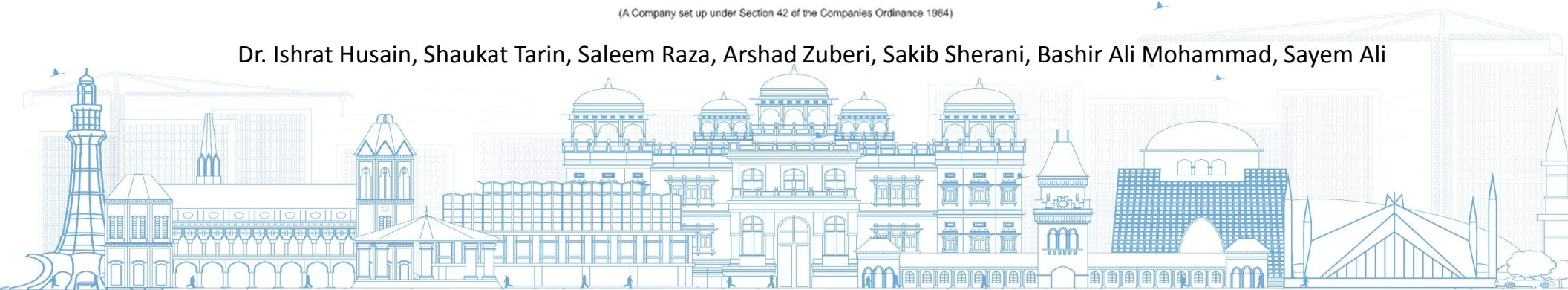




Sustainable Macro-Economic Growth



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Summary – Sustainable Macro-Economic Growth

IMMEDIATE

1. Address the external account challenge:
 - a) Rollover debt maturing in the short term,
 - b) Seek increase in the Chinese swap limit,
 - c) Expedite CPEC FDI shortfall
 - d) Encourage return of assets held by Pakistanis abroad
2. Sharpen focus on and incentivize Exports & Remittances
 - a) Immediate release of dues to exporters
 - b) PM-led monthly review of exports with key stakeholders
 - c) Restore incentives to banks to promote remittances

MEDIUM/LONG TERM

3. Reduce burden on existing tax payers & cost of doing business
4. Develop a national growth strategy around CPEC
5. Boost growth & create jobs through housing market and bank credit to SMEs



Boosting Exports & Remittances

- Increase competitiveness of Export industry by reducing tax burden and cost of doing business in general but also providing support to specific sectors linked to product diversification and new market penetration.
- Monthly Review meeting with Exporters, chaired by PM to include all stakeholders (SBP, FBR, Commerce.....) to assess progress and resolve problems
- Policy to attract FDI in value added export sector and develop supply value chains
- Enhance incentives on higher remittances

Reduce cost of doing business

- Reduce tax burden and multiple taxes on formal sector, simplify the process of early refunds and rebates
- Set up integrated data management system (NADRA, FBR, provincial tax authorities, etc).
- Revitalize Alternative dispute resolution mechanism
- Separate tax policy from FBR, make tax evasion criminal offense
- Offer incentives to bring global assets / wealth to Pakistan – on similar lines to Indonesia

Develop a national growth strategy around CPEC

- Form an Authority to oversee and monitor CPEC projects
- Long term strategy for development of industries and business, not just in SEZs.
- Avail of the CPEC opportunity to correct the trade imbalance with China by promoting local value-addition through JVs
- Infrastructure Banks for long term financing
- Merge all bilateral joint investment companies (Pak-Iran, Pak-Oman etc) & shift focus to funding LT projects

Create jobs and boost domestic housing industry

- Housing industry feeds into more than 30 local manufacturing sectors and can provide significant boost to growth
- Establish a unified collateral register for all immovable assets for getting credit
- Give tax incentives to low cost housing development
- Tax incentives to households including adjusting interest payments on house loans against income tax
- Lower the capital weightage against bank loans to the mid-lower income housing programs, from 80% to 20%;