



Economic Letter

a weekly publication of The Institute of Bankers Pakistan*

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Volume 14, Issue No. 13 | Date: March 29, 2019

A Company Set Up Under Section 42 of the Companies Act, 2017

PAKISTAN OVERVIEW

Pakistan May Soon Hit Oil, Gas Jackpot

Prime Minister Imran Khan indicated that Pakistan was on the verge of hitting a kind of jackpot in the form of discovering a huge reserve of oil and gas. "Just pray that our hopes and expectations from the offshore drilling being carried out by the ExxonMobil-led consortium prove to be true," he said. "There's already been a delay of about three weeks, but if the indications we are getting from the companies are anything to go by, there's a strong possibility that we may discover a very big reserve in our waters. And if that happens, Pakistan will altogether be in a different league," he said.

Pakistan, EU Agree on New Strategic Engagement Plan

Pakistan and the European Union recently agreed on a new strategic engagement plan for steering their bilateral relationship and enhancing cooperation. The agreement was reached at the fourth round of Pakistan-EU strategic dialogue. High Representative of the European Union for Foreign Affairs and Security Policy Federica Mogherini, who was visiting Islamabad for the first time since assuming office in 2014, led the European bloc's delegation, while Foreign Minister Shah Mehmood Qureshi headed the Pakistan side.

Ease of Doing Business Likely to Improve Further: BoI

The Board of Investment (BoI) is optimistic about Pakistan's ranking in Ease of Doing Business would show considerable improvements and come down below 100 in the next World Bank rankings scheduled to be released in May. The BoI is evaluating performance of ease of doing business reforms in Karachi and Lahore and subsequent reports will be presented in cabinet for discussion and finally submitted to the World Bank for approval, the official said. He said the government wants Pakistan's ranking improved from its current 136 position to below 100 in the coming year, which in return would enhance the prospects of foreign and local investment and promote economic growth.

Korangi Creek Industrial Park Confirms First Export Order to UK

Special Economic Zone (SEZ) at Korangi Creek Industrial Park Karachi has confirmed its first export order to United Kingdom (UK). According to details, Mehran Commercial Enterprises (MCE), a small manufacturing enterprise for auto interior parts, had obtained first export order for SEZ. Mashood Khan, Director for exports MCE, said that export order based on parts for the tractor industry and most of the parts were interior cabin parts for the tractors made in Pakistan and added that his organization had sent its first export order of form lining kits for 200 cabin of John Deere tractors to UK. He said that there was a need to address several areas for increasing country's rating on the ease of doing business index in order to achieve the objectives of the SEZs and added that if the internal and

MARKETS AT A GLANCE

Rates are taken till Friday 5:00 pm

KIBOR (6 MONTHS)

	Bid%	offer%
STARTING	10.65	10.90
ENDING	10.85	11.10
CHANGE	+0.2	+0.2

FOREIGN EXCHANGE RATES

	GBP(£)	EURO(€)	USD(\$)
STARTING	PKR 184.00	PKR 158.30	PKR 139.10
ENDING	PKR 183.83	PKR 157.98	PKR 140.7
CHANGE	-0.17	-0.32	+1.6

PAKISTAN STOCK EXCHANGE

	100 Index
STARTING	38,531
ENDING	38,649
CHANGE	+118

GOLD RATE

	(10 gm)
STARTING	PKR 59,928
ENDING	PKR 60,271
CHANGE	+343

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external issues being faced by the SMEs were resolved then this sector could play its role as basic catalyst for economic growth of the country.

European Automakers Go Slow on Investments

Several Southeast Asian companies have started to roll out their vehicles, but slow pace of European manufacturers indicates their lackluster interest in the Pakistani market. The two European brands that had expressed interest to enter the Pakistani market under Auto Policy 2016-21 were Volkswagen AG of Germany and Renault of France. However, none of them have made any significant progress in this regard.

Pakistan Receives Loan Worth \$2.1 bn From China: Finance Ministry

The Ministry of Finance has announced that the State Bank of Pakistan (SBP) will receive a 15 bn yuan loan, equivalent to \$2.1 bn, from China by Monday. The ministry's adviser and spokesperson Dr. Khaqan Najeeb Khan said that "all procedural formalities" for the transfer of the loan being provided to Pakistan by the Chinese government have been completed, and "the funds deposited in the SBP account on Monday 25th March". The loan facility, the spokesperson said, "will further strengthen foreign exchange reserves and ensure balance of payment stability".

Banking Mohtasib Pakistan (BMP)

- The BMP has been constantly highlighting issues relating to internet and parallel banking frauds, bancassurance, ATMs etc. while advising banks to be more vigilant and adopt proactive remedial steps to resolve problems. Skimming of ATM cards is a growing concern because it is the sole responsibility of the banks to protect the customer's money.
- From its inception in 2005 to 2017, the Banking Mohtasib has received some 12,017 formal complaints and resolved 10,608 of them through conciliation and settlement.
- It is mandatory for the Ombudsman to dispose of a complaint received within 60 days but orders were passed only in 1,409 cases.

- In 2017, 35pc of the formal and informal complaints entertained by BMP pertained to services inefficiency delays/others, 17pc to ATMs, 14pc to consumer products, 11pc to advances, loans and deposits, and 10pc to frauds. Credit cards accounted for 66pc, auto loans for 21pc and consumer loans for 13pc of the total complaints in the consumer products segment.

Pakistan Accesses Chinese Market

The Chinese government has finally offered Pakistan market access for three commodities — rice, sugar and yarn — worth \$1 bn for the current calendar year, an official in the Commerce Division confirmed recently. The official said rice shipments to China have already begun as part of the deal which was agreed during Prime Minister's four-day visit to Beijing last year. Under the agreement, exporters have been allowed to ship 200,000 tonnes of rice and 300,000 tonnes of sugar — total value of \$300 mn — to China in the ongoing calendar year.

SBP Reiterates Braille Features on Currency Notes for the Visually Impaired

The State Bank of Pakistan (SBP) has reiterated that Pakistani currency notes have specific features to help visually impaired persons identify the genuineness of currency notes and to distinguish between different denominations. The central bank made the clarification through a statement in Karachi after learning and taking notice that visually impaired persons find it difficult to recognize and distinguish amongst different Pakistani currency notes. All currency notes of Rs. 20 and above contain braille features on the front side that help determine the denomination of a note, said the statement. For this purpose, raised dots and small horizontal lines are printed on the left bottom corner just above the banknote serial number, according to the statement. The braille features in each denomination appear in this manner: Rs. 20 has one line, Rs. 50 two lines, and Rs. 100 has three lines while other higher denomination notes have dots as a braille feature. Specifically, Rs. 500 has one dot, Rs. 1000 two dots, and Rs. 5000 three dots, the statement further explained.



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INTERNATIONAL VISTA

China, EU Move to Further Improve Relations

Chinese President Xi Jinping is scheduled to meet with the leaders of France, Germany and the EU during his visit to France, and experts said recently that if core members of the EU want to strengthen their unity, they need to be pragmatic and independent on policymaking, rather than submit to pressure from foreign forces and be more defensive toward China. French President Emmanuel Macron is scheduled to host Xi and the leaders of Germany and the European Union's executive arm to discuss multilateral relations between Europe and China, as a daily reported, citing a French presidency official. The talks will focus on trade, climate and China-European relations, the official said. France wants a more coordinated EU approach to China, rather than member countries focusing on bilateral relations.

Uber to Buy Mideast Rival Careem for Over \$3 bn

Uber is set to buy its Middle Eastern rival Careem for \$3.1 bn, it was reported recently. Two sources familiar with the deal confirmed the same to newspapers. The deal, expected to be announced soon, will see Uber pay \$1.4 bn in cash and the rest in notes convertible to Uber shares, it was further reported. It comes as Uber prepares for its initial public offering — expected next month — which could, according to some estimates, see the rideshare giant's value increase to \$100 bn.

UK Firms Prepare For 'No-Deal' BREXIT

UK companies have ratcheted up their preparations for a disorderly 'no-deal' BREXIT as best they can over the past couple of months, the Bank of England said recently. With the prospect of a chaotic Brexit potentially eight days away, a survey by the central bank's agents showed that around 80pc of companies 'judged themselves ready' for such a scenario, in which the country crashes out of the European Union with no deal and no transition to new trading arrangements with the bloc. That's up from around 50pc in an equivalent survey in January. For decades, trading with the rest of the EU has been seamless. A

disorderly BREXIT could see the return of tariffs and other restrictions on trade with the EU, Britain's main export destination.

Integration Key to Sustaining Growth in Asia

Against the backdrop of rising global trade protectionism, Asian economies have to integrate together to counter the global economic uncertainties, experts said during the 2019 Boao Forum for Asia (BFA), which is being held from Tuesday to Friday in Boao, South China's Hainan Province. To achieve that goal, Asia should increase efforts to further strengthen regional cooperation such as building regional trade organizations, they noted. During the 2019 Boao Forum for Asia, four reports - the Emerging Economies, Asian Economic Integration and Asian Competitiveness and newly created Asian Financial Development report on Infrastructure Finance - were released by the BFA Institute, the intellectual arm of the BFA.

SNIPS

The Corporate Training Calculation

The Association for Talent Development found that US firms invest over \$160 bn on employee training and career development resources.

The Millennial Perspective

A majority of millennial workers, almost 90pc, value career growth and learning opportunities, according to a Gallup Poll.

Capturing Innovation

Forbes reported recently that about 70pc of all digital transformation initiatives failed to reach their goals, which amounted to \$900 bn out of the \$1.3 tr spent on such efforts going to waste.

Risk Assessment

Marriott's current board of directors has 13 members, none of whom have a background in cyber security or high-level technology.



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MANAGEMENT OUTLOOK

Apple Launches Credit Card

Apple is launching its own credit card, called Apple Card, that can be used anywhere Apple Pay is accepted. Apple says the card will make it easier to see what merchants charged you. It uses Apple Maps to show users where they spend their money. This is in contrast to the sometimes-confusing alphabet soup people can see on their credit card statements. Apple unveiled the card at an event recently at its headquarters in Cupertino, California. The company is emphasizing privacy and says it would not know what you bought or where. The card will live in the wallet section of the iPhone, though customers will also get a physical card made of titanium.

Before a Tough Conversation, Prepare, Prepare, Prepare

Difficult conversations are never fun, but preparing for them can help you ensure they are productive. Start by identifying your motives. What do you want out of the conversation — for you, the other person and any stakeholders involved? Knowing your goals is a good way to keep the meeting on track if emotions rise. Next, gather facts to support your position. If you are about to ask for a raise, for example, write down notes on how you have grown in your role. If you are going to give someone tough feedback, bring examples of their work and behavior. Be ready to defend your point of view and explain how you came to it. And think through any stories you are telling yourself about the other person. Do you see your boss as “the enemy” because she can grant or deny your raise request? Consider what your manager will care about in the conversation, and use that to plan how you will address her concerns. (Adapted from *4 Things to Do Before a Tough Conversation*, by Joseph Grenny-HBR.)

Be the Same Boss in Stressful Times That You Are in Calm Times

How would your direct reports describe your behavior under pressure? Many bosses become emotional, controlling and closed-minded — which can have a hugely negative impact on their team’s morale and productivity. To lead effectively when the pressure is on, think about the team dynamic you want to build over the long term. Then think about whether your stress-driven actions support that dynamic or undermine it. For example, in normal circumstances you would not try to motivate people with fear or threats, so do not do it during stressful times, either. Talk to your team about why you are under pressure and what you need from them, and thank them in advance for putting in extra effort. And normally you would not get angry or shut down in tense conversations, so do not let stress keep you from listening to others and engaging thoughtfully. Once this period of stress is over, your team will remember how you led during it — so make sure their memories are positive. (Adapted from *When Managers Break Down Under Pressure, So Do Their Teams*, by David Maxfield and Justin Hale-HBR.)

Use Business Trips to Expand Your Horizons

Too many of us treat work travel like a curse, when it could (and may be should) be one of the best parts of the job. Yes, being away from your family is hard, and yes, jet lag is a bummer. On the other hand, you are going to a new city or a new country for free, so take advantage of it. Use the time between meetings to explore and seek out inspiration. Talk with locals, eat food you cannot get at home and step into a museum — while trying not to check your phone. Squeezing in time for tourism can be tough, but think of it as a way to practice spotting and seizing new learning opportunities. Even on a short business trip you can try something new, such as forgoing a hotel and finding a place to stay on an apartment-rental website. However you do it, find ways to get outside your comfort zone. (Adapted from *How to Make Any Business Trip Less Boring*, by Stephan Spencer-HBR.)

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