

PBC ACTIVITY REPORT

October to December 2018

This Report summarizes the activities of The Pakistan Business Council (PBC) for the period October 1, 2018 to December 31, 2018. It follows a similar report for the previous quarter.

Keynote Speech by Prime Minister Imran Khan at the PEF – V

The fifth edition of the Pakistan Economic Forum (PEF – V) was held in Islamabad on December 13, 2018. The theme of PEF – V was “Make in Pakistan”. This was the second PEF organized by the PBC in 2018.

The Prime Minister of Pakistan attended the concluding session along with the Finance Minister, the Minister for Planning, Advisor for Commerce, Textile, Industry & Production, and Investment, the Advisor for Institutional Reforms and Austerity and The Chairman Board of Investment. Senior civil servants, members of the diplomatic corps based in Islamabad, representatives of multilateral agencies, business leaders, eminent citizens and representatives from the media participated.

In his keynote address, the PM emphasised his belief that “it is good economic sense to let businesses make a profit”, he assured the audience that the government was working to create an environment that was conducive to wealth creation by business. The Finance Minister briefly shared the government’s plans for facilitating job creation, investment in both export and import substitution industries and for broadening the tax base – not co-incidentally, all of which are major pillars of the PBC’s “Make in Pakistan” initiative.

In the first session of the PEF – V, prior to the arrival of the PM, presentations were made on key investment areas and the likely impact of these investments on jobs, import substitution and exports. Presentations were made on the following themes:

- Integrated Steel Complex (Towfiq Chinoy – IIL)
- Integrated Chemical Complex (Asif Jooma – ICI)
- Engineering (Almas Hyder – SPEL)
- IT & IT Enabled Services (Asif Peer – Systems Limited)



Interaction with the Government

- The Advisor for Commerce, Textile, Industry & Production, and Investment visited the PBC in November 2018 to meet PBC directors and PBC members' serving on the Council of Business Leaders (CBL). The Advisor updated the audience on the government's vision for reindustrialising Pakistan. The PBC members' shared with the Advisor their views on formulating a "new industrial policy" for Pakistan. A broad strategy on making the CBL a more vibrant body was also discussed.



- Mr Javed Ghani Member Customs Policy visited the PBC on December 3rd for an exchange of views on how to reduce the menace of smuggling and under-invoicing. The issue of live Electronic Data Interchange (EDI) of trade data with China to control the menace of mis-declaration of imports from China and other trading partners also came up at the meeting. It was agreed that both FBR and the PBC would continue to lobby with the government to ensure early implementation of the proposal for live EDI. The meeting was well attended by the membership.



- A PBC delegation led by its Chairman called on the Finance Minister in Islamabad in mid-December. In addition to the FM, others that participated from the government's side included the Advisor for Commerce, Textile, Industry & Production and Investment, Secretary Commerce, Chairman FBR and the Acting Chairman SECP. The PBC delegation shared with the Finance Minister the key changes required in fiscal and trade policies to promote investment and exports. The FM agreed to the need to provide the "enablers" required by industry. He specifically requested the Chairman FBR to facilitate taxpayers by reducing number of taxes by merging some of the '47' taxes that a business needs to pay in a city like Karachi.



- At the request of the Chairman FBR, PBC submitted proposals for taxpayer facilitation, the major points covered in the PBC letter included: separation of audit function from FBR, one-window solution for taxpayers, simplification of laws and procedures, real time availability of withholding tax data, and a simple refund submission and verification system among others.



- The PBC CEO was part of a delegation led by the Advisor for Commerce, Textile, Industry & Production and Investment to Japan in early December. The delegation participated in the 6th Pakistan Japan Joint Government Business Dialogue. The PBC prepared a case for Japan granting Preferential Market Access for Pakistan's textiles. The PBC CEO was also part of the business meetings where current and prospective Japanese investors met the Advisor and the Pakistani delegates.

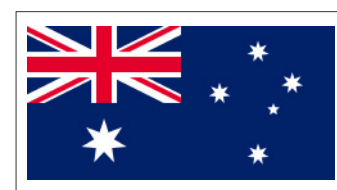
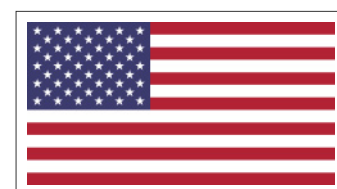


- At the request of the Government, the PBC CEO made a presentation on Foreign Direct Investment at the "Envoys Conference on Economic Diplomacy" in Islamabad in December. The Envoys Conference was jointly organized by the Ministry of Commerce & Ministry of Foreign Affairs and was addressed by the Prime Minister and the Finance Minister.

Visitors to the PBC in the Second Quarter 2018 - 19

The important individuals / delegates who visited the PBC or met the CEO PBC in the 2nd Quarter of the 2018 - 19 year were:

- The Australian High Commissioner
- US Economic Counsellor
- Japanese Consulate Economics Team
- CITIC- Hong Kong, JV investors in CITIC Alfalah Securities
- ACCA Regional Head ME
- Asian Development Bank Regional and Country Head
- Market Dev Head PSX
- JS Global Economics Research Team
- Delegation from the Pakistan Agriculture Coalition
- Delegation from Bavaria, Germany



The PBC CEO addressed the following external events:

- ACCA Ethics Workshop
- Joint BDHC-ACCA Ease of Doing Business Meeting

Presentation / Interactions to Promote the PBC:

In addition to the PEF – V, presentations at the Envoys' Conference and at the 6th Japan Pakistan Joint Government and Business Dialogue, the CEO promoted the PBC's objectives at the following interactions:

- Visited and discussed affiliation between the PBC and Keidanren, the Japanese association of prominent businesses.
- The CEO also held a detailed meeting on the economy with Dr Shamshad Akhtar, former Interim Finance Minister and former Governor of the State Bank.

PBC Member Events Other Than the PEF – V:

- **PBC Members' Dinner in Islamabad** a dinner for PBC members was held in Islamabad at the conclusion of the PEF – V. In addition to PBC members, Advisor for Commerce, Textile, Industry & Production, and Investment and the Advisor for Institutional Reforms and Austerity participated.
- **Members' Meeting with Dr Salman Shah on Afghanistan's Iron Ore Deposits** the PBC arranged a session with the former Finance Minister Dr Salman Shah to explore the possibility of Joint Ventures between Pakistan and Afghan companies to exploit Afghanistan's iron ore deposits.
- **Presentation on the State of Pakistan's Economy by Dr Salman Shah** the PBC arranged a session for its members' and others on the State of Pakistan's economy. The objective of the session was to help members' form an informed view on the economy.
- **Presentation by Dr Nadeem-ul-Haque on the Outlook for Pakistan's Economy** the PBC arranged a presentation by Dr Nadeem-ul-Haque former Deputy Chairman of the Planning Commission on the Outlook for Pakistan's Economy. The meeting was attended by the PBC members' and others.



Internal Workings of the PBC:

- **The 13th AGM of the PBC:** The 13th AGM of the PBC was held on October 8th, 2018, all matters which needed approval of the members were passed
- **Notice for EoGM – Elections to the PBC Board:** Notices were sent for Elections to the PBC Board, last date for nominations was fixed as January 11th with voting, if required to be held on January 25th.
- **New Executive Members’:** In the second quarter, four new executive members were added raising the total membership base to 78. With the addition of Bata Pakistan Limited and Pepsi Cola Pakistan, Fast Moving Consumer Goods sector representation increased to 16; and Orix Leasing and Central Depository Company increased the Financial Service sector representation to 11. Twenty nine of the 78 member companies are multi-nationals from 13 countries. A total of 15 sectors are represented in PBC’s membership, of which 9 pertain to large-scale manufacturing while 6 sectors are from within the service industry. In addition to these, 5 of the member companies are conglomerates with business interests across multiple industries and sectors of the economy. The tables on Page-14 show the complete list and sectoral representation in PBC’s membership.
- **Publications during the Quarter:** Seven publications were released in the quarter as follows, bringing the total published since July 1, 2018 to 8:



Contours of a New Industrial Policy



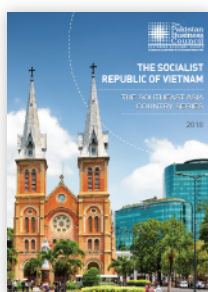
The Federation of Malaysia - Country Profile



The Republic of Singapore - Country Profile



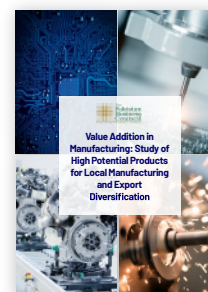
The Republic of Indonesia - Country Profile



The Socialist Republic of Vietnam - Country Profile



A Review of the Pakistan - Sri Lanka Free Trade Agreement



Value Addition in Manufacturing: Study of High Potential Products for Local Manufacturing and Export Diversification

- **Partnered Research:** The partnered research with the Consortium for Development Policy Research (CDPR) on Pakistan's apparel sector was completed in December 2018. Prior to finalization of the Report, the Draft Report was presented in Lahore to members of The Pakistan Readymade Garment Manufacturers Association to validate the findings of the Study. The Report will be circulated in early 2019.



- **Media Coverage:** The PEF – V received prime time and front page coverage in the mainstream media. The PBC's presence and profile continued to improve with its views featuring prominently in articles on business and the economy.

Centre of Excellence in Responsible Business (CERB)

- CERB and the ACCA Pakistan jointly hosted the Global Ethics Day on Oct 17th. The agenda covered the importance of ethics and professionalism in the digital age and how unethical behavior destroys trust in business, media and public life. 22 individuals representing seventeen organizations participated.
- Five case studies jointly developed with International Finance Corporation (IFC) were launched on Dec 17th. These represented good practices among domestically-owned PBC member companies to enhance woman's employment in Pakistan.

- Artistic Milliners, Advancing Women in Business Leadership and Management
- Habib Bank Limited, Advancing Gender Diversity through Effective Anti-Harassment Mechanisms
- Interloop Limited, Advancing Women in Non-Traditional Roles
- National Foods Limited, Retaining Top Talent through Family Friendly Policies
- Packages Limited, Advancing Gender Diversity through Equal Opportunity Recruitment Practices

- CERB team conducted visits to Engro Coal Power Project at Thar and National Foods Chili Centre at Kunri for validation of inclusive and sustainability practices being followed including in the supply chain.

- PBC and IFC hosted Employer of Choice for Gender Balance Awards on Dec 17th at Marriott Karachi. Gold, Silver and Bronze awards for moving the needle most on gender diversity over the past year were awarded to:

- Telenor Pakistan – Gold Award
- Serena Hotels – Silver Award
- Habib Bank Limited – Bronze award
- Artistic Milliners – Honorary mentions
- Interloop Limited – Honorary mentions



- ‘Breaking Boundaries – Gender Equality in the Workplace’ workshops were held on Oct 23rd and Nov 15th at Islamabad and Lahore in collaboration with UN Women. Participants from 39 companies were engaged to focus on how to identify and reduce challenges both for women and their employers.
- ‘Transforming Business Culture in the Business Sector of Pakistan’ workshops were held on Oct 30th and Nov 6th at Karachi and Lahore, in collaboration with PricewaterhouseCoopers (PwC). 58 participants, including 24 registered participants, representing 22 organizations were engaged.
- For capacity building in Inclusive Development, a CERB team member underwent “Sustaining Competitive and Responsible Enterprises” (SCORE) training, a global technical assistance program of the International Labour Organization (ILO).
- CERB contributed as a stakeholder at the 3rd and Final Roundtable on Promoting Decent Work and Fundamental Rights in Value Chains hosted under the Public-Private Partnership between ILO and Stora Enso on Dec 6th at Avari Hotel, Karachi.
- Recognition was received from UNCTAD’s ISAR (Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting) for 2018 Honours Awards from 24th to 26th Oct held in Geneva, Switzerland for CERB’s efforts in policy advocacy, assisting enterprises to publish data on their contribution to the implementation of 2030 Agenda for Sustainable Development, and facilitating dissemination of good practices in this area.
- CERB was invited to give Special Remarks at the session on “Creating Shared Value – Private Financing for the SDG’s” at the Twenty-first Sustainable Development Conference (SDC) organized by Sustainable Development Policy Institute (SDPI) in Islamabad on Dec 6th.



CERB Engagements in Calendar 2017 and 2018

Year	Roundtable/ Conferences	Case Studies	Baseline Surveys	Webinars	Practitioner Workshops	Companies Engaged
2018	9	5	1	3	6	140
2017	4	0	2	1	3	90

Working of the Islamabad Office

PBC Islamabad office played a pivotal role in articulating and escalating the issue of multiple quality standards formulated by provinces, and overlapping provincial authorities regulating the food industry in the country. Not only was PBC catalytic in convincing the Government that the issue be tabled at the meeting of the Council of Common Interests (CCI) held on 24th September, 2018, PBC pursued the matter in the National Committee to Review Harmonization of Food Standards constituted by CCI. PBC articulated the industry's position in the Committee. Furthermore, PBC coordinated the process of drafting a proposal to amend the PSQCA Act based on constitutional underpinnings, arguing for harmonization of food standards, and officially submitted a proposal to the Chairman of the aforementioned Committee.

PBC's Resident Director in Islamabad made a detailed presentation on PBC's policy approach towards promoting industrialization to senior officers of the government at the National Institute of Management's 24th Senior Management Course (SMC) cohort in Peshawar. The presentation to the cohort helped in sensitizing the future leaders of the government on policies for promoting local manufacturing, export diversification and import substitution. The participants of the cohort were drawn predominantly from the Federal Government's departments such as Inland Revenue, Customs, Commerce, Information, Secretariat, District Management Group among others.

PBC solicited recommendations from its members on amendments to the SEZ Act 2012 and the SEZ rules of 2013 which were duly compiled and furnished to the Board of Investment (BoI). The recommendations delineated PBC's position on revising the policy framework for SEZs.



Future Plans

The PBC will continue to support the government in its program for structural reforms. In addition, the PBC will continue to promote the Make-in-Pakistan initiative. With a new Board being elected in the coming quarter, some fine-tuning of focus areas in the Make-in-Pakistan initiative may also take place.

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 the annual tax revenues and exports. More information about the PBC, its members and its activities can be found on our website www.pbc.org.pk





29 MNC's from 13 Countries



USA



UK



UAE



Switzerland



Japan



29 MNC's from 13 Countries



Netherlands



Bata



France



Bahrain

HBL



South Korea



Norway

LOTTE



Hong Kong



Germany

SIEMENS



Sweden



The PBC Members by Sector

PBC currently has 78 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	8
Energy	2
Engineering	7
Fast Moving Consumer Goods	17
Packaging Material	2
Pharmaceuticals and Healthcare	6
Textiles	9
Total Members in Large-Scale Manufacturing	54
Services	
Financial service	11
Hospitality	1
Insurance	2
Logistics / Courier	2
Telecommunication	2
Utilities	1
Total Members in the Services Sector	19
Conglomerates	5

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