduced in the current and past quarter due to a rise in the rupee value, rise in interest rates and the rise in political activity.



PAKISTAN
STOCK EXCHANGE
LIMITED

▪ MAJOR QUARTERLY & YEARLY METRICS

Following are some of the major movements in important metrics for the quarter and for the year.

KSE 100 Index for the Quarter, from 44,929 to 41,541	: -7.5%
KSE 100 Index for the Year, from 44,596 to 41,541	: -6.9%
SBP Policy rate since 23 rd May 2022	: 13.75%
Pak Rupee / \$ for the Quarter, from Rs. 183.48 to Rs. 205.30	: - 11.9%
Pak Rupee / \$ for the Year, from Rs. 176.50 to Rs. 205.30	: -16.3%
Gold for the Quarter, from \$1925.07 to \$1797.45	: -6.6%
Gold \$ for the Year, from \$1829.20 to \$1797.45	: -1.7%
Silver for the Quarter, from \$24.63 to \$20.44	: -17.0%
Silver for the Year, from \$23.34 to \$20.44	: -12.4%
OPEC Oil for the Quarter, from \$107.74 to \$115.60	: 7.3%
OPEC Oil for the Year, from \$77.97 to \$115.60	: 48.3%

▪ TAXES & FEDERAL BOARD OF REVENUE

SUPER TAX

On 24th June, the GOP announced the imposition of super taxes of a maximum of 10% on big but profitable industries. The GOP said that this is a difficult decision but had to be taken in the larger interest of the country.

The industries covered in this super tax regime are cement, steel, sugar, oil and gas, fertilizer LNG terminals, banking industry, automobile, chemicals, beverages and cigarette manufacturing. A 1% tax was decided for industries whose income exceeded Rs. 150 million per annum, 2% for Rs. 200 million, 3% for Rs. 250 million, and 4% for Rs. 300 million.

The GOP said that there has been tax evasion and instances of no tax payment and that this is going to help the GOP build up more revenues.

▪ *MULTILATERAL LENDING AGENCIES*

IMF

On 25th April, Pakistan's Finance Minister Miftah Ismail reported that the IMF agreed to send its mission to Pakistan in mid May 2022 for a continuation of its Extended Fund Facility program. IMF agreed to extend the program for a year and increase it from \$6 billion to \$8 billion.

Nathan Porter, the IMF Mission Chief for Pakistan, said "we agreed that prompt action is needed to reverse the unfunded subsidies" that slowed discussions for the 7th Review.

▪ *FUND INFLOW & OUTFLOW*

FDI INTO PAKISTAN

On 19th April, FDI coming into Pakistan for the period July to March FY22 dipped to touch \$1.29 billion (last: \$1.31 billion). During this period FDI inflows were \$1.97 billion against \$682.4 million outflow. FDI from China fell 48% but still remained the highest with \$333.5 million (last: \$641 million), from US \$183 million (last: outflow of \$34.3 million), from Hong Kong \$133 million, Switzerland \$107 million, UAE \$101 million and Malta amounted to \$71.5 million.

REMITTANCES COMING INTO PAKISTAN

Pakistan remittances for FY22 increased 6% and touched \$31.2 billion (last: \$29.5 billion). Improved remittances methods and client friendly systems helped this continuous increase.

On 13th May, it was reported that Pakistani workers' remittances coming into the country touched a monthly record high of \$3.1 billion in April 2022.

REPATRIATION OF PROFITS

It was reported that foreign investors repatriated \$1.65 billion (last: \$1.62 billion) as profit and dividend on their investments in Pakistan in FY22. This represents an increase of 1.7%.

ROSHAN DIGITAL ACCOUNTS

On 30th June, it was reported that the State Bank of Pakistan managed Roshan Digital Accounts touched inflows of \$4.61 billion by the end of June 2022, which is a historic level. RDA inflows for FY22 rose by 195% to \$4.61 billion, from \$1.56 billion in FY21. The RDA's offer an attractive rate of return for overseas Pakistanis.

- *TRADE*

The Pakistan trade situation generally improved regarding exports but deteriorated regarding imports. Details are discussed below:

EXPORTS, IMPORTS & DEFICIT

For FY22, Pakistan stood at record exports of goods of \$31.7 billion for FY22 (last: \$25.3 billion), and Services of \$6.9 billion (last: \$5.9 billion) – in Services, IT enabled Services exports were \$2.6 billion (last: \$2.1 billion).

Imports for the year stood at \$80 billion (last: \$56.1 billion). This gap created trade gap of close to \$44 billion.

ICT EXPORTS

For FY22, Pakistan's IT enabled Services exports were \$2.6 billion (last: \$2.1 billion).

- *FISCAL & CURRENT ACCOUNT DEFICITS*

On 30th June, it was reported Pakistan's current account deficit for July – May FY22 crossed \$15 billion mark (last: \$1.2 billion). This rise is mainly due to higher import values, which are due to higher oil prices and a lower rupee.

- *EASE FOR AFGHANS REGISTERING COMPANIES*

On 21st April, Pakistan eased the registration of companies within the country, for Afghan nationals. The Securities and Exchange Commission of Pakistan ("SECP") abolished the condition of security clearance from the Ministry of Interior ("MOI") of companies having foreign subscribers / officers who are Afghan national or of Afghan origin. SECP amended the Companies (Incorporation) Regulations, 2017 through an SRO 530 (I)/2021.

Foreign national desiring to setup companies in Pakistan have to get clearance from the MOI.

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INDUSTRY APPEALS & RESPONSES

The following are some of the comments, appreciations and appeals of industries.



THANK YOU
for paying special attention to the Budget Proposals submitted by Karachi Chamber of Commerce & Industry (KCCI) and incorporating most of our proposals in the Federal Budget 2022-23.

We are indeed very grateful for incorporating the following proposals of KCCI:

- INTRODUCTION OF FIXED TAX REGIME FOR SMALL TRADERS/SHOPKEEPERS.
- REMOVAL OF 17% GST ON SOLAR PANELS.
- APPROVAL OF DUTY AND SALES TAX REFUNDS OF EXPORTERS.
- FORMATION OF ALTERNATE DISPUTE RESOLUTION COMMITTEE (ADRC) WITH REPRESENTATION OF CHAMBER OF COMMERCE.
- EXEMPTION OF CUSTOMS DUTY ON LED LIGHTS AND ASSOCIATED PARTS.
- AMENABLE SOLUTION TO CNRC ISSUE.
- PROTECTION GRANTED TO DOMESTIC INDUSTRY BY INCREASING RD ON OPTICAL FIBRE IMPORT.
- CUSTOMS DUTY REDUCED ON SYNTHETIC FIBREMENT YARN, MONOFILAMENT, STAPLE FIBERS OF POLYPROPYLENE (TEXTILE INDUSTRY).
- TRAINING TO EDUCATED YOUTH: BEYOND LAPTOP SCHEME AND IMPROVED INFRASTRUCTURE FOR ENHANCEMENT OF IT SECTOR.
- COMMITMENT TO PROVIDE GAS TO THE INDUSTRY AT REGIONALLY COMPETITIVE TARIFF.
- FTB RESTORED FOR IMPORTERS OTHER THAN PLASTICS, EDIBLE OIL, PACKAGING MATERIAL AND PAPER.
- VARIOUS OTHER MEASURES INCLUDED IN THE BUDGET FY2022-23 AS PROPOSED BY KCCI.

However, we humbly request the government to also include the following important measures to support the Trade and Industry in the final version of Finance Bill 2022-23 to be approved by the parliament.

- AS RS 1.7 BILLION ALLOCATED TO PROMOTE IT SECTOR ARE INSUFFICIENT FOR ACHIEVING IT EXPORTS TARGET OF \$15 BILLION, THIS ALLOCATION NEEDS TO BE SUBSTANTIALLY INCREASED IN BETWEEN RS 75 BILLION TO RS 100 BILLION.
- REMOVE ANOMALIES IN TARIFF ON BLACK TEA AND WITHDRAW EXEMPTIONS GIVEN TO CERTAIN AREAS WHICH WOULD NOT BEAT THE MERIT OF SKRAMMING BUT WOULD ALSO DISCOURAGE MISUSE OF AFGHAN TRANSIT TRADE.
- RATE OF 1% WITHHOLDING TAX IS APPLICABLE ON INDUSTRIAL IMPORTS OF POLYESTER FILAMENT YARN WHEREAS WHT HAS BEEN PROPOSED TO BE CHARGED AT 4% TAX UNDER FINAL TAX REGIME FOR COMMERCIAL IMPORTERS WHICH IS A GREATER DISCRIMINATION. HENCE, WHT ON COMMERCIAL IMPORTERS MAY PLEASE BE KEPT INTACT AT 2% WITH FIXED TAX REGIME UNDER SRO 1125.
- INVENTING COMMISSION IS AN IMPORTANT SOURCE OF EARNING FOREIGN EXCHANGE SO IT SHOULD ESSENTIALLY BE TREATED AS EXPORT PROCEEDS AND AT PAR WITH OTHER EXPORT PROCEEDS.
- RESTORE THE RATE OF WHT ON PLASTIC RAW MATERIALS WHICH HAS BEEN ENHANCED FROM 2% TO 4%.
- IT IS UNJUSTIFIED TO IMPOSE 3% VALUE ADDED SALES TAX ON COMMERCIAL IMPORT OF PLASTICS AND POLYESTER YARN WHICH MAY PLEASE BE WITHDRAWN.
- WITHDRAW 17% SALES TAX IMPOSED ON CATTLE FEED MADE FROM AGRICULTURAL WASTE PCT CODE 2308.0000 PULSES WASTE FOR CATTLE FEED & PCT CODE 2306.9000 PALM KERNEL CAKE/ EXPELLER AS IT IS ONLY USED TO FEED BURLING HEADS.
- UNDER CLAUSE 5 (2) B OF FINANCE BILL, PLASTICS, EDIBLE OIL, PACKAGING MATERIAL AND PAPER HAVE BEEN EXCLUDED FROM FTB WHICH IS DISCRIMINATORY. FTB MAY BE EXTENDED TO THESE ITEMS.

KCCI IS DETERMINED TO HELP AND SUPPORT THE GOVERNMENT IN DEALING WITH THE CURRENT ECONOMIC CRISES.

KARACHI CHAMBER OF COMMERCE & INDUSTRY
Address: Amin-e-Tajir Road, Serai Quarters, Karachi, 74000
Phone: 92-21-99218001-09. Email: info@kcci.com.pk



APPEAL

PAKISTAN'S FOOD SECURITY AT RISK
EXPORTING OUR MAIZE CROP WILL WORSEN THE INFLATIONARY PRESSURE RESULTING IN PRICE HIKE OF CHICKEN & EGGS IN THE COUNTRY

Various countries are eyeing maize imports from Pakistan, the main ingredient of poultry feed with an inclusion rate of around 65%, at a time when countries around the world are imposing ban on export of basic food commodities in order to reduce the burden of unprecedented food inflation for their populations.

- Pakistan is already facing a decline in maize production this year due to intense heat wave at the time of pollination, fertilizer and water shortage.
- In spite of the above, Pakistan is currently exporting significant quantities of maize, while there is a high regulatory duty (40%) and custom duty (11%) on the import of maize. This will lead to shortage of maize for local consumption.
- If its export is not curtailed immediately, we might end up importing maize at later stage at a much higher price, a repeat of the previous disasters in wheat and sugar.

Many countries have imposed bans on exports of food items to ensure their food security:

Country	Commodities Covered	Start and End
Argentina	Soybean Meal, Soybean Oil	Dec 31, 2021
Egypt	Maize, Wheat, Beans	Dec 31, 2022
India	Wheat	Dec 31, 2022
Kazakhstan	Wheat, Wheat Flour	Jan 15, 2022
Ukraine	Wheat, Oil, Millet	Jan 31, 2022
Brazil	Maize, Wheat, Sorgho	Jun 30, 2022
Saudi	Maize, Wheat	Dec 31, 2022

In order to avoid the risk of our food security, we request an immediate ban on export of maize until sign of relief appears on the global food-shortage situation. Without this ban, there will be acute shortage of chicken & eggs with an abnormal price hike.

PAKISTAN POULTRY ASSOCIATION
Pakistan Poultry Association Central Office World plaza, 1st floor, near D Chokh Buz Area, Islamabad-11062 Email: ppa@ppaonline.com website: www.ppaonline.pk Ph: 011-28054697-70 Fax: 011-48444027



Appeal

Looming Disruption of Poultry Production
For 1½ - 2 Years in the Offing

- The current complete blockade of roads has completely disrupted supply of poultry feed, medicines, vaccines and diesel for standby generators to grandparent, parent stock, broiler farms and cold storage facilities. Raw materials of poultry feed are not being delivered to feed mills.
- This situation will lead to severe mortality in grandparent, parent stock and broiler flocks. The mortality in grandparents will disrupt poultry production for at least 1½ - 2 years and grandparent farmers will face severe losses and may not be able to import further grandparents, which will bring poultry production to a standstill.
- Parent stock farms will not be able to deliver broiler and layer chicks to farms. Neither steady chicken or table egg nor processed chicken meat will be available to be delivered to local and multinational restaurants, which will also adversely affect the revenue from recovery of sales tax. There will be an acute shortage of poultry products within this week.
- Non-supply of diesel for standby generators during the period of daily electricity outages will kill 100% of the poultry within an hour or less as the control room operators have no alternate ventilation system. This will completely destroy grandparent poultry stored at cold storage facilities as well.
- The poultry sector is extremely perturbed at the current situation and stresses that the government should not blame poultry sector for non-availability or extremely high prices in the very near future if a prompt action is not taken to ensure that essential poultry requirements are delivered to the farms.
- It is prayed that the smaller vehicle/road may be allowed to be used for carrying all essential requirements of poultry production.
- At 20% percent sales tax, like other meals, the cost of poultry feed will come down to Rs 28,757.07/ton providing a reduction of Rs 5,200.26/ton, which will decrease substantially the cost of chicken & eggs.
- Currently, broiler chicks are being sold at Rs 30-12/chick against the cost of production of Rs 57/chick and live broiler (chickens) produced by the farmers is being sold at approximately Rs 145/kg against the cost of Rs 198.87/kg, as calculated by Director General (Research), Livestock and Dairy Development Department, Government of Punjab.
- Broiler farmers, already suffering heavy losses on supply of day-old chicks, are reducing their brooding flocks. Further increase in broiler prices will trigger a rapid reduction.
- The consumer prices of table eggs and chicken are expected to increase in the near future as the supply will shrink.
- It is humbly requested that local supply of soyabean meal, as an exception to all other meals, attracts 17% sales tax, may kindly be withdrawn.
- Please provide an opportunity to discuss as to why 17% sales tax has been levied on soyabean meal when all other meals are subject to zero percent sales tax.

Pakistan Poultry Association
Head Office: 104/105, The City, Islamabad



APPEAL TO PRIME MINISTER
For Release of Goods in Transit
Covered Under SRO 598

- Luxury / non-essential goods are banned for a short time-span to save fast-depleting foreign exchange reserves and FPCCI understands the need for extraordinary measures in the face of extraordinary crisis.
- However, it will be counterproductive and counterproductive to ban or confiscate the goods in transit or on order at the time of issuance of SRO 598, i.e. May 19, 2022.
- Business community requests you to kindly defer the implementation date of SRO 598 till June 30, 2022 for the reasons:

In order to remove the difficulties of businessmen who have either opened LC's & have receipts of B/Ls, have booked their orders before May 19, 2022, importing on open accounts or other commercial transactionary procedures; which required time for completion of transactions and import of goods.

- FPCCI appeals to the PM to save the businessmen from the abrupt imposition of SRO 598, while we honor the decision of the government to discontinue the import of non-essential goods in the times of extraordinary circumstances.

PAKISTAN WILL RISE & SHINE

The Federation of Pakistan Chambers of Commerce & Industry



PAKISTAN RETAIL BUSINESS COUNCIL
STANDS WITH THE GOVT IN ITS EFFORTS TO CONSERVE ENERGY & SAVE THE ECONOMY

Restricting shop opening hours at present has an extremely negative impact:

- Lower Government Revenue
- Lower demand for textiles, garments, shoes & accessories leading to closure of mills & unemployment

DOCUMENTED COMPLIANT TRANSPARENT 100% TAXPAYER

ORGANISED RETAIL SECTOR HAS ALREADY SUFFERED SEVERELY DURING COVID & HAS ONLY JUST STARTED TO RECOVER

LOSS OF EID SALES WOULD BE CATASTROPHIC

BULK OF SALES DURING EID SEASON HAPPEN BETWEEN 6 TO 11 PM

URGENT APPEAL TO RELAX SHOP CLOSURE TIMINGS TILL EID-UL-AZHA

FRBC



APPEAL - SOS
MR. PRIME MINISTER,
SAVE THE INDUSTRY OF KARACHI WITH YOUR IMMEDIATE INTERVENTION BEFORE IT COLLAPSE TOTALLY OWING TO LACK OF LEGITIMATE GAS SUPPLY IN SINDH

REDUCED SUPPLY OF GAS IN SINDH RESULTING TO COLOSSAL PRODUCTION LOSSES, DECLINE IN GOVERNMENT'S REVENUE, FOREIGN EXCHANGE & EXPORTS DEMANDS IMMEDIATE INTERVENTION BY THE PRIME MINISTER

SINDH IS ALREADY DENIED OF RLNG AND MERE 75 MMCFD IS GIVEN TO SSGCL

KARACHI - THE INDUSTRIAL & TEXTILE HUB IS ECONOMIC BACKBONE & PART OF PAKISTAN WHICH GENERATES 68% REVENUE FOR NATIONAL EXCHEQUER, CONTRIBUTES TO 54% IN NATIONAL EXPORTS & 52% OF TOTAL TEXTILE EXPORTS, IS DEPRIVED OF GAS / RLNG

DISCONTINUATION OF GAS SUPPLY SHALL BE HIGHLY DISASTROUS. WE APPREHEND THE GOVERNMENT OF HUGE INDUSTRIAL CLOSURES, MASSIVE LAY-OFFS, ALSO LEADING TO DECLINE IN EXPORTS. WE APPEAL FOLLOWING IMMEDIATE MEASURES TO BE TAKEN ON IMMEDIATE BASIS:

- The Gas produced in Sindh province should remain with Sindh and consumed in Sindh.
- 1250 MMCFD of Gas which was allocated to Sindh decades ago has also depleted to 880 MMCFD. We demand that there should not be any deviation in terms of supply.
- 110 MMCFD gas explored in Sindh Ghotki has been allocated to SNGPL, whereas another exploration by Marl 110 MMCFD has been allocated to SNGPL. Therefore, Ghotki field should be allocated to SSGCL, which is situated in Sindh.

WITH THIS, WE ALSO ASSURE THE PRIME MINISTER THAT IF THE INDUSTRY IS GIVEN CHARGE OF GAS DISTRIBUTION (75 MMCFD RLNG, 110 MMCFD FROM GHOTKI & PRESENTLY 880 MMCFD GIVEN TO SSGCL) WE WOULD MANAGE TO RUN KARACHI BY RATIONING GAS EQUITABLY WHERE REQUIRED, TILL ARRIVAL OF WINTER.

FOR PEAK WINTER THE INDUSTRY WILL ALSO PROVIDE A JUSTIFIABLE PLAN.

PRIME MINISTER'S INTERVENTION ON ABOVE IS HIGHLY SOLICITED

KARACHI CHAMBER OF COMMERCE & INDUSTRY (KCCI)

- COUNCIL OF ALL PAKISTAN TEXTILE ASSOCIATIONS (CAPTA)
- PAKISTAN APPAREL FORUM (PAF)
- LANDIS ASSOCIATION OF TRADE & INDUSTRY (LATI)
- NORTH KARACHI ASSOCIATION OF TRADE & INDUSTRY (NKATI)
- S.L.T.E. ASSOCIATION OF INDUSTRY (SAI)
- S.L.T.E. SUPER HIGHWAY ASSOCIATION OF INDUSTRY (SSHAI)

■ CHINA PULSE

- AN OVERVIEW – BY BADAR JAMEEL

TANGENT® seeks to maintain an understanding of the relevant and important aspects as they are happening in China. The following is a brief overview of some of the salient events.

Regarding *Security*, China hosted the BOAO Forum 2022 in which China put forward a Global Security Initiative. In the BRICS Forum 2022, China endorsed the theme “Grasp The Trend Of Times And Create A Bright Future” – China stressed the need for economic integration and depth through a secure system of operation. China also denounced NATO’s Asia reach as ‘Dangerous’, as NATO intensified its anti-China rhetoric.

China urged greater *Interconnectivity & Cooperation* in the region. At the ASEAN Forum for Inter-confidence Building Measures 2022, public health, cyber security, disaster management, counter-terrorism, maritime security, defense promotion and security consultations were discussed. It was reported that a China Plus Central Asia Mechanism has been established which aims to deepen inter-connection and cooperation, build a mechanism to ensure and strengthen dialogue, mutual trust and to focus the same towards Pacific islands. The 2nd China – Pacific islands foreign ministers meeting was held to build up more of the connectivity and cooperation matters. China’s President attended the opening ceremony of the BRICS Business Forum with a focus on deepening BRICS business partnerships, strengthen investment cooperation and promote operation of supply chains among BRICS country.

Regarding the *Belt and Road Initiative*, a cross border railway transportation has pushed, which focused on the facilitation of International Road Transportation between CARs with smooth operation of the China - Kyrgyzstan - Uzbekistan highway, resumption of traffic between passenger and cargo Flights between China and major CAR cities, strengthening the capacity building of customs clearance at ports in China, Kazakhstan, Kyrgyzstan and Tajikistan, fast track visas for greater movement and China helped with the \$350 million bridge project in the Philippines, to connect Samal Island with Davao. The Foreign Minister of China unveiled by during China - CAR Foreign Minister’s meeting, the new China – Kazakhstan – Uzbekistan highway and train route, which starts from Guang Xi.

In *Technology*, it was reported that tech contracts had exceeded Yuan 3.7 trillion. It was also reported that China had successfully established Scientific and Technological cooperation with 160 countries.

■ CHINA PAKISTAN ECONOMIC CORRIDOR

The China Pakistan Economic Corridor (“CPEC”) is a mega project between China and Pakistan, which has massive regional effects. CPEC is the flagship project of the \$1 trillion Chinese One Belt One Road (“OBOR”) initiative in which the region will be interconnected to build up growth and economic activity. Pakistan remains at the forefront aiming to ensure that the China Pakistan economic cooperation reaches more heights. Challenges abound but they are being engaged and handled at each step, leading to a situation where opportunities can be maximized.

TANGENT® provides services to foreign companies working on CPEC, and discusses on its media programs, CPEC as part of the economic progress of the region, Pakistan and China.

■ REGIONAL CONNECTIVITY

■ *FOREVER A PIPEDREAM? BY S M MUMTAZ*

Pakistan's foreign policy under the watch of the former Prime Minister Imran Khan, saw a concerted effort to look North towards Central Asia and beyond, and revitalize relations on multiple fronts, most importantly linking up landlocked neighbors through Pakistan's Gwadar and Karachi sea ports. This included extending connectivity to Russia. It fitted well in the much touted broader scheme of geo-economics and regional connectivity, the so called Pakistan's "paradigm" shift from looking through the prism of traditional geo-strategy to geo-economics and become regional hub for trade and connectivity. The shift was supposed to happen in a graduated manner, as Pakistan could not cut clean from traditional geo-strategic approach right away given the long existing security architecture in the region. All of this was happening despite an unstable yet changing Afghanistan, which many saw and rightly so, as a stumbling block on the path to regional connectivity. The look North approach witnessed special emphasis from the middle of 2020 till the day Khan was ousted. Northward thrust gained further momentum with the exit of the US forces from Afghanistan.

Ostensibly, entire state apparatus was in sync with this effort. However, former NSA, Dr. Moeed Yusuf was the most vocal and active proponent of geo-economics and regional connectivity. This is evident from the fact that he engaged with his Central Asian and Russian counterparts in different formats on multiple occasions and made concerted efforts in pursuit of the objective. Former Prime Minister Imran Khan and ex-Foreign Minister Shah Mahmood Qureshi also travelled to some Central Asian capitals several times and of course Moscow. Perhaps the most significant event in this regard was the visit of Uzbek Secretary of the Security Council General Viktor Makhmudov to Islamabad when he and the Pakistan NSA travelled to Pak-Afghan border at Torkham and received a consignment of trucks loaded with cotton yarn that started their journey from Uzbekistan, travelled through Afghanistan and delivered goods in Pakistan amidst much fanfare.

This was a development of great significance on a number of counts. Firstly, it was a practical manifestation of the immense yet untapped opportunities for regional trade and connectivity. Secondly, it had the potential to become a rallying point for the region to work in unison to address the Afghan problem. Thirdly, Pakistan's role as a member of the SCO was set to gain far greater importance due to potential spinoffs of the project that would benefit all. Last but not the least, it was the clearest message yet that Islamabad was turning the corner, breaking from of pipe dreaming and making an effort, in earnest, to link up with Central Asia which left a profoundly positive impact on the broader Central Asian strategic community.

Sadly however, since the change of government in Islamabad, everything seems to have gone quiet. There seems to be a complete radio silence. Whatever the reasons for this sudden shift may be, it certainly is a strategic error. The idea of geo-economics and regional connectivity seems to have stalled indefinitely and the entire effort has lost momentum which could take years to rebuild if we ever revisit the project in the future. But most importantly, it has sent out a message of unpredictability and this puts Pakistan in a very disadvantageous position for any such or some other future venture in the region or even beyond. Sadly, this is yet another manifestation of lack of policy continuity that has marred Pakistan for decades.

That said, the present dispensation may be given the benefit of the doubt, as it has been in the office for just more than a few months and is seemingly bogged down by the ongoing political uncertainty and economic crisis and it may very well pick up the thread from where previous government left. If

that be the case which seems doubtful, then we must tell this to the Central Asian friends who otherwise might draw wrong conclusions.

■ DECONSTRUCTING THE QUARTER

Following is a deconstruction of the events and news in the Quarter.

▪ *ON THE INTERNATIONAL FRONT*

A discussion on Pakistan's foreign relations and international events is given below:

PAKISTAN NATIONAL SECURITY COMMITTEE MEETS REGARDING REGIME CHANGE

On 22nd April, Pakistan's National Security Committee ("NSC") met to again discuss the letter received from Pakistan's Embassy in Washington, US, which spoke of regime change in Pakistan. The NSC reaffirmed the previous meeting's decisions and reiterated that there was no evidence of foreign conspiracy, while endorsing that there is interference. The new PM of Pakistan Shahbaz Sharif had called the meeting to lay to rest the conspiracy narrative.

The meeting was attended by Federal Ministers Khawaja Muhammad Asif, Rana Sanaullah, Marriyum Aurangzeb, Ahsan Iqbal, Minister of State Hina Rabbani Khar, Chairman Joint Chief of Staff Committee General Nadeem Raza, Chief of Army Staff General Qamar Javed Bajwa, Chief of Naval Staff Admiral Muhammad Amjad Khan Niazi, Chief of Air Staff Air Chief Marshal Zaheer Ahmad Babar and Pakistan's former Ambassador to the US Asad Majeed.

INDIA BLOCKS PAKISTAN BRICS ATTENDANCE

On 27th June, Pakistan's Foreign Office confirmed that Pakistan's participation as a non-member state in the "High-level Dialogue on Global Development" on the sidelines of BRICS (Brazil, Russia, India, China, South Africa) meetings was blocked by "a member". This one member is considered to be India.

The 'High-level Dialogue on Global Development' was virtually held on 24th June, which was attended by multiple non BRICS member.

RUSSIA – UKRAINE CONFLICT

On 5th June, the Ukrainian President Volodymyr Zelensky said that Russia had taken control of 20% of Ukrainian land. He said this in another attempt to get the EU and US to increase support in fighting Russia.

WORLD FOOD PRICES

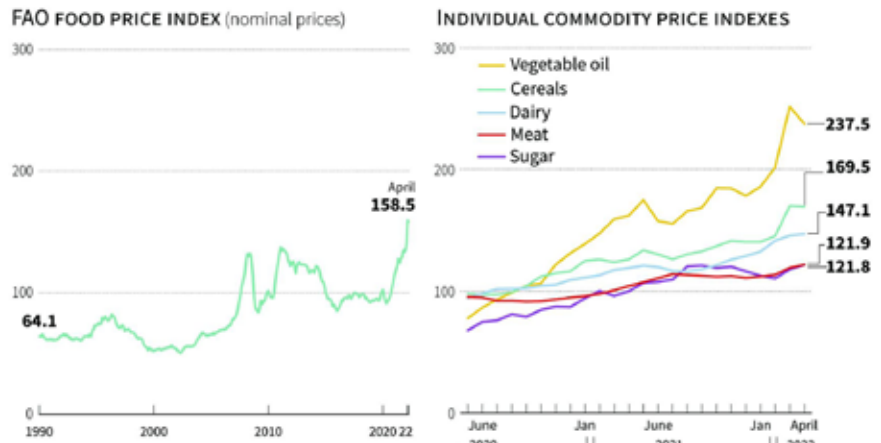
On 3rd June, the Food and Agriculture Organization reported that there was a slight easing in food prices in May, when its index averaged 157.4, as compared to April's 158.3. These prices peaked in March. The May dip is still 23% higher than last year.

The FAO said that it expects cereal production to fall by 16 million tonnes from the 2021 record of 2.79 billion ton.

The dairy, sugar and vegetable oil price indices all fell for May, while the meat index edged up to touch an all time high, while the cereal index increased 2.2%, with wheat posting a 5.6% monthly price increase (which for the year were up 56%).

Slight fall in world food prices in April

100 = average export prices for period 2014-2016



Source: UN Food and Agriculture Organisation (FAO)



On 7th May, it was reported that world food prices in April 2022 dipped slightly with vegetable oil showing the largest dip in a group of food items comprising of vegetable oil, cereals, dairy, meat and sugar.

EU EMBARGOS ON RUSSIA

On 29th May, Ambassadors from the 27 European Union member states met again to come to an agreement that would enable them to break the deadlock on a sixth round of economic sanctions against Russia. This included a severe sanction on Russian oil exports to EU members.

The latest round of proposed sanctions was blocked by landlocked Hungary, which is dependent for 65% of its oil needs on Russian crude supplied via the Druzhba pipeline. Hungary called the attempt to wean off of Russian Oil in two years as inadequate; Hungary asked for 800 million euros (\$860 million) to upgrade its refineries to process non-Russian crude and increase pipeline capacity from Croatia.

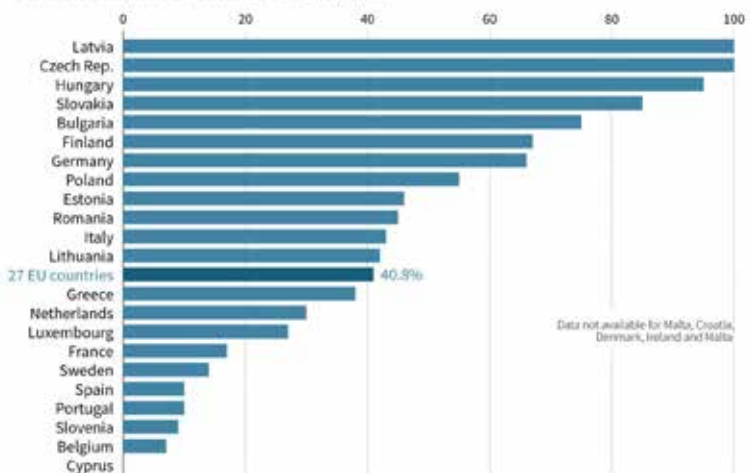
EU RELIANCE ON RUSSIAN GAS

Based on the Russia – Ukraine conflict, it was discussed with increasing intensity that the EU is highly reliant on Russian natural gas. 40% of all EU requirements were being met by Russian gas exports. The EU said that it has to work to remove this dependency.

In this regard other large gas producers such as Qatar were approached to fill the potential void.

EU reliance on Russian gas

Share in total imports in 2020 of Russian natural gas, in %



Source: Eurostat



US INFLATION

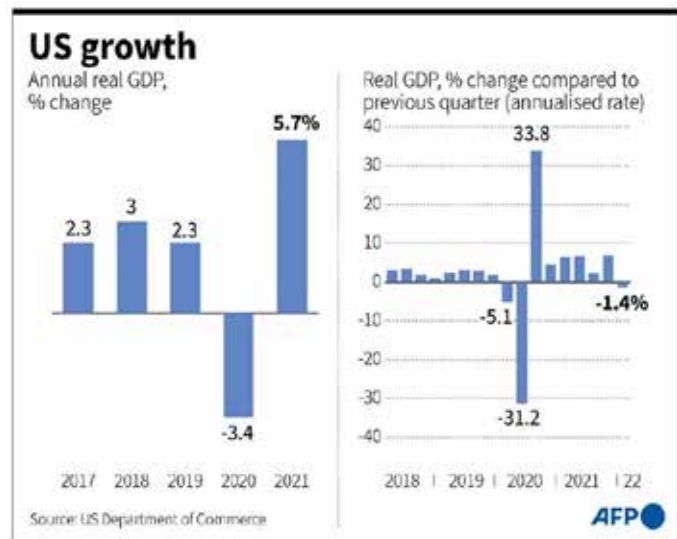
On 25th May, the US Fed said that it is committed to bringing down inflation, through successive increases in interest rates. The US Fed said, “While the world’s largest economy is in a solid position, the Federal Reserve must move expeditiously to increase the benchmark borrowing rate and offload the massive bond holdings to tamp down inflation”.

The Fed’s policy committee hiked the key rate by a half point in early May.

US ECONOMY (SHRINKS)

On 30th June, it came out that the US GDP dipped for the second quarter. For the period April – June, it dipped by -0.9%. Mention of a recession was denied as reportedly, businesses remained confident of growth.

On 28th April, it was reported that the US economy shrank in 1QCY22 by -1.4% (last: 6.9%), with slowing activity due to lag created by the COVID / OMICRON restrictions set earlier, rising oil prices and slower than expected growth in other larger economies. Adding to this are the inflationary pressures rising in the US.



RUSSIAN OIL FOR SRI LANKA

On 28th May, Sri Lanka received Russian oil, which was expected to restart operations in Sri Lanka’s only refinery, Ceylon Petroleum Corporation. Sri Lanka had become cash strapped due to heavy indebtedness which had become larger over time, for the past 4 years. As a result, Sri Lanka defaulted on its debt payment and ran out of oil and other vital commodities.

RUSSIA DEFAULTS

On 27th June, it was reported that Russia defaulted on its foreign debt. This was the first time it defaulted since the Bolshevik revolution in 1917. Reportedly, Moscow failed to pay \$100 million in interest on two bonds during a 30-day grace period which expired on 26th June 2022. The US said that the sanctions on Russia were working and this was a result.

RELIGIOUS FREEDOM WORSENS IN INDIA

On 26th April, it was reported by the US Commission on International Religious Freedom, that religious freedom worsened in India, significantly. The Commission recommended targeted sanctions over the abuses. This is the third consecutive year that the US Commission placed India in the list of “countries of particular concern”.

The Commission pointed to “numerous” attacks on religious minorities, particularly Muslims and Christians. The Commission pointed to a “culture of impunity for nationwide campaigns of threats and violence by mobs and vigilante groups” and arrests of journalists and human rights advocates.

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