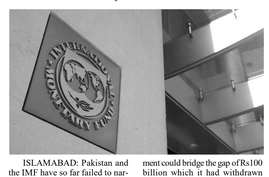
Pakistan, IMF differences persist



ISLAMABAD: Pakistan and the IMF have so far failed to narrow down their differences, so both sides have decided to put completion of the sixth review under the $6 billion Extended Fund Facility (EFF) on hold for the next few months, it has been learnt.

Pakistan and the IMF authorities could not evolve a consensus on the staff-level agreement, so the completion of the sixth review under the EFF was put on hold till September 2021. The IMF Board was scheduled to take up approval of 6th review by July this year. But now it was decided that it would be completed by September if IMF staff showed satisfaction over implementation of conditions and agreed structural benchmarks, top official sources confirmed to The News here on Sunday.

The inability of Islamabad to complete the sixth review of IMF program will have far-reaching consequences, as the economy because two program loans having worth of $600 million meant for energy sector and bringing capital sector reforms from the Asian Development Program (ADB) would not be materialized in the absence of letter of comfort from the IMF. However, Pakistani authorities are confident that the much-awaited program loan of $800 million from the World Bank (WB) was on the cards as the WB's Executive Board was scheduled to meet on June 30, 2021 in Washington, DC, for approving this loan after conceding that Pakistan's macroeconomic framework was largely stable despite the fact that sixth review was still pending. However, there are two conditions still in pending mode so its disbursement would be linked to fulfillment of these major conditions. The government requires approval of the Council of Common Interest (CCI) in order to fulfill one condition.

This scribe sent out written questions to IMF's Resident Chief Teresa Daban Sanchez and inquired whether the IMF's sixth review remained incomplete for July 2021 and was it under consideration to combine the 6th and 7th reviews together by coming September, she replied: "We welcome the strong and constructive engagement with the Pakistani authorities. We stand ready to continue supporting Pakistan to achieve the objectives of debt sustainability and strong and sustainable growth, through the implementation of policies, structural reforms and social spending enhancement envisaged in the EFF-supporting program. As such, we are looking forward to our continued discussions with the Pakistani authorities on the set of policies and reforms that could form the basis for the completion of the 6th review under the EFF."

The sources said that this reply also indicated clearly the ongoing sixth review under EFF could not be completed yet, so the IMF had decided to adopt "wait and see" policy to ascertain how much the government could deliver on its announced budget for 2021-22.

The passing of budget 2021-22 from the parliament is still going on whereas the FBR slapped highly inflationary taxation to bring Rs383 billion into the kitty. Although, the government had claimed to provide Rs119 billion, so net addition would fetch Rs264 billion into the kitty. But the question arises that how the government could bridge the gap of Rs100 billion which it had withdrawn after announcement of the budget whereby the government imposed increased taxation on mobile calls, SMS and internet usage.

The tackling of cash bleeding power sector has been another bone of contention as Pakistani authorities are refusing to increase tariff and rightly so because it caused an increase in theft of electricity. But other structural reforms such as running DISCOs on professional lines could not provide any excuse to those who did not want to implement any reforms in the power sector.

Meanwhile, former finance minister Miftah Ismail warned on Sunday that the PTI government's decision to give the Federal Board of Revenue (FBR) powers to arrest people would lead to harassment of citizens.

"FBR's tax inspectors have been given the right to arrest people. This will not increase revenue, but FBR will harass people," said Ismail, in a press conference about the budget. He also said that the FBR is yet to refund Rs700 billion to the people.

The PMLN leader claimed that to the credit of his party president Shehbaz Sharif, the PTI government "made a U-turn" on taxing baby milk and food items. He also claimed that the Imran Khan government has illegally allocated Rs292 billion for privatisation.

Ismail said that the government has earmarked Rs610 billion from the petroleum levy. He said that as per the calculation that would mean that there would be Rs30.50 levy charge.

The PMLN leader said that this would mean an increase in petroleum prices and would ultimately lead to inflation. The former finance minister claimed that the World Bank has stopped its payments to Pakistan.

"These people (PTI ministers) have not met any IMF target in the last two years. They have suspended the IMF programme," claimed Ismail. He also called on the government to take back the decision to tax the government employees on medical allowance.

Another provision of the proposed law proving that the powers to arrest will be used without any evidence is that if after arrest and inquiry the officer is of the opinion that there is not sufficient evidence or reasonable ground for suspicion against such person, they shall release then upon the execution of a bond, and shall direct such person to appear if so required, before the special judge and request the special judge for the discharge of such person.

The proposed law totally disregards the normal procedure for assessment of tax under the Income Tax law and attempts to introduce a parallel system of inquiry and determination of liability but fails to specify whether these dual systems will operate independently or one will follow the other.

It has to be kept in mind that a similar system of arrest is available under the Sales Tax and Federal Excise laws as the nature and scheme of these laws are entirely different from Income Tax and such powers can be justified for the administration of these taxes.

UN: Sri Lanka ship fire caused 'significant damage to planet'

The United Nations representative in Sri Lanka has said the sinking of a container ship that caught fire while transporting chemicals off the coast of the capital has caused "significant damage to the planet" by releasing hazardous substances into the ecosystem.

The Singapore-flagged MV X-Press Pearl sank off Colombo on Thursday a month after catching fire, raising concerns about a possible environmental disaster.

The UN said it was coordinating international efforts and helping Sri Lanka in assessing the damage, recovery efforts and preventing such disasters in the future.

"An environmental emergency of this nature causes significant damage to the planet by the release of hazardous substances into the ecosystem," UN Resident Coordinator in Sri Lanka Hanaa Singer-Hamdy said in a statement late on Saturday. "This, in turn, threatens lives and livelihoods of the population in the coastal areas."

A UN team of oil spill and chemical experts – provided by the European Union – has been sent to Sri Lanka.

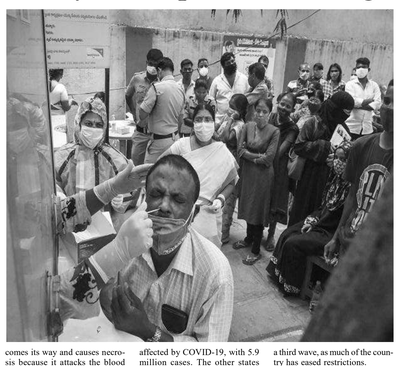
Sri Lanka has already submitted an interim claim of $40m to X-Press Feeders – the ship's operating company – to cover part of the cost of fighting the fire, which broke out on May 20 when the vessel was anchored about 9.5 nautical miles (18 kilometres) northwest of Colombo and waiting to enter the port.

Environmentalists are suing the government and X-Press Feeders for allegedly failing to prevent Sri Lanka's worst marine environmental disaster, while Sri Lankan police have launched a criminal investigation into the incident.

Last week, experts recovered the data recorder from the fire-stricken vessel.

The Sri Lankan navy believes the blaze was caused by its chemical cargo, which included more than 22 tonnes of nitric acid and other chemicals, most of which were destroyed in the fire. But debris including burned fibreglass and tonnes of plastic pellets have already polluted nearby beaches.

As COVID-19 wave begins to flatten in India, new deadly illness poses a challenge



New Delhi — India's health infrastructure that nearly crumbled under a catastrophic second wave of coronavirus last month, is now faced with another challenge: A deadly fungal infection called Mucormycosis, common known as "black fungus."

The country has reported more than 28,000 cases of the rare fungal infection, now increasingly seen in COVID-19 patients and survivors.

More than 85% of the reported cases of mucormycosis, which has a high mortality rate, have a history of COVID-19, India's Health Minister Dr. Harsh Vardhan said last week.

Coronavirus patients, particularly those with diabetes, are prone to the mucor mould that's primarily found in soil, manure, and decaying fruits and vegetables. It's dangerously prevalent where hygiene is lacking, like in some of the rural areas.

A study by the U.S. Centers for Disease Control and Prevention published in its New Infectious Diseases journal has shown that between September and December 2020, a 2.1-fold rise in black fungus cases was seen in India, as compared to the corresponding period during the previous year.

"It causes a lot of infection, a lot of mortality if left undiagnosed and untreated," Dr. Chand Wattal, head of the Clinical Microbiology at New Delhi's Ganga Ram Hospital, told CBS News.

The fungus attacks the nose, eyes, and brain causing blackening over the areas. In severe cases, doctors commonly have to remove the sinus tissue, and even the eyes. And when it attacks the brain, the chances of the patient's survival diminish.

"The fungus eats whatever comes its way and causes necrosis because it attacks the blood supply to that area… turning them black," Wattal said. "Mucormycosis was always a serious infection, even in non-COVID times… it has cropped up more in COVID times."

Doctors say the use of steroids in the treatment of COVID-19 compromises patient's immune system, making them more vulnerable to the fungal infection.

A number of Indian states have reported cases of the fungal infection. Among the worst affected is Maharashtra, with 7,395 cases. That state is also the worst affected by COVID-19, with 5.9 million cases. The other states with a large number of cases are Gujarat, Uttar Pradesh, Madhya Pradesh, Rajasthan, Haryana, Karnataka and Delhi, according to the data released by India's health ministry.

Several states have reported a shortage of the vital drug, Liposomal Amphotericin-B, which is used to treat the illness. The government has also banned its export for now. India is fighting the spread of the fungal infection at a time when the second wave of COVID-19 is waning, but the authorities are already preparing for a third wave, as much of the country has eased restrictions.

On Sunday, the country reported less than 60,000 new cases for the first time in 80 days, taking the total toll to 29.8 million. India is only behind the U.S. which has more than 33.5 million coronavirus caseload. More than 386,000 people have died of the coronavirus in India, half of them in the last two months alone, according to the Indian government official data.

But reports say the real numbers and death toll could be much higher.

cbsnews

Bangladesh resumes COVID inoculation with Chinese vaccine

Bangladesh has resumed the Covid-19 inoculation drive in parts of the country using the Chinese Sinopharm vaccines.

Those who already registered but have not received their first shots will get priority for vaccination, which resumed on Saturday in 67 centres across the country, a notice issued by the country's health directorate said.

Bangladesh suspended administering the first dose of the vaccine on April 26 after India halted export due to a supply crunch, reports Xinhua news agency.

Subsequently, the country's drug regulator authorised emergency use of China's Sinopharm vaccines.

The second batch of Sinopharm vaccines arrived in Bangladesh last week.

A total of 10,079,676 vaccine doses have been administered in Bangladesh till date.

Uzbekistan's winding way to the EAEU

On December 11, 2020, the Eurasian Economic Union (EAEU) granted Uzbekistan observer status for five years. Uzbekistan has yet to decide on acceptance of full member status. The acceptance of full member status is an essential yet controversial decision for Uzbekistan to take.

A senior government official has said that Uzbekistan is weighing the pros and cons of accession. The EAEU is a treaty that regulates the free movement of capital, labor, and goods, as well as regionally coordinated, uniform policy-making mechanisms.

In a video conference in December of last year, Shavkat Mirziyoyev, Uzbekistan's president, emphasized the importance of the enlargement of foreign markets for Uzbekistan and presented key areas where his country will benefit from EAEU membership.

First, Mirziyoyev mentioned joint efforts on decreasing the trade distortions by gradually eliminating customs tariffs and other non-tariff barriers to trade, and emphasized infrastructure and transportation between EAEU states.

The accession of Uzbekistan is geographically significant to the EAEU as it is the only country that borders all Central Asian countries.

Hence, accession will accelerate the establishment of new economic corridors and regional clusters that would bring down the cost of transportation. The Center for Economic Research and Reform estimated a $20 million dollar decrease in annual fuel-related expenses and a 15% increase in exports to member states.

Unemployment in Uzbekistan is another driving force for EAEU membership. Mirziyoyev highlighted the importance of the common labor market that the EAEU provides for member states, which implies that upon accession, employment procedures for Uzbek migrants in Russia and Kazakhstan will be eased.

The political and economic dominance of Russia is considered an external threat.

The EAEU is a Russian-dominated regional agreement, where the economic and political power between Russia and other EAEU states is unequal.

According to Farkhod Tolipov, the director of the Caravan of Knowledge, a think tank, Uzbekistan has seen enough cases of Russian power manipulation and it should not "repeat history," or it will be "a second USSR."

The EAEU countries are also serving as marginal land for Russia; it is creating so-called buffer zones in periods of economic and political sanctions from the U.S. Moreover, EAEU accession may hinder a much bigger goal: WTO membership.

Uzbekistan had started the accession process to the WTO back in 1994, yet still cannot fully comply with WTO requirements.

Acceding to the Russia-led EAEU seems like a counterbalance to WTO accession, and might cause a lengthier accession period. However, 4 out of 5 members of the EAEU are already full members of the WTO.

Internal opposition is also seen as a strong disincentive in accession to the EAEU.

The presence of powerful interest groups that hold major shares in manufacturing industries precludes accession. Under the EAEU, tariffs and non-tariff barriers are strongly regulated, and the domestic manufacturing industries of Uzbekistan might face severe competition. Manufacturing industries in Uzbekistan are not ready for a market where conditions are equal for all actors.

Shavkat Mirziyoyev recently said that "If a production of high quality, competitive and exportable goods is one problem, finding a marketplace for that good is another much bigger problem," and implied that joining the EAEU is essential, otherwise Uzbekistan will be isolated.

Mirziyoyev's standpoint was supported by a senior government official, who said, "Uzbekistan needs a wider marketplace as Russia, Kazakhstan, and Kyrgyzstan."

The sense of being isolated comes from the pressure that Uzbekistan officials felt; the majority of its trading partners are now part of the EAEU. The trading block sets uniform standards and licensing, and each member complies with them, while Uzbekistan products are out of compliance. For some time, there will be Russian superiority, but that is a matter of time because the EAEU as a trading block is diversifying.

On November 4, 2019, Dmitry Medvedev, Russia's former prime minister, announced that Vietnam, China, and Singapore signed free trade agreements. Apart from them, Indonesia, the Philippines, Thailand, and Brunei have expressed interest in signing multilateral free trade agreements.