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Money laundering, terror financing Body formed to coordinate efforts

By M J Hayat

LAHORE: In the light of recommendations made by Financial Action Task Force (FATF), an intergovernmental body formed to coordinate efforts on anti-money laundering and countering financing of terrorism (AML/CFT), the Securities and Exchange Commission of Pakistan (SECP) has amended the Intermediaries (Registration) Regulations, 2017.

The Anti-Money Laundering Act, 2010, places compliance obligations on the company service providers (intermediaries) to conduct customer due diligence and report suspicious transactions to Financial Monitoring Unit.

The amended regulations will require compliance by the intermediaries with the AML/CFT regime. So far, 193 intermediaries have been registered with the SECP under the Companies Act, 2017, and their list is available on its website. In terms of aforesaid amendments, notified vide SRO 1521(I)/2018 on December 14, intermediaries while performing their functions, shall ensure that their clients are not involved in suspicious activities, implying money laundering or terrorist financing.

Further, the intermediaries shall also ensure that the client is not placed on the United Nations Security Council's (UNSC) list of designated persons or entities linked to terrorist financing or against whom a ban, sanction or embargo subsists.

Earlier, at an event organized to raise awareness about the

money laundering and terrorist financing risks faced by non-profit organisations (NPOs) in the country, the SECP elaborated on various regulatory measures for anti-money laundering and countering financing of terrorism (AML/CFT).

Organised by the Pakistan Centre for Philanthropy, the event was held at the Regional Tax Office, Islamabad.

A large number of participants from the NPO sector, including representatives of federal and provincial NPOs as well as INGOs, attended it. It was held in continuation of the outreach activities undertaken throughout the country by the SECP on its own as well as in collaboration with the relevant authorities, including National Counter Terrorism Authority (NACTA).

A detailed presentation was made by SECP on the regulatory framework for NPOs, risk profiling of the sector, money laundering and terrorist financing risk mitigation measures specified in the regulatory framework, recommendations of the Financial Action Task Force (FATF) on the subject, mechanism for implementation of the Security Council's resolutions 1267 and 1373 on the subject, red flags and high risk indicators in the areas of money laundering and terrorist financing for NPOs, etc.

An overview of the counter-terrorism efforts and the initiatives taken by the relevant authorities was given by the NACTA representative, which was followed by closing remarks



KONYA: Chief Justice Mian Saqib Nisar shakes hands with Turkish President Recep Tayyip Erdogan. (Story on back page)

Imran throws weight behind Fawad Ch



By Our Staff Correspondent

ISLAMABAD: Prime Minister Imran Khan on Tuesday reaffirmed confidence in Federal Minister for Information and Broadcasting Fawad Chaudhry and rejected rumours that the latter will be dismissed.

In a meeting with Fawad Chaudhry at the PM Office, the premier extended full support to the information ministry. On the occasion, the prime minister reiterated that the Pakistan Tehreek-e-Insaf (PTI) government was in favour of a 'free' media.

"Promoting a positive image of Pakistan is the need of the hour," he said. The statement comes days after Railways Minister Sheikh Rashid claimed to have been offered Fawad Chaudhry's job. He had informed the media that the prime minister had asked him to join the information ministry.

"I told him to first let him [Information Minister Chaudhry] come back from London... he is in London on an eight-day picnic," Rashid was quoted by Ex-

press News as saying.

Fawad, who returned from an official visit to the United Kingdom on Saturday, later hit out at Rashid, saying only the prime minister would decide who is best-suited for the job. He also took to social media to respond to Rashid's remarks. "I will be more than happy to vacate my position for Sheikh Rashid and serve as MNA," Chaudhry said in a tweet.

We all use trust powers bestowed by the people of Pakistan and the PM decides who is best fit in the role. However, till I am a minister I'll not bow to blackmailing of advertisement lobby."

Hours later, Rashid backtracked and only admitted the use of words "London picnic", saying that he was only "joking" when he mentioned them. "There is no chance I would replace Fawad Chaudhry," he said while speaking to a private TV channel.

PM Imran unhappy over three ministers' performance
PM Imran on Tuesday gave three months to three ministers to improve their performances.

The PM expressed dissatisfaction on the performance of Federal Minister for Inter-Provincial Coordination Fehmida Mirza, Minister for Information Technology Khalid Maqbool Siddiqui and Federal Minister for National Food Security Mahboob Sultan.

PM Imran directed the ministers to improve their performances. MQM-P convener Khalid Maqbool Siddiqui has served as the minister but Imran is not satisfied with his performance.

Pak economic growth may touch 9-year low

■ Economic Intelligence Unit releases report on economic situation

The Business Report

KARACHI: Pakistan's economic growth in the current fiscal year would likely to touch nine year low dipping to almost 2.9 percent as the looming balance payment of position, cut in development expenses, monetary tightening and depreciation in the local currency to slow down domestic consumption and investment, a report of Economic Intelligence Unit said.

"We believe that the government's efforts to address the country's looming balance-of-payments crisis will have a dampening effect on economic expansion", the report said.

"We expect real GDP growth to average 2.9 percent a year in 2018/19 - 2022/23. The IMF will prompt the government to cut planned development and social spending significantly, exerting a drag on GDP growth."

Against this background, we expect

growth in both private and government consumption to slow. The introduction of tight government controls on imports will curb investment growth in 2018/19-2020/21, as it becomes harder to import goods into the country, although growth should pick up after 2022 as Pakistan's IMF program comes to an end.

Inflation to pick up driven due to anticipated weakening of the local currency. "We expect inflationary pressures to also be fuelled by the increase in gas and electricity prices likely to be mandated under the IMF's rescue plan", the report said.

"We expect the SBP to respond with a sharp tightening of monetary policy in order to counter inflationary pressures, particularly in the first half of the forecast period. Overall, we expect annual consumer price inflation to average 7.3 percent in 2019-23", the report said.

On exchange rate the Unit said that on November 30th the rupee lost 4.3 percent of its value against the US dollar compared with the previous day's trading. The rupee's fall was the latest in a series of step depreciations that began in December 2017.

The SBP operates a heavily managed exchange-rate regime. Given the rapid widening of the current-account deficit,

this has provided a greater degree of control than would be the case under a floating exchange-rate system.

Nevertheless, we anticipate further devaluation of the Pakistan rupee and expect the exchange rate to average Rs139.9:\$1 in 2019. The local currency is likely to continue on this depreciatory trajectory throughout the forecast period, with the exchange rate expected to average Rs142.4:\$1 in 2020-23.

"The IMF package, coupled with lending from other bilateral donors, is likely to stabilise Pakistan's external sector. Exports will be boosted by robust external demand and the weakening of the Pakistan rupee", the report said.

Further support to the external accounts will come from strong remittance inflows. We expect government controls to slow import growth, particularly in the first half of the forecast period.

However, with demand for oil imports being largely inelastic, the expected depreciation in the local currency and an elevated level of oil prices in 2019-23 will lead to a swelling of the oil import bill.

Overall, we expect the current-account deficit to average the equivalent of 3.7% of GDP in 2019-23, compared with the estimated average of 5.4 percent in 2017-18.

IMF to check Pakistan's debt sustainability

The Business Report

ISLAMABAD: The International Monetary Fund on Tuesday said that Pakistan's capacity to return loans will be assessed, adding that it will consider the details of the previous loans before giving new loans.

The IMF said that Pakistan's record of returning loan instalments will also be considered and the executive board will take a decision on giving Pakistan a loan in future. According to the IMF press release, transparency in an important factor in returning loans. The US is ensuring that the IMF loan shouldn't be used in paying back China's loans, said the statement.

Earlier in November, the IMF team came to Pakistan to conduct two rounds of talk, following which Finance Minister Asad Umar said that Pakistan refused to accept demands of an increase in tax rate and electricity prices by the international finance body.

Umar said that disagreements with the IMF continued on certain issues, which include an increase in electricity prices by 20-22 percent. The Pakistani-led delegation led by Umar also disagreed on increasing tax collection target from Rs4,300 billion to over Rs4,700 billion.

The second round will begin when the IMF returns to Pakistan on January 15.

Dollar closes at Rs138.93 in interbank market

The Business report

KARACHI: The value of US dollar on Tuesday declined by one paisa against Pakistani rupee, in interbank market.

Following one paisa decline the dollar value was recorded at Rs138.93 in interbank market While in the open market it behaved differently and recorded a slide of 50 paisa to Rs 138.80.

The main reason for the slide was selling from some of the investors as they believed that now the dollar won't go up from this level.

Some of the experts opined that the dollar has found its level and it will show any movement following the government signing with the IMF for the rescue package.

PSX closes on negative note on second session

The Business Report

KARACHI: The Pakistan Stock Exchange (PSX) for the second consecutive session closed on a negative note on depressing foreign investors' numbers for the period of five months of the current fiscal year registering substantial declines sending negative vibes to domestic investors.

The beginning at the equity market was not different and following the commencement the market landed in the negative column where volume was also thin as all the investors waiting for some positive news to cheer the mood of the investors.

The market registered fresh declines after the State Bank of Pakistan on Monday released foreign investment numbers for the five months ended November 30, 2018. The foreign direct investment recorded a decline of 35 percent to \$881m while portfolio investors were net sellers of equities amounting to \$331m, which was a fresh blow to sagging mood, said an analyst.

KSE-100 index closed at 38115 points, showing a loss of 193 points. "Without conducive environment thereby increasing ease of doing business & reducing Cost of doing business - volume generation is not possible and without generating volumes it is not possible for any of the stakeholder to survive be it, PSX, SECP, FBR or stock brokers", said Adil Ghaffar, CEO of First Equity Modaraba.

He said that volumes were drastically reduced when last year government increased Advance Tax from 0.01 percent to 0.02 percent. Gross tax incidence is 33 percent and Net tax incidence is 67 percent as commission is based on quantity whereas tax is based on value.

Rupee on other hand moved upward but with the velocity was miniscule. Dollar rose one paisa to close at Rs 138.93, in the last two session greenback surge by four paisa. While in the open market it behaved differently and recorded a slide of 50 paisa to Rs 138.80. The main reason was selling from some of the investors as they believed that now the dollar won't go up from this level. Some of the experts opined that the dollar has found its level and it will show any movement following the govt signing with the IMF for the rescue package.

British Airways to resume flights to Pakistan after 10 years

The Business Report

ISLAMABAD: British Airways will resume flights to Pakistan from June next year, announced the airline on Tuesday.

"Direct flights from London Heathrow to Islamabad's new airport to start in June," said British High Commissioner Thomas Drew in a video on Twitter.

"A further boost to links between the UK and Pakistan, especially on trade and investment."

In September 2008, British Airways had suspended all its flights to Pakistan "for an indefinite period" citing security concerns in the aftermath of the Marriott Hotel bombing that claimed more than 50 lives and injured more than 250 people.

According to a press release on

the airline's website, the route will launch as a three-per-week service, operated on a three-class Boeing 787 Dreamliner, with return fares starting from £499 [roughly Rs89,000].

"All of us at British Airways could not be more pleased to be coming back to Pakistan and we very much look forward to June next year, when our first flight will touch down at your spectacular new airport," said Robert Williams, the British Airways head of sales for Asia Pacific and the Middle East.

He was speaking at a press conference in Islamabad alongside Prime Minister's Special Assistant

on Overseas Pakistanis and Human Resource Development Zulfi Bukhari. "We hope that our new route will allow more people from the United Kingdom to experience what a beautiful country Pakistan is," said Williams.

"British Airways coming back after a decade shows you where we were and how far we've

come," Bukhari said, terming the announcement "groundbreaking".

"This is a huge achievement for where we [Pakistan] want to be. It's a huge step for this government that it has given foreign investors that

security to come back." He added that this sense of security was "vital" for other various investments to come in. Bukhari added that the second important point was the "connectivity factor". "British Airways is a prestigious airline," noted Bukhari, who is a dual national of the United Kingdom. "Pakistan is becoming less isolated and becoming more connected to the world - and that's the Pakistan we want to see. We want to see a Pakistan that is heavily connected with the world."

Adviser to Prime Minister on Commerce, Textile, and Industries, Abdul Razzak Dawood, also addressed the media and lauded the airline's decision to fly to Pakistan.

ISPR thanks British Airways for reviving Pakistan flights

Military spokesman Major General Asif Ghafoor has thanked British Airways for reviving its flight operations in Pakistan.

British High Commissioner Thomas Drew on Tuesday posted a video to announce the British Airways is resuming its flight operations in Pakistan from June next year ten years after suspending them in the wake of an attack on Marriott Hotel Islamabad. DG Inter Services Public Relations took to Twitter tagging the British HC, saying "The dividends of decades long struggle of Pakistani nation and its security forces for restoration of peace and stability in the country are on the way. Thanks to British Airways for reviving its flight operations in Pakistan."



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