

PBC ACTIVITY REPORT

July to September 2020

This report summarizes the activities of the Pakistan Business Council (PBC) for the period July 1, 2020 to September 30, 2020.

Major Activities During the Quarter

The Quarter under review was marked by some semblance of “normalcy” as the PBC’s offices physically reopened, under strict SOPs, for the first time since the lockdown due to the COVID-19 pandemic in March. With the country slowly reopening, the PBC’s advocacy thrust shifted from a COVID to a Post-COVID mode. The PBC continued to advocate for relief for businesses impacted by the Pandemic while at the same time advocating for urgency in instituting a policy framework which promotes Make-in-Pakistan.

PBC and its members continued to interact in both the virtual as well as the physical space with key stakeholders. PBC’s major activities during the Quarter are summarized below:

Mr. Saquib Shirazi Elected Chairman PBC



In August, Mr. Saquib Shirazi took over as the Chairman PBC replacing Syed Yawar Ali on completion of the latter’s term. At the same meeting, Mr. Muhammad Aurangzeb was elected Vice Chairman for the remaining period of the current board’s term.

PBC Webinar with Dr. Abdul Hafeez Shaikh Adviser to the PM on Finance

The PBC hosted a webinar with Dr. Abdul Hafeez Shaikh, Adviser to the PM on Finance. Dr. Shaikh shared with the members the measures being taken by the Ministry of Finance to promote growth and investments in Pakistan. He requested PBC members to participate proactively in the budget making process and to continue its engagement in the Make-in-Pakistan theme, the objectives of which is to reverse the deindustrialization of the country.



PBC Webinar with Mr. Abdul Razak Dawood, Adviser to the PM on Commerce



The PBC hosted a webinar with Mr. Abdul Razak Dawood at which the PM’s Adviser on Commerce shared with the PBC members measures being taken by the government to promote exports, especially of the value-added textile sector as well as progress on rationalization of tariffs and the negotiations for the new Afghan Transit Trade Agreement.

PBC Webinar with Dr. Reza Baqir, Governor State Bank of Pakistan

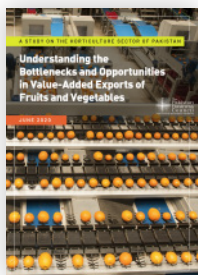
The PBC hosted a webinar with Dr. Reza Baqir, Governor State bank of Pakistan in September where the Governor shared the State Bank of Pakistan's views on the economy and also the measures being taken by the SBP to improve the business climate. The Governor's senior team which also participated in the webinar, confirmed the progress on a number of proposals made by the PBC to promote industry and exports.



PBC Webinar with Mr. Asad Umar, Minister of Planning



Also, in September, the PBC hosted a webinar with Mr. Asad Umar, Minister of Planning at which the Minister spoke of his vision for the Planning Commission as well the Government's plans for industrializing Pakistan. The Minister also covered the government's Karachi Initiative and the progress on restructuring the Power sector.



Launch Webinar of PBC's Study on the Horticulture Sector



The PBC co-hosted with the SDPI a webinar to launch the PBC's study titled **"Understanding the Bottlenecks and Opportunities in Value-added Exports of Fruits and Vegetables: A Study on the Horticulture Sector of Pakistan"**. The speakers spoke at length on the opportunities available in export markets for horticulture products and the policy measures required to allow Pakistan to reach its export potential.

Formation of the Counter Illicit Trade Committee

PBC announced the formation of the Counter Illicit Trade Committee with its initial agenda being to collect and analyze available data on smuggling, counterfeiting, adulteration, grey production, under-invoicing and misdeclaration of imports. Based on the data, the Committee will develop actionable recommendations to stem the impact on government and formal sector revenues; and, to engage with federal and provincial authorities to ensure their robust implementation. Mr. Abrar Hasan will be the first Chair of this Committee.



Export Forum

PBC announced the formation of the Export Forum to leverage PBC's established standing as an evidence-based, objective and credible advocacy body so as to present multi-sectoral recommendations to accelerate Pakistan's exports in a sustainable manner. Mr. Bashir Ali Mohammad will head the Export Forum.



PBC Members Challenge GIDC & Super Tax Rulings

In the Quarter, two major decisions were announced by the superior courts relating to Gas Infrastructure Development Cess (GIDC) and Super Tax. Since both decisions have major implications for businesses operating in Pakistan, the PBC provided a forum to allow members to discuss and jointly file appeals against both these decisions.

Members' Meeting with Secretary Excise Sindh

The PBC facilitated a meeting between its members and Secretary Excise & Taxation Sindh to seek a resolution to the pending issue of The Sindh Development and Maintenance of Infrastructure Cess Act, 2017. The matter is currently sub-judice and both parties expressed an interest in an out of court settlement.

Collaboration with the Engineering Development Board (EDB)



With the objective of promoting competitiveness of Pakistan's engineering sector, the PBC and the Engineering Development Board (EDB) are in advanced stages of finalizing a joint collaborative program. Under the proposed program, PBC & the EDB will work at the firm level to promote competitiveness.

PBC Collaboration with the BOI

The PBC is working with the Board of Investment (BOI) in implementing the Pakistan Regulatory Modernization Initiative (PRMI). The project is funded by the World Bank and will contribute to improving Pakistan's regulatory environment by reducing the number of regulations for compliance. PBC's CEO has been co-opted as a permanent member of the project's steering committee.



Harmonization of Food Standards

The PBC continued to spearhead the industry's perspective on harmonizing food standards. The PBC registered its concerns regarding the slow-paced implementation of the decision of Council of Common Interests (CCI) to harmonize food standards, and the reluctance of provincial food authorities to comply with the decision.

PBC's Feedback on the Draft Strategic Trade Policy Framework

At the request of the Ministry of Commerce, the PBC submitted its proposals for further improving the recommendations made in the STPF – 2020-25. In addition to the proposals in the STPF – 2020-25, the PBC's recommendations centered around acquisition and development of brands abroad, warehousing and online sales through portals.

PBC's Comments on the Draft 3rd-Textiles Policy

The PBC's recommendations on the Draft 3rd – Textiles Policy emphasized that the Policy thrust should be on Apparel and the Value-added sectors and PBC made recommendations for increasing the share of MMF in exports as well as facilitating exporters of apparel and value-added products.

A Framework for Renegotiating the Afghan Transit Trade Agreement

At the request of the Adviser on Commerce, the PBC submitted a framework for renegotiating the Afghan Transit Trade Agreement. The PBC recommended measures to strengthen controls over transit trade through Pakistan.

Collaborative Research with CDPR on Export Potential of Pakistan's Pharma Sector



The PBC during the Quarter commissioned a Study by the Consortium for Development Policy Research (CDPR) aimed at exploring the export potential of pharmaceutical products from Pakistan. The PBC's Pharma members were closely involved in finalizing the TORs for the Study.

Exploratory Meeting with PIDE

An exploratory meeting was held between the Pakistan Institute of Development Economics (PIDE) and the PBC to look into the possibility of PIDE doing a Study for the PBC on the likely impact of leakages in the Afghan Transit Trade on Pakistan's industry. PIDE is the Policy Arm of the Planning Commission and one of the oldest and most reputed research institutes in the Country.



CEO's Activities to Promote the PBC's Agenda



State Bank of Pakistan

Roundtable with the Governor SBP on Automation of Rebates and Duty Drawbacks on Export Realization

KEARNEY

AT Kearney

Discussion on cooperation with the PBC on positioning Pakistan positively in the world



IMF Washington

Independent Feedback on the IMF Programme in Pakistan

McKinsey
& Company

McKinsey

Unlocking the growth of the SME Sector

DAWN

Dawn

The article in Dawn explained why pinning hopes on US elections for a change in its trade and investment policies for Pakistan was not justified

<https://www.pbc.org.pk/wp-content/uploads/Why-pinning-hopes-on-US-election-is-wrong.pdf>



British Deputy
High Commission
Karachi

British Deputy High Commission

How UK companies coped with Covid in Pakistan



U.S. International
Development
Finance Corporation

Development Finance Corporation Washington

Opportunities for US Investment in Pakistan were discussed with the DFC CEO. The session was facilitated by HE Mr Asad Majeed Khan, Pakistan's Ambassador to the US



US Consulate

Introduction to the new team in Karachi



Tabadlab

Pakistan-US relationship in the changing geo-political environment.



PSX

Session with the Advisor Finance on the first Sukuk listing



Thinkfest

Changing US Strategy for South and West Asia



National Security Council

Contingency Planning



PIDE

Pakistan Pharmaceutical Sector
Power Sector Challenges

Further Progress on PBC's Advocacy

Prime Minister's call for "Make in Pakistan"

The PBC was delighted to see the Prime Minister's call for **"Make-in-Pakistan"** to drive jobs, promote exports and encourage import substitution. **"Make-in-Pakistan"** has been PBC's primary thrust for the last three years. It is encouraged by the PM's clarion call to focus the government's policies to this end and PBC is pleased to see several ministries also adopting it as an overarching theme.

Automation of Refunds

Following PBC's advocacy and the State Bank's agreement to facilitate the automation of refunds, the FBR confirmed its willingness to replace the need for manual claims by setting out procedures for facilitating it.

Withdrawal of 100% Mandatory Cash Margin on Import of Raw Materials

In response to PBC's request, the State Bank announced the first batch of over 100 items on which the 100% cash margin requirement for imports will no longer apply. SBP will review and add further items to the list.

Removal of Additional Customs Duty (ACD) and Regulatory Duty (RD) on Textile Inputs

The PBC welcomed the ECC's decision to recommend the withdrawal of ACD and RD on a number of textile inputs, including synthetic fibres, wool and vegetable-based fibres that are not manufactured in Pakistan. This is in line with PBC's advocacy.

Review of the Tariff Regime for Iron & Steel, Plastics, Engineering, Pharma, Chemicals and Textile Sectors

PBC is encouraged by the Ministry of Commerce's decision to undertake detailed value-chain studies and stakeholder consultation for a three-year tariff rationalization plan to promote consumer welfare in the domestic market and export competitiveness globally. The study will be undertaken by the National Tariff Commission and its recommendations presented to the Tariff Policy Board.

Continuation of Competitive Energy Rates for the Five Export Sectors

It is important that Pakistan's export sector is provided energy at a competitive cost with its main competitor countries. The PBC was happy to note that electricity will be provided at 7.5 cents/KWH in July and August 2020 and at 9 cents/KWH, thereafter till June 30, 2021. The gas tariff shall remain at \$6.5/MMBTU till the June 30, 2021. This should help maintain competitiveness of our value-added exports, promotion of which is part of the PBC's Make-in-Pakistan thrust.

The Board of Investment's New Investment Promotion Strategy 2021-2025

PBC's several proposals were reflected in the BOI's New Investment Promotion Strategy. These included the prioritization of investment into export-oriented industries, making job creation as a primary impact target, encouraging the development of the knowledge economy and steps to integrate Pakistan into the global value chains. PBC's advice on targeting specific potential investors rather than arranging general roadshows was also accepted. In commenting on the new policy, PBC reminded the BOI that it is a board of investment and not a board of foreign investment. Hence the primary focus of its policies should be to promote local investment, success of which would also attract foreign investment.



Reversal of Changes in the Companies Act

The government issued an ordinance reversing changes made to the Companies Act 2017 through its ordinance of four months earlier. Besides confusion and uncertainty of these U-turns, the change restored Section 452 (global register of assets). PBC will continue to advocate its removal as it believes that it is fundamentally flawed, has no global parallel, adds no value to corporate governance and thus has no place in corporate law, duplicates the powers of other regulators, has been superseded by the OECD Convention on Exchange of Information and by the Foreign Assets Declaration and Repatriation Act 2018. More importantly, it fails to accord the trust and confidence which the formal corporate sector deserves.

Establishment of Technical and Complaint Oversight Committees by the Advisor to the PM on Finance

Following PBC's webinar with the Advisor Finance in which matters such as turnover-based minimum tax, advance and withholding taxes, withdrawal of tax credit on investment, delays in tax refunds etc. were raised, the Advisor has established two committees to review these matters and to examine complaints. The Complaints Oversight Committee is headed by Mr. Musadaq Zulqarnain and includes Mr. Saquib Shirazi and Mr. Azam Farooq – all from member companies of the PBC. The Technical Committee is headed by Mr. Abid Shaban and includes Mr. Aman Ghanchi from a PBC member company. The PBC will be making constructive and pragmatic recommendations to address flaws and suggest remedies that do not compromise revenue collection.

Activities of the Centre for Excellence in Responsible Business (CERB)



Awareness

Webinars

CERB in collaboration with Alliance for Water Stewardship hosted a webinar on 'Addressing Wastewater' on July 21 that included recognizing best practices in wastewater, an international framework, and collaborative action. Panelists included representatives from SDG 9 leader Soorty Enterprises, SDG 12 leader ICI Pakistan Limited, LUMS, and Alliance for Water Stewardship China.



CERB partnered with British Asian Trust (BAT) and **English Biscuit Manufacturers (EBM)** on July 28th, 2020 on a webinar titled "Employee Well-being during COVID-19" to discuss the importance of mental health and how employers can support their employees to effectively take care of their mental health in these challenging times. 65 participants attended the webinar.

As part of IFC's Family Friendly Policies Project, Peer Learning Collaboration (PLC), CERB hosted two webinars on August 13 and September 23. The first webinar on Flexible Work Arrangements had speakers from **HBL, Siemens Pakistan and Standard Chartered** and IFC expert from Gender and Economic Inclusion Group. It was attended by 48 participants.



The second one on COVID-19 & Gender-Based violence; workplace risks and responses in Pakistan had speakers from IFC, Aurat Foundation and **TPL Corp.** This webinar was attended by 66 participants.



Identifying Good Practices

Roundtable

CERB held the first of three virtual roundtables in collaboration with ACCA and PICG on 'Rebuilding a Greener, More Inclusive and Prosperous Recovery in Pakistan' on August 19. The discussion was led by Arif Mirza from ACCA. Speakers from PBC, PICG, IFC ESG Advisory, ACCA Global, Nestle Pakistan, Lakson Investments, Tundra Fonder Pakistan, and Epiphany shared their input. A 'call to action' has been created focusing on calling further stakeholders to act related to ESG.



Focus Group Discussions

As part of IFC's Pakistan Investment Competitiveness Project, three Focus Group Discussions have been held with HR heads from the Textile, Agriculture (food-processing) and Automotive sectors in July 2020. The core purpose of conducting FGDs for gender analysis of selected sectors is to understand the existing scenario of women's employment opportunities in Pakistan. The discussions comprised of key indicators, examples of good practices and challenges companies in these sectors are facing when it comes to gender inclusive policies at work

IFC-PBC Call

As part of the PLC, CERB hosted a discussion on Parenting Resources for Employees and Gender Based Violence on September 8 that companies can use to support their working parent employees in Pakistan and elsewhere for IFC's clients, PBC's members and partners. This discussion was led by Rachel Machefsky who is a child health and development professional managing partnerships and outreach for the COVID-19 Parenting Resource Project led by World Health Organization, UNICEF, and the University of Oxford among many others. This discussion was attended by 30 participants.

Newsletter

CERB launched its second newsletter covering blogs on various topics: employee well-being during COVID-19, attracting investment through ESG disclosures, need for ethical awareness and practice, maintaining business culture through remote workers, and reporting on business and biodiversity.

CERB will soon be launching a baseline survey on Understanding the Impacts of COVID-19 on Responsible Business Practices through an ESG Lens among PBC members only. The objectives of this survey are to determine the business approach to ESG in the current scenario and post COVID-19.

Board & Committee Meetings

During the Quarter, the 39th PBC Audit Committee meeting was held which among items reviewed and approved the Year End Accounts and recommended their approval by the Board.

Two meetings of the Board, the 75th and 76th were held during the Quarter. At the 75th meeting the Board elected Mr. Saquib Shirazi as the Chairman and Mr. Aurganzeb Khan as the Vice Chairman of the PBC. At the 76th Board of Directors Meeting the Board approved the Annual Accounts as recommended by the Audit Committee and agreed to the formation of the Committee to Counter Illicit Trade & the Export Forum. The Board also expressed its resolve to have more member events to increase member participation.

The Board also approved the Notice / Agenda for the PBC AGM and decided to schedule it on Friday, October 16, 2020 at 3:00 pm at the Pakistan Business Council Office, 8th Floor, Dawood Centre, M.T Khan Road, Karachi.

A PBC Advisory Committee composed of the current and past Chairmen & Vice Chairmen and the CEO has been constituted to provide guidance on how PBC's objectives can be achieved more effectively. A first meeting of this Committee was held.

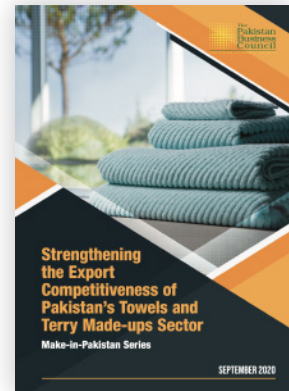
Publication During the Quarter

One publication was finalized during the Quarter:

“Strengthening the Export Competitiveness of Pakistan’s Towels and Terry Made-Ups Sector”

The report has been uploaded on PBC’s website and can be accessed by clicking on the link below:

<https://www.pbc.org.pk/research/strengthening-the-export-competitiveness-of-pakistans-towels-and-terry-made-ups-sector/>



New Executive Member of the PBC



During the Quarter, Nimir Industrial Chemicals Limited was inducted as the 83rd member of the PBC.

PBC’s Social Media Outreach



PBC’s Twitter account has gained new followers; currently, PBC has approximately 2,500 followers on Twitter. The user engagement with PBC’s content has increased; the “top tweet” was seen about 3,000 times.

About the PBC

The PBC is a private sector business policy advocacy forum composed of Pakistan's largest businesses / groups including multinationals that have a significant investment in and a long-term commitment to the growth of Pakistan. Members turnover represents every ninth Rupee of Pakistan's GDP and together the members contribute 25% of tax revenues and 40% of exports. More information about the PBC, its members and its activities can be found on our website www.pbc.org.pk





The PBC Members by Sector

PBC currently has 83 members, whose businesses cover nearly all sectors of the formal economy. The sector wise representation (in alphabetical order) is detailed below:

Sector	Member Companies
Large-Scale Manufacturing	
Agro Industries	1
Cement	2
Chemicals / Fertilizer	9
Energy	2
Engineering	9
Fast Moving Consumer Goods	18
Packaging Material	2
Pharmaceuticals and Healthcare	6
Textiles	10
Total Members in Large-Scale Manufacturing	59
Services	
Financial service	12
Hospitality	1
Insurance	2
Logistics / Courier	2
Telecommunication	1
Utilities	1
Total Members in the Services Sector	19
Conglomerates	5

29 MNC's from 13 Countries



USA



UK



UAE



Switzerland



Japan



29 MNC's from 13 Countries



Netherlands



France



Bahrain



South Korea



Hong Kong



Germany



Sweden



Turkey



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