

PBC ACTIVITY REPORT

April to June 2020

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

Major Thrust – PBC Advocacy in Quarter IV

The fourth quarter of the financial year was in some ways the “**new normal**” for businesses in general and the PBC in particular. The major portion of the quarter saw most commercial, industrial and other activities in the country affected by the lockdown imposed by the government to control the outbreak of the COVID-19 outbreak. PBC’s advocacy adjusted accordingly and the thrust shifted from the physical to the digital space. The major activities undertaken by the PBC during the quarter were:

The Finance Bill & the Finance Act 2020

The major advocacy effort of the PBC in Quarter IV, related to the Finance Bill & the Finance Act 2020. The PBC submitted its proposals for the Finance Bill 2020 on the 18th of April to the FBR. This was



Federal Board of Revenue
Revenue Division – Government of Pakistan

followed by an online meeting with the Member IR – Policy to explain the rationale behind the PBC’s Budget Proposals. The initial meeting was followed-up by another meeting with the Member IR – Policy on measures that the FBR could take to increase its revenues without resorting to increasing taxes on the existing taxpayers. At both the meetings with the Member IR – Policy, the PBC emphasized the need for the FBR to appreciate the impact on businesses of the COVID-19 pandemic. Some of the measures proposed by the PBC to mitigate the impact on businesses & consumers of the pandemic was the deferment of the Minimum Tax Regime for the next two financial years, and a reduction in the rate of GST. However, these were not accepted by the FBR as they felt that the FBR could not forgo such a large portion of their tax revenues.

Post announcement of the Finance Bill, the PBC wrote formally to the Chairperson FBR requesting for removal of some budgetary measures which the PBC felt gave FBR officials wide ranging powers which could be used to harass taxpayers. It also once again requested the FBR to reconsider deferring the Minimum Tax Regime for two years and reinstating the Tax Credit for investments in plant and machinery.

The PBC acted as the secretariat for the Tax Anomaly Committee – Business, formed by the FBR to address anomalies in the Finance Bill. This Committee was headed by Mr Saquib Shirazi, Vice Chairman PBC. The PBC CEO served on the Anomaly Committee as a member. At the request of the Chairman of the Anomaly Committee, the PBC Director Research provided support to the Committee.

Other Major Activities During the Quarter

PBC Tax & Legal Committee Meeting – Minimum Turnover Tax

The PBC Tax & Legal Committees met with Mr Saifuddin Adeeb, a seasoned Chartered Accountant to consider the possibility of challenging the Minimum Turnover Tax on legal grounds. There is sufficient interest in the membership to take this forward.

PBC Tax & Legal Committee Meeting – Sindh Infrastructure Development Cess

The purpose of the meeting was to consider various alternates to breaking the deadlock on the Sindh Infrastructure Development Cess. Currently companies are paying 50% upfront and depositing the balance amount as bank guarantees as per a decision of the SHC. There is a general consensus on the need to now move towards a settlement.

PBC Tax & Legal Committee Meeting – Gas Infrastructure Development Cess

The PBC Tax & Legal Committees had a joint meeting to discuss the way forward on the GIDC matter following the GoP's decision to challenge the SHC decision on GIDC in favor of the petitioners. The meeting decided to monitor the situation closely as the Appeal was not expected to impact companies which had filed the original petition in the SHC.



PBC Interaction with the Lasbella Chamber of Commerce & Industry on the Baluchistan Infrastructure Development Cess Act 2019

The PBC is interacting with the Lasbella Chamber of Commerce and Industry (LCCI) on having the matter resolved especially for export shipments.



Meeting with Pakistan's Trade & Investment Counselor, Tokyo

The PBC had an online meeting with Mr Tahir Habib Cheema who is Pakistan's Trade & Investment Counselor at the Pakistan Embassy in Tokyo. An online meeting was agreed to be held in July between the PBC members and the Trade Counselor to study means for tapping into the Japanese markets.



Interaction with Pakistan's Trade & Investment Counselor in Kuala Lumpur

The PBC is contact with Mr Shafqat Ali Khan Niazi, Pakistan's Trade & Investment Counselor in Kuala Lumpur as part of the PBC's review of the Pakistan Malaysia Free Trade Agreement.



Interaction with the Minister Trade & Investment Pakistan Embassy in Jakarta

PBC interacted with Ms. Fauzia P. Chaudhry, the Minister of Trade & Investment at Pakistan's Embassy in Jakarta to seek on ground information regarding NTBs faced by Pakistani exporters while exporting to Indonesia. This is part of the PBC's review of the Pakistan Indonesia PTA.



PBC meeting with the Indonesian Ambassador to Pakistan

The PBC held an online meeting with H.E. Mr. Iwan Suyudhie Amri, the Ambassador of Indonesia to Pakistan to discuss the way forward on the proposed Pakistan Indonesia FTA. In addition to the Embassy Staff in Islamabad, the Consul General of the Indonesian Consulate in Karachi also attended the meeting.



PBC Meeting with the Consul General of Indonesia in Karachi

PBC held an online meeting with the Consul General of Indonesia in Karachi, Mr Totok Prianamto and his team to discuss trade promotion between Pakistan and Indonesia.



PBC Meeting with the Chairman Towel Manufacturers Association

PBC held an online meeting with Mr Tahir Jahangir, Chairman of the Towel Manufacturers Association (TMA) as part of the PBC's sector study on the towel industry.



PBC Meeting with former Chairman Pakistan Readymade Garments Manufacturers & Exporters Association (PRGMEA)

PBC held an online meeting with Mr Ijaz A. Khokhar, former Chairman PRGMEA as part of its report on the EU GSP Plus opportunity. The main topic of discussion was why Pakistan had failed to maximize the opportunity provided to it in the apparel sectors.



Liaising between the International Trade Centre Geneva & the Pakistan Bureau of Statistics

Each year Pakistan's trade data is forwarded by the Pakistan Bureau of Statistics (PBS) to the International Trade Centre (ITC) Geneva. The data available on the ITC website is used for trade analysis. This year, as in previous years, the PBC liaised between the ITC & the PBS to ensure that Pakistan's data is made available to the ITC in a timely manner.



Input to the Adviser on Commerce on the Strategic Trade Policy Framework – STPF 2020-25

At the request of Mr Razak Dawood, the PBC provided input into the Draft Strategic Trade Policy Framework STPF – 2020-25. The PBC highlighted the omissions in the STPF including the absence of support for e-commerce and the services sectors.

**Adam Smith
International**

PBC Meeting with Adam Smith International

The PBC held a meeting with the Head of Pakistan of Adam Smith International (ASI) to discuss a project that ASI is hoping to get from DFID aimed at improving the working of the FBR.

CEO's Engagements to Promote the PBC's Agenda

In addition to serving on the FBR Finance Bill Anomaly Committee, the PBC CEO engaged in the following activities to promote the PBC's Agenda

Online Sessions/Webinars Attended by the CEO



HBS Alumni Association

- Navigating the Crisis and Beyond. Perspectives for Leaders in South Asia



ICAP

- Impact of Covid-19 and Relief Measures for the Construction Industry
- Pakistan Economy Post Covid. The Government Perspective with Dr Hafeez Shaikh
- Pakistan Economy Post Covid. The Opposition's View with Dr Miftah Ismail
- Pakistan Economy Post Covid. The Central Bank's View with Dr Reza Baqir



PIDE

- Growth with Stabilization
- Unpacking the Investment Gap
- National Finance Award



McKinsey & Company

- Accelerating Digitization of Government

As a Speaker on Online Meetings and Webinars



Covid-19: Consequences and solutions for Pakistan



Budget Priorities



Pakistan Federal Budget



Pakistan Federal Budget



Ingrid Johansson,

Ambassador of Sweden

How is the economy and industry preparing for a post pandemic reality?

Online Meetings PBC CEO



Dialogue with the IMF Pakistan Team

With Ms Teresa Daban Sanchez, IMF Representative Pakistan and her team



Post Covid Business Relief Measures

With Dr Hafeez Shaikh, Mr Razak Dawood, Mr Hammad Azhar



British Deputy
High Commission



Challenges to the Economy

With Mike Nithavrianakis,
Deputy British High
Commissioner



Budget Proposals

With Dr. Hamid Ateeq, Member
Policy IR, FBR



Developments in Pakistan post Covid

With Kristie Di Lascio and Chad Miner
Incoming and Outgoing US Economic
Chief, Karachi



Pakistan/Indonesia Trade

With Indonesian Ambassador,
Indonesian Consul General
Karachi



Pakistan Modernization of Regulations Initiative

PMRI Committee headed by Mr. Razak
Dawood

Interviews to the Electronic Media



Post Covid-19 Business Environment

Kamran Khan, Duniya TV



Federal Budget

Kamran Khan, Duniya TV

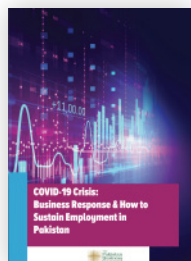


Pakistan Economy

Voice of America

Publications During the Quarter

A total of '7' publications were released during the Quarter; this brings the total number of publications in the current year to '18'. The seven publications released in the Fourth Quarter were:



COVID-19 Crisis: Business Response and How to Sustain Employment

<https://www.pbc.org.pk/wp-content/uploads/Covid-19-Business-Response-and-How-to-Sustain-Employment.pdf>



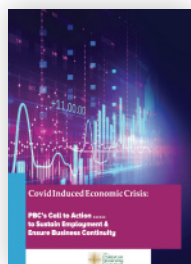
Proposals for the Federal Budget 2020 – 21

<https://www.pbc.org.pk/wp-content/uploads/PBC-Proposals-for-the-Finance-Bill-2020.pdf>



Export Promotion through Branding & Overseas Presence

<https://www.pbc.org.pk/wp-content/uploads/export-promotion-through-branding-and-overseas-presence.pdf>



PBC's Call to Action to Address the COVID induced Economic Crisis

<https://www.pbc.org.pk/wp-content/uploads/PBCs-Call-to-Action-to-Address-the-Covid-Induced-Economic-Crisis.pdf>



Understanding the Bottlenecks and Opportunities in Value-Added Exports of Fruits & Vegetables

<https://www.pbc.org.pk/research/understanding-the-bottlenecks-and-opportunities-in-value-added-exports-of-fruits-and-vegetables/>



Potential for a Pakistan Turkey Free Trade Agreement

<https://www.pbc.org.pk/research/potential-for-a-pakistan-turkey-free-trade-agreement/>



Pakistan's Performance Under the EU GSP Plus Program: 2014 – 2019

<https://www.pbc.org.pk/research/pakistans-performance-under-the-eu-gsp-plus-program-2014-19/>

Update on Collaborative Research

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

- Understanding the Bottlenecks and Opportunities in the Value-Added Exports of Fruits and Vegetables
- Policy Framework for the Promotion of Exports of Man-Made-Fiber Apparel Exports from Pakistan

Board & Committee Meetings

During the Quarter, the 38th PBC Audit Committee meeting was held which among items reviewed and approved the Third Quarter Accounts and recommended their approval by the Board.

The 74rd PBC Board of Directors Meeting was held during the Quarter and among other items the Board approved the Third Quarter Accounts as recommended by the Audit Committee.

PBC on Twitter

Over

150 Tweets
in the quarter

248,000 impressions

achieved in the period April to June 2020

29% “Impressions” up



900 new followers
gained

Total now over 2,100 followers, mostly senior civil servants, multilaterals, media, politicians, economists and others interested in business

111% “Mentions” up

21% “Profile Visits” up

TWEET HIGHLIGHTS

Top Tweet earned 39.8K impressions

Interloop, a PBC member is striving to retain >20K employees, despite sharp cut in exports. It is also donating 70K surg masks, 5K goggles and 3K protective suits, besides 50K litres of milk through Nestle, also a PBC member. [@ImranKhanPTI](#) [@razak_dawood](#) [@Hammad_Azhar](#) [@MusadaqZ](#)

21 90 397

TWEET HIGHLIGHTS

Top Tweet earned 7,239 impressions

Vietnam offers a model of export-led FDI. Samsung alone accounts for 25% of its exports. Pakistan needs an export focused FDI policy. Presently, FDI is domestic market-seeking with little or no exports.

[@razak_dawood](#) [@Hammad_Azhar](#) [@a_hafeezshaikh](#) [@investinpak](#)
pic.twitter.com/2Y0h9Wsmvz



Vietnam's Trade Agreements

- China
- ASEAN
- US
- Japan
- CP Trans Pacific Partnership
- EU (ratification pending)

Top media Tweet earned 1,693 impressions

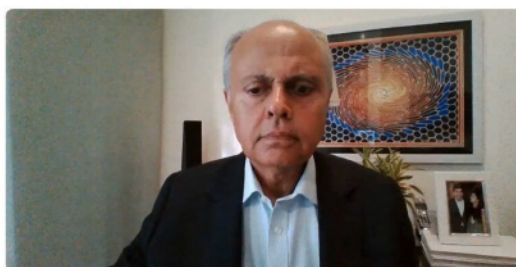
For the Corona budget we recommend that both demand and supply sides be addressed. Demand should address what nourishes people, what they wear, where they live, how they travel and what they use to make living easier. See attached. [@ImranKhanPTI](#) [@a_hafeezshaikh](#) [@FBRSpokesperson](#)
pic.twitter.com/tcgCqBoXv

RECOMMENDATIONS TO ADDRESS DEMAND

Primary Beneficiaries	The common people of Pakistan, their livelihoods and Pakistan's economy
Underlying assumptions	<ul style="list-style-type: none"> • Large common market can fill the void which exports will now have to leave • Freedom from IMF strictures for a year will provide breathing space • Card is held to impact the economy for most of FY21 • Reduced cost of government debt, higher revenue from lower global oil cost and tighter control on government expenditure will release funds
Desired Outcomes	<ul style="list-style-type: none"> • Educate economic revival through more affordable essentials for consumers, maintain and grow employment, minimise impact on short-term tax revenues, bring down cost and make it easier to do business • What nourishes people, what they wear, where they live, how they travel and what they use to make living easier: Food, dairy, clothes, construction materials, fuel, electricity, gas, domestic appliances and motorcycles. All with substantial multiplier impact. Fuel cost has already been reduced.
Measures to generate demand	<ul style="list-style-type: none"> • Further direct benefits through Ehsaas • Cultural and interest free loans to MSMEs to sustain livelihoods • Cut personal tax for those earning up to Rs. 150,000 per month
Support Disposable Income	<ul style="list-style-type: none"> • Cut price for zero rating GST • Food, dairy, clothes, construction materials

Top media Tweet earned 1,957 impressions

pic.twitter.com/S6R0z8CNOO



1 6 19

[View Tweet activity](#)

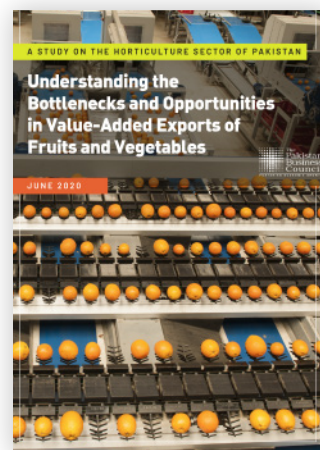
[View all Tweet activity](#)

Working of the Islamabad Office

Sector Study on Horticulture

As part of PBC's 'Make in Pakistan' initiative, PBC Islamabad completed a sector study titled *"Understanding the Bottlenecks and Opportunities in Value-added Exports of Fruits and Vegetables: A Study on the Horticulture Sector of Pakistan"*. The study examines the value chain of horticulture commodities and products in Pakistan and highlights factors impeding productivity at the farm level, opportunities for improving market systems and mechanisms of obtaining quality certifications, and identifies possible international markets to export fresh and processed fruits and vegetables.

Based on the insights gathered through extensive research, the study provides a framework to guide policy-makers and businesses on the topic. Overall, the study recommends formulating a 'National Horticulture Development Framework' in consultation with the federal and provincial governments, along with the private sector, to prioritize upgrading the value chain and realizing Pakistan's export potential in fruits and vegetables.



Harmonization of Food Standards

In its continued efforts to represent and advocate the industry's perspective on harmonization of food standards, PBC pursued the operationalization of the National Standards Steering Committee (NSSC), mandated by the Council of Common Interests to harmonize the PSQCA and provincial food standards into a single 'Pakistan Standard' for the food industry. In the first meeting of the NSSC, held virtually on 10th June, 2020, PBC provided its input to the Committee. As a next step, PSQCA will call meetings of its Technical Committees to compare the existing standards of PSQCA and the provincial food authorities, and recommend harmonized food standards for the approval of NSSC.

Working of the Center of Excellence in Responsible Business (CERB)



AWARENESS

CERB collaborated with ACCA Pakistan for a webinar on Integrated Reporting on June 18. The webinar featured a presentation from Mr Richard Martin, Head of Corporate Reporting, ACCA Global, on its report 'Integrated Reporting 4.0, The Story so far'; insights related to sustainability reporting from CERB's recent report – 'Baseline Survey on Sustainable Development and SDG Reporting' and a discussion with representatives from Engro Corporation and Atlas Honda Limited on their respective company's integrated reporting process.

The first webinar of the Pak-Investment Competitiveness Project in collaboration with IFC was held on June 25 on 'Responsible Business Conduct: The Value of Transparency'. We brought together experts on reporting and corporate governance.



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 Indus Motor Company on February 18. A detailed survey report that was planned to be launched in April 2020, now requires validation of data that has been delayed due to COVID-19.



IMPARTING BEST PRACTICES

Others

The CERB team was invited as Diversity & Inclusion partners to participate in the Thrive Initiative held on May 12 & 13 to create women support systems across the Engro organization and subsidiaries.



IN PROGRESS

Family-Friendly Workplace Engagement with IFC: Monthly check-in calls were held for the 14 companies enrolled in the Peer-Learning Collaboration (PLC); an extension of the PLC until the end of the year has been agreed upon as its initial wrap up was expected for end of June 2020. Similarly, work on the landscape analysis and dissemination of the results from the Tackling Childcare and the survey has also been extended and discussions with the private and public sector will be scheduled for later this year.

The SDG Leaders Programme, launched at the PBC's Pakistan Economic Forum V in Islamabad on Dec 13, 2018 has completed one and a half years successfully. The following PBC member companies have come forward as champions of the SDGs till date:



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'



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



ICI Pakistan, SDG 12 'Responsible Consumption and Production'



CERB's case study on English Biscuits Manufacturers' Corporate Values is in process.



Packages Limited, SDG 13 'Climate Action'

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





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
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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





8th Floor, Dawood Center,
M.T. Khan Road,
Karachi, Pakistan

T - +92 21 3563 0528 - 29

F - +92 21 3563 0530

www.pbc.org.pk