

Opinion of business houses

The first 100-days of the new government are about to end. What have been their best and worst policy decisions? And what measures should they implement going forward?

Overseas Investors Chamber of Commerce and Industry

CONSIDERING that the economy was in a state of distress at the time of transfer of power to this government, it is not surprising that the first 100-days have been quite eventful in terms of confidence building among key stakeholders.

The self-imposed controversy of going or not going to the International Monetary Fund (IMF), the level of funding required from the IMF or from friendly countries, withdrawal, and subsequent reversal, of restriction on non-filers to buying vehicles and property, various delays in announcing electricity and gas tariff etc, could have been managed better.

However the government has taken some clear policy decision which augers well for the economy moving forward like the decision to incentivise and support exporters, reduce exporters' tax refunds, recover the full cost of utilities except from exporters and poor segments of the society, and not interfere in managing the exchange rate parity.

Moreover, the decision to form a 'holding company' for managing state-owned enterprises (SOEs), focus on promoting austerity, good governance, ease of doing business, poverty alleviation, appointments in regulatory bodies based on merit, attention to water conservation and intention to build 5 million housing units for poor, are encouraging.

Talking from a foreign investor's perspective, there is considerable interest on Foreign Direct Investment (FDI) opportunities in Pakistan which can materialise once there is confidence on the commitment and capability of the government to deliver on the consistency of policy, fair treatment to all investors including domestic investors and honour commitments made to existing investors.

The long awaited tax reforms, documentation of the economy and broadening of tax base are also critical.

The government, we assume, is aware that there is widespread expectation that it will soon unveil growth-oriented economic and trade strategies, with more specific initiatives to diversify exports, boost local manufacturing instead of imports and attract sizeable FDI and local investment, all of which are critical to revitalise the economy and put the country back on a fast track of economic growth.



The FTA with China is being renegotiated and the government has secured agreement on the exchange of import-export data to quell rampant under-invoicing. Future trade arrangements with other countries will also be closely examined through the lens of jobs, value-added exports and import substitution.

The government has moved towards realistic pricing of energy, yet has protected the five priority export sectors from additional cost. We would hope that energy-intensive import-substitution industries will also be protected in the future.

The government had to perform due-diligence by examining the extent of the challenge and in exploring avenues other than the IMF to address the challenges. Whilst it could have taken less time to do it, now that the decision is made to approach the IMF. To its credit, the government has not interfered with the State Bank's prerogative to manage the exchange rate or determine the policy rate.

The CCI has resolved that there would be a single national food standard. This will promote scale by allowing businesses located in one province to address demand nationally and, in time, globally.

In response to the PTI's agenda to declare an agriculture emergency, the PBC would have liked clarity on the policy on crop support prices for wheat and sugar cane. Policies must encourage growth of cotton required by our textiles industry and edible-oilseeds (for oil and animal feed) and lentils, on which we spend billions of dollars in importing.

The government has moved on its promise of five million houses over five years. Besides mortgage funding, it also needs to address the policy framework to encourage industries such as steel and tiles, otherwise it will result in higher imports.

A sovereign fund is to be formed to hold and restructure SOEs. Whilst the PBC welcomes the transfer of SOEs from the control of line ministries, it would encourage a more aggressive privatisation programme than the one currently contemplated by the government.

Federation of Pakistan Chambers of Commerce and Industry

THE new PTI government's priorities were relevant for addressing the prevailing deteriorating economic situation. We acknowledge that it was a great challenge for them.

The big challenge that the new regime faced — negotiating a bailout package with the IMF — still persists. Though the Saudi and Chinese governments have agreed to provide financial support to avert balance of payment crisis, the support will be limited with Pakistan needing to negotiate with the IMF nonetheless. We appreciate Prime Minister's initiative of hard bargaining with the IMF.

As far as decisions made within the first three months are concerned, it would be more prudent to comment upon them after the details of these achievements have been released by the PTI government. The Prime Minister has asked the Punjab and other provincial governments to present their 100-day progress.

The incumbent government's rebuilding, redesigning and negotiating favourable relations with China, Saudi Arabia, Malaysia and the UAE is a success achieved within a short-time.

Official statements reveal that money laundering of billions of dollars has been traced and the money will be bought back to Pakistan; this will support economic sustainability of the country. The FPCCI strongly supports this initiative.

Various taskforce and committees on the 100-day plan will soon submit their recommendations to the prime minister.

Setting 100-day priorities was an indication of good planning by the government. It set a direction but the problems, hurdles and impediments associated with each target due to traditional work cultures may create delays in achieving results in certain areas. For sustained economic development the nation will ignore the unintentional delays. ■

— Zahra Anum



THE FEDERATION OF PAKISTAN
CHAMBERS OF COMMERCE & INDUSTRY

The Pakistan Business Council

SINCE any 100-day agenda is only the first step on a journey, the PBC believes that the government is off to a good start, especially given the challenges in the economy.

The lens through which the PBC looks at the progress is one of 'Make-in-Pakistan', which is a thrust to create jobs, promote value-added exports and encourage import substitution.

On fiscal reforms, the government has moved, as the PBC advocated, to separate policy making from tax administration and to make tax audits independent of the FBR. The government intends to address the talent and technology gaps of the FBR which should help broaden the tax base. The PBC would have expected the government to restore the provisions of the Finance Act 2007 to encourage scale and competitiveness through formation of groups through holding companies.

New commissioners have been announced for the SECP and a policy board formed to create a supportive rather than a controlling corporate framework. We hope that the government will quickly move to address the anomalies in the Companies Act 2017. A Council of Business Leaders has been formed. A new industrial policy to promote domestic manufacturing is on the anvil.

