

Bailout package approved

There will be no sell-off of PSM: ECC

ZAHEER ABBASI

ISLAMABAD: The Economic Coordination Committee (ECC) of the Cabinet has decided to approve a 3-month bailout package of Rs 2.9 billion for Pakistan Steel Mills (PSM) of which Rs 1.5 billion would be released in September, Rs 700 million in October and Rs 700 million in November 2013.



The ECC meeting chaired by Finance Minister Senator Ishaq Dar on Saturday decided that PSM package would include workers' salary for two months. The ECC also decided that Pakistan Steel Mills will remain a public sector enterprise as we seek a strategic partner with a minority stake who can run the management of the Mills.

The Chairman Board of Investment (BoI) and Ministry of Industries were directed to come up with a proposal for a

long-term solution to the problem in the next meeting. A statement issued after the meeting stated that while reviewing the present stock position of sugar in the country, the ECC was informed that in view of surplus position and an expected bumper crop sugar mills may be allowed to export 500,000 tons of sugar - 250,000 tons by October 2013 and the remaining in November 2013.

The meeting was also
> P 4 Col 7

There will be no sell-off

> from page 1

informed that the sugar stock position in the country would be reviewed on a monthly basis and quota should be allocated on first come first served basis by the State Bank of Pakistan (SBP). The export should be made against irrevocable LC or a contract with 25 percent advance, shipment should be made within 45 days of the registration of contract with the SBP, non-refundable advance payment will be forfeited in case of non-shipment within 45 days, the SBP should arrange via its website for online submission of applications for quota by sugar mills, full disclosure of the record of quota allocation and its utilisation for the purpose of transparency can be viewed by public.

The ECC took this decision subject to the condition that the sugar industry will clear the outstanding dues towards growers at the earliest and will start crushing sugarcane in Sindh by November 1, 2013 and Punjab by November 15, 2013. The ECC decided that inland subsidy be reduced from Rs 1.75 to Rs 1 per kg. The decision is likely to earn a foreign exchange of \$ 480 million. The ECC also directed the Ministry of Water and Power to present a summary to streamline the process of purchase of electricity from sugar industry.

The meeting also decided that the ECC would continue to monitor the sugar situation in the country and shall protect the interest of consumers and stability of sugar prices in the country.

The Governor SBP informed the ECC that SBP had received the first instalment of \$ 550 million from the IMF thus increasing the foreign exchange reserves to \$ 10.4 billion. This was stated during discussion in the ECC about foreign exchange reserves position of the country.

The meeting was attended by Minister for Industries and Production, Ghulam Murtaza Jatoi, Minister for Information and Broadcasting, Senator Pervaz Rashid, Minister for Planning and Development, Ahsan Iqbal, Anusha Rehman, Minister of State for Information Technology, Chairman FBR, Governor SBP, Chairman Board of Investment and senior officials of the Ministries of Finance, Water and Power, Planning and Development, Commerce, Communications and Industries.

While reviewing the key economic indicators the reasons behind the increase of inflation was analyzed. The Finance Minister said the prime reason behind increase in inflation was due to artificial inflation rates maintained by the previous government by holding back increase in tariff rates, which should have been passed on by the previous government including the caretaker government. The meeting noted that the rising trend had now been checked last week.

While expressing satisfaction over the stock position of sugar in the country which is at present 2.229 million tons, the ECC directed the TCP to purchase 100,000 MT to maintain strategic reserves. Similarly, the ECC was told that presently the wheat

stock stood at 7.043 tons compared to 6.750 tons in the corresponding period last year.

The ECC expressed satisfaction that there were 85 days oil reserves in the country, compared to 29 days in the corresponding period last year. This improvement the ECC noted had come about as a result of clearance of circular debt by the government.

The ECC was informed that export in the month of July 2013 increased by 9 percent to \$ 2.62 billion. The ECC also discussed the need for a comprehensive strategy to bring in quantum growth in the exports of the country as the exports during the last few years have been hovering around \$ 25 billion annually.

The Finance Minister said value addition, focus on non-conventional items and identifying of new markets was necessary for increase in export. The ECC decided to constitute a committee with Deputy Chairman, Planning Commission and Federal Minister Ahsan Iqbal as its head. The terms of the reference of the committee are to suggest concrete recommendations for quantum increase in exports of the country. The Chairman, BOI, Secretaries Commerce, Planning, Finance and Chairman, FBR would be its members. The committee would submit its recommendations to the ECC within a month.

The ECC expressed satisfaction over the increase in revenue collection by the FBR which had increased by over 20 percent in July-August 2013 as compared to the corresponding period last year. The ECC expressed the hope that the FBR will redouble its efforts to achieve the target of Rs 2,475 billion.

The ECC was informed that Large Scale Manufacturing (LSM) had shown an increase of 4.2 percent. The ECC however expressed dissatisfaction over the negative growth in sectors such as engineering, automobiles, wood products, electronic and fertilisers. The ECC directed the Ministry of Industries to examine the decrease of growth in these sectors and come up with concrete recommendations to improve them.

The ECC on the recommendation of the Engineering Development Board (EDB) and a committee comprising Board of Investment, Industry and Commerce approved M/s Yamaha Motorcycle Industries to have qualified under the new entrant policy for motorcycle industry as an industry with new technology. The decision will clear the way for Foreign Direct Investment of \$ 150 million. The ECC noted that this was the first foreign investment in the country which reflects the confidence of the foreign investors in the investment and economic policies of the government stating that Yamaha had been running from pillar to post for the past four years trying to seek government clearances on various counts.

The Pakistan Poverty Alleviation Fund also made a comprehensive presentation to the ECC about its performance and plans to enhance its work and effectiveness.