January 2017

NEWS COVERAGE PERIOD FROM JANUARY 23RD TO JANUARY 29TH 2017

COCA-COLA TO INVEST $200 M

Dawn, January 26th, 2017

ISLAMABAD: The Coca-Cola Company will invest $200 million in Pakistan for setting up beverage plants at the special economic zones in Faisalabad and Islamabad, the Board of Investment (BoI) was informed on Wednesday.

General Manager Coca-Cola Company, Atilla Yerlikaya announced the new investment during a meeting with BoI Chairman Dr Miftah Ismail.

Mr Yerlikaya, who is also the chairman of Pakistan-Turkey Business Council, was leading a three-member delegation to discuss investment opportunities in Pakistan.

Mr Yerlikaya said the company has already invested $500m on upgrading existing plants in the country. The company is presently contemplating a further $200m of greenfield investment, and expanding Coca-Cola's production and distribution capacity in Pakistan.

https://www.dawn.com/news/1310727/coca-cola-to-invest-200m

ANALYSIS: CORPORATE SECTOR SUPPORTS STEADY RATE

Dawn, January 29th, 2017

KARACHI: The decision by the State Bank of Pakistan (SBP) on Saturday to keep the policy rate unchanged at 5.75pc is in line with the expectations of the stock market stakeholders.

In some brokerage houses, analysts were at odds with their treasury department colleagues who anticipated a slight cut of 25 basis points. However, market experts described the SBP's monetary policy announcement as a non-event for the stock market, saying the current trend on bourse is likely to continue.

The corporate sector is comfortable with the current policy rate. JDW Sugar Mills Finance Director Mohammad Rafiq said that the corporate sector was worried about the possibility of an uptick in the interest rate.

"The current bank credit rate at Kibor-plus-spread, which settles a shade below 7pc, is healthy, particularly for the highly leveraged companies. They will continue to keep a grip on financial charges, which greatly impact a company's profitability," he said.

JS Global Chief Commercial Officer Khurram Schehzad observed that inflation has been soft so far. There was room for at least a 50bps rate cut, but growing concerns on the external account front could have acted as a deterrent to any monetary easing, he noted.

Since there would be no impact on the bottom lines of corporate entities, the effect of the SBP's decision on their stocks and the equities market was highly improbable.

According to an economist, the argument advanced in favour of the status quo in the monetary policy was that real interest rates still had room to further accommodate the pace of inflation, although the consumer price index (CPI) was rising.

Moreover, despite a widening budget and current account deficit and rising government borrowing, the policy rate ought to have remained at the same level in order to promote private-sector credit and GDP growth.

Other analysts mostly concurred. "In addition to higher inflationary expectations, a status quo is supported by the deterioration in external account dynamics — current account deficit (is) up 92 per cent along with upcoming $1.6-1.75 billion debt repayments in April-June," said one analyst.

http://www.dawn.com/news/1311335

NEWS COVERAGE PERIOD FROM JANUARY 16TH TO JANUARY 22 ND 2017

FAUJI MEAT OFFICIALLY BEGINS COMMERCIAL OPERATIONS

The Express Tribune, January 16th, 2017.

Salman Siddiqui

Karachi: Fauji Meat Limited – a subsidiary of Fauji Fertilizer Bin Qasim Limited (FFBL) – officially commenced commercial operations of its meat processing and export business on Monday.

FFBL, Group GM Finance/CEO Syed Aamir Ahsan, said the firm kick started the operations in April 2016 and booked sales revenue close to an estimate of Rs1 billion in the first nine months (April-December 2016).

"The revenue would touch Rs16-20 billion in the next 1-2 years," Ahsan told The Express Tribune on the sidelines of inaugural ceremony of the abattoir in Bin Qasim, Karachi.
This is one of the world's largest meat processing and exporting plant established at a cost of $75 million.
The abattoir and meat processing facility has a daily production capacity of 100 tons of meat (85 tons of beef and 15 tons of mutton) in frozen and chilled categories for worldwide export.
"You, perhaps, may not find such a big plant across the world," said Ahsan. "This year {2017}, we will fully utilise the installed capacity," he said.
"Our quality and processing is not less than anyone in the world," he said. He said FML would also introduce its quality products at local markets.
FFBL's share price increased 1.24%, or Rs0.67, and closed at Rs54.29 with 5.39 million shares changing hands at the Pakistan Stock Exchange on Monday. The increase in price was attributed to restoration of subsidy on fertilisers.
The plant is currently serving the GCC region (Kuwait and UAE) and China, and is in the process of obtaining formal approval for export of meat to Russia, MENA region and Central Asia.
Iran has given approval, while approvals from Saudi Arabia, Malaysia and Russia are in the pipeline. "We are confident that all these countries would approve during the years 2017-2018," he said.
"The volume of sales of halal meat stands at $300 billion. Pakistan's share in this is almost nil," he said.
According to the Pakistan Bureau of Statistics' latest data, the export of meat and meat preparations dropped 19% in dollar denomination to $87.56 million during July-November 2016 from $108.10 million in the same period last year. It decreased 25.19% quantity-wise to 23,107 tons in the said five months.
Pakistan has been endowed with a large livestock population which includes cattle, buffalo, sheep and goat. It has a herd size of more than 60 million animals; one of the largest in the world.
Responding to a question, Ahsan said, production of 100-tons-a-day is a single-shift installed capacity. With the addition of another shift, the capacity can be doubled at a nominal investment.
The firm has engaged dozens of farmers to make quality breed available on a consistent and scientific basis.
Fauji Foundation Group Chairman Khalid Nawaz said the group started off with $0.2 million and now its annual turnover exceeds $1.5 billion, making it one of the largest business conglomerates in the country with interests in more than 18 industries and having a diverse investment portfolio.
http://tribune.com.pk/story/1296723/fauji-fertilizer-bin-qasim-limited-commences-commercial-operation-meat-export-plant/
DECEMBER 2016: BACKED BY ENGRO TRANSACTION, FDI UP MASSIVE 328%
The Express Tribune, January 17th, 2017.
KARACHI: After remaining subdued for five successive months, the foreign direct investment (FDI) in Pakistan turned positive year-on-year in December 2016 with inflows of $595 million, up 328% from $139 million in the same month of the previous year, according to data released by the State Bank of Pakistan (SBP) on Monday.
However, the majority portion of the December increase was due to a one-off investment transaction conducted by a Dutch company for the acquisition of Engro Foods.
Pakistan has recorded low levels of foreign investment in recent years. Many foreign investors have pulled out because of security threats, persistent energy crisis and poor governance.
The massive jump in December reading came in the wake of the company acquisition valuing $462 million by the Netherlands-based Friesland Campina in December 2016. This took the Netherlands on top of the list of countries with the highest FDI in Pakistan.
Overall, FDI inflows from the Netherlands touched $464 million in the first six months (Jul-Dec) of the current fiscal year 2016-17 compared to just $9.2 million in the same period of last year.
Higher inflows in December 2016 also took the cumulative FDI numbers for Jul-Dec to $1.08 billion, up 10.4% compared to $979 million in the same period of previous year.
China came at the second place with total FDI inflows of $211 million in the first six months, down 53% compared to $453 million in the same period of last year.
Turkey was at number three as it brought investments of $129 million in the six months of 2016-17 compared to just $8 million in the corresponding period of last year.

The biggest jump in FDI was recorded in the food sector that attracted $467 million in the first six months as opposed to outflow of $30-million investments in the corresponding period of previous year.
In July 2016, the Netherlands-based dairy company bought 51% shares in Engro Foods at an estimated $448 million, the single largest private-sector FDI in Pakistan in recent years.
The second highest jump was in the electronics sector where the country received $134 million in Jul-Dec 2016-17, up 347% compared to $30 million in the same period of last year.
The sector remained in the limelight in 2016 because of Turkish investment in a major electronics company in Pakistan.
The power sector attracted $211 million in the first six months, down 54% compared to $457 million in the same period of last year.
Similarly, oil and gas exploration received an investment of $86 million in Jul-Dec 2016-17, down 43% from $151 million in the same period of previous year.
FDI, which is a vital driver of a country's economy, has dropped significantly in Pakistan since 2008 mainly because of political uncertainty, security issues and energy shortages.
Pakistan received $5.4 billion in fiscal year 2008, which was the highest FDI in the country's history, according to the Board of Investment (BoI).
http://tribune.com.pk/story/1297081/december-2016-backed-engro-transaction-fdi-massive-328/

NEWS COVERAGE PERIOD FROM JANUARY 9TH TO JANUARY 15TH 2017
MILK EARNINGS TO BRING COMPANY BACK TO HEALTH
Dawn, Business & Finance weekly, January 9th, 2017
Dilawar Hussain
Starting out as Shakarganj Mills Limited, which was devoted to the production and sale of sugar, the company has diversified into a wide range of operations.
Apart from sugar — which still remains the mainstay and contributes more than three quarters to net sales — Shakarganj has ventured into the business of food products, textiles, bio-power, building materials and farming.
The company has a 49.2pc stake (74.65m shares) in Shakarganj Food Products limited (SFPL), which, according to market sources, is the fifth largest company in Pakistan in the UHT milk segment. Its brand 'good milk' is in competition with products of Engro Foods, Nestle Pak, Unilever Pak and Fauji Foods.
Besides milk, the company has a diverse food portfolio in dairy, fruit and juice. It has two manufacturing facilities in Jhang district.
Shakarganj operates under the fold of the Crescent group. At last count, on Sept 30, 2015, associated companies, undertakings and related parties held 41.35pc of the company stock—21.93pc was vested in Crescent Steel and Allied Products Ltd, followed by 21.90pc shares held by the general public.
"The company is concentrating on the country's fast growing consumer sector, which has made its dairy associated unit—Shakarganj Food Products Limited (SFPL) one of the fastest growing companies in the dairy business over the last four years (2012-2015), wherein SFPL has almost doubled its revenues", says analyst Chander Kumar at Sherman Securities.
A company official explained that the firm transforms renewable crops such as sugarcane and cotton into value added products, which comprise of refined sugar, textiles, bio fuel and building material, in addition to generating bio power from biogas.
In the building material segment, the company makes particle boards of varying thickness.
The textile segment consists of a spinning unit that produces carded cotton yarns.
In farming and allied business, the company cultivates on 1,336 acres of land; crops such as sugarcane, wheat, gram, maize, fodder and seasonal vegetables. A dairy farm located at Jhang has been developed, with a herd of 150 milking and fattening cattle.
The last released interim financial figures of the company for the nine months ended June 30, 2016, posted sales at Rs 4.15bn, down from Rs6.44bn in the same period of earlier year.
Sugar prices during this period were better than last year but at the same time the cost of production also went up due to increased price competition for the limited sugarcane crop.

During the nine-months to June, the performance of the Bio-Fuel Division was affected due to the low level of crushing. The Bio-Power Division was not operated during the period and due to depressed selling prices of particle board, that division did not operate either.
“With the help of share of profit from associated companies, the company was able to post Rs168.05m profit before tax as compared to Rs275m profits before tax in the corresponding period and despite all the challenges, a positive bottom line helped the company to manage affairs within range.”, says Anjum Muhammad Saleem, the company’s Chief Executive Officer in the directors’’ report.
The annual accounts for the year ended Sept 30, 2016 are likely to be released soon.
Meanwhile at the close of the last nine-months to June 30, 2016, the company’s reserves amounted to Rs0.933m against staggering accumulated losses at Rs1.966bn.
There was however an item ‘Surplus on revaluation of property, plant and equipment amounting to R5.01bn’, which made things look a bit less bleak.
Total assets of the company at June 30, 2016 stood at Rs10.9bn. Paid up capital of the company amounted to Rs1.10bn in 110m shares of Rs10 each.
The Shakarganj share on the Pakistan Stock Exchange was quoted at Rs37.47 at the close of trading last Wednesday, which produced the company’s market capitalisation at Rs4.13bn.
Besides SFPL, Shakarganj Limited also has a 1.02pc equity interest of Rs70m in the stock market, listed as Crescent Steel and Allied Products Limited; and Rs3m in an unquoted associated company: Crescent Standard Telecommunications Ltd.
The CEO Anjum M Saleem reiterated thatShakarganj Limited has been in a tight liquidity position since 2009. Subsequent to the year ended Sept 30, 2015, the company again requested its lenders for working capital lines for operations financing in fiscal year 2016.
“Negotiations are also in process for long term financing with one of the company lenders and hopefully this will be finalised soon”, he affirmed.
Keeping in view the financials of the company, further equity amounting to Rs404.76m was injected through issuance of right shares and the proceeds were utilised for redemption of preference shares and outstanding preference dividend.
Directors told shareholders that the company had also entered into agreement for sale of carbon dioxide (CO_2), produced as a by-product of the bio fuel manufacturing process, and which could help generate additional liquidity.
https://www.dawn.com/news/1307212/milk-earnings-to-bring-company-back-to-health
SCCI, CHINESE TRADERS SIGN MOU ON COOPERATION
Dawn, January 12th, 2017
PESHAWAR: A delegation of Chinese businessmen has signed a Memorandum of Understanding (MoU) with the Sarhad Chamber of Commerce and Industries to extend cooperation in investment, industrialisation, bilateral trade, exchange of information and traders’ delegations and holding of joint exhibitions of their products.
The MoU was signed during a meeting at the SCCI office here on Wednesday by the chamber’s president Haji Mohammad Afzal and Zhejiang Chamber of Commerce president Haung Shegnauan.
Prominent businessmen, including SCCI senior vice-president Mohammad Iqbal, vice-president Abidullah Yousufzai, former president Zulfiqar Ali Khan, KPBOIT chief executive officer Nazeer Ahmed, Bajaur chamber president Lali Shah and SCCI’s executive committee members, also attended the meeting.
The SCCI chief invited the Chinese businessmen to invest in hydel power generation, oil and gas, tourism, mines, mineral, carpet, fresh fruit and other industrial and trade sectors. He asked the Chinese businessmen to take advantage of the investment opportunities in Khyber Pakhtunkhwa.
Mr Afzal said that the China-Pakistan Economic Corridor project was the result of joint efforts of Pakistan and China to boost trade activities in the region.
He said that those opposing CPEC were enemies of Pakistan and stressed the need for strengthening of bilateral trade.
Haung Shegnauan, head of the Chinese delegation, said that the agreement with SCCI would benefit the business community of both the countries. He said that the Chinese investors would like to invest in KP.
He talked about his meetings with officials of different departments of Khyber Pakhtunkhwa government and hoped that the agreements and MoUs would be useful for people of both the countries.

http://www.dawn.com/news/1307931/scci-chinese-traders-sign-mou-on-cooperation
NEWS COVERAGE PERIOD FROM JANUARY 2ND TO JANUARY 8TH 2017
AGRICULTURE DEPT, NESTLE SIGN MOUS
Business Recorder, 4 January 2017
LAHORE: Punjab Agriculture Department has signed two Memorandums of Understanding (MOUs) with Nestle Pakistan for agricultural sustainability including Chaunsa Mango sector and Water Resource Management.
For the Chaunsa project Nestle Pakistan shall take on board Mango Research Institute Multan as a research partner, said a spokesman of the provincial agriculture department here on Tuesday.
By virtue of these MoUs, Nestle Pakistan will provide technical support for improving quality and quantity of Mangoes to the growers.
With the latest research in Mango sector, farm practices to be introduced will enable growers to work in a best way according to the latest production techniques.
Under another MoU, in water resource management project, water Management wing of Agriculture Department will partner with Nestle Pakistan for a program which offer 60 percent subsidy to farmers who employee high efficiency irrigating system (Drip Irrigation) and other Water conservation techniques, technology and practices. Nestle will also bear the 30 percent share that the farmer owes to the government.
The pilot project will spread over 10 acres, located at Sheikhupura District.
Commenting on the collaboration, Secretary Agriculture Punjab Muhammad Mehmood said that more than 90 percent of water usage is for agriculture and in order to successfully tackle the prevailing water shortage, we need to encourage farmers to become mindful of how they use water. He further said that Chaunsa is one of the best variety of Mango with the potential for export but again, we need to teach farmers how to
improve quantity and quality of yield, he added.
http://epaper.brecorder.com/2017/01/04/13-page/835724-news.html

February 2017

NEWS COVERAGE PERIOD FROM FEBRUARY 20TH TO FEBRUARY 26TH 2017
NESTLE PAKISTAN'S NET SALES RISE TO RS 112B
The Express Tribune, February 23rd, 2017.

LAHORE: Nestle Pakistan's year end net sales income rose to Rs112 billion and the company increased its profit after tax by 35.2% as compared to 2015. The company gained an overall increase in sales by Rs9.4 billion. The financial results of the company were announced in its meeting of board of directors. The share income also increased from Rs193.18 in 2015 to Rs261.23 in 2016. The sales rose by 9.13% against sales of 2015. Export income remained Rs4.9 billion. The overall profit rose by 226 bps which was because of the favourable expenses of input, value chain and portfolio management.

https://tribune.com.pk/story/1336029/nestle-pakistans-net-sales-rise-rs112b/

BAYER SAYS MONSANTO DEAL ON TRACK, EYES RECORD 2017
Business Recorder, 23 February 2017

FRANKFURT AM MAIN: German pharmaceuticals and chemicals giant Bayer on Wednesday said it expected further growth this year after a record performance in 2016, as its mammoth takeover of US seedmaker Monsanto remains on track.

"We again posted a record operating performance — and are making good progress with the agreed acquisition of Monsanto as well," chief executive Werner Baumann said in a statement.

The Aspirin-maker said net profit grew by 10.2 percent to 4.5 billion euros ($4.7 billion) last year. Group sales increased by 1.5 percent to 46.8 billion euros, while underlying or operating profit was up 10.2 percent at 11.3 billion euros.

Growth was mainly powered by Bayer's prescription medicine division, led by a 30-percent jump in sales for its blockbuster drug Xarelto, an anti-coagulant.

The over-the-counter medicines unit, which includes household brands such as Alka-Seltzer and Rennie antacids, saw earnings fall.

The firm's closely watched agrochemicals division disappointed in 2016, with sales down more than two percent to 9.9 billion euros.

Bayer blamed the setback on a "difficult market environment", particularly in Latin America, and falling demand for insecticides globally.

Bayer's agriculture activities are in the spotlight as it seeks a $66-billion takeover of US seed and pesticide supplier Monsanto, in what would be the largest ever acquisition by a German firm.

The deal still requires regulatory approval from the European Union and the United States.

But Bayer said it was "confident" that the transaction would be completed this year.

The proposed tie-up has been slammed by environmentalists as a "marriage made in hell" over fears it would hold excessive power over farmers and the food chain. CEO Baumann said he was confident the deal would get the regulatory green light, underlining the complementary geographical fit of the two businesses.—AFP

http://epaper.brecorder.com/2017/02/23/24-page/852556-news.html

NEWS COVERAGE PERIOD FROM FEBRUARY 13TH TO FEBRUARY 19TH 2017
TESCO TESTS WATERS IN COUNTRY WITH ALPHA SUPERMARKETS TIE-UP
Business Recorder, 17 February 2017

ISLAMABAD: Britain's biggest retailer Tesco will stock its products at a supermarket chain, a Tesco official said on Thursday, dipping its toes in a country of nearly 200 million with rising consumer spending and a growing middle class.

Tesco has been expanding rapidly in emerging markets to bolster sluggish growth in western Europe and is among a growing band of companies attracted by Pakistan's fast-growing consumer market, encouraged by the highest economic growth since 2008 and improved security.

"We have agreed on a wholesale partnership with Alpha Supermarkets in Pakistan, under which Tesco products will be stocked at two of its stores," Jared Lebel, head of new market development at Tesco, told Reuters.

He said that Limestone Private Limited, which owns the Alpha Superstores chain, planned to open 50 smaller express stores and four Alpha stores stocking Tesco products within the next three years.

"We are excited about Pakistan as a market," Lebel said. "A big factor in coming to Pakistan is rising consumer spending."

A spokesman for Tesco in London said: “We’re looking forward to seeing how customers respond.”

Fauzia Khuhro, head of business development at Limestone, told Reuters that Tesco products would hit its shelves in about 10 days.

“Alpha Supermarkets will be the only retailer in Pakistan that stocks Tesco private-label products,” Khuhro said. “We will offer a complete range of Tesco product categories, from food and non-food items to frozen and fresh foods.”

Tesco’s partnership with Alpha Supermarkets was announced by British High Commissioner Thomas Drew and Limestone at a press briefing in Karachi on Tuesday. —Reuters

http://epaper.brecorder.com/m/2017/02/17/13-page/631807-news.html

ENGRO CORP PROFIT SKYROCKETS 400PC
Dawn, February 18th, 2017

KARACHI: Engro Corp reported a consolidated profit of Rs69.1 billion for 2016, up more than 400 per cent from a year ago, a press release said on Friday.

The unusual increase in profit is attributable to the one-off gain of Rs58.6bn due to the partial divesture of the company’s equity stake in Engro Foods.

The revenue of Engro Corp in 2016 was Rs157.2bn, down 13.4pc from the preceding year, mainly on account of intense competition in the dairy sector coupled with lower urea off-take at subsidised prices due to poor agronomics.

The company also announced a final cash dividend of Rs4 per share for the year, taking the full-year payout to Rs24 per share.

https://www.dawn.com/news/1315424

NEWS COVERAGE PERIOD FROM FEBRUARY 6TH TO FEBRUARY 12TH 2017
POULTRY FEED PRODUCTS FREE OF PORK FAT, MEAT: INDUSTRY
The Express Tribune, February 10th, 2017.

Lahore: The Pakistan Poultry Association (North Zone), while reacting to a proposed resolution on slapping ban on poultry feed import in the Punjab Assembly, has called the move sinister, bewildering and far from reality.

Speaking at a press conference on Thursday, Poultry Association’s Zonal Secretary Javaid Bukhari said poultry feed was not being imported as a feed in Pakistan, in fact, different products were purchased for producing the feed.

“Under the laws of Pakistan, the import of any ingredient that contains porcine material is banned and exporters of any edible ingredients certify that their products are free from such material,” he said. At the port of entry, he clarified, the feed products were tested by the government department concerned to ensure that they were free from pork fat and meat.

The poultry industry protested following a resolution presented recently by a member of the Punjab assembly that said the feed used in poultry farms, which was imported from India and other countries, contained pork meat and fat, therefore, it was difficult to establish if the poultry meat was Halal or Haram.

The lawmakers demanded that feed imports should be stopped forthwith and the feed prepared locally should be used.

Underlining the necessity of protein intake, Bukhari said a huge majority of people in Pakistan were generally deficient in animal protein as according to a Unicef report 44% of children in the age group of 5 to 15 years were suffering from stunting in the country.

"This percentage of stunting is perhaps the highest in the world. In such a scenario, poultry meat and egg is a hope and an affordable source to address the deficiency," he argued.

According to the poultry industry, it contributes about 40% of meat consumed in the country and provides 10.5 kg of meat and 90 eggs per capita.

"The poultry sector consumes a host of byproducts produced by agro-industrial enterprises like solvent extraction, wheat and rice milling and gelatin Industry as well as support a number of agricultural crops like corn and sorghum," he said.

The poultry industry says it has made an investment of about Rs700 billion, which provides employment to over 1.5 million people.

"This industry provides the cheapest source of animal protein to the lower strata income group," Bukhari added.

https://tribune.com.pk/story/1322021/poultry-feed-products-free-pork-fat-meat-industry/

NEWS COVERAGE PERIOD FROM JANUARY 30TH TO FEBRUARY 5TH 2017
CORPORATE RESULTS: FAUJI FERTILIZER POSTS PROFIT OF RS11.78 BILLION, DOWN 30%
The Express Tribune, February 1st, 2017.

KARACHI: Fauji Fertilizer Company Limited (FFC) has announced a profit of Rs11.78 billion in the year ended December 31, 2016, down 30% compared with Rs16.76 billion in the same period last year, according to a company notice sent to the Pakistan Stock Exchange (PSX).

Earnings per share (EPS) dropped to Rs9.26 from an EPS of Rs13.18 in the period under review.

Along with the results, the company announced a final cash dividend of Rs2.75 per share, taking cumulative dividend for the year to Rs7.90 per share.

On a sequential basis, the company posted a 64% quarter-on-quarter jump in profitability primarily on account of a 32% quarter-on-quarter jump in urea off-take.

The company share closed at Rs115.8, up 0.8% with the KSE-100 index ending at 48,757, down 214 points or 0.44%.

Total sales declined by 14% year-on-year to Rs73 billion during the period, attributable predominantly to lower urea prices amid announcement of the subsidy package in FY16-17 budget.

Gross margins clocked in at 25% in calendar year 2016 (down 9 percentage points year-on-year), mainly due to subsidised urea prices along with discounts offered by the company to clear inventory.

Financial charges expanded massively by 63% year-on-year to Rs2.4 billion, owed to augmented borrowings.

While a 72% surge in other income was aided primarily by cash subsidy on urea and Di-ammonium Phosphate (DAP) under this head.

The company booked effective tax rate of 32% in calendar year 2016.

https://tribune.com.pk/story/1313172/corporate-results-fauji-fertilizer-posts-profit-rs11-78-billion-30/

‘HUGE POTENTIAL IN HALAL FOOD INDUSTRY’
Dawn February 2nd, 2017

KARACHI: Pakistan has the potential to meet demand for halal meat and its by-products, speakers at a seminar said on Wednesday.

“Global halal markets include not only Islamic banking and finance, but also food, pharmaceutical, cosmetics, education, chemical, travel, tourism and hospitality industries,” said Ahmed Ali Siddiqui, director at the Centre for Excellence in Islamic Finance at the Institute of Business Administration.

Islamic finance is a critical component of the Halal market, he said. For a product to be completely halal, its ingredients as well as financing and manufacturing process must be Shariah-compliant, he added.

Mufti NajeebKhan, who has been associated with the halal food industry for the past decade, said that Islamic finance and the halal food industry are growing in Pakistan.

Although consumers tend to think all food products in Pakistan are halal, the country is flooded with non-compliant items in seafood, chicken and chocolate segments, according to a speaker.

https://www.dawn.com/news/1312117/huge-potential-in-halal-food-industry

ENGRO FOODS’ PROFIT DROPS BY 25PC TO RS2.4BN
Dawn February 4th, 2017

KARACHI: Engro Foods posted a net profit of Rs2.4 billion for 2016, down 25 per cent from Rs3.2bn a year ago.

In the fourth quarter (Oct-Dec) alone, the company recorded a loss of Rs208 million against earnings of Rs635m in the comparable three-month period a year ago, according to a stock notice on Friday.

The company paid out an unexpected, and first-ever, cash dividend of Rs10 per share, including a one-time special dividend of Rs9 per share. Market watchers said the company’s earnings were lower than the street estimate, but the one-time special dividend came as a positive surprise.

Earnings for Oct-Dec were down primarily on the back of lower revenues. This will have an after-tax earnings impact of Rs4.60 per share on Engro Corporation, which holds 36pc shares in its food subsidiary.

“We attribute the decline in revenue to a heated competition in the dairy segment owing to the entrance of new players (Dostea, CupShup etc), especially in the tea-whitening category, which has affected the sale of Engro Foods’ largest dairy brand Tarang,” according to Topline Securities.

Analysts also pointed out that the Supreme Court had conducted legal proceedings against some packaged milk brands in September last year after they were found unfit for consumption.

Although Engro Foods’ products were not on the list, the case proceedings could have affected consumer behaviour towards packaged milk, thereby putting pressure on sales.

However, Topline Securities said it was still awaiting clarity from the company's management in this regard.

Another reason that contributed to the decline in earnings in Oct-Dec was a 21pc year-on-year increase in distribution charges. The increase was attributed to Engro Foods' aggressive advertisement and marketing during the period to promote its Tarang brand.

Referring to the company's recent acquisition by a foreign entity, AKD Securities Deputy Head of Research Zoya Ahmed said the period in transition is likely to witness a slower rise in profits, with five-year forward earnings growth rate of 13pc versus 78pc recorded in the last five years.

http://www.dawn.com/news/1312526/engro-foods-profit-drops-by-25pc-to-rs24bn

March 2017

NEWS COVERAGE PERIOD FROM MARCH 13 TH TO MARCH 19 TH 2017

HUBCO OFFERS SHAREHOLDING TO CHINESE COMPANY, FAUJI FERTILIZER

The Express Tribune, March 16, 2017

Salman Siddiqui

KARACHI: The Hub Power Company Limited has offered significant shareholding in its Thar coal-fired power project to Fauji Fertilizer Company and China Machinery Engineering Corporation, according to a bourse filing Wednesday.

"The company has decided…to divest around 40% of its shares in Thar Energy Limited (TEL). The company would bring in Fauji Fertilizer Company Limited (FFC) as a strategic shareholder with 30% equity stake and China Machinery Engineering Corporation (CMEC)…with up to 10% equity stake," Hubco company secretary, Shamsul Islam, said in a communiqué to the Pakistan Stock Exchange (PSX).

CMEC is also contractor of the TEL project, as it would be doing engineering, procurement and construction of the project. FFC is Pakistan's largest fertiliser producer.

Hubco Chief Executive Officer Khalid Mansoor told The Express Tribune the prime objective of the partnership is to build a strategic alliance instead of attracting equity.

The government aims to bring new power projects on indigenous coal rather than on imported fuels in the future. "The Hub Power Company and Fauji Fertilizer Company have financial strengths to implement future plans," he said.

"The partnership is developed in the long view. Thar power project is one of the projects to be done by the two financially sound companies in the future," he said.

"The financial close of the Thar project (330-megawatt) is expected in September," Mansoor said.

The company is in the final stages of signing the agreement with Sindh Engro Coal Mining Company (SMCEC) for supply of coal from Thar block-II for the power project, he said.

Interestingly, Hubco earlier injected $20 million equity in the SECMC mining project.

Ground work on the site has already commenced, the power project is expected to kick-start commercial operations in around three-and-half year from the time of financial close and that will be around June 2019 when SECMC would start extracting coal from Thar.

The strategic alliance is subject to an agreement to be reached between the stakeholders on shareholders' matters and the obtaining of all the necessary corporate and regulatory approvals by the companies involved, for example, Hubco, TEL, FFC and CMEC, the communiqué to PSX added.

Hubco share price dropped 1.18%, or Rs1.57, to Rs130.43 with a volume of 857,600 shares on Wednesday. FFC's share improved 0.69%, or Rs0.75, and closed at Rs108.57 with a volume of 1.09 million.

Thar Energy Limited is a special purpose company, which is setting up 330-megawatt mine mouth power project at Thar. The project is part of the mega China-Pakistan Economic Corridor. The cost of the project is estimated at $497.7 million, which will comprise of 75% debt and 25% equity.

National Electric Power Regulatory Authority has awarded Hubco a levelised tariff of Rs8.2550/kWh (US cent 8.5015/kWh). This is including return on equity at 30.65% (Rs1.4075/kWh).

FFC, chief executive and managing director, Shafqaat Ahmed said in a statement "this strategic partnership will open up new avenues of business growth, whereas the excellent financial position, credibility and best business practices of the two corporate giants will provide synergy and confidence for all the stakeholders.

"We expect the cash outflow of FFC to be Rs3,919 million…while the project is expected to add Rs5.46/share," a brokerage house said.

https://tribune.com.pk/story/1356409/hubco-offers-shareholding-chinese-company-fauji-fertilizer/

COMMERCE MINISTRY'S DECISION IRKS SUGAR INDUSTRY
Business Recorder, 18 March 2017

MUSHTAQ GHUMMAN

ISLAMABAD: Sugar industry is reportedly up in arms against the Commerce Ministry after an inter-ministerial panel headed by Commerce Minister Engineer Khurram Dastgir slashed the Sugar Advisory Board's (SAB) approved quantity of 0.4 million tons to 0.2 million tons for export till May 31, 2017, sources close to Secretary Commerce told Business Recorder on Friday.

"Commerce Secretary has received a letter from Chairman PSMA Javed Kayani after the committee headed by Commerce Minister reduced the SABs' recommended quantity of 400,000 to 200,000/- for sugar export," the sources added. The sugar industry has also sent the copies of the letter to the Finance Minister, Senator Ishaq Dar who is also the Chairman of the ECC and Secretary to Prime Minister, Fawad Hasan Fawad.

SAB, in its meeting held on March 16, 2017, recommended the export of another 0.4 million tons of sugar against available surplus quantity of 0.815 million tons after keeping strategic reserves.

According to the letter, SAB after a thorough review, and input from the provincial governments and representatives of Pakistan Sugar Mills Association, ascertained that sugar stocks are still surplus by about 800,000 tons, even after accounting for requirement of thirteen months for domestic consumption and keeping a reserve of an additional one and a half month recommended 400,000 tons for export.

"We are extremely dismayed to see the arbitrary and unilateral decision of the Commerce Ministry to reduce the quantity to 200,000 tons from the earlier recommended 400,000 tons by SAB for approval of ECC," the sources quoted the sugar industry as saying in the letter.

The industry, in its letter has pointed out that that a 200,000 tons export limit will not mitigate the payment crisis of sugarcane farmers. And it does not need much to comprehend the social and political turmoil that could be a consequence of hundreds of thousands of hardworking honest farmers being denied their dues because of an ill thought policy decision by the ministry of commerce.

"We are further confounded by this policy decision because on one hand Prime Minister has repeatedly voiced his support for export industry whereas on ground we are experiencing a needless resistance to export surplus produce that the country does not even need," the sources quoted Chairman PSMA as saying in his letter

The industry has requested Secretary Commerce to revisit the decision and allow 400,000 tons for export as per recommendation of the SAB, which is clearly in line with Prime Minister's vision and the national interest. The letter further stated that certain comments by Commerce Ministry officials conveyed the impression that a price hike in domestic market in Ramazan, in particular, would be the outcome of exports.

"Let us assure you and reaffirm that we are even willing to agree to an export schedule that would ensure no such escalation is caused or even deliberately attempted to be caused by unscrupulous elements.

The permission to export should not be time bound. It must be reiterated that all our efforts are aimed at the welfare of the farmer, and the overall national interest of the country," the sources quoted sugar industry as saying.—

http://epaper.brecorder.com/2017/03/18/19-page/858545-news.html

NEWS COVERAGE PERIOD FROM MARCH 6TH TO MARCH 12 TH 2017
NA INFORMED: PAKISTAN TO INCREASE HALAL ITEMS' EXPORT TO $1BN
Busines Recorder, 7 March 2017

Aamir Saeed

ISLAMABAD: Pakistan intends to ramp up exports of its Halal products to at least one billion dollars in the next couple of years and is working diligently to make Pakistan Halal Authority functional in two months.

Minister for Science and Technology Rana Tanveer Hussain informed this to National Assembly on Monday during the Question Hour.

He said that Pakistan's share in trillions of dollars business of Halal articles across the globe is just $25 million and his ministry has been working hard to increase the country's share to at least one billion dollars.

"Being a Muslim country we should be a major exporter of Halal foods and other items in the world and we are struggling to achieve the target," he said.

The minister said that Pakistan Halal Authority set up through an act of the Parliament would be made functional in the next two months. The authority will be responsible for keeping a check on exports and imports of Halal items and boosting the country's share in exports of Halal items, he said.

He admitted that at the moment there was no check and balance on import of the items that have been using Haram ingredients, especially chocolates and other confectionaries.

It is the responsibility of the provinces to keep a check on quality of food in their respective areas as Pakistan Halal Authority is mandated to look into exports and imports of the Halal items, he said.

Giving details about composition of the authority, he said the prime minister has recently approved the constitution of board of governor of PHA and its first meeting will be held soon.

He said the recruitment process for the authority is in hand and on receipt of no-objection certificate from the Establishment Division, and approval of service rules, applications to fill in the posts shall be invited. The minister also informed the house that Pakistan Council of Scientific and Industrial Research Laboratories located in Karachi, Lahore and Peshawar has established Halal Food authentication laboratories at the PCSIR Labs Complex, Lahore, which is supporting local industries for export and import of Halal items.

Pakistan National Accreditation Council being national accreditation body has taken initiative by launching Halal Accreditation Scheme according to Pakistan Standard PS 4992-2010 in line with the requirements of OIC/SMIIC Halal Guidelines for the recognition and acceptability of Halal certification bodies and the certificates issued by these accredited Halal certification bodies, he said.

The PNAC has so far awarded accreditation certificate to four Halal certification bodies in the country, he said, adding that Pakistan Halal Authority will ensure exports and imports of the Halal items in the country after becoming functional.

To another question, Minister for Parliamentary Affairs Sheikh Aftab informed the house that Pakistan could not start construction work of Iran-Pakistan Gas Pipeline due to international sanctions on Iran.

The government of Iran, under the government to government cooperation agreement dated 1st December, 2012, agreed to get the gas pipeline constructed through its nominated entity and also provide $500 million, however subsequently it unilaterally withdrew from the commitment, he said.

The minister said that as a consequence Pakistan side declared the Force Majeure and issued the Force Majeure notice to Iran. Pakistan side has proposed amendment in the Gas Sale Purchase Agreement (GSPA) and is ready to complete the gas pipeline within 30 months after the removal of international sanctions on Iran, he said. Under the GSPA, Pakistan is to pay an amount of $1.8 million per day under the “Take or Pay” clause, however Iran has not claimed any such amount as it has yet to complete its segment of the gas pipeline (250-km) and unilaterally withdrew from the cooperation agreement, therefore it is legally not in a position to claim the amount, he said.

The minister informed the house that Pakistan has not paid any fine to Iran and there is no likelihood to have any impact on the national exchequer, he said.

http://epaper.brecorder.com/2017/03/07/9-page/855833-news.html

NEWS COVERAGE PERIOD FROM FEBRUARY 27TH TO MARCH 5TH 2017
NA PANEL ASKS GOVT TO BAN SETTING UP OF SUGAR MILLS
Dawn, March 4th, 2017

Mubarak Zeb Khan

ISLAMABAD: The National Assembly’s Standing Committee on Textile Industries recommended to the government on Friday to ban establishment of new sugar mills, especially in cotton growing areas.

The recommendation came at a time when the cotton acreage has shrunk by 22 per cent over the past 10 years because of low yields, according to the textile ministry.

Another major reason for the downward trend in cotton growing is better returns in growing sugarcane because of policy incentives offered by the government for the crop.

The country aims to cultivate cotton on 3.2 million hectares annually — 72pc (2.6m hectares) in Punjab, 27pc (600,000) in Sindh and less than 1pc in Khyber Pakhtunkhwa and Balochistan.

Unlike cotton, the government's support for sugarcane crop has helped increase its cultivation by 14pc.

The price of sugar has also gone up to Rs68 per kg in 2016 from Rs31 in 2005-06. The price of sugar in the domestic market is 80pc higher than the international market.

Moreover, the number of sugar mills went up from 56 in 1995-96 to 84 in 2015-16.

Of them, 45 mills were in Punjab, 32 in Sindh and eight in KP. Almost 70pc of the mills are located in core cotton zones of the country, especially in Punjab.

Analysts say that this unexplained protection and unprecedented expansion of sugar industry was posing a serious threat to cotton and other crops.

The committee, headed by its acting chairman MNA Haji Akram Ansari, appreciated the efforts by the ministry concerned for encouraging cotton growth by using modern techniques and methods.

It, however, recommended that cotton growers and farmers should be given incentives to increase growth.

As per law, the provincial government is empowered to issue a no-objection certificate (NOC) for installation of a new sugar mill or enhancing the crushing capacity of existing mills.

At the end of the meeting, the committee approved all budgetary proposals relating to the Public Sector Development Programme (PSDP) of the ministry for the next fiscal year.

https://www.dawn.com/news/1318349/na-panel-asks-govt-to-ban-setting-up-of-sugar-mills

April 2017

NEWS COVERAGE PERIOD FROM APRIL 24TH TO APRIL 30TH 2017

BUILDING GRAIN STORAGE CAPACITY

Dawn, Business & Finance weekly, April 24th, 2017

Mohiuddin Aazim

THE shortage of grain storage facilities results in huge post-harvest losses that range from 15pc to 35pc and affects national agricultural output.

For decades, Pakistan's storage facilities and technologies primarily in the hands of the public sector have lagged behind the required capacity to store grains.

"However, the super floods of 2010 came as a shocking reality check and the public and the private sector began work on expanding grain storage facilities," says a senior official of the Ministry of National Food Security and Research. "Now we are better off than in 2010."

Officials say that post-harvest losses of cereals have gradually fallen to about 15pc from as high as 20pc back in 2010. They claim that such losses in case of fruits and vegetables now range between 30-35pc, down from 40pc in 2010.

In the last six years, Pakistan Agriculture and Storage Corporation (Passco) and provincial food departments have spent billions of rupees on revamping their existing grain storage facilities or expanding them, officials claim.

In Punjab some steel silos have been installed under an IFC supported public-private partnership programme, but a similar project in Sindh is believed to have run into snags. Punjab's combined storage capacity is in excess of 100,000 tonnes. Both, the Punjab Board of Investment and Trade (PBIT) and the Sindh Board of Investment have been lobbying for attracting investment in silos construction.

According to a PBIT feasibility report, an 8-unit large scale steel silo capable of storing over 6,000 tonnes of grains could be built at a cost of Rs370m and its payback period of is a little less than six years.

Officials hope to see enough investment coming in once such silos are constructed, the storage facility could be rented out to Passco and Punjab food department.

Private sector companies providing grain storage solutions are also now playing a noticeable role in improving storage infrastructure. One private sector company, the authorised dealer of GSI silos in Pakistan, for example, now has a 50-plus client list. And, its clients include some top flour and rice mills and poultry farms, industry sources say.

The authorities in Sindh and Punjab are also interested in building storage complexes in wheat and rice growing areas. "Since such complexes comprising storage facilities plus auxiliary equipment for drying of crops and loading them on transport vehicles are very expensive, we plan to engage local and foreign funds and companies," says an official of Sindh Agriculture Department told this writer.

Officials say that Passco still relies on traditional storage facilities. Paucity of funds is often cited as the prime reason for non-development of modern silos and storage complexes.

Last year, Passco got its only wheat storage facility vacated from illegal occupation and carried out repair works on several large concrete wheat godowns across Pakistan, officials claim. But insiders say that the corporation which is also responsible for maintaining has not focused much on building new storage facilities for storage of rice and sugar for maintaining their strategic reserves.

According to a SBP report, based on 2012-13 statistics, there is a huge gap between the public sector's total storage capacity and its actual need for grains and fruits and vegetables.

These estimates show that there is room for developing proper storage facilities for 16m tonnes of wheat (against total output of 24.3m tonnes), 4.4m tonnes of rice (against 5.5m tonnes), 4m tonnes of maize (against 5m tonnes) and 3m tonnes of potatoes (against 3.5m tonnes).

Even storage facilities in the private sector are mostly outdated. But growers say the situation is improving as bank lending is in excess of Rs1.4bn for building of godowns and cold storage facilities for the past four years, against less than Rs1bn till FY12.

Gaps in storage requirements and available facilities offer huge business opportunities for companies interested in this sector.

From ready-to-install small steels silos to silo-bags there are many ways of expanding storage infrastructure, officials of provincial agricultural departments say.

Silo bags are specially designed hermetic bags that can store up to 60 tonnes of grains under such conditions that prevent infestation by squeezing oxygen levels.

Some big landlords in Sindh and Punjab have started importing Chinese silo bags with prices ranging between $1000-10,000 per set depending upon their quality, storage capacity and the material used in manufacturing. Scarcity of grain storage facilities has also given rise to godown and warehouse-renting, industry sources say, adding that storage rents in Sindh has increased by 30-40pc in past four years.

https://www.dawn.com/news/1328783

FOUR YEARS ON, SINDH YET TO IMPLEMENT BREASTFEEDING LAW
Dawn, April 25th, 2017

Hasan Mansoor

KARACHI: The provincial health ministry has failed to devise rules for the past four years to properly implement the Sindh Protection of Breastfeeding and Child Nutrition Act, 2013, despite the low breastfeeding practices across the province, it emerged on Monday.

If implemented in full, the law promises a turnaround in the present situation but the nutrition cell has yet to take any concrete measures to discourage media campaigns of formula milk.

Officials said around 37 per cent children below the age of six months were breastfed in Pakistan, but the ratio in Sindh is even below the national average.

Members of civil society put the blame on baby milk formula companies who they said had managed to delay the law’s implementation, in cahoots with some government officials.

“The rules are being delayed while the formula companies are aggressively campaigning for their products and no one is there to question them,” said an official close to a technical committee that is taking care of the matter.

The health ministry formed the committee with the chief drug inspector as its secretary over two years ago with the mandate to listen to the representatives of baby food manufacturers and marketing association and recommend their suggestions (for necessary amendment to the act) to the health secretary. It asked the representatives of baby food manufacturers and marketing association to appear in person before the committee.

Sources in the health ministry said there were certain clauses in the Sindh Protection of Breast Feeding and Child Nutrition Act 2013, with which the baby food manufacturers had not come to terms. They wanted some amendments to the law, the sources added.

The officials said that for unknown reasons by-laws for the breastfeeding act had not been formulated despite several reminders by the committee.

Similarly, not a single 'formal' meeting of the Infant Feeding Board has been held since its constitution. The board had been formed more than three years ago.

Chairperson of the standing committee on health Dr Sohrab Sarki is heading the board, while its two members, Nasir Hussain Shah and Mehtab Akbar Rashdi, were nominated from the Sindh Assembly by the speaker.

Other members of the board included two paediatricians, two obstetricians, a representative of the baby food manufacturers and marketing association and Dr Durre Samin Akram from civil society nominated by the health department.

The Sindh health secretary is the board's secretary while programme manager of the Nutrition Support Programme was also nominated as a member.

The breastfeeding act has certain explicit restrictions on baby food manufacturers and it envisages penalties as strict as sentence of two years and Rs500,000 fine for violators.

It says no person shall, in any form whatsoever, promote any designated products except as provided for under this act.

Similarly, no person shall in any manner assert that any designated product is a substitute for mother's milk, or that it is equivalent to or comparable with or superior to mother's milk.

It restricts all manufacturers and distributors from offering or making gifts or contributions of any kind, or paying to any extent for any reason whatsoever, or giving any kind of benefit, to a health worker or one's family, or any personnel employed, directly or indirectly, in a healthcare facility, or any member of the board, or the employees thereof.

https://www.dawn.com/news/1328972/four-years-on-sindh-yet-to-implement-breastfeeding-law

NEWS COVERAGE PERIOD FROM APRIL 17TH TO APRIL 23RD 2017
WOOL VALUE: UNLOCKING POTENTIAL
Dawn, Economic & Business, April 17th, 2017

Amin Ahmed

A NATIONAL programme to unlock the wool development potential in Balochistan is being evolved jointly by the Food and Agriculture Organisation and the Ministry of National Food Security and Research.

FAO has asked all stakeholders for their recommendations for a long-term sustainable wool development programme.

Balochistan has an estimated sheep population of 14.7m, about half of the country's sheep population. The potential value of wool in the province is Rs2,205m per year, which can be realised by the introduction of mechanical shearing and proper collection, washing, grading and bailing.

This will be the first step in higher value creation and rug-making. Yet only a small amount of the wool potential is captured now in this value-chain.

The programme, precisely known as 'Sheep to Shawl' will support the wool industry while enhancing rural livelihoods in some 28 key wool producing districts.

The wool value-chain developed in Balochistan can be extended to other provinces to increase the amount of quality wool produced.

Currently, 1,400 community organisations established by the FAO across 14 districts of Balochistan provide a framework for disseminating wool value chain information.

Fifteen wool farmer marketing collectives, four of them managed by women, are already operational and links have also been established by farmers in the districts with wool wholesalers and carpet producers in Karachi, Multan, Jhang and Lahore.

The director-generals of Sindh, Punjab and KP also are looking for introducing the wool value-chain developed in Balochistan in their provinces.

Increasing value of raw wool reaching wholesale markets through improved shearing, washing, collection and transportation to maximise revenue of local wool producers and processors; functioning infrastructure and logistic systems at key wool collection centres in Balochistan, Punjab and Sindh; improving market opportunities for raw wool producers; improving quality control of processed wool for export; improving opportunities for establishing sustainable home and group-based cottage industries in wool producing areas; sustainable increase in sheep productivity through improved animal breeding, health and feeding; sustainable rehabilitation of rangelands, including policy reform for community-based management of rangelands; and enhanced public-private community engagement in developing the wool industry.

According to the FAO Representative in Pakistan, Patrick Evans, “wool has a high potential for development in Balochistan and this important resource will be used to improve livelihoods of rural farmers including women”,

The most immediate intervention is the introduction of mechanical shearing to increase yields and protect the fibre length. Once shorn, the wool needs to be graded, sorted, washed, baled and transported to wholesale markets in Karachi, Multan and Jhang. Alternatively, wool can be sold to Afghan carpet producers operating in Quetta.

To ensure the continued availability of wool and to improve its quality, attention also needs to be paid to animal feeding and health. To increase the amount of high-value wool, breeding programmes are needed, the FAO says.

In the longer term, enabling the wool value-chain to thrive well requires improved management of rangelands, development of trade organisations and institutional support of the government agencies and private sector organisations.

https://www.dawn.com/news/1327373

NEWS COVERAGE PERIOD FROM APRIL 10TH TO APRIL 16TH 2017
TATARSTAN TO WORK WITH PAKISTAN FOR PROMOTING HALAL FOOD
Dawn, April 11th, 2017

LAHORE: The Republic of Tatarstan is ready to work with Pakistan for promoting halal food, its Deputy Minister for Industry and Trade Denis Vgleen said on Monday.

Talking to Dawn on the sidelines of the inaugural ceremony of the sixth two-day International Halal Conference and Exhibition, Mr Vgleen said he didn’t consider halal food on the basis of religion as it was also hygienic and of good quality.

He said Tatarstan, which has no laws on halal food at present, was preparing to introduce a law after obtaining approval from its federal authorities. “If it happens, we will be able to do a lot for the promotion of the halal sector,” he said. “That’s why we have stationed our representative in Pakistan.”

The deputy minister said his country wanted to strengthen relations with Pakistan by working together in other sectors as well. Speaking on the occasion, provincial minister for livestock and dairy development, Saeed Manais, said Pakistan had a capacity to become a kitchen of halal and hygienic food for the world.

He said the government was working to promote the halal sector in Pakistan as well as other countries.

Punjab Food Minister Bilal Yasin said that since the concept of halal food was becoming more common, Pakistan could earn a distinguished name in the world for its range of halal food products.

During the event, halal food experts and officials representing various countries including Malaysia, Indonesia, Russia, Tatarstan, the United Kingdom, Turkey and some Middle Eastern nations presented their research papers.

They also agreed on promoting halal food exports in collaboration with Pakistan. It was agreed that as many as 40 businessmen from the sector, who also attended the inaugural ceremony, would soon visit Pakistan.

https://www.dawn.com/news/1326160/tatarstan-to-work-with-pakistan-for-promoting-halal-food

‘NEED TO SPREAD AWARENESS ON PACKAGED MILK’
The Express Tribune, April 12th, 2017.

Farhan Zaheer

KARACHI: Concern over the ultra-heat treatment (UHT) process is the biggest hurdle in the growth of packaged milk industry in Pakistan, Sulaiman Monnoo CEO of Dairyland (Pvt) Ltd, said while talking to reporters at the factory Tuesday.

“But these very concerns are an opportunity for the industry,” said Monnoo, referring to the criticism the industry has faced in recent times. “This means people want to know and we just need to tell them this milk is safe to consume.”

Unlike many other regional countries, packaged milk industry has seen slower growth in Pakistan. The size of the industry is still less than 10%.

Some industry experts believe the price difference (packaged milk is about 30% expensive) between packaged milk and loose milk is a major reason why the industry is unable to grab a larger market share. But Monnoo said concerns are the top issue, and pricing comes later.

The perception of packaged milk is that in order to preserve its three-month shelf-life several preservatives, including metals, are mixed, making the milk unsafe for consumption. The industry denies these allegations.

Dairyland started its operations in 2009 and later established a milk packaging plant next to its dairy farm. The company started with 500 cows, it now has 4,000.

“Our sales are growing and we see faster growth in coming months because there is so much growth margin for the packaged milk industry,” he said. When Dairyland started its operations, its average cow used to produce 18 litres of milk per day, which has now gone up to 26 litres.

Monnoo said this can be raised up to 40 litres with proper breeding and care of animals.

After deliberating for years, last year the government slapped tax on the inputs of dairy sector at 17% standard rate by withdrawing the zero rating regime. Packaged milk industry strongly opposed the decision, which according to the industry, resulted in the increase of packaged milk price by 6-7%.

Industry officials say this has dented the growth of the packaged milk industry because it further widened the gap in prices of UHT treated and loose milk.

https://tribune.com.pk/story/1381006/need-spread-awareness-packaged-milk/

NEWS COVERAGE PERIOD FROM APRIL 3 RD TO APRIL 9 TH 2017
K-P SIGNS MOUS WITH MALAYSIAN INVESTORS
The Express Tribune, April 5th, 2017

PESHAWAR: The Khyber-Pakhtunkhwa (K-P) government on Tuesday signed Memorandum of Understanding (MoU) agreements with a group of Malaysian investors to work towards halal food production, micro-finance and exploration of oil and gas in the province.

Led by former prime minister of Malaysia Abdullah Ahmad Badawi, the group of investors signed the agreements with three different provincial government entities at the chief minister’s residence in Peshawar.

According to the agreements, a halal food processing unit will be set up in the Ghazi Industrial Estate, while the Bank of Khyber agreed to micro-financing under which small-scale loans will be awarded in K-P. Additionally, the Khyber-Pakhtunkhwa Oil and Gas Company Limited (KPOGCL) signed a MoU for exploration of natural resources in the province.

Talking to media following the ceremony, K-P Chief Minister Pervez Khattak hailed the agreements as landmark achievements.

“The Malaysian food firm visited the Ghazi Industrial Estate where they have chosen 90 hectares of land for sitting-up a halal food processing unit,” he said. “The firm will not only start processing halal food, but will also issue certificates to already working halal food producers in the country.”

The chief minister added that due to the China-Pakistan Economic Corridor and restoration of peace in Pakistan, investors from all over the world are coming to the country for investment.
https://tribune.com.pk/story/1374427/k-p-signs-mous-malaysian-investors/

May 2017

NEWS COVERAGE PERIOD FROM MAY 29TH TO JUNE 4TH 2017
POULTRY INDUSTRY OFFERS MIXED REVIEW OF BUDGET
Dawn, May 30th, 2017
KARACHI: Poultry farmers have offered a mixed view of the budget for the upcoming fiscal year, saying that not all of their demands have been met.

In a statement issued on Monday, the Pakistan Poultry Association (PPA) said a reduction in the import duty on grandparent and parent stock, being the basic multiplication seed for poultry, will help spur poultry farming.

Grandparent birds are the progeny of pedigree stock bred largely by three global companies, Aviagen, Cobb-Vantress and Groupe Grimaud. They are the foundation of the poultry production sector. Parent birds are bred from imported chicks that produce broiler chickens.

The association said that its demand for bringing the sales tax on poultry farming machinery on a par with agriculture greenhouse tunnel farming has not been fully accepted.

Similarly, the PPA said its proposals to help the poultry processing industry fight against the duty- and sales tax-free imports of poultry products have also not been accepted.

At present, imports of value-added chicken products under free trade agreement with Malaysia are duty-free, imports from China have 10pc to 16pc import duty, whereas imports from India attract 5pc import duty. The association described this duty regime "extremely unfair" as "our inputs to produce those products have an incidence of 36.9pc to 58.4pc which includes 20pc customs duty, 15pc regulatory duty and 17pc sales tax on duty paid value".

The association said the processing and value-addition of as little as 12pc of the total 1.4 billion broilers produced would yield revenue of around Rs3.8 billion through income tax, sales tax on packing materials, advertising, electricity and sales tax on other miscellaneous inputs.

https://www.dawn.com/news/1336173

NESTLE, PUNJAB GOVT JOIN HANDS
Dawn, 4 June 2017,

KARACHI: Nestlé Pakistan and Department of Agriculture, Punjab, have signed a commitment of cooperation on developing fodder varieties and guiding farmers on best practices.

The agriculture department research facilities have led important breakthroughs in identifying efficient and high quality fodder varieties for farmers, while Nestlé Pakistan with its outreach to a 100,000 farmers across Punjab can help ensure that this knowledge reaches farmers and result in higher yields and prosperity for them, said a press release.

https://www.dawn.com/news/1337222/corporate-watch

NEWS COVERAGE PERIOD FROM MAY 22ND TO MAY 28TH 2017
SECMC SIGNS 3.8M-TONNE COAL SUPPLY AGREEMENT
Dawn, May, 23, 2017

KARACHI: The Sindh Engro CoalMining Company(SECMC) has signed two agreements for the supply of 3.8 million tonnes of coal a year.
The SECMC, a joint venture between the Sindh government and Engro Powergen Ltd, said in a statement on Monday it will supply 1.9m tonnes of coal each to Thar Energy Ltd (TEL) and Thal Nova.

TEL and Thal Nova are setting up mine-mouth power plants of 330 megawatts each in Block-II of Thar coalfield. These plants, capable of running 100 per cent on Thar coal, are expected to come on line by early 2020.After commissioning of these two projects, the SECMC would be mining 7.6m tonnes a year from the block. This would help reduce the coal tariff to around $41.35 a tonne, which will be equivalent to imported coal on a `dollar per million British thermal units` basis, the statement said.

In April 2016, the SE CMC and Engro Powergen Thar Ltd (EPTL) achieved combined financial close to supply 3.8m tonnes a year of coal to EPTL.

Currently, a project to mine 3.8 million tonnes of coal a year and 660MW power plant is in progress. It is expected to come on line by June 2019.

Thal Nova is a joint venture of Thal Ltd and Novatex Ltd, which are subsidiaries of Thalthe locals, infrastructure development and significant

http://epaper.dawn.com/DetailImage.php?StoryImage=23_05_2017_011_010

NEWS COVERAGE PERIOD FROM MAY 15 TH TO MAY 21ST 2017
FERTILISER INDUSTRY FACES UP TO TOUGH TIMES
Dawn, The Business and Finance Weekly, May 15th, 2017

Dilawar Hussain

Engro Fertiliser is acknowledged as the Engro conglomerate's flagship, being the chief contributor to the group's profitability.

Total assets of Engro Fertiliser (Efert) at the close of financial year Dec 31, 2016 stood at Rs102 billion. With 1.33 million paid-up shares and stock market price at Rs57.58 last Wednesday, the market capitalisation of the company works out at Rs 77bn.

Engro Corporation — the parent company — on Jan 1, 2010, demerged Efert into a separate business entity. At the end of 2016, majority shareholding of 56.45pc of Efert was vested in Engro Corporation. The general public held 14.72pc shares while modarabas and mutual funds had accumulated 8.74pc of the company stock.

As part of its strategic initiatives with respect to its subsidiaries and in order to enable the company to diversify its portfolio, Engro Corporation last year divested about a quarter of its holding in Efert.

The chief executive officer of Engro Fertilisers Limited, Ruhail Mohammed, told this writer at that time that his company was continuing to explore opportunities, both within the country and abroad, to expand its business within the Agri input space.

He elaborated that in foreign lands, the company was looking into the possibility of manufacturing fertiliser expansion; while within the country Efert was concentrating on expanding the scope of marketing of products such as insecticides, pesticides, phosphates and others.

According to its last annual report, Efert commands 30pc of the urea market share, comfortably ahead of its competitors. Yet, the fertiliser industry, as a whole, is currently passing through tough times.

Due to surplus availability, manufacturers have asked the government to extend the urea export deadline until Dec 2017. "We urged the government in April to extend the deadline, but they haven't responded," the Efert CEO said in a statement released last Wednesday.

The government had allowed local manufacturers to export 300,000 tonnes of urea by the end of April 2017. “There is no reason to panic if the government allows the export of 500,000 tonnes to 600,000 tonnes of surplus urea. At present, the industry has an inventory of about 1.5 million tonnes of urea,” said Ruhail.

He reckoned that urea demand would remain similar to last year or around 5.5-5.6m tonnes by the end 2017. Farming economics improved in 2016 compared to 2015 and the situation is expected to remain the same in 2017, which would keep urea demand flat.

Engro Fertiliser has provided the government with many points to ponder for the upcoming budget 2017-18, which could offer relief to the industry.

Ruhail suggests that the government withdraw General Sales Tax (GST) instead of giving subsidy on urea, which he affirms would save the industry from a number of issues. “The GST is almost equivalent to the subsidy the government gives on urea, which is why replacing the subsidy by GST would not make any difference to market dynamics”, contends the Efert CEO.

In the recently released first quarter 2017 results, Efert declared profit after tax (PAT) at Rs1.66bn against PAT at Rs2.12bn in the corresponding quarter of the previous year. Alongside the result, the company announced an interim cash dividend at Rs5.00 per share.

Analyst Aijaz Siddique at Next Capital said that the earnings beat street consensus by a wide margin with re-pricing of the recently re-allocated 26 mmcfd natural gas — at industry rates from 2012 petroleum policy pricing — serving as the primary reason and 31 thousand tonne urea export and lower effective taxation being the secondary reason.

However, earnings declared year-on-year fell primarily on account of lower off-take as well as lower retention prices for both urea and DAP fertilisers.

Analyst Abdul Samad Khanani at Intermarket Securities observed that Efert was able to export 31 thousand tonnes in 1Q to East Africa at FOB prices of $235-245 per tonne. The analyst anticipated the company maintain 90-100pc dividend payout policy to shareholders as re-profiling of loans for longer maturities and at better rates create more room for generous dividend payouts.

Analyst Syeda Humaira Akhter at BMA Capital, in a report of April 26, mentioned that Efert had recently ventured into the pesticides trading business, through an offshore investment, leveraging its vast distribution network countrywide.

“The project is currently under testing phase since Jan’17 and is expected to bear fruit within two to three years”, the analyst said, who also pointed out the key downside risks to the company, which included, more than anticipated increase in gas prices and any decision against the Gas Infrastructure Development Cess (GIDC) payment.

Other downside risks were identified as no extension in exports quota and/or deadline and adverse movement in international fertiliser prices.
https://www.dawn.com/news/1333267

NEWS COVERAGE PERIOD FROM MAY 1ST TO MAY 7TH 2017
FERTILISER SALES JUMP 108%, AMOUNT TO 898K TONS
The Express Tribune, May 3rd, 2017.

KARACHI: Fertiliser sales during March 2017 posted an increase of 108%, taking total dispatches to 898,000 tons in the first nine months of 2017, according to data released by the National Fertilizer Marketing Limited (NFML).

Engro Fertilizers Limited (EFERT) outperformed with an off-take of 95,000 tons (inclusive of 31,000 tons of exports) during the month (up 371% year-on-year) followed by Fauji Fertilizers (FFC) with 115,000 tons (up 95% year-on-year), according to a JS Research report.

The industry closed the month with an inventory of 1.46 million tons in hand.

Off-take of indigenously manufactured Di-ammonium Phosphate (DAP) of Fauji Fertilizer Bin Qasim (FFBL) posted an increase of over 200%. On the other hand, sale of imported DAP declined by 47% year-on-year.

Despite the availability of gas, the looming inventory glut has forced producers to restrict their urea output to 533,000 tons (up 3% year on year) during the month compared with 517,000 tons in same period last year, Taurus Securities reported.

The Economic Coordination Committee (ECC) has allowed a discount of further Rs200 per bag on imported urea prices, which is likely to create some pressure on the local urea off-take. However, it is unlikely that the local producers will follow suit to cut prices.
In April 2016, urea off-take is expected to depict a similar trend and it is likely to settle between 250,000-270,000 tons. The inventory glut to persist between 1.0 million-1.4 million tons unless the government allows commodity exports in excess of 300,000 tons, the report added.
https://tribune.com.pk/story/1399476/fertiliser-sales-jump-108-amount-898k-tons/

ENGRO TO VENTURE INTO PESTICIDE BUSINESS BY YEAR-END
The Express Tribune, May 6, 2017

DEHARKI: Engro Fertilizers Limited is expected to begin commercial operation of its pesticide business by the end of current year, according to company officials.

The company has been preparing to venture into the pesticide business for more than a year. Pakistan annually imports about Rs40 billion worth of pesticides.

Speaking to The Express Tribune, Engro Fertilizers Chief Executive Officer Ruhail Mohammed said that the company would sell blended pesticides in the country, which it would purchase in partnership with different foreign enterprises.

“We have been experimenting with different products for the past one year or so,” he said. “We have not yet finalised anything about the product portfolio because there are a number of product varieties as well as crops on which the company has to first test the imported products.”

Talking to journalists in Deharki, Ghotki district, Engro Fertilizers Senior Vice President (Manufacturing) Asif Tajik said that there was a shortage of notable companies in the local pesticide market. “Pesticides have a huge market, but there is a dearth of reliable companies that could market these products in the country,” he said.

At present, the company is in talks with five other companies to market their products in Pakistan.

Speaking about the glut of urea in the domestic market, Tajik said that fertiliser companies wanted to export their available stocks, but low international prices and thin margins were the main obstacles faced by many in the industry.

He also said that Engro was not producing fertiliser at full capacity because of low demand in the market. “In 2015, our net profit was Rs15 billion, which came down to Rs9 billion in previous year,” he said. “This may further drop in the ongoing year mainly due to excess supply and low demand.”

Moreover, he said that the government should allow up to one million tons of exports until December so that fertiliser companies had adequate space to construct their export plans.

"Owing to low demand in the country, fertiliser players are not running their plants at full capacity. At present, the industry has an inventory of about 1.5 million tons of urea, which itself is a big challenge because it is difficult to keep fertiliser stocks for long periods of time.".

https://tribune.com.pk/story/1402341/engro-venture-pesticide-business-year-end/

June 2017

NEWS COVERAGE PERIOD FROM JUNE 26TH TO JULY 1 ST 2017

NESTLE BUYS MINORITY STAKE IN FRESHLY

Business Recorder, 26 June 2017

ZURICH: Nestle said on Tuesday it has acquired a minority stake in US group Freshly, a provider of direct-to-consumer freshly prepared meals, its latest step to improve the health profile of its sprawling portfolio.

The Swiss food giant said it was lead investor in a $77 million round of new funding for Freshly, helping it gain access to the $10 billion market for prepared meals in the United States that it said would grow at "very attractive rates".

Nestle did not disclose its exact investment. The investment will help Freshly build a new East Coast kitchen and distribution centre in 2018 as it prepares to expand its US service nationwide.

Nestle USA's Food Division President Jeff Hamilton would join Freshly's board of directors.

Nestle said last week it may sell its roughly $900 million-a-year US confectionery business, which includes Butterfinger and BabyRuth.

Headquartered in New York with operations in Phoenix, Freshly was founded in 2015 and employs 400.

Nestle USA Chairman and CEO Paul Grimwood said consumers still bought most food in supermarkets but were increasing turning to DTC options.

"Acquiring a position in Freshly not only gives us access to this growth market, but it also brings reciprocal benefits for both companies. Nestle will gain visibility into Freshly's advanced analytics and its highly effective distribution network and Freshly will benefit from our R&D, nutrition and sourcing expertise," he said in a statement.

Its Phoenix facility in the western state of Arizona lets

Freshly ship to around 40 percent of consumers. Its new plant in Maryland should let Freshly serve about 93 percent of the US population with prepared meals that can be heated in two to three minutes, Nestle estimated.—Reuters

http://epaper.brecorder.com/2017/06/26/9-page/885221-news.html

NEWS COVERAGE PERIOD FROM JUNE 19TH TO JUNE 25 TH 2017

AMAZON INC ENTERS UNTESTED WATERS AFTER ACQUIRING WHOLE FOODS MARKET INC

The Express Tribune, June 25th, 2017.

SAN FRANCISCO: If Amazon.com Inc hopes to revolutionise grocery delivery, then its bid to buy Whole Foods Market Inc for $13.7 billion will just be the start of a long and costly process. The e-commerce giant would need to add a large network of specialised grocery distribution warehouses, former AmazonFresh employees and logistics experts said.

This is something Wal-Mart Stores Inc and other competitors have already done. Whole Foods, with a relatively small distribution footprint of its own, does little to change the picture for Amazon, they said.

Amazon has a little more than 3 million square feet of US Warehousing dedicated to its existing AmazonFresh and Prime Pantry grocery programs – a tenth of the warehouse space Wal-Mart has for specialised food distribution, according to logistics consulting firm MWPVL International Inc.

"AmazonFresh really was for lack of a better word an after-thought," said Brittain Ladd, who until March was a senior manager for the grocery delivery program, which launched in 2007. One key to Amazon's success in general retail sales has been its speed in delivering products to consumers, facilitated by warehouses located strategically throughout the United States.

As of 2016, the company had about 100 million square feet of space in its fulfilment and data centres, some of it outfitted with state-of-the-art robotics to boost efficiency. Facilities for distributing fresh food are far more complicated than ordinary warehouses. A single facility can need a half dozen or more temperature settings to house products from Popsicles to berries.

"It's a peanut. It's nothing," MWPVL President Marc Wulfraat said of Whole Foods' distribution. Industry experts estimate Amazon would have to add a dozen or more grocery warehouses, particularly if it wants to supply Whole Food stores in addition to homes.

The cost to do that is unclear. They said Amazon would likely continue to rely on United Natural Foods Inc to supply Whole Foods with hard-to-source products, but would probably aim to cut costs and handle more of the distribution for conventional items.

https://tribune.com.pk/story/1444341/amazon-inc-enters-untested-waters-acquiring-whole-foods-market-inc/
NEWS COVERAGE PERIOD FROM JUNE 5TH TO JUNE 11 TH 2017
ENGRO HINTS AT CLOSING MILK PLANT IN SUKKUR AS TAX POLICIES BITE
The Express Tribune, June 6th, 2017.

Shahbaz Rana

Islamabad: Engro Foods hinted at closing down its Sukkur milk production plant if the government did not change its adverse tax policies, which had adversely affected the company's profits.

"Our profitability has gone down dramatically after sales volumes plunged 20% for the first time in 10 years due to a sudden spike in tax liabilities," said Ali Ahmad Khan, Managing Director of Engro Foods, while explaining the plight of the dairy industry.

He was speaking in a meeting of the Senate Standing Committee on Finance that completed its proceedings on tax proposals for 2017-18.

Over the past three years, the dairy industry has experienced constant changes, notably the change in its tax structure that withdrew the facility of refund of taxes paid on input purchase.

On behalf of the Pakistan Dairy Association, the Engro Foods managing director asked the government to restore the zero-rating regime – a tax classification where companies are entitled to the refund of taxes paid on inputs.

Ahmad also demanded that the government should abolish the regulatory duty on the import of skimmed milk being used in tea whiteners.

Net profit of Engro Foods Limited plunged 70% to Rs330.81 million in the quarter ended March 31, 2017 primarily due to a significant decline in sales, according to a bourse filing in April this year.

The dairy company had recorded a profit of Rs1.10 billion in the same quarter last year. Earnings per share dropped to Rs0.43 from Rs1.45 in the corresponding period of last year.

"Sukkur and Sahiwal milk production plants are working below 50% of their capacity," said the managing director. "Sooner or later, we will be looking at closing one of these two factories."

He said because of the government's tax policies, milk products had become expensive and the people had started shifting to unhygienic loose milk. Engro Foods General Manager Corporate Affairs Rehan Saeed Khan told the committee that the company could close down its Sukkur plant and was also considering winding up its 300 milk collection centres that would affect 30,000 farmers.

He went on to say that FrieslandCampina – the Dutch company that recently acquired 51% stake in Engro Foods at a price of $450 million – may also think of winding up due to the unpredictable tax policies.

"Today, the foreign investor is in shock over the changing tax policies," said Ahmad.

"We know that the dairy sector is in trouble, but we cannot restore the zero-rating facility," said Federal Board of Revenue (FBR) Chairman Dr Mohammad Irshad.

He, however, promised that the FBR could consider zero-rating facility for one major input, like packaging material. Sources said the FBR had also proposed to grant zero-rating facility on the electricity consumed by the dairy sector, but Finance Secretary Tariq Bajwa and Special Assistant to Finance Minister Tariq Pasha did not agree.

Sales of the dairy sector had been adversely affected by a negative social media campaign and the companies should try to improve its image instead of blaming the tax regime, said Dr Mohammad Iqbal, Member Policy Inland Revenue of the FBR. He argued that the packaged milk was consumed by the affluent class that could afford high prices.

https://tribune.com.pk/story/1428298/engro-hints-closing-milk-plant-sukkur-tax-policies-bite/

August 2017

NEWS COVERAGE PERIOD FROM AUGUST 20TH TO AUGUST 27 Th 2017

EU OPENS PROBE INTO BAYER TAKEOVER OF MONSANTO

Business Recorder, August 23, 2017

The European Commission said Tuesday that it was opening an in-depth investigation into the proposed $66 billion (56-billion-euro) takeover of US seed and pesticide supplier Monsanto by Germany's Bayer, citing concerns it could reduce competition in key products for farmers. "Seeds and pesticide products are essential for farmers and ultimately consumers," said EU Competition Commissioner MargretheVestager. "We need to ensure effective competition so that farmers can have access to innovative products, better quality and also purchase products at competitive prices."

In its own statement, Leverkusen-based Bayer said it "believes that the proposed combination will be highly beneficial for farmers and consumers." The firm "will continue to work closely and constructively with the European Commission" and still aims to receive approval for the deal by the end of the year, it added.

After a months-long pursuit in which it raised its offer price several times, Bayer won over Monsanto's management in September for the deal, which would create the world's largest integrated pesticides and seeds company. If the tie-up goes ahead, the new company would have some 140,000 employees around the world with combined annual revenues from agriculture alone of about 23 billion euros.

But the deal has drawn criticism from environmental groups because of Monsanto's long history of promoting genetically modified crops. "There's not much to investigate. One monster corporation controlling our food is a bad idea for farmers and citizens everywhere," said Nick Flynn of the Avaaz advocacy group.

"Over a million people are hoping Commissioner Vestager comes back with a long-term rejection of Monsanto and Bayer's marriage from hell." The European Commission expressed concern that Bayer produces one of the few alternatives to glyphosate, an herbicide that Monsanto markets under the name Roundup, one of the most widely sold weed-killers in Europe.

It also said that both companies have large market shares in vegetable seeds and in several field crops where their products compete against one another. The European Commission added that Bayer was one of the few competitors to Monsanto in several markets for developing traits in plants, such as tolerance to herbicides.

It said the two companies made commitments to address some of its concerns in July. "However, the commission considered these commitments insufficient to clearly dismiss its serious doubts as to the transaction's compatibility with the EU Merger Regulation," it said in a statement. The commission said it would take a decision on the merger by next January 8.

Bayer's planned takeover is the latest in a wave of consolidation in the competitive agrochemicals sector. China's state-owned ChemChina has completed its $43 billion takeover of Switzerland's Syngenta, while the nearly $150 billion tie-up of US giants Dow Chemical and DuPont is expected to close sometime this month.

Bayer last month lowered its full-year earnings forecast after revenues shrank at its agrichemical and over-the-counter medicines units in the second quarter. Most of the sales decline stemmed from higher-than-expected stocks of insecticides and pesticides left over at the end of the harvest season in Brazil, which required the group to book financial provisions. Shares in the chemicals and pharmaceuticals giant were little moved by news of the extended EU investigation, trading up 2.0 percent at 108.55 euros around 3:30 pm (1330 GMT), compared with a DAX index of blue-chip German stocks that was up 1.1 percent.

http://fp.brecorder.com/2017/08/20170823211774/

NAB GETS RECORDS OF SHARIFS' SUGAR MILLS, DAR'S FIRMS
Dawn, August 24, 2017

Wajih Ahmad Sheikh

LAHORE: The Securities and Exchange Commission of Pakistan (SECP) handed over records of various companies owned by Finance Minister Ishaq Dar as well as the Chaudhry Sugar Mills, owned by former prime minister Nawaz Sharif's family, to the National Accountability Bureau (NAB) on Wednesday.

According to sources, SECP Joint Director Ali Adnan handed over the records of seven companies owned by Mr Dar and his family members to a four-member Combined Investigation Team (CIT), led by Lahore NAB Director General SaleemShahzad, at the Bureau's Lahore office.

NAB's current investigation is meant to lead to a reference ordered by the Supreme Court on July 28, in the Panama Papers case verdict, against Mr Dar for owning assets beyond his known sources of income.

The CIT had sought the personal appearance of members of the Sharif family but they did not turn up. The finance minister, through his counsel, had informed the CIT that he would not join its proceedings till the Supreme Court arrived at a decision on his review petition against the apex court's July 28 verdict.

While Mr Sharif, his daughter Maryam Nawaz and son-in-law retired captain Muhammad Safdar categorically refused to appear before the CIT, their counsel filed written replies to the CIT questions about the proceedings being in violation of the NAB Ordinance 1999.

The Sharif family believes that their appearance before the interrogators would not amount to much since the court has already directed NAB to file the references.

The sources said that Mr Adnan's role in the proceedings pertaining to the Chaudhry Sugar Mills was of key importance as he had been associated with the case from day one.

A NAB official privy to the investigation said JavedKayani, a close friend of the Sharif family, had also appeared before the CIT.

MrKayani, a former chairperson of the Punjab chapter of the Pakistan Sugar Mills Association, had earlier presented his statement before the Joint Investigation Team (JIT) constituted by the SC while hearing the Panama Papers case.

The JIT had accused MrKayani of laundering money for the Sharif family through fictitious bank accounts. He was also named a suspect in the Hudaibya Paper Mills case.

The sources said the CIT had persuaded Mr Adnan and MrKayani to become approvers against the Sharif family. SECP Director Maheen Fatima is likely to appear before the CIT today (on Thursday).

NAB is now left with almost two weeks to file the references against Mr Sharif, his children and Mr Dar as the six-week deadline set by the Supreme Court will end on Sept 8.

https://www.dawn.com/news/1353562

NEWS COVERAGE PERIOD FROM AUGUST 7TH TO AUGUST 13 Th 2017
RUSSIAN CONSORTIUM TO BUILD REFINERY
Dawn, August 10th, 2017

ISLAMABAD: A Russian oil and gas consortium — Inter Rao and Himmash Apparat — has agreed to set up a medium-sized refinery in Kohat district of Khyber Pakhtunkhwa.

Although a memorandum of understanding has already been signed between the Russian firms and the KP Oil and Gas Company (KPOGCL), the Russian investors have yet to seek Moscow's approval to enter the energy market of Pakistan.

On Wednesday, a Russian delegation headed by Yaroslav Gavrylendo held a meeting with KPOGCL Chief Executive Officer Muhammad Raziuddin to discuss a way forward for the project.

KPOGCL is playing an active role as facilitator, de-briefing the investors on financial and technical aspects of the project.

Letters of intent have already been issued by Russian investors through their consortium to the KP government and they are keen to take this project to the next phase.

The delegation lauded the efforts of KPOGCL for facilitating new investors in the region on a fast-track basis.

https://www.dawn.com/news/1350613

NEWS COVERAGE PERIOD FROM AUGUST 1ST TO AUGUST 6TH 2017
DALDA PLANS RS7BN SHARE OFFER FOR PUBLIC
Dawn, August 4th, 2017

Kazim Alam

KARACHI: Dalda Foods Ltd and its parent company are going to raise more than Rs7 billion through the stock market by selling 25 per cent shares in the edible oil business, according to a recent regulatory filing.

The food entity will issue 30 million new shares at the minimum price of Rs85 apiece while its holding company, DFL Corporation, will sell 52.5m existing shares at the same price.

Dalda Foods wants to reduce its reliance on the import of edible oil by backward-integration. It will use the raised funds to expand the crushing capacity of its seed extraction plant from 300 tonnes per day to 500 tonnes.

The country’s edible oil industry is worth around Rs500bn and has been growing at an average annual rate of 7pc, according to industry estimates. About 4m tonnes of edible oil and fats are consumed in Pakistan annually. More than 60pc of it is used for home cooking while the rest is utilised by the industrial sector. Dalda Foods operates in both segments.

The company’s popular brands include Dalda, Tullo and tea whitener Cup Shup.

The Pakistan Stock Exchange (PSX) has placed the draft prospectus carrying the financial accounts of the company on its website to seek public comments until Aug 9.

The issue will take place later through book building in which high net worth individuals and institutions will bid for the stock to determine ‘strike price’ at or above the minimum price of Rs85 per share. They will be allotted 75pc of the issue while retail investors will be offered the remaining 25pc at the same price. Sales and profit of Dalda Foods have grown at an average rate of 12.8pc and 17.4pc, respectively, since 2010. According to unconsolidated financial statements released to the public, the company recorded sales of Rs26.8bn for 2015-16, up 11.6pc annually. Its profit dipped 14.5pc to Rs1.6bn over the same period.

Assuming the strike price of Rs85 a share, the company offers investors the price-to-earnings multiple of 12.5. The ratio reflects investors’ willingness to pay Rs12.50 for every single rupee of profit earned by Dalda Foods. In contrast, eight peer-group companies listed on the stock exchange, including Engro Foods, Unilever Pakistan Foods and Nestle Pakistan, offer the average multiple of 31.2. This means Dalda Foods offers investors a discount of 60pc at the base price of Rs85 per share.

Speaking to Dawn, Insight Securities Executive Director for Research Zeeshan Afzal said the company offers ‘attractive’ valuation. “The company’s fair value could be around Rs150 per share after the public offering, assuming the price multiple of 24 for peer companies (excluding Engro Foods),” he said.

But the time of the listing may not be opportune, he added. The benchmark index has shed about 11pc value since hitting its peak on May 24 partly because of political turmoil. Moreover, recent public listings, such as Roshan Packages, Ittefaq Steel and the PSX, failed to generate immediate capital gains for investors, Mr Afzal said.

https://www.dawn.com/news/1349429

RE-GASIFICATION OF LNG: ENGRO TO CONSTRUCT ANOTHER TERMINAL AT PORT QASIM
Business Recorder, 5 August 2017

ISLAMABAD: Engro Elengy Terminal Limited (EETL) in collaboration with M/s Shell and Fatima Group plans to construct another terminal at Port Qasim with a capacity to re-gasify up to 600 MMSCFD LNG.

This was announced by the CEO of EETL Jahangir Piracha. He was commenting on celebration of an upcoming milestone of the existing terminal which is set to receive its 100th LNG tanker.

Following successful operation of over two-and-half years, Pakistan’s first and the only LNG import infrastructure has been a virtual natural gas lifeline for the country. With capacity to inject 600 MMSCFD Re-gasified Liquefied Natural Gas (RLNG) in the system, Engro terminal emerges as the biggest gas source in Pakistan.

The terminal has already handled 6.1 million Tons of LNG since commissioning through 100 shipments, thereby bridging national natural gas deficit by 20-25 percent in the process.

The efficient operation of the terminal offers a platform to accelerate national energy independence and economic revival.

The terminal is providing round-the-clock supply of natural gas at a utilization rate of 100 percent for the Floating Storage and Re-gasification Unit (FSRU). This achievement makes it the only FSRU in the world that is operating at such high re-gas rates.

With supply of RLNG, Pakistan is saving about US$ 1.7 billion each year due to fuel arbitrage savings between diesel and LNG alone. Additionally, Engro is one of just fifteen companies in the world, which is operating such an advanced terminal storage and re-gasification technology that enables such efficiencies.

Over 2,200MW power generation capacity has been brought online or switched from more expensive liquid fuels. RLNG also energized close to a dozen projects, generating billions of dollars economic activity in the country. More than 750 CNG stations started operating in Punjab for the first time with RLNG supplies, the first steps to an estimated US$4.5 billion industry.

Revival of fertilizer industry is also made possible with substantial increase in production.

This contributed significant savings to national exchequer and had direct contribution to GDP. The running of fertilizer plant at full capacity provides relief to farmers in terms of cheap and easily available urea fertilizer. It also brightens prospects of export of urea fertilizer in order to earn precious foreign exchange.

Historically unavailability of gas to fertilizer plants has resulted in outflow of valuable foreign exchange as imports increased to meet demand.

Additionally 500 industrial units, mainly comprising of export-oriented textile units have been revived leading to job creation for youth and the hope of reversing the recent and concerning slide of textile exports.

Engro Elengy terminal has proved to investors inside the country that the business model works leading to a dramatic investment in the ecosystem that will lead to 2-3 more terminals in the near future with even more profound and positive impact on the country's energy situation. Gas shortage will be eliminated, and cost of tariff will be positively affected as blended fuels get a greater penetration of LNG. Furthermore, external investors are now bullish on Pakistan as the biggest global growth story in LNG with expectations that it can be among top 5 LNG markets in the world within 5 years.—PR

http://epaper.brecorder.com/2017/08/05/19-page/896558-news.html

September 2017

NEWS COVERAGE PERIOD FROM SEPTEMBER 18TH TO SEPTEMBER 24 Th 2017

BAYER SAYS NEEDS MORE TIME FOR MONSANTO DEAL APPROVAL

Dawn, 20 September 2017

MONHEIM, Germany (Reuters) – German drugs and pesticides group Bayer (BAYGn.DE) said on Tuesday it was now likely to be early next year before it can complete its $66 billion deal to acquire U.S. group Monsanto (MON.N), later than previously expected.

The European Commission has been scrutinizing the proposed takeover with a deadline of Jan. 8 but Bayer said in a statement it had asked the regulator for an extension on the investigation to Jan. 22, to which the EU Commission responded by saying it would take a decision shortly.

Liam Condon, head of Bayer's Crop Science division, said: "An anticipated closing of the deal in early 2018 is now more likely than end of 2017." He also expressed his confidence that the EU would give the green light.

However, the company said it could not think of any asset sales which could be made to allay the European Commission's concerns about what it sees as Bayer's looming dominance in digital farming.

The Commission last month started an in-depth investigation of the takeover, saying it was worried about competition in various pesticide and seeds markets.

Among a slew of markets where competition was at risk, the EU Commission at the time named Monsanto's weed killer glyphosate, or Roundup, which competes with Bayer's glufosinate; vegetable and canola seeds; and licensing of cotton-seed technology to peers.

More broadly, it said the deal might slow the race to develop new products, and that the European Union would try to prevent Bayer from becoming too dominant in combined offerings of seeds and pesticides with the help of digital farming tools such as connected sensors, software and precision machines.

Bayer, which was making a media presentation on its Crop Science business on Tuesday, also said the division would face volatile global markets for the rest of the year but would slowly return to growth from 2018, including its embattled Brazilian business.

https://in.reuters.com/article/tata-sons-strategy/face-of-tata-group-to-change-in-next-decade-ratan-tata-says-idINKCN1BV2TA

NEWS COVERAGE PERIOD FROM SEPTEMBER 11 TH TO SEPTEMBER 17 Th 2017

INVESTIGATING BEHAVIOUR OF PAKISTAN'S EXPORTING FIRMS
Dawn, September 11, 2017

Nasir Jamal

With its foreign shipments dropping by almost a quarter — from over $25 billion to above $20bn in three years — Pakistan's exports have been going under for a number of reasons.

The declining exports are bringing enormous pressure on the external sector with the current account deficit expanding from $4.8bn in 2015/2016 to more than $12bn last fiscal year, triggering calls for immediate policy interventions and cash support.

"Key to making export-friendly policies from the government's side is to better understand the nature of exporting firms in Pakistan," says a recent report – Trade Costs and Trade Composition: Firm Level Evidence from Pakistan – authored by Salamat Ali, a senior trade associate at The Commonwealth's Trade Division, for the International Growth Centre.

The study investigates the impact of trade costs on the composition of Pakistan's exports and the behaviour of its exporting firms.

The study documents key characteristics of export-oriented businesses, including their prevalence, the proportion of their exports relative to imports, their longevity, and their destination markets.

It finds the distribution of Pakistan's export-oriented firms to be highly skewed: the top one per cent of firms handle around 46pc of exports and the top five per cent mediate around 76pc because exporting is a costly activity and only more productive firms enter into export markets.

The number of exporting firms is highly skewed towards a single market as more than half the firms export to only one destination; while overall export volume is skewed towards multi-market firms. These large firms are two-way traders, and they export multiple products to multiple markets.

Most small firms appear to export a single product to a single market. This predominance of small exporters indicates a huge potential for reallocation of resources across firms

Alongside this universe of large firms, the study notes, the economy has a large number of small exporters whose combined contribution to overall exports is relatively small: these constitute around 95pc of the cohort but their contribution to exports is hardly around 25pc.

Most of the small firms appear to export a single product to a single market. This predominance of small exporters indicates huge potential for reallocation of resources across firms.

Information barriers, supply-side constraints, infrastructure or lack of competition in the domestic market could be preventing small firms from entering other export markets.

As in most developing countries, it reveals, "exporting is quite a rare activity in Pakistan. Of the total universe of 50,518 firms in the year 2012/13, only 17,258 (or 34pc) entered into exporting. This proportion further drops to 6,699 firms (or 13pc) if small occasional exporters (10,559) are excluded from the analysis.

Moreover, around a third of these firms are engaged in two-way trade (export and import) and appear to be major drivers of overall exports, constituting 32pc of the population of exporting firms but dealing with 81pc of overall export volume.

This concentration of large export volumes in the two-way traders implies these firms may face lower trade costs, as they may possess superior information about the foreign markets and international trade procedures.

"Pakistan has the potential to become a major exporter. But high trade costs and an unsupportive policy environment keeps that from happening.

"Policy interventions could invigorate this sector but they need to be informed by a deep understanding of how Pakistan's exporting firms work," notes Ghazan Jamal, a Pakistan country economist at the IGC, in a blog he has co-authored with Ali for the Consortium for Development Policy Research. The study, which defines trade costs as the costs associated with transporting the product from the factory to its destination, shows as trade costs increase, exports go down.

A regional breakdown of the same indicates that Pakistan's trade costs are lowest with North America and East Asia and these correspond to two major destinations for Pakistani exports as well.
On the other hand, Pakistan's trade costs are highest with Southern Africa and the Caribbean and these correspond to some of the lowest export destination for Pakistani products.

In 2015, Pakistan's border-related costs associated with exporting and importing a 20ft container was much lower than some other countries in the region like India and Bangladesh. However, bilateral trade costs are comparatively much higher, putting exporting firms at a disadvantage.

"The concerning trend for Pakistan is that as there is a clear downward trend in bilateral trade costs globally as well as in the cases of India and China. In the case of Pakistan trading costs have fluctuated without much improvement, showing policy inconsistency and lack of a concerted effort to improve export regime.

"These high costs mainly pertain to relatively large input tariffs on imports of intermediate inputs used for manufacturing for exports, poor transport network to connect manufacturing regions in the North with seaports in the South and high costs of other inputs such as electricity and natural gas," according to the study.

Due to the high cost of exporting and a lack of competition in the domestic market, on average, even exporting firms sell 70pc of their output domestically.

The study also reveals a very low export intensity of existing exporters and large untapped potential of non-exporters. "It appears that supply is not a major constraint but the challenge is to increase the export intensity of existing exporters and incentivise non-exporters to engage in international trade. Export promotion strategy and policy has to focus on market entry of firms and products, rather than quantity of subsidy."
https://www.dawn.com/news/1356954

October 2017

NEWS COVERAGE PERIOD FROM OCTOBER 16Th TO OCTOBER 22ND 2017

FAUJI FERTILIZER PROFIT DROPS 13.5% TO RS3.2 BILLION

The Express Tribune, October 21st, 2017.

KARACHI: Fauji Fertilizer Company (FFC) posted a net consolidated profit of Rs3.2 billion in the quarter ended September 2017, down 13.5% compared with Rs3.7 billion in the same period of last year, according to a company notice sent to the Pakistan Stock Exchange (PSX).

Earnings per share (EPS) stood at Rs2.53 in Jul-Sep 2017 compared with Rs2.94 in the corresponding period of last year.

The KSE-100 index closed at 42,087, up 529 points or 1.27% on Friday. Fauji Fertilizer share price closed at Rs82.32, up 1.27%.

Along with the result, the company declared a cash dividend of Rs1.5 per share, taking nine-month pay-out to Rs4 compared to Rs5.15 last year. Sales grew 55% year-on-year in third quarter of 2017 due to significant growth in Di-ammonium Phosphate (DAP) off-take, which as per provisional September 2017 figures stood near 250,000 tons, up 15 times compared to last year. However, urea sales declined 14%.

Margins contracted by four percentage points year-on-year to 21% due to lower urea prices and higher proportion of DAP sales.

Administration and distribution expenses rose 42% year-on-year to Rs2.6 billion likely due to aggressive incentives and higher DAP sales (imported).

Finance cost went up by 8% year-on-year to Rs908 million whereas other income declined 44% year-on-year to Rs1.4 billion.

During nine months of 2017, revenue of the company posted an increase of 25% while gross margins declined by seven percentage points to 21% due to a decline in urea prices. Key risks for the company include decline in international urea prices, slower-than-expected urea sales, and weaker-than-expected local urea prices.

https://tribune.com.pk/story/1537212/2-fauji-fertilizer-profit-drops-13-5-rs3-2-billion/

NEWS COVERAGE PERIOD FROM OCTOBER 9 Th TO OCTOBER 15 Th 2017
NESTLE BUILDING INFANT FORMULA PLANT IN RUSSIA

Dawn, October 13th, 2017

ZURICH: Nestle is investing 30 million Swiss francs ($30.8m) in its first infant formula plant in Russia, where construction has begun, the world’s biggest food group said on Thursday.

The plant will be part of the existing Vologda site, where Nestle has operated for 14 years. “It will strengthen Nestle’s leading position in the Russian infant formula market, and support export to neighbouring countries,” Nestle said in a statement.

https://www.dawn.com/news/1363403

NEWS COVERAGE PERIOD FROM OCTOBER 1ST TO OCTOBER 8 Th 2017
MONSANTO’S ROUNDUP FACES EUROPEAN POLITICS AND U.S. LAWSUITS
International New York Times, 6 October, 2017

Monsanto’s flagship weed killer, Roundup, has had a tough year. And it could get worse.

With Roundup at the center of a federal case in the United States over claims that it causes cancer, European Union officials will meet in Brussels on Thursday as they weigh whether to allow the continued use of products that contain Roundup's active ingredient, glyphosate, in its 28 nations.

Because Europe makes such decisions the way Americans vote for president — with a weighted vote among its member states — the outcome is tricky to predict.

A final decision, already long delayed, is not expected until later this year. France and Italy have indicated they will oppose the reauthorization, while Germany's position remains unclear. A range of outcomes are possible, including phasing out Roundup and similar products entirely or limiting the length of their reapproval.

While Roundup still enjoys broad support among farmers and a number of European governments, sentiment against its maker is at a low point in Europe, with a petition campaign against glyphosate reportedly surpassing one million signatures. Last week, the European Parliament also made Monsanto the first company barred from lobbying the chamber after its executives refused to take part in a hearing over glyphosate. Monsanto viewed the hearing as a political sideshow.

"We are ready and willing to engage the European Parliament and policy makers in Europe," said Scott Partridge, Monsanto's vice president of global strategy, in an email. But, he added, "this particular forum was not set up for substantive discussion related to the regulation and use of glyphosate."

Monsanto, which is in the process of being acquired by Bayer, also faces litigation in the United States from farmers, members of their families and others who claim that Roundup is connected to non-Hodgkin's lymphoma. The litigation has led to embarrassing questions about whether the company had engaged in ghostwriting of news articles and academic papers.

The rise of Roundup has reshaped agriculture. Two decades ago, Monsanto introduced its line of Roundup Ready seeds, which were genetically engineered to be resistant to glyphosate. That meant that farmers could spray Roundup after crops emerged from the ground, killing weeds later in the growing season. Its use soared around the globe in key crops like corn, cotton and soybeans, from the United States to Brazil to Australia.

Glyphosate has become so ubiquitous that weeds are becoming more resistant to it, leading Monsanto and other companies to develop alternatives. That process, too, has been challenging. New versions of an old herbicide, dicamba, developed by Monsanto and BASF as an alternative to glyphosate, have divided farmers and led to litigation that it is damaging some crops.

It is no surprise that Monsanto, which has been the most outspoken corporate proponent of using genetically modified crops to make it easier to spray pesticides, has few fans among environmentalists. And even though Europe has almost entirely shunned genetically modified crops, glyphosate is still the most popular weed killer on the Continent.

"Our planet is being poisoned by Monsanto," said Teri McCall, a California avocado farmer whose husband, Jack, used Roundup for years and died in 2015 after suffering from non-Hodgkin's lymphoma. Ms. McCall, a plaintiff in the lawsuit against Monsanto, was in Brussels to meet with European lawmakers, accompanied by her lawyers from Baum Hedlund, a Los Angeles firm.

"At the very least it needs to have a warning label so people can make an informed decision," she said. "My husband was under the impression that it was safe."

Monsanto vigorously rebuts the cancer claims and has lamented the popular opposition in Europe, which is at odds with the opinions of regulators. Two agencies, the European Food Safety Authority and the European Chemicals

Agency, have signed off on the safety of glyphosate. And the European Commission, the executive branch of the European Union, has recommended reauthorizing glyphosate, though the decision falls to the member states.

“The conclusions of E.F.S.A. and ECHA that glyphosate should not be classified as carcinogenic is in line with the conclusions of many other regulatory bodies, both inside and outside the E.U.,” said Anca Paduraru, a spokeswoman for the European Commission. “We would welcome a country that intends to vote against to explain the scientific reasons.”

Little in the world of pesticides comes without bitter dispute, with companies and their critics both attacking the positions of public agencies.

The cancer claims against Roundup spring from an assessment by the International Agency for Research on Cancer, a branch of the World Health Organization, which categorized glyphosate as a probable carcinogen in 2015. Monsanto and its allies have assailed the finding as an outlier.

Likewise, environmental activists have attacked European regulators, saying they rely too heavily on the word of industry giants when making safety decisions. The European Food Safety Authority was harshly criticized after The Guardian reported that its assessment had partly been copied from Monsanto.

“They quoted long bits and pieces,” said Sven Giegold, a German member of the European Parliament from the Green Party. “You would be committing fraud if you did this for your Ph.D.”

The food safety agency has said that consulting with companies whose products are being considered is the normal course of doing business, and that nothing in its review was out of the ordinary. Bernhard Url, the executive director of the agency, has called the criticism “the latest in a series of efforts to discredit the scientific process behind the E.U. assessment of glyphosate.”

Monsanto and its competitors, many of which also sell glyphosate products after Monsanto’s patent expired years ago, now see the process as divorced from rational discourse.

“We have observed with increasing alarm the politicization of the E.U. procedure on the renewal of glyphosate — a procedure which should be strictly scientific but which in many respects has been hijacked by populism,” Monsanto wrote in a recent letter to the European Parliament.

When the reauthorization vote comes, Germany could be pivotal. The country’s position has been complicated by its recent national election; Chancellor Angela Merkel is still trying to put together a government, one that is expected to include the Green Party, which takes a dim view of glyphosate.

Joachim Rukwied, president of the German Farmers’ Association, said Ms. Merkel had assured farmers at a meeting this year that she supported glyphosate.

“She is for prolongation of glyphosate for the next 10 years,” he said. “I hope this will be the position of Germany.”

The Green Party has its own ideas, but neither politicians nor executives were inclined to predict the outcome.

“The use of pesticides is a big concern,” Mr. Giegold said, adding that he opposed prolonging glyphosate’s approval in Europe. “I think France and Italy, if they sustain their position, it will depend very much on Germany.”

https://www.nytimes.com/2017/10/04/business/monsanto-roundup-europe.html?rref=collection%2Fbyline%2Fdanny-hakim&action=click&contentCollection=undefined&region=stream&module=stream_unit&version=latest&contentPlacement=2&pgtype=collection

INDIAN STATE TO INSPECT CULTIVATION OF UNAPPROVED MONSANTO GM COTTON
Dawn, October 7th, 2017

New Delhi: A top Indian cotton-producing state has ordered an inspection of fields planted with an unapproved variety of genetically modified seeds developed by Monsanto, which is fighting to retain its market in the world's biggest grower of the fibre.

Farmers in Andhra Pradesh have planted 15 per cent of the cotton area in the state with Bollgard II Roundup Ready Flex (RRF), prompting the local government on Friday to form a panel of officials to "inspect the fields of farmers growing RRF".

The order, issued by senior Andhra Pradesh official B Rajasekhar, did not say how the farmers accessed the unapproved variety of genetically modified (GM) cotton. Calls to his office went unanswered.

"It's a matter of grave concern that some seed companies, while suppressing their real intent of profiteering, are attempting to illegally incorporate unauthorised and unapproved herbicide-tolerant technologies into their seeds," a Monsanto spokesman said.

"Commercial release of GM technologies in India without the requisite regulatory approvals may not only pose tremendous risks for the country's farmers, it may also be in violation of applicable laws of the land." The spokesman did not identify the local companies.

Bollgard II RRF is a proprietary technology owned by Monsanto, the world's biggest seed maker, which last year withdrew its application seeking approval from the regulator, Genetic Engineering Appraisal Committee (GEAC), for this variety.

The withdrawal was seen as a major escalation in a long-running dispute between the Indian government and Monsanto, which is also locked in a bitter battle with Andhra Pradesh-based Nuziveedu Seeds Ltd.

Monsanto applied for GEAC approval of Bollgard II RRF, known for its herbicide-tolerant properties, in 2007. When the US company withdrew the application last year, it was in the final stages of a lengthy process that included years of field trials.

The illegal sale of the seeds violates India's environmental protection rules, said C D Mayee, president of the South Asia Biotech Centre, a not-for-profit scientific society.

Mayee, a former government scientist, estimated that 3.5 million packets of such seeds were sold this season.

"Over the years, we have kept the regulators and key stakeholders apprised of the illegal usage of unapproved technology," the Monsanto spokesman said.

"Even as late as August 2017, we have sought their intervention on the gross misuse of patented and regulated technologies which may pose numerous other challenges to Indias cotton ecosystem."

A spokesman for the federal environment ministry was not immediately available for comment.

New Delhi approved the first GM cotton seed trait in 2003 and an upgraded variety in 2006, helping transform India into the world's top producer and second-largest exporter of the fibre.

https://www.dawn.com/news/1362189/indian-state-to-inspect-cultivation-of-unapproved-monsanto-gm-cotton

BAYER SAYS NEEDS MORE TIME FOR MONSANTO DEALAPPROVAL
Dawn, 20 September 2017

MONHEIM, Germany (Reuters) – German drugs and pesticides group Bayer (BAYGn.DE) said on Tuesday it was now likely to be early next year before it can complete its $66 billion deal to acquire U.S. group Monsanto (MON.N), later than previously expected.

The European Commission has been scrutinizing the proposed takeover with a deadline of Jan. 8 but Bayer said in a statement it had asked the regulator for an extension on the investigation to Jan. 22, to which the EU Commission responded by saying it would take a decision shortly.

Liam Condon, head of Bayer's Crop Science division, said: "An anticipated closing of the deal in early 2018 is now more likely than end of 2017." He also expressed his confidence that the EU would give the green light.

However, the company said it could not think of any asset sales which could be made to allay the European Commission's concerns about what it sees as Bayer's looming dominance in digital farming.

The Commission last month started an in-depth investigation of the takeover, saying it was worried about competition in various pesticide and seeds markets.

Among a slew of markets where competition was at risk, the EU Commission at the time named Monsanto's weed killer glyphosate, or Roundup, which competes with Bayer's glufosinate; vegetable and canola seeds; and licensing of cotton-seed technology to peers.

More broadly, it said the deal might slow the race to develop new products, and that the European Union would try to prevent Bayer from becoming too dominant in combined offerings of seeds and pesticides with the help of digital farming tools such as connected sensors, software and precision machines.

Bayer, which was making a media presentation on its Crop Science business on Tuesday, also said the division would face volatile global markets for the rest of the year but would slowly return to growth from 2018, including its embattled Brazilian business.

https://in.reuters.com/article/tata-sons-strategy/face-of-tata-group-to-change-in-next-decade-ratan-tata-says-idINKCN1BV2TA

NEWS COVERAGE PERIOD FROM SEPTEMBER 11 TH TO SEPTEMBER 17 Th 2017

INVESTIGATING BEHAVIOUR OF PAKISTAN'S EXPORTING FIRMS
Dawn, September 11, 2017

Nasir Jamal

With its foreign shipments dropping by almost a quarter — from over $25 billion to above $20bn in three years — Pakistan's exports have been going under for a number of reasons.

The declining exports are bringing enormous pressure on the external sector with the current account deficit expanding from $4.8bn in 2015/2016 to more than $12bn last fiscal year, triggering calls for immediate policy interventions and cash support.

"Key to making export-friendly policies from the government's side is to better understand the nature of exporting firms in Pakistan," says a recent report – Trade Costs and Trade Composition: Firm Level Evidence from Pakistan – authored by Salamat Ali, a senior trade associate at The Commonwealth's Trade Division, for the International Growth Centre.

The study investigates the impact of trade costs on the composition of Pakistan's exports and the behaviour of its exporting firms.

The study documents key characteristics of export-oriented businesses, including their prevalence, the proportion of their exports relative to imports, their longevity, and their destination markets.

It finds the distribution of Pakistan's export-oriented firms to be highly skewed: the top one per cent of firms handle around 46pc of exports and the top five per cent mediate around 76pc because exporting is a costly activity and only more productive firms enter into export markets.

The number of exporting firms is highly skewed towards a single market as more than half the firms export to only one destination; while overall export volume is skewed towards multi-market firms. These large firms are two-way traders, and they export multiple products to multiple markets.

Most small firms appear to export a single product to a single market. This predominance of small exporters indicates a huge potential for reallocation of resources across firms

Alongside this universe of large firms, the study notes, the economy has a large number of small exporters whose combined contribution to overall exports is relatively small: these constitute around 95pc of the cohort but their contribution to exports is hardly around 25pc.

Most of the small firms appear to export a single product to a single market. This predominance of small exporters indicates huge potential for reallocation of resources across firms.

Information barriers, supply-side constraints, infrastructure or lack of competition in the domestic market could be preventing small firms from entering other export markets.

As in most developing countries, it reveals, "exporting is quite a rare activity in Pakistan. Of the total universe of 50,518 firms in the year 2012/13, only 17,258 (or 34pc) entered into exporting. This proportion further drops to 6,699 firms (or 13pc) if small occasional exporters (10,559) are excluded from the analysis.
Moreover, around a third of these firms are engaged in two-way trade (export and import) and appear to be major drivers of overall exports, constituting 32pc of the population of exporting firms but dealing with 81pc of overall export volume.
This concentration of large export volumes in the two-way traders implies these firms may face lower trade costs, as they may possess superior information about the foreign markets and international trade procedures.

"Pakistan has the potential to become a major exporter. But high trade costs and an unsupportive policy environment keeps that from happening.

“Policy interventions could invigorate this sector but they need to be informed by a deep understanding of how Pakistan’s exporting firms work,” notes Ghazan Jamal, a Pakistan country economist at the IGC, in a blog he has co-authored with Ali for the Consortium for Development Policy Research. The study, which defines trade costs as the costs associated with transporting the product from the factory to its destination, shows as trade costs increase, exports go down.

A regional breakdown of the same indicates that Pakistan’s trade costs are lowest with North America and East Asia and these correspond to two major destinations for Pakistani exports as well.

On the other hand, Pakistan’s trade costs are highest with Southern Africa and the Caribbean and these correspond to some of the lowest export destination for Pakistani products.

In 2015, Pakistan’s border-related costs associated with exporting and importing a 20ft container was much lower than some other countries in the region like India and Bangladesh. However, bilateral trade costs are comparatively much higher, putting exporting firms at a disadvantage.

“The concerning trend for Pakistan is that as there is a clear downward trend in bilateral trade costs globally as well as in the cases of India and China. In the case of Pakistan trading costs have fluctuated without much improvement, showing policy inconsistency and lack of a concerted effort to improve export regime.

“These high costs mainly pertain to relatively large input tariffs on imports of intermediate inputs used for manufacturing for exports, poor transport network to connect manufacturing regions in the North with seaports in the South and high costs of other inputs such as electricity and natural gas,” according to the study.
Due to the high cost of exporting and a lack of competition in the domestic market, on average, even exporting firms sell 70pc of their output domestically.

The study also reveals a very low export intensity of existing exporters and large untapped potential of non-exporters.

“It appears that supply is not a major constraint but the challenge is to increase the export intensity of existing exporters and incentivise non-exporters to engage in international trade. Export promotion strategy and policy has to focus on market entry of firms and products, rather than quantity of subsidy.”

https://www.dawn.com/news/1356954

MCDONALD’S STAFF STAGE FIRST EVER UK STRIKE
Business Recorder,8 September, 2017

LONDON: McDonald’s workers staged the first ever strike in Britain on Monday in protest at pay and working conditions at the US fast-food giant.

About 40 workers gathered outside two restaurants in Crayford, southeast London, and in Cambridge before attending a protest outside parliament. Workers are demanding an hourly wage of £10 ($13, 11 euros), union recognition and an end to zero-hours contracts, under which employees are required to be available for work but have no guaranteed minimum hours.

“For far too long, workers in fast-food restaurants such as McDonald’s have had to deal with poor working conditions, drastic cuts to employee hours, and even bullying in the workplace — viewed by many as a punishment for joining a union,” Ian Hodson, president of the Bakers, Food and Allied Workers Union, said in Cambridge.

Jeremy Corbyn, leader of the main opposition Labour party, lent his support, saying the demands "are just and should be met". McDonald's highlighted that those on strike made up less than 0.01 percent of its workforce and that 86 percent of its workers had opted for flexible contracts. "McDonald's UK and its franchisees have delivered three pay rises since April 2016, this has increased the average hourly pay rate by 15 percent," it said in a statement.—AFP

http://epaper.brecorder.com/2017/09/08/8-page/904021-news.html

November 2017

NEWS COVERAGE PERIOD FROM NOVEMBER 13Th TO NOVEMBER 19Th 2017

IN A SURPRISE, ENGRO REMOVED FROM MSCI'S EM INDEX
Salman Siddiqui

The Express Tribune, November 15, 2017

KARACHI: Morgan Stanley Capital International (MSCI) has surprisingly removed Engro Corporation from its Emerging Markets Index which foreign investors track to take investment decisions with fund size estimated at $1.4-4.7 trillion.

The change will come into effect on November 30 this year.

With this revision, the number of Pakistan-based companies in the MSCI Emerging Markets Index fell to five from six. Others are Lucky Cement, MCB Bank, Habib Bank Limited, Oil and Gas Development Company and United Bank Limited.

Prior to the announcement of MSCI's biannual review late on Monday, there was talk in the Pakistan Stock Exchange (PSX) that Lucky Cement may be removed from the global index but it did not happen, analysts said.
Following Engro Corporation's removal, its stock price hit the 5% lower limit, or dropped Rs14.37, to Rs273.17 with volumes of 661,100 shares at the PSX on Tuesday – the first trading day after the MSCI decision.

Lucky Cement's share price inched up 0.30%, or Rs1.54, to Rs516.05 with volumes of 311,400 shares.

Analysts had also talked about possible inclusion of Pakistan Petroleum Limited (PPL) in the global index as the oil exploration company's fundamentals had improved notably.

PPL's stock price dropped 1.29%, or Rs2.54, to Rs193.71 with volumes of 993,200 shares at the PSX.

"We believe that the exclusion of Engro Corporation is due to upward revision in the MSCI's market capitalisation criteria because of better performance of ex-Pakistan emerging markets," Sherman Securities commented.

"Last time when the inclusion of Pakistan in the MSCI Emerging Markets was announced (in June), the full market capitalisation criteria was $1.37 billion which has now increased to $1.53 billion," it added.

Owing to Engro Corporation's deletion from the global index and overall negative performance of the remaining five stocks at the PSX, Pakistan's weightage in the MSCI Emerging Markets Index is expected to drop to 0.08% from the 0.14% assigned in June 2017, say local brokerage houses.

The PSX found its way back into the MSCI Emerging Markets in June 2017 after a gap of nine years. The inclusion, however, failed to stop foreign investors from selling shares at the Pakistan bourse since 2015.

The market recorded net foreign outflow of $98 million from June 2017 till last Friday while from January 2017 foreign selling had been estimated at $439 million.
"It should be noted that Pakistan's market saw net foreign outflows of $315 million and $339 million in 2015 and 2016 respectively. We expect this trend to continue for the third consecutive year as well," Topline Securities commented recently.
MSCI has, however, added Engro Corporation to its small-cap index and removed three Pakistan-based companies from the index which were Shell Pakistan, Ferozsons Laboratories and Pak Suzuki Motor Company.

With this, the number of PSX stocks in the MSCI small-cap index has dropped to 25 from 27.

The brokerage house expects Pakistan's weight in the small-cap index to be revised downwards to 0.90%, down 0.20%.

Pakistani companies in the index include Engro Corporation, Bank Alfalah, Engro Fertilizers, Fauji Cement, Fauji Fertilizer Bin Qasim, Fauji Fertilizer Company, Honda Atlas Cars, Hub Power Company, IGI Insurance, Indus Motor Company, International Steels, DG Khan Cement, Kot Addu Power Company, Maple Leaf Cement, Millat Tractors, National Bank of Pakistan, National Refinery, Nishat Mills, Packages Limited, Pak Elektron, Pakistan Oilfields, Pakistan State Oil, The Searle Company, Sui Northern Gas Pipelines and Thal Limited.

https://tribune.com.pk/story/1558467/2-surprise-engro-removed-mscis-em-index/

PACKAGED MILK BUSINESS STRUGGLES TO RETAIN CUSTOMERS
The Express Tribune: November 19, 2017

Usman Hanif

The seventh Joint Cooperation Committee (JCC) of the China-Pakistan Economic Corridor (CPEC) will take decisive actions on Tuesday on about a dozen projects that will help take these schemes to the next stage of implementation.

However, no major breakthrough is expected on deepening industrial cooperation between Pakistan and China.

A summary containing actionable points on about one dozen schemes related to energy, roads, uplifting Gwadar and developing Special Economic Zones (SZEs) has been moved to the prime minister for approval, said CPEC Project Coordinator Hassan Daud Butt on Saturday.

Approval is sought for the design of $260 million New Gwadar International Airport and final endorsement of $2 billion Karachi Circular Railways project, among other projects.

The current prioritised list of energy projects comprising 15 schemes of 11,110MW is also expected to be expanded. "The seventh JCC that will meet on coming Tuesday in Islamabad will pave the way for making 2018 a year of implementation of the corridor projects," he claimed.

The JCC is the highest decision making body of the $55 billion umbrella CPEC projects that has the mandate to review progress on ongoing schemes and take decisions on inclusion of new projects.

Minister for Planning and Development Ahsan Iqbal and China's National Development and Reforms Commission Vice-Chairman Wang Xiatao will chair the JCC meeting.

Butt said Pakistan's focus would now shift on industrial cooperation "which is necessary for the revival of industries in the country".

However, no major breakthrough is expected in the 7th JCC, thanks to slow pace of work by the provinces on prioritised Special Economic Zones.

https://tribune.com.pk/story/1562463/2-packaged-milk-business-struggles-retain-customers/

NEWS COVERAGE PERIOD FROM OCTOBER 30TH TO NOVEMBER 5 Th 2017

MALAYSIA TO SET UP HALAL FOOD INDUSTRY AT GHAZI: KHATTAK
Business Recorder, 3 November, 2017
PESHAWAR: KP Chief Minister Pervez Khattak on Thursday said that Malaysia will establish Halal food industry at Ghazi, Haripur and in this regard an agreement was also signed with Canada.

He was chairing a meeting on under-construction Swat Express Way at CM Secretariat Peshawar. Advisor to Chief Minister for C&W Akbar Ayub Khan, Provincial Secretary for Communication Engr Muhammad Asif Khan, high ups of PkHA, FWO, NLC, WAPDA, Sui Gas and other concerned federal and provincial departments attended the meeting.

Khattak said that his government would not take loan that over burden on the province and therefore projects on the basis of BoT were being preferred.

He revealed that provincial government had identified 10 to 14 new tourists resorts for attracting foreign investment in the province that were showcased in the Beijing Road Show to attract foreign investment.

He said MoUs worth US one billion dollars had been signed between local and Chinese investors. He said the government negotiated with FWO for these projects. He also asked the Pakistani investors to avail the opportunities of investment in Khyber Pakhtunkhwa.

He said all the developed countries including USA and Europe have shown interest to invest in Khyber Pakhtunkhwa. He said our province was open for all. He said the incentives offered for Chinese investors were also extended to Pakistani and foreign investors.

He said China would invest in roads, railway tracks and industries. He said 2000 acre of land had already been allocated at Hattar for industrial purpose wherein 1000 acre land had been purchased by the investors. Similarly China Industrial Park would be established near Rashakai interchange on 40 Thousand acre land.

He said that agreements of US 24 billion dollars have been made with Chinese government including 1900MW power houses, forest, railway track and Giligit-Dir-Chitral Expressway.

The CM directed for round the clock work on Swat Motorway to ensure timely and quality completion of this vital project. He asked the authorities concerned for expediting all developmental and construction works on the highway including cutting of rocks, drilling and lining of the tunnels, installation of facilities along both sides of the road including rest places, restaurants and mosques, security arrangements for passengers the appointment of security staff and procurement of vehicles and other allied requirements.

He also directed for the arrangement for payment of required Rs 120 million to the concerned federal body for foolproof security arrangement on this highway. The authorities told that 100 percent land acquisition for the motorway right from Kernal Sher Interchange to Chakdara has been completed, high transmission lines being removed, work on 1200 meter dual parallel, tunnels from both northern and southern sides was in last stages of completion while the identification and land acquisition process of seven interchanges on express way has also been completed.

The project has 5 packages and construction work was in full swing on all of them. The first phase of motorway from Kernal Sher Khan interchange to Katlung would be open for traffic within next couple of months. The drilling and cutting works in mountainous areas was also carried on round the clock whereas the remaining portion of 81Km Swat Motorway up to Chakdara would also be opened for all traffic by March or April 2018. The CM asked the FWO authorities to ensure timely completion of the project as per agreement and assurances. He said that Swat Express Motorway being constructed with cost of Rs 35 billion was the mega scheme of provincial government.

He expressed the confidence that this project would be completed by March next year that would greatly contribute in promoting tourism and business activities in Malakand and Northern areas. He said negotiations were being made to extend the motorway to Mingora and agreement might be inked soon in this regard.

https://epaper.brecorder.com/2017/11/03/9-page/679990-news.html

ENGRO EYES 2019 START FOR NEW LNG TERMINAL
Dawn, November 5th, 2017

KARACHI: Engro Corp expects to complete building its second liquefied natural gas (LNG) terminal in early 2019, a senior company official said, as Pakistan bets heavily on LNG imports to curb energy shortages.

Engro built Pakistan’s first LNG terminal in 2015 and is now finalising plans with Royal Dutch Shell, Fatima Group and trading house Gunvor for another terminal with capacity of 4.5 million tonnes per year.

Pakistan has become a hot destination for global energy giants, with producers such as Exxon and traders like Vitol seeking partners to build terminals after Prime Minister Shahid Khaqan Abbasi re-oriented Pakistan’s energy policy towards gas.

A second terminal is due to come on line later this month, easing gas shortages that have hobbled Pakistan’s manufacturing sector and wider economy for more than a decade. Private companies are racing to build several other terminals.

Jahangir Piracha, chief executive of Engro’s LNG unit, Elengy Terminal Pakistan, said his consortium expects to sign a final investment decision (FID) in the next few months and would then build the terminal in about a year.

“The technical studies are all done. We are looking at early 2019 (to complete the project) if everything goes right,” Piracha told Reuters in Karachi this week.

A rival LNG terminal project by a six-member consortium that included ExxonMobil and Qatar Petroleum, appears to be in trouble after the American company pulled out, Pakistani officials said. ExxonMobil, however, remains very keen on Pakistan and is looking at other terminal projects.

Unlike Pakistan’s first two terminals where the government guaranteed to buy all the gas due to be imported, the subsequent terminals are going to be entirely private ventures with no government off-take guarantees.

Mr Piracha said the biggest challenge for the Engro consortium is to convince gas buyers such as power plants and factories to sign up before the project is on the ground.

"Because there are so many people trying to develop a project, (local buyers) want to bet on the right horse. They don't want to sign up with you to find out that your project didn't come through," he said.

He said this posed a problem for terminal developers who would prefer to have signed-up customers before making a final investment decision. "It's a bit of a chicken and egg story," Piracha said. "My own feeling is that people want to see an investment and then they will sign up."

https://www.dawn.com/news/1368429/engro-eyes-2019-start-for-new-lng-terminal

December 2017

NEWS COVERAGE PERIOD FROM DECEMBER 11th TO DECEMBER 17th 2017

SHANGHAI ELECTRIC TO EXTEND TIMELINE FOR KE DEAL

Dawn, December 14th, 2017

KARACHI: Shanghai Electric Power Company, which is looking to buy 66.4 per cent shares in K-Electric, has called an extraordinary general meeting of its shareholders to seek a one-year extension in the timeline for the completion of the transaction, Foundation Securities said in a research note on Wednesday.

The Karachi-based brokerage said Shanghai Electric Power Company intends to extend the validity of the shareholders' resolution for this transaction from Dec 15 this year to Dec 15, 2018.

"Except for the validity of the resolutions passed at the shareholders' general meeting of this transaction being extended, the rest of the trading plan will remain unchanged," the brokerage house said.

Foundation Securities Head of Research Nauman Khan said he accessed the Dec 12 regulatory filing on the Chinese website of the Shanghai Stock Exchange by using Google Translate.

A spokesperson for the PR agency representing Abraaj, which currently controls a majority shareholding in K-Electric, would neither confirm nor deny the news report. "We will check with the team on our ability to comment and will let you know," she said in an email.

Given K-Electric's importance as the country's only vertically integrated power company responsible for providing Karachi and adjoining areas with electricity, the deal requires approvals from a host of regulatory bodies, competition commission and federal ministries.

A report in The Express Tribune on Nov 25 quoted Power Division Secretary Yousaf Naseem Khokhar as saying that his department had yet to give clearance for the transaction. "The issue was still far from over and the matter will go before an inter-ministerial committee for approval. The Power Division still seeks resolution of outstanding dues," it quoted him as saying.

Initially, the size of the transaction was expected to be $1.77 billion. But a lower-than-expected determination of the multi-year tariff by the power regulator is likely to reduce that amount.

https://www.dawn.com/news/1376464

PIZZA HUT PAKISTAN ENTERS INTO EXPANSION MODE

The Express Tribune, December 17th, 2017.

The love of Pakistani inhabitants for food is creating opportunities for many enterprises. Be it desi, Chinese, Thai or Japanese cuisine, people definitely give it a try at least once. However, the biggest success among all these is the fast-food industry.

The fast-food sector has witnessed the entry of many globally renowned and domestic brands in recent years. For some such as Pizza Hut, the country's first foreign food brand, there is still plenty of room to cover.

Pizza Hut is believed to be the pizza pioneer in Pakistan which at that time was not as popular in the country as it is today. MCR Pakistan, the prime franchise of Pizza Hut in Pakistan, took the initiative in 1993 and enjoyed a monopoly in selling pizzas for many years.

However, once pizzas became a staple diet of fast-food eaters, especially the younger generation, the company started losing its grip as a plenty of domestic, low-cost pizza eateries opened throughout the country.

Pizza Hut Pakistan Chief Marketing and Innovation Officer Hameed Kashan believes that despite a greater range and variety of choices nowadays, pizza still remains a favourite food for Pakistanis.

"Pakistan is the only country witnessing a massive growth in popularity of pizzas compared to other countries," Kashan told The Express Tribune.

"In coming years, we expect the market to further increase as Pakistan's overall economic growth and disposable income has shown positive trends in recent years."

From its inception in 1993 till December 2017, the brand has delivered over 100 million pizzas in Pakistan and the management last year altered its franchise policy by opening up the brand name to local investors as a strategic shift to cover more marketplaces both in first and second-tier cities.

"We realised that we are not growing at the desired pace so we decided to add local partners as we predicted sales to increase by 30% if the franchises are operated by individual investors rather than through a central system," Kashan said.

Involving individual investors means that the management will factor in the suggestions of upcoming franchisers to run the business more efficiently and to compete with local brands which are snatching a great chunk of business from Pizza Hut.

The management will also work to introduce new local flavours to ensure additional varieties both for high and low-end customers.

"Adding local flavour is the key to success for this business," Kashan said, highlighting Chicken Tikka, which has been adopted by franchises in other countries as well, as the prime example.

To date, the company has 80 branches in 20 cities and is aiming to double this figure in the next five years, but this time with a collaborative business model since the product no more remains an exclusive food.

It employs nearly 4,500 people with the figure expected to double in the next five years as well.

Kashan said selling pizzas is still a profitable business with the growth never showing a bearish trend, even with the brand observing a shift in clientele from high to middle classes.

"Pizza Hut Pakistan's year-on-year growth has remained in double digits throughout its journey and we are hopeful of the same trend continuing in the years to come," he said, while avoiding giving exact revenue figures.

But as the expansion drive triggers, the management has to take care of the quality of its products, Kashan conceded. "Maintaining the quality, providing a consistent taste of our products in franchises across the country and adding local flavours in our pizzas remains a challenge for us," he added.

https://tribune.com.pk/story/1586094/2-pizza-hut-pakistan-enters-expansion-mode/