

PBC ACTIVITY REPORT

January to March 2020

This Report summarizes the activities of The Pakistan Business Council (PBC) for the period January to March 2020.

Corona Virus & PBC's Advocacy

The outbreak of the Corona pandemic and the resulting lockdown starting from about the second half of March have brought about major changes in the PBC's advocacy thrust. Post the Pandemic, PBC and its members have been working with the policy makers and other stakeholders on the need for not only immediate relief for the distressed businesses and their employees, but also for a policy framework to ensure continuity of businesses and the millions of jobs that these provide. As part of the PBC's Corona Crisis mitigation strategy the following are the major ongoing activities being undertaken by the PBC:

“What is business doing to alleviate the impact of the Corona Virus Crisis?”

To dispel the impression that business, especially big-business is not “doing enough” to alleviate the impact of the Corona pandemic, the PBC is collecting information from its members on their relief efforts and is disseminating this to the wider community including the government. The objective of this advocacy is to proactively engage the various stakeholders.

PBC's Proposed Business Relief Package

The PBC CEO has formally written to the PM's Adviser on Finance requesting for the announcement of a Business Relief Package (BRP). The primary purpose of the BRP would be to help restore the cash flow of businesses to allow them to sustain employment and to expedite the revival of normal economic activities. The majority of the items in the BRP are in the nature of tax etc., deferrals rather than exemptions and none involve immediate handouts. The proposed BRP contains a separate section which deals with the existential threats faced by the export sectors and proposes relief measures for this sector. The proposed BRP followed a previous request for an Economic Stimulus sent to the Adviser on March 21st.

Issues and Suggestions on Facilitating Industry During Lock-downs

Based on inputs from the members, the PBC formally wrote to Mr Abdul Razak Dawood highlighting the issues along with solutions to the problems being faced by industry during lockdowns. Most of the PBC's recommendations were accepted by the government and subsequently notified. The National Coordination Council which considered PBC's recommendations, tasked Military Operations to seek specific province wise data from the PBC of essential industries. Site-wise information of workers, tonnage and truck movements, including those of key supply chain partners and distributors was collected and provided to Military Operations by the PBC.

Recommendation for an Economic Stimulus Program

The PBC became one of the first, if not the first business representative body, to formally write to the Adviser on Finance on March 21st requesting for an Economic Stimulus Program to offset the likely impact on the economy of the Corona Virus Crisis. The PBC's request was widely reported in the media.

Representation to the SBP for Export Concessions & Time Extensions

The PBC CEO formally approached the State Bank seeking concessions for exporters who had availed export refinance facilities and were now unable to make shipments as buyers were either in lockdown mode or requesting for delays in shipments. The SBP formally notified these concessions on the 20th of March.

PBC expressed disappointment at the 0.75 bps reduction in the interest rate

The PBC on March 17th issued a Press Release expressing disappointment at the 0.75 basis points reduction by the SBP's Monetary Policy Committee (MPC) in the policy rate. The PBC called it "too little and too late" and warned that this would be insufficient to support businesses going forward as the Corona Crisis begins to hit. The MPC revised the reduction subsequently to about the level that PBC had earlier recommended.

Other Major Activities During the Quarter

VISIT OF H.E. MR. SHAH MAHMOOD QURESHI, MINISTER OF FOREIGN AFFAIRS TO THE PBC

The honorable Foreign Minister of Pakistan, Mr Shah Mahmood Qureshi met members of the PBC in Karachi on February 10th, 2020. The interaction centered around "economic diplomacy and its role in increasing exports". The session was well attended with the FM being candid in replying to the concerns expressed by the audience.



PBC, SBP, IGC, CDPR JOINT SEMINAR ON FIRMS & GROWTH

The Pakistan Business Council (PBC), the State Bank of Pakistan (SBP), the International Growth Centre (IGC) and the Consortium for Development Policy Research (CDPR) jointly hosted a seminar on January 13th at the SBP in Karachi. The topic of the seminar was “Firms and Growth”.

The seminar was addressed by Mr. Asad Umar, Federal Minister for Planning, Dr. Hafeez Shaikh, Advisor to the PM on Finance and Dr Reza Baqir, Governor State Bank of Pakistan. Panel discussants included Annabel Gerry, Head of DFID Pakistan, Gonzalo Verela of the World Bank, Saquib Shirazi, Bashir Ali Mohammad, Khalid Mahmood, Munir Mashooqullah (Synergy) and Gillian Roger (DFID).



Two reports commissioned by the PBC were presented. These were the *“PBC and CDPR Study on the Preliminary Analysis of Phase II of the China Pakistan FTA”* and *“Pakistan’s Readymade Garments Sector: Challenges & Opportunities”*

PBC, SBP SEMINAR ON MANAGING CRISIS IN EMERGING MARKETS

In February, the Pakistan Business Council (PBC) and the State Bank of Pakistan (SBP) held a seminar on “Managing Crisis in Emerging Markets.” The main speaker at the event was Mr Athanasios Arvanitis Deputy Director of the IMF. He shared his experiences of working in emerging markets. The panel discussion moderated by the Governor State Bank had in addition to the main speaker, Mr Ehsan Malik, CEO of the PBC, Mr Khurram Husain of Dawn and Mr Sakib Sherani, an Islamabad based economist.



VISIT OF THE CHAIRPERSON NATIONAL TARIFF COMMISSION TO THE PBC

The Chairperson of the National Tariff Commission (NTC) visited the PBC to brief members on progress on the new National Tariff Policy (NTP). The Chairperson accompanied by senior members of the NTC expressed the hope that the PBC would continue to provide input to the NTC on the NTP and other issues related to industry.



MEMBERS' MEETING WITH MR ABDUL RAZAK DAWOOD

The members of the PBC met with Mr Abdul Razak Dawood on February 29th in Karachi. Mr Dawood appraised the PBC members of developments in the economy, progress on cascading tariffs, outcome of talks with Mr. Wilbur Ross (US Secretary of Commerce) and plans on broadening the export base beyond the traditional destinations. He also shared the construct of the export policy. Mr Dawood used the meeting to recommend robust participation by PBC member companies in the Dubai Expo 2020, now postponed to October 2021.



VISIT OF MR. MOEED YUSUF TO THE PBC

Mr Moeed Yusuf, Special Assistant to the Prime Minister on the National Security Division (NSD) & Strategic Policy Planning (SPP) unit visited the PBC as a follow-up to his interaction with the PBC in December 2019. He reiterated his desire for an institutional relationship between the PBC and the NSD & the SPP unit.

PBC FOLLOW-UP WITH THE FBR MEMBER IR – POLICY

The PBC continued its interaction with the Member IR – Policy at the FBR as a follow-up to the meeting held at the FBR in November 2019. This is work-in-progress and some of the agreed upon issues are expected to be part of the Finance Bill 2020.



PBC – SBP COORDINATION

The PBC is working / providing input to the SBP on the following issues which impact its members:

- Proposed changes to the Prudential Regulations
- Proposed FE regulations for Export Houses
- Changes in the FE manual to facilitate businesses, including the acquisition and development of brands abroad.



In addition, the PBC is working with the SBP to reduce the requirement for 100% L/C margin for industrial raw material inputs.

PBC – EDB COLLABORATION

It was agreed at a meeting between the Director Research PBC & the CEO Engineering Development Board (EDB) to develop a working relationship between the two organizations aimed at promoting the engineering sector in Pakistan. In the near-term it was agreed that the EDB would use its good offices to provide access to the Surgical Goods manufacturers in Sialkot as part of the PBC's study of the sector. It was also agreed that the new appointments at the EDB would be co-opted by the PBC in field work to help develop capacity at the EDB.



Other Visitors to the PBC & the CEO's Engagements



Mr. Farrukh Khan – CEO Designate of the Pakistan Stock Exchange (PSX) called on the CEO



Consultants from the World Bank visited the PBC to brief the CEO on progress on their study on Pakistan's SEZs



The CEO of KE along with his team visited the PBC to appraise the CEO of the risks to uninterrupted power supply to Karachi



CEO met Mr Nadeem Babar Special Assistant to the PM on Petroleum



Mr. Hadi Badri CEO International of Emaar Properties visited the PBC



CEO met Mr. Baart Meersman, SVP Africa, ME and Turkey, Reckitt Benckiser



Mr. Simon Penny, Her Majesty's Trade Commissioner (HMTc) for the Middle East, Afghanistan and Pakistan visited the PBC



CEO met the Director Banking Control Department along with a delegation from the PBC to discuss the changes proposed in the Prudential Regulations



The CEO called on the State Bank of Pakistan Exchange Control Policy Division to discuss the proposals in the PBC's National Charter for Exports"



A team from the World Economic Forum presented various knowledge platforms and forums that businesses in Pakistan could participate in. The PBC will engage with the WEF to develop a modus operandi for members and its Centre of Excellence in Responsible Business to benefit from WEF's platforms.

Sector Studies Initiated at the PBC

During the Quarter under review, the PBC initiated '6' sector studies which are at various stages of completion.

Study on the competitiveness of Pakistan's towel industry

The PBC is doing this Study in collaboration with the Towel Manufacturers Association (TMA). The association arranged for the interviews with its members and the field work is complete. Currently the report is in the analysis stage.

Study on the competitiveness of Pakistan's refrigerator industry

Field work for this Study has been completed and the report is now in the analysis, compilation stage.

Study on the competitiveness of Pakistan's footwear industry

PBC is collaborating with the Pakistan Footwear Manufacturers Association (PFMA) for this report. The PBC and PFMA were scheduled to hold a full-day meeting in Lahore which unfortunately had to be postponed on account of the Corona Crisis.

Study on the competitiveness of Pakistan's surgical goods industry

For this Study the PBC is collaborating with the Surgical Instruments Manufacturers Association of Pakistan (SIMAP). The lead researcher has already visited Sialkot twice as part of this Study, the field work unfortunately has been terminated for the time being on account of the Corona Crisis.

Study on the competitiveness of Pakistan's leather garment industry

The PBC is collaborating with the Pakistan Leather Garments Manufacturers & Exporters Association (PLGMEA). Preliminary work has been done and field work will commence once the situation improves.

Study on the competitiveness of the Pakistan's cutlery industry

The PBC is in touch with the Pakistan Cutlery and Stainless Utensils Manufacturers & Exporters Association (PCSUMEA). A request has been made for a meeting with the association and they have promised to invite the PBC to the next meeting of their executive body.

Publications During the Quarter

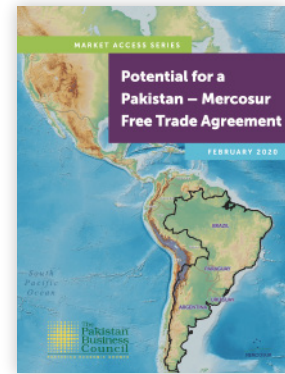
A total of '5' publications were released during the Quarter; this brings the total number of publications in the current year to '10'. The five publications released in the Third Quarter were:



Growth Drivers ... the time to trigger them is now!



PBC's Contours of a National Charter for Exports



Potential for a Pakistan Mercosur Free Trade Agreement



China Pakistan Free Trade Agreement Phase II – A preliminary Analysis



PBC Policy Brief on Mobile Phone Manufacturing in Pakistan

Update on Collaborative Research

Under the head of Collaborative Research, the following two studies are at various stages:

- Understanding the Bottlenecks and Opportunities in the Value-Added Exports of Fruits and Vegetables – contracted out to Syed Amanullah Husaini, an Agricultural / Rural Development Economist with more than 40 years of experience
- Policy Framework for the Promotion of Exports of Man-Made Fiber Apparel Exports from Pakistan – contracted out to Mr Muhammad Abbas Raza (Former Chairman NTC)

New Executive Member Inducted in the Quarter

One new executive member, Service Industries Limited joined the PBC in the Quarter under review. The current overall strength of the PBC is 82.



Board & Committee Meetings

During the Quarter, the 37th PBC Audit Committee meeting was held which among items reviewed the Half-Yearly Accounts and recommended their approval by the Board.

The 73rd PBC Board of Directors Meeting was held during the Quarter and among items the Board approved the Half-Yearly Accounts as recommended by the Audit Committee.

PBC on Twitter

PBC is now on Twitter and the handle is: twitter.com/ThePBC_Official



Working of the Islamabad Office

HARMONIZATION OF FOOD STANDARDS

With PBC's successful efforts to advocate for harmonization of Pakistan's food quality standards and representing the industry's perspective, The Ministry of Science and Technology endorsed PBC's position on January 29th, 2020 and issued a notification to repeal all provincial food quality standards superseded by National Standards formulated by the PSQA. The notification was issued under the directives of the Council of Common Interests (CCI), which mandated the Minister of Science and Technology to establish the Pakistan Standard, and develop a consensus with provinces for institutional mechanisms for product registration and licensing of establishments.

Amongst other outcomes, in addition to having a single Pakistan Standard, this will entail product registration and licensing of establishments being carried out by the federal government and revenue being distributed to the provinces. PBC considers this decision to be a significant achievement for its long standing advocacy efforts.

POLICY NOTE ON MOBILE HANDSETS MANUFACTURING IN PAKISTAN

Manufacturing in Pakistan, and circulated it to the decision makers in the government. To facilitate the government in formulating its Mobile Handsets Manufacturing Policy, PBC provided recommendations as part of its "Make in Pakistan" thrust. These recommendations emphasize that the long term outcome of the policy should be to promote domestic smartphone manufacturing, generate skilled jobs, substitute handset imports and promote exports from Pakistan.

The key recommendations included in the policy brief are to simplify and cascade the duty structure for Completely Built-up (CBU), Semi Knocked-down (SKD) and Completely Knocked-down (CKD) units. PBC also recommends a staggered approach to progressively increase localization in manufacturing, making incentives performance - based and applicable to manufacturing units above a predetermined size.



ADVOCACY WITH THE FEDERAL BOARD OF REVENUE

Islamabad office followed-up with the FBR on the PBC's advocacy with FBR resulting in the following two insertions made to the Finance Supplementary Act (Second Amendment) 2019 Ordinance issued on 27th December, 2019.



- The amendment to the Act reinstituted 100% exemption from Income Tax on Dividends received by the parent company, under group relief.
- Plant and machinery, and equipment falling in Chapter 84 and 85 of First Schedule to the Customs Act, 1969, imported for manufacturing is now excluded to advance Minimum Value Added Tax of 3% at import stage.

PBC'S SOCIAL MEDIA OUTREACH

In keeping with PBC's objective to expand its social media footprint, PBC improved its outreach through Twitter. The initiative has met with success with 1,065 followers currently, and PBC intends to undertake further strategies to increase its outreach through Twitter and other social media platforms.



Centre of Excellence in Responsible Business (CERB)



AWARENESS

WEBINARS

CERB hosted a webinar via Webex on January 16 on 'Working Parent Groups'. Speakers from USA and Pakistan shared presentations on early childhood education and working parent's groups. The call was attended by 20 people from 11 companies.

OTHER EVENTS

Air Quality Event on January 17

CERB in collaboration with the US Consulate General Karachi hosted an event on the role of industry in air quality monitoring. Key note address was given by Dr. Schauer, US State department science envoy, CERB provided results from its survey on air quality monitoring, and a panel discussion followed with representatives from HUBCO, PAQI, Indus Hospital, and the World Bank.

'Ring the Bell Ceremony' on March 10 (to celebrate International Women's Day)

Held as a collaborative event at the Pakistan Stock Exchange with International Finance Corporation (IFC) and Women on Boards (WoB) as co-hosts with PBC. Key insights into the barriers for women in leadership positions in Pakistan and good practices for gender equality were highlighted. More than eighty people attended the ceremony including women leaders from various corporate organizations working as board members or entrepreneurs.





IDENTIFYING GOOD PRACTICES

The Fifth Baseline Survey of good practices on 'Businesses Creating and Promoting Decent Growth and Employment Opportunities' has been concluded and preliminary results were shared at the SDG 8 workshop with the Indus Motor Company on February 18. A detailed survey report is planned to be launched in April 2020.



IMPARTING BEST PRACTICES

SDG LEADERSHIP WORKSHOPS

CERB hosted a workshop on SDG 12 "Responsible Consumption and Production" with SDG leader, ICI Pakistan Limited, titled "Effective Sustainability Communication" on February 13 at the Marriott Hotel, Karachi. The modules covered stakeholder engagement and materiality; ICI Pakistan Limited shared its best practices and led a panel discussion with representatives from Lucky Cement, International Steels, Pakistan Cables, and PwC Pakistan. Guest speaker sessions included representatives from Tundra Fonder and IFC.



CERB hosted a workshop on SDG 8 "Decent Work and Economic Growth" with SDG leader, Indus Motor Company, titled "Adding Value to the Organization by Developing People, the Toyota Way", on February 18 at the Marriott Hotel, Karachi. A total of 22 participants attended from 11 companies. Indus Motor Company shared its best practices on how the Toyota Way is being used to develop the Dealer eco-system and on the key facets of the Toyota Production System that are used for quality and efficiency thus contributing to Pakistan's economic growth.



OTHERS

PBC is in a partnership with the UNDP on promoting inclusive employment in the private sector. The 'Leading Diversity' initiative was launched on Feb 26 at the Marriott Hotel, Karachi. CERB highlighted the policies and practices of progressive businesses in including women, low skilled youth, and differently abled people in the workforce. CERB also led a session in the workshop titled 'Identity in Diversity', where participants discussed different facets of discrimination at the workplace and how to overcome them.



POLICY ADVOCACY

We participated in a consultative session hosted by Artistic Milliners with WWF on industry's responsibility in their local water catchments and adopting the AWS standard.

CERB also presented and participated in a panel discussion on sustainable production and consumption at the Indus Valley School of Art and Architecture.



IN PROGRESS

Till date, the following PBC member companies have come forward as champions of the SDGs and with whom the SDG Leadership Programme is under way:



Dalda Foods and English Biscuits Manufacturers, SDG 3 'Good Health and Well-Being'



International Industries Limited, SDG 7 'Affordable and Clean Energy'



Engro Corporation, SDG 4 'Quality Education for all'



Indus Motor Company, SDG 8 'Decent Work and Economic Growth'



Habib Bank Limited, SDG 5 'Gender Equality'



Soorty Enterprises, SDG 9 'Industry, Innovation and Infrastructure'



ICI Pakistan, SDG 12 'Responsible Consumption and Production'



Coca-Cola Pakistan, SDG 6 'Clean Water and Sanitation'



Packages Limited, SDG 13 'Climate Action'

UPCOMING EVENTS

(all dates are tentative in view of the prevailing situation with respect to COVID-19)

- Workshop with Habib Bank Limited on April 7 & 8 in Lahore or Faisalabad
- Workshop on SDG 9 with Soorty Enterprises
- Family Friendly Workplace Project with IFC – Roundtable Discussion on April 15
- Workshop with English Biscuit Manufacturers on April 25
- Focus Group Discussions for the IFC-PBC Pak Investment Competitiveness Project with respect to the five priority sectors identified as ready for investment

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 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 82 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	9
Fast Moving Consumer Goods	18
Packaging Material	2
Pharmaceuticals and Healthcare	6
Textiles	10
Total Members in Large-Scale Manufacturing	58
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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