

- The remittances have fallen by around 2.8 percent to \$15.59 billion in the first 10 months of the current fiscal year. During the same time in the last fiscal year, the remittances stood at US\$ 16.04 Billion. Month on month basis, the remittances have fallen by 7% in the month of April as compared to last fiscal year. (Source: Dawn 11-05-2017)

Remittances are the main source of bridging the trade deficit which has already crossed US\$ 20 Billion in the current fiscal year. In the current scenario, remittances are coming under pressure from global economic slowdown, low crude oil prices, continuing turmoil in Middle East, depreciation of pound sterling due to Brexit , tighter regulations in developed countries (particularly UK and USA) regarding international fund transfers and increase in the interest rates in USA in the recent times. LCCI believes that while the Government can do little about the external factors, it can certainly work on increasing the labor productivity which would result in greater inflow of remittances. An example is Philippines where the growth in remittances defied all the external factors and reached 5% in 2016 taking the remittances to a record high of US\$ 26.9 Billion (Source: The Philippine Star February 16th 2017)

- According to various estimates, Pakistan's liabilities related to China Pakistan Economic Corridor (CPEC) are expected to reach around US\$ 5 Billion in 2022. (Source: Dawn May 11th 2017).The maturing of Sukook payments and the unfavorable Debt: Equity ratio of 80:20 for CPEC projects (which puts an excessive burden on exchange rate despite currency swap agreements) are expected to play a part in taking the liabilities to the aforementioned figure in 2022.

The LCCI recommends that the Government should make sure that the GDP growth of the country during the completion of CPEC projects remains higher than the debt growth. Furthermore, there should be no bottlenecks in the functioning of Gwadar Port and the work on motorways should be finished within time as the delay in completion of these projects would further swell the liabilities. The structure of the transit fee that would be charged on the Gwadar-Xinjiang corridor should be properly designed so that it plays its due role in supporting the GDP growth.

- Positive news for the business community has emerged that the State Bank of Pakistan has finally devised a detailed mechanism to settle the trade transactions with Iran through its “Bank Markazi Jomhouri Islami Iran (BMJII)”. (The Express Tribune May 11th 2017).

The LCCI urges the Government to make the business community a part of all such negotiations so that it is better able to disseminate the detailed information about the payment mechanism to its members.