



PBC Activity Report

APRIL TO JUNE 2022

This report summarizes the activities of the Pakistan Business Council (PBC) for the period April 1, 2022 to June 30, 2022.

Major Activities During the Quarter

Major Change in the Political Landscape During the Quarter

The major change in the political landscape was a new government being sworn in at the federal level. The PBC continues to lobby for its Make-in-Pakistan initiative with strong emphasis on the need for documentation of the economy.

The major advocacy activities of the Pakistan Business Council and its internal workings for the quarter under review are summarized below:

Major Advocacy Activities During The Quarter

The Federal Budget 2022

As in previous years, the PBC participated in the Federal Budget exercise. The PBC's interaction with the policymakers for the Federal budget has two distinct phases; Phase 1 which is pre-budget and Phase 2 which is post-budget. As part of the pre-budget exercise, the PBC submitted a concise document which contained the PBC's proposals for the Finance Bill. In addition to the submission, a PBC team called on the Chairman FBR in early June and emphasized the PBC's recommendations for taxing the real estate sector, charging a higher withholding tax on non-filers, various measures for documenting the economy, reducing the cost of doing business in Pakistan, rectifying procedural anomalies in the laws and fiscal measures for industrialization, growth and consolidation of businesses.

In the post-Budget phase, the PBC management served on the two Budget Anomalies Committees (Business & Technical) setup by the FBR to address anomalies created due to the Finance Bill. PBC strongly opposed the proposal of the FBR to move commercial importers from the Normal to the Final Tax Regime, PBC's very vocal lobbying resulted in not just the commercial importers continuing to be in the Normal Tax Regime but now also with a higher rate of advance tax (3.5%), as compared to the previous rate of 2%. The PBC also opposed the Super Tax imposed on large companies and suggested that the FBR should aim at increasing the tax payers base as opposed to imposing more taxes on the already taxed sectors of the economy.

Visit of the US Ambassador to the PBC

The US Ambassador to Pakistan, Mr. David Bloom visited the PBC to meet the directors. He was accompanied by the US Counsel General in Karachi and senior members of the Embassy and Consulate Staff from Islamabad and Karachi.





Visit of the Asian Development Bank Pakistan Team to the PBC

A delegation from the Asian Development Bank led by Mr. Asad Aleem, Deputy Country Director, Pakistan Resident Mission visited the PBC. The purpose of the visit was to introduce the Private Sector Operations (PSOD) of the Asian Development Bank in Pakistan including ADB's focus areas/sectors. Possible areas of cooperation under the PSOD were discussed.



PBC, CDPR, REMIT Tax Workshop

PBC collaborated with the Consortium for Development Policy Research (CDPR) & Revenue Mobilization, Investment and Trade (REMIT) Program to host a Tax workshop in Karachi. In addition to robust participation from the Tax Committee members of the PBC, the PBC CEO, Mr. Ehsan Malik, PBC Vice-Chairman Mr. Shabbir Diwan & Chair of the PBC Tax Committee Mr. Ziad Bashir participated as lead speakers in various panels.



PBC EDB Launch Event for Engineering Sector Reports

The PBC has signed an MOU with the Engineering Development Board (EDB) to carry out studies on the various engineering sectors where Pakistan has got export potential. Two joint studies were launched in Islamabad in the 4th Quarter. The sectors covered were a) the Fan Sector & b) the surgical instruments etc. The Minister of Industries and Production was the Chief Guest at the event.



Webinar on PBC's Study on "Potential of Olives and Olive Oil in Pakistan"

The PBC organized a webinar to present its study on the olive sector in Pakistan in order to explore the potential of reducing reliance on imported edible oils. The study/webinar discussed the potential for locally produced olive oil and other value-added products derived from olives.



Webinar on PBC's Study on "Potential of Honey in Pakistan: An analysis of the global and domestic market"

The PBC organized a webinar to present its study on the potential for honey in Pakistan. The webinar/study examined the sector to explore its potential by improving quality, supply-chain and marketing of honey. The webinar/study recommended better quality infrastructure, obtaining international certifications and improved branding and marketing for the growth of the sector.



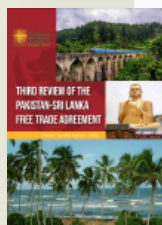
Webinar on "Pakistan – Egypt Trade & Investment Opportunities"

The PBC organized a webinar on Pakistan Egypt Trade & Investment at which the Commercial Attaché at the Pakistan Embassy in Cairo and the Vice Chairman of a leading textile group from Pakistan with significant investments in Egypt participated. Opportunities for expanding bilateral trade and investment opportunities were discussed.



Webinar on “Pakistan-Russia Trade in the Current Scenario”

The PBC hosted a well-attended webinar on trading with Russia in the current scenario. The lead speaker was Pakistan’s Minister of Trade at the Pakistan Embassy in Moscow. Difficulties in trading with Russia and the options available were discussed in great detail.



Webinar on “Trading with Sri Lanka in the Current Scenario - A country Faced with Tough Economic Choices”

The PBC hosted a webinar on trading with Sri Lanka in the current scenario where that country has declared bankruptcy. Pakistan’s High Commissioner to Colombo and Pakistan’s Trade & Investment Attaché in Colombo participated along with some leading businessmen from Pakistan. The High Commission in Colombo updated the participants on the options available for trading in the current situation.



Pakistan Regulatory Modernization Initiative

The PBC has been playing a central role in assisting the Pakistan Regulatory Modernization Initiative (PRMI). During this quarter, PBC Islamabad supported the BOI and its contracted software development firm, Cybervision, in developing the prototype of a one-window solution for harmonizing the system of registering food products and licensing food facilities.



Meeting with EU’s visiting monitoring mission on Pakistan’s GSP+ status

The PBC met with the visiting monitoring mission led by Dr. Ewa SYNOWIEC, Principal Adviser, Directorate-General for Trade at the European Commission. PBC discussed its viewpoint on the need for continuing Pakistan’s GSP+ status.



Visit of Dr. Marco Marchetti, International Project Coordinator OliveCulture CIHEAM, Bari

Dr. Marco Marchetti, International Project Coordinator OliveCulture, CIHEAM Bari, visited the Islamabad office to explore the potential areas of collaboration. OliveCulture is an Italian Technical Assistance to support the Government of Pakistan in the developing olive value chain in Pakistan.

Dr. Marchetti provided valuable feedback on PBC’s study on “Potential of Olives and Olive Oil in Pakistan”, and discussed the work that the Italian Government is doing in Pakistan in the olive sector.

CEO'S Participation in Meetings & Webinars

The PBC CEO participated in the following meetings, webinars to promote the PBC's agenda:

- Met the team from Development Alternatives International (DAI) to discuss possible collaboration on the five-year strategy that it is working on for the British High Commission to promote investment in Sindh
- Met the Pakistan Agriculture Coalition team to discuss possible collaboration on developing and advocating policies to promote agronomy
- Participated in Business Leaders meeting with Dr. Miftah Ismail, Federal Minister of Finance and Revenue
- Visited the Woodrow Wilson Centre, Washington and discussed avenues of possible collaboration on promoting trade and investment in Pakistan
- Visited the Atlantic Council, Washington to explore ideas for growth of Pakistan's economy
- Key note speech at the Pakistan German Chamber of Commerce and Industry event
- Keynote speech and presentation on Triggering Exports at Turnaround Pakistan Conference organised by the Ministry of Planning.
- Panelist on the Energy Seminar organized by Elengy

Internal Workings of the PBC

84th PBC Board of Directors Meeting:

The 84th meeting of the PBC Board was held on June 29th, 2022. The Board reviewed the performance of the PBC in FY'22 and broadly approved the key areas of thrust for 2022 – 23. In addition, the recommendations of the HR committee for remuneration and of the Membership Committee on treatment of defaulting members were approved. Finally, the Board approved the admission of affiliates in a non-member category. The intent of opening the Affiliate category is to allow conglomerate/multi-sector Executive Members to enable their subsidiaries/associated companies to benefit from participation in PBC's activities.

20th PBC Board HR Committee Meeting

The 20th meeting of the HR Committee was held on June 29th, 2022 to review progress against targets for 2022, conduct a review and approve remuneration for the forthcoming year and bonus for FY22.

Initial Meetings of the Non-Statutory Committees of the Board:

Initial meetings of the following non-statutory committees of the Board were held during the quarter:

- Agriculture Committee
- Exports Committee
- Energy Committee
- ESG Committee

Press Coverage

DAWN

April 4, 2022

Tycoons call to end chaos

Ehsan Malik, CEO, Pakistan Business Council (PBC), which is the platform of the big business, in his carefully worded response, repeated his stance on ensuring consistency in economic policy.

“Investors value policy continuity more than who happens to be in power. This is the reason the PBC advocates a Charter of Economy for a cross-party consensus on what is good for the country’s economy and for its people.

“In virtually all socio-economic measures Pakistan trails South Asia that is by no means a model to emulate. We hope that whichever party is in power, it builds a consensus with others to uplift the quality of people’s life. Businesses cannot thrive in failing societies.

“Governments change but consistency and continuity of policies ensure that what’s good for the country continues. PBC has worked with all parties in the past. So have businesses. The economic challenges call for unity and consistency of direction.”

BUSINESS
RECORDER

April 17, 2022

FY23 Budget proposals: PBC for discouraging cash economy

ISLAMABAD: The Pakistan Business Council (PBC) has proposed to the Federal Board of Revenue (FBR) to introduce measures to discourage the cash economy, reduce the number of withholding taxes, set separate targets for collecting taxes from existing and new taxpayers, restrictions on the use of cash above a certain limit, and major difference of withholding tax rate difference between filers and non-filers for 2022-23.

The FBR has received the budget proposals of the PBC for the next fiscal year.

The PBC recommended that the use of cash in the economy should be discouraged. Restrictions on the use of cash above a certain limit would also assist. The transit treaty with Afghanistan has been misused through the diversion of goods to Pakistan.

The Afghan Transit Trade Agreement has expired, with the evolving situation in Afghanistan, Pakistan needs to look to renegotiate the treaty with clauses putting in quantitative and qualitative restrictions on what can transit, insist on letters of credit, charge duty and GST on imports which would only be refunded to the Afghan government on exit, track and monitor containers, strengthen inspection of empty containers returning to Pakistan and make physical controls along the border stronger. The civil and military authorities need to be on the same page to do this.

Electronic Data Interchange with key trading partners should be deployed to check the under-invoicing of imports. The provinces have little incentive to check smuggling as customs duty and GST evaded are federal taxes and do not hurt their revenues. Provinces may be incentivized to conduct raids on shops that deal in smuggled goods. Positive lessons from the success of cell phone registration with PTA and Urdu language labeling requirements for imported food items can be applied to other smuggling-prone goods.

The withholding tax regime should be simplified by reducing the number of withholding provisions. The current withholding tax guide available on the FBR website is a 48-page document as of 2021, which clearly shows the complexity of the regime from compliance and ease of doing business aspects. There needs to be a significant distinction in the withholding income tax rates charged from non-filers vs the rates for filers. The rates of filers need to be reduced so that not only the burden of complaint taxpayers is reduced, but also the cost of doing business for non-compliant persons is increased.

The PBC proposed that the concept of separate withholding tax rates for filers & non-filers was introduced as a measure for increasing documentation of the economy. Though large amounts are being collected from non-filers, no effort has been made to increase the tax base. The non-filers for the most part have built the cost of this government levy into pricing and passed it on to their customers.

According to the budget proposals (2022-23) of the BPC, the PBC's recommendations for Budget 2022-23 have been prepared in the backdrop of Pakistan's economy showing signs of recovery, which though positive is still well short of the levels needed by Pakistan if it is to absorb the large numbers of new entrants into the job market, as well as providing meaningful employment to those already in the workforce. The economy needs growth, jobs, value-added exports and structural changes to distribute the burden of taxation on all segments of the population which can afford it. This year's tax proposals look to jumpstart the manufacturing sector.

The Finance Act, of 2022 needs to support Pakistan's manufacturing sector and the formal services sector. The PBC's proposals for the Federal Budget 2022 – 23 are divided into the following '5' sections: Promoting Industrialization/Growth/Job Creation Consolidation of Businesses for Scale to Improve Competitiveness Documenting the Economy & Providing a Level Playing Field for Domestic Manufacturing Reducing the Cost of Doing Business in Pakistan Helping Pakistan Meet its Commitments to the UN Sustainable Development Goals.

It recommended that the FBR and the formal sector should work in partnership to broaden the tax base. The earlier tax credit to encourage taxpayers to transact with the formal sector should be revived. The vast amount of information on non-taxpayers provided by withholding agents should be mined.

Higher advance taxes should be levied on utility bills of non-tax filers. Corporate entities, especially those listed, which operate to a higher standard of governance and accountability and their shareholders must not be penalized in comparison to unincorporated entities and their owners, otherwise, the incentive to incorporate will be undermined. There should be a level playing field in the holding periods for capital gains tax on the sale of company shares vs. real estate.

For some time now, the FBR is given an unrealistic tax target, which in the absence of resources and capability, forces it to extract more tax from existing taxpayers. With Pakistan already in an IMF program, the temptation to levy substantially higher taxes on existing taxpayers needs to be resisted.

Significant changes are required in the structure, resources, and technology of the Federal Board of Revenue before setting targets. Separate targets should be set for revenue from existing and new taxpayers. Targets for existing taxpayers should be in line with expected growth in the nominal GDP. Tax targets for new taxpayers should be set in line with the evolving capability and capacity of the FBR. Tax refunds due should be excluded from revenue when assessing performance against either of these targets

In order to broaden the tax base and to achieve an increase in overall tax collection without burdening existing taxpayers, the policy to increase tax on non-filers/unregistered persons should be implemented specifically in the following cases: a) unregistered industrial/commercial entities (not having STRN) having bill amount in excess of Rs20,000 per month, extra sales tax should be increased from 17 percent to 30 percent b) After collection of extra tax as referred above for a continuous period of six months, all these connections should be provisionally converted into NTN and STRNs and return filings from these connections should be enforced. c) In case of provisional registration as above, utility companies be directed to issue show-cause notices where the annual billing amount exceeds Rs2.4 million and direct provisionally registered persons to obtain permanent registration.

In case of non-compliance, utility companies be directed to disconnect utility connections. d) Moreover, in order to bring all commercial/industrial users in the tax net and to verify filer status, Electric distribution companies should provide one year to all such consumers to get their NTN registered with electricity distribution companies. In case of failure to provide NTN, the electricity connection should be disconnected, it added.

In order to divert investment from non-revenue generating assets [land] to revenue/employment/export generating assets [industries], disposal of shares of public/private/unlisted company by sponsors/owners be allowed tax exemption on capital gain subject to the condition that the holding period should be more than 10 years in line with an exemption on disposal of land. If this is not acceptable, rate of tax on disposal of shares of private company be taxed @ 15 percent as applicable to dividend as the breakup value of the Company would have been increased from retained profits, which could otherwise have been declared as dividend and taxed as such, the PBC added.

April 19, 2022

PBC urges PM to revive IMF programme, withdraw fuel subsidy

Don't allow country to experience challenges confronting Sri Lanka, says Pakistan Business Council

The Pakistan Business Council (PBC) has recommended that the newly-formed government, led by Prime Minister Shehbaz Sharif, withdraw fuel subsidies and revive the International Monetary Fund (IMF) programme.

In a letter sent to PM Sharif, Ehsan Malik, the CEO of PBC, said the new government needs to overcome several economic challenges.

“Foremost amongst these is restoring fiscal prudence, stemming the pressure on the foreign exchange reserves and reviving the IMF programme,” read the letter to the PM.

“For the medium- to longer-term, we believe a Charter of Economy with cross-party consensus is essential,” Malik said.

The PBC chief said that in order to restore fiscal prudence, the government should withdraw the general subsidy on fuel, and replace it with targeted assistance through the Benazir Income Support Programme (BISP).

“Avoid further populist measures that also result in increasing inflation,” he said.

He also said the government should curb imports to reduce pressure on the foreign exchange reserves by increasing Regulatory Duty (RD) on the import of non-essentials.

“As RD is impractical on fuel imports, limit import through conservation measures: work from home; early closure of commercial centres and wedding halls; rationing of fuel for private vehicles,” Malik said in his letter to the PM.

“Don’t allow the country to experience the kind of challenges confronting Sri Lanka,” read the letter.

Furthermore, PBC urged the government to revive the IMF programme. It also called for maintaining a competitive exchange rate, and targeting a REER in the range of 95-105. “Avoid egoistic/unsustainable measures to prop up the PKR,” it said.

DAWN

April 20, 2022

PBC seeks end to fuel subsidies

KARACHI: Pakistan Business Council (PBC), a private-sector advocacy platform, has urged Prime Minister Shehbaz Sharif to do away with the blanket subsidy on fuel and avoid populist measures that cause inflation.

In a letter to the newly elected premier, PBC Chief Executive Ehsan A. Malik asked Mr Sharif to raise the regulatory duty (RD) on the import of non-essential items. Given that the RD on fuel imports is “impractical,” Mr Malik said the government should limit fuel imports through conservation measures such as work from home, early closure of commercial centres and wedding halls and the rationing of fuel for private vehicles.

Calling for reviving the stalled loan programme by the International Monetary Fund, the lobbying group for big business asked the prime minister to “avoid egoistic/unsustainable measures to prop up the rupee”.

However, the PBC demanded that the government should continue the regionally competitive energy tariff and other export incentives besides considering “additional incentives” for non-textile exports.

THE EXPRESS TRIBUNE

April 30, 2022

Charter of Economy missing from EAC terms of reference

KARACHI: Welcoming the establishment of the Economic Advisory Council (EAC), the business advocacy group Pakistan Business Council (PBC) has pointed out that ministers of commerce and industries have not been included in the board and it also lacks representatives of sectors like agriculture, IT, telecom and startups.

“While reviewing the terms of reference (ToR) of the EAC, we noticed that the development of a common Charter of Economy is missing,” PBC CEO Ehsan A Malik said in a letter to PM Shehbaz Sharif.

PBC believes that fundamental reforms cannot be implemented without a cross-party consensus on the economy. Also, without a sound economy, public welfare objectives cannot be achieved.

PBC has developed a framework for the Charter of Economy. “PBC looks forward to working with you and the EAC,” it added. Another critical aspect of the economy, which is not explicitly covered in the ToR, is agronomy.

Agricultural output is critical for food security and it also has a significant impact on the current account and inflation. “We recommend that this sector, which is also a major source of employment and rural welfare be represented in the EAC.”

EAC has leading business leaders from the private sector, who have valuable insight into the economy. “However, we noted that there is no representation of IT/ IT-enabled services, start-ups and the telecommunication sectors. These are businesses of the future and their recommendations would be valuable in future-proofing the economy.”

“The ToR does not cover exports explicitly. Nor does the EAC include the minister of commerce or industries,” Malik said in the letter, which was also sent to Finance Minister Miftah Ismail.

Pakistan's major challenge is to grow and diversify its exports. “We recommend that the ministers of commerce and industries are included in the EAC. This would also be useful in the analysis of cost and benefit of import protection as the National Tariff Commission falls under the commerce ministry.”

PBC has prepared recommendations for the National Charter for Exports and for reindustrialising the country as well as for the contours of a new industrial policy.

PBC hopes that through the EAC the government will also have an opportunity to begin some of the fundamental reforms in energy, broadening the tax base, addressing state-owned enterprise losses and privatisation, improving public debt management and dealing with the growing pension liability.

MAY 18, 2022

Ban on luxury goods import sought

Pakistan Business Council (PBC) Chief Executive Officer Ehsan Malik underlined that most of the “imports are unavoidable at least in the short run – such as fuel, food, machinery, chemicals, medicines, etc”.

“Others are materials necessary for domestic manufacturing and exports, like cotton and man-made fibres,” he mentioned.

“That leaves a small portion of around 5% where import restrictions can work without hurting the economy,” he underlined.

That portion included mobile phones and vehicles in completely built-up form, Malik said, adding that dry fruits, pet food, etc were also included.

The curbs could range from high duty to outright ban, he said. “High duty will have limited effect as demand for these items is not elastic and will not diminish even with high rates of duty,” he pointed out.

Pakistan's trade balance would benefit the most from dampening the demand for fuel, he noted. “A general subsidy makes fuel more affordable and works against curbing the demand,” he said.

DAWN

June 11, 2022

Current account deficit a real challenge, say business leaders

According to Pakistan Business Council CEO Ehsan Malik, the commodity super-cycle and devaluation helped bridge the tax revenue target for the government through higher import values. “This allowed the finance minister to limit the impact of additional taxes and find the space to retain some element of growth,” he said.

However, a five per cent GDP growth target is “neither advisable nor likely”. The reliance on the commodity super-cycle to subsidise to meet the revenue target is not a sustainable solution, Mr Malik said, noting that mini-budgets remain a possibility during the next fiscal year.

He accused the government of lacking political will to broaden the tax base, noting that the budget taxes the already taxed through a windfall tax on companies and individuals earning over Rs300 million, 3pc higher tax on banks and compression of salary tax slabs.

“At least some direction is visible in taxing immovable property... import levies are to be rationalised on 400 lines to promote manufacturing. The initial allowance on capital expenditure has been doubled and non-filers will have to pay advance tax at twice the rate hitherto applicable on the purchase of 1,600cc and larger cars,” he said while highlighting the positives in the proposed budget.

THE EXPRESS
TRIBUNE

June 18, 2022

Foreign investment contracts 29%

Political uncertainty makes investors hesitant who pour only \$141.2m in May

“Economic certainty and stability in the rupee-dollar parity are a must for attracting foreign investment to new projects,” Pakistan Business Council (PBC) CEO Ehsan Malik said while talking to The Express Tribune.

“The rupee depreciation has dented foreign investors’ profit margins (in dollar),” as the currency has devalued by around 33% (or Rs51) in the past one year to Rs208.75 against the US dollar.

“Foreign investors are monitoring the government’s moves to get revived the IMF loan programme, which is the last hope for turning around Pakistan’s economy in the short run,” Malik said.

In the medium to long run, there are a number of possible solutions to fix the faltering economy.

Malik observed that multinational companies had invested in the sectors that were based on imports and sold their products in the domestic market.

“Instead Pakistan needs foreign investment in import substitution and export-oriented sectors like agriculture, which is lagging behind due to the lack of technology and expertise,” he said.

Malik was of the view that some of the leading foreign investors would still remain shy of making investment in new projects even after the IMF programme was resumed, as a low productivity of Pakistani labour and a high taxation environment sent negative signals.

Instead of increasing the number of taxpayers in the corporate sector, Pakistan has continued to increase taxes on those sectors that are already taxed. “The government has maintained its old practice of overtaxing the already taxed sectors in this budget (FY23) as well,” he said, adding such practices would shake investor confidence.

China has remained the lead investor in Pakistan over the past two to three years. It made large investments in infrastructure projects under the China-Pakistan Economic Corridor (CPEC).

“However, due to the current law and order situation, it has postponed new investment decisions. Besides, the outstanding dues of Chinese investors have also discouraged them.”

He suggested that Pakistan should identify projects in which it wanted to attract foreign investment and promote those import substitution and export-oriented projects.

Pakistan has remained a large and lucrative market due to its “growing young population and rapidly growing urbanisation in the country.”

Despite offering equal opportunities to both local and foreign investors, Pakistan has largely remained an untapped market for foreign investors, as the ongoing foreign investment in domestic projects has still remained in the initial phase.

Malik further said it was must for the government to boost local investors' confidence in the domestic economy. These should be the local investors who first initiate investment in import-substitution and export-oriented sectors. The strategy would help the government to attract foreign investors to start new projects in the country.

JUNE 26, 2022

PBC slams super tax as biased, skewed, retrogressive

KARACHI: The slapping of 10 percent super tax on industry, already under disproportionate burden, is retrogressive, while contribution of low-investment agriculture/trade to revenue collection remains paltry, Pakistan Business Council (PBC) said in a reaction to the super tax in a series of tweets.

Pakistan imposed an extra one-time 10 percent tax on large-scale industry for one year to raise over Rs400 billion ahead of a deal to resume crucial funding from the International Monetary Fund (IMF).

“What makes it worse is that it is retrospective,” the business body said. “How is taxing the already taxed going to encourage more to join the tax base? Why would manufacturing grow when commercial importers enjoy full and final tax on under-invoiced goods? How will we balance the current account?”

The super tax will be levied on 13 big sectors, including sugar, steel, cement, oil and gas, fertiliser, cigarettes, chemical, automobiles, banks, textile, LNG terminals and beverages.

The PBC raised these questions, while casting some serious doubts on the utility of new tax and the government's commitment to ensure the taxpayers rights.

It said based on the past history, the promises like ‘this is a one-time tax’ and ‘tax refunds will be made promptly’ were hard to believe.

The PBC said neither the government nor the IMF committed to fundamental reforms of Federal Board of Revenue's capacity to tax. “Hence short-term, knee-jerk, front-ended revenue seeking measures to tax already taxed, which will compromise sustainable growth. No innovation. Pure expedience.”

Highlighting the flaws and the bias of the budgetary measures, the business body asked: "who were the actual beneficiaries of the budget?"

"Commercial importers spared full tax accountability, retailers levied mild taxes, non-filers holding real estate, big landlords in agriculture. Whose vote bank are they? Who suffered? The ones who are creating employment and exports," the PBC said.

The forum said the industry still could take solace in helping Pakistan restore its solvency and autonomy. "Notwithstanding unfair tax treatment, it must continue to create jobs, promote exports and find ways to avoid unnecessary imports," it said.

The PBC asserted that contrary to claims of alleviating poverty, super tax on industry was in reality imposed to support a bloated bureaucracy, high public expenditure, handouts to commercial importers, and the trader vote bank, given FBR's taxation capacity gaps and weak political will to broaden the tax base.

"Can the finance minister ensure that all pending tax refunds and rebates are settled on July 1 to live up to the promise of his budget speech?" the PBC questioned and added that it would be a great start to restore business confidence especially of those affected by super tax. "Let's make a fresh start."

It said the impact of super tax on listed companies with external shareholders - pensioners, retail investors etc, was that for every Rs100 pretax profit, assuming full dividend payout, the state would now get Rs52 and the shareholder Rs48. "Not a fair risk/reward ratio," the business forum said.

DAWN

JUNE 27, 2022

Super tax: opting for an easy way out

THE surprise government move to retrospectively impose an additional tax on the corporate earnings will significantly impact companies' profits from 2021-22.

The government last Friday announced a 10 per cent additional super tax on companies earning profits of over Rs300 million a year to boost its tax revenues.

The higher tax rate will cover firms from 13 industries and sectors, including banking, steel, aviation, automobile, cement, chemical, fertiliser, oil and gas, textile, fertiliser, beverage, sugar and tobacco companies, and LNG terminal operators.

The rest of the corporate sector will be subject to 4pc super tax and also cover export-oriented companies under the turnover tax regime.

The measure drew immediate reaction from the corporate sector.

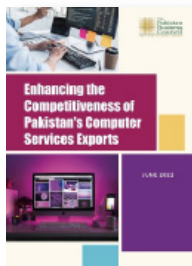
The Pakistan Business Council (PBC) said neither government nor the International Monetary Fund (IMF) has committed to fundamental reforms of the Federal Board of Revenue's (FBR) capacity to tax. "Hence short-term, knee-jerk and front-ended revenue-seeking measures to tax the already taxed will compromise sustainable growth. No innovation. Pure expediency," the PBC tweeted.

"Who (has) benefited from the budget? Commercial importers (have been) spared full tax accountability (and) retailers, non-filers holding real estate, big landlords in agriculture levied mild taxes... Whose vote bank are they? Who suffered? Those creating employment and exports," the PBC asks.

Contrary to claims of alleviating poverty, the PBC rightly argues that super tax on industry is really to support a bloated bureaucracy, high public expenditure, handouts to commercial importers and the trader vote bank, given the FBR's taxation capacity gaps and a weak political will to broaden the tax base.

Publications During the Quarter:

During the Quarter a total of Eight (8) publications were released by the PBC. This brings total publications for the year to 19 (Nineteen)



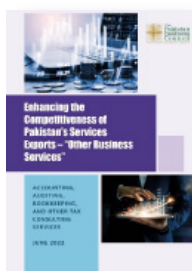
1. Enhancing the Competitiveness of Pakistan's Computer Services Exports

<https://www.pbc.org.pk/research/enhancing-the-competitiveness-of-pakistans-computer-services-exports/>



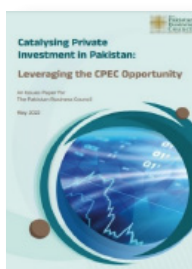
2. Potential for a Pakistan GCC Free Trade Agreement

<https://www.pbc.org.pk/research/potential-for-a-pakistan-gcc-free-trade-agreement-market-access-series-2022/>



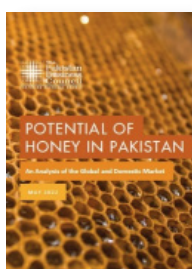
3. Enhancing the Competitiveness of Pakistan's Services Exports – Other Business Services

<https://www.pbc.org.pk/research/enhancing-the-competitiveness-of-pakistans-services-exports-other-business-services/>



4. Catalysing Private Investment in Pakistan – Leveraging the CPEC Opportunity

<https://www.pbc.org.pk/research/catalysing-private-investment-in-pakistan-leveraging-the-cpec-opportunity/>



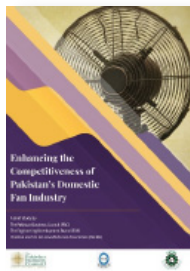
5. Potential of Honey in Pakistan – An Analysis of the Global and Domestic Market

<https://www.pbc.org.pk/research/potential-of-honey-in-pakistan-an-analysis-of-the-global-and-domestic-market/>



6. Proposals for the Federal Budget 2022-23

<https://www.pbc.org.pk/wp-content/uploads/PBC-Proposals-for-the-Federal-Budget-2022-23.pdf>



7. Enhancing the Competitiveness of Pakistan's Domestic Fan industry

<https://www.pbc.org.pk/research/enhancing-the-competitiveness-of-pakistans-domestic-fan-industry/>



8. Enhancing the Competitiveness of Pakistan's Surgical Instruments Industry

<https://www.pbc.org.pk/research/enhancing-the-competitiveness-of-pakistans-surgical-instruments-industry/>

New PBC Members During the Quarter







During the Quarter, Ismail Industries, Hilton Pharma, Ekaterra Uniliver Tea, Master Changan Motors and Systems Limited joined the PBC as Executive Members - the total strength of the PBC currently stands at 96.

Twitter Highlights



APRIL - JUNE 2022
SUMMARY

156

TWEETS

2,090

NEW FOLLOWERS

17,700

PROFILE
VISITS

605,000

IMPRESSIONS OF WHICH TOP
TWEET 49,800

551

MENTIONS

Centre of Excellence in Responsible Business





Awareness

The first outreach initiative of The Pakistan Business Council (PBC) to build capacity and capability of businesses in Pakistan.

Vision:

Be a multi-sector business coalition, assisting Pakistani enterprises to pursue economic, social and environmental value creation in the short, medium and long term.

Functions:

CERB leverages best practices of global businesses, PBC Members and others in Pakistan to inculcate a change in mind-set among businesses including small and medium-sized enterprises. This will be supported through alliances with knowledge partners who have researched resources to contribute to its mission.

Key Activities April - June 2022

CERB has new resources on the website. [Click here](#) to access the publications, check past and upcoming events, browse through recorded webinars, and more.

The final quarter of the FY2021-2022 has seen the transformation to in person events and have engaged 250+ executives in opportunities for learning and networking.

PBC's CERB, UNICEF and German Pakistan Chamber of Commerce and Industry jointly hosted a webinar focused on 'the business case for family friendly policies in the workplace' on 19th May. The webinar focused on the current landscape for family friendly policies in Pakistan with knowledge experts presenting good practices and the regulatory landscapes in Pakistan. The webinar can be accessed [here](#).

This was followed by a dialogue with companies from different sectors to understand the sector-based issues on 15 June, 2022. 7 PBC member companies representing various sectors participated in the session. UNICEF and CERB will collaborate in the coming year to provide support to companies looking to moving the needle to family friendly policies.

CERB and International Trade Centre (ITC) facilitated a Focus Group Discussion on "Inclusive and Responsible Businesses" organized in collaboration with the Government of Sindh and Pakistan Business Council on 24th May. This is part of an ongoing research being undertaken by CERB for the ITC on 'Inclusive and Responsible Business' activities in Sindh.

CERB collaborated in a webinar with K- Electric to commemorate World Environment Day on June 6th.

CERB was invited by the US Consulate, Karachi, as a panelist representing the private sector in the event commemorating the Air Quality exhibit at the TDF MagnifiScience Centre in Karachi on 21st June.



Other activities which CERB participated in include 'Provincial Consultation on UN Women Pakistan's Strategic Note & Women's Political Participation' on 15 June, presenting in expert sessions on 'Skills and Development Needs for a Post-Carbon Economy' organized by The World Bank Group and Tabadlab.



Identifying Good Practices

In collaboration with the IFC, PBC hosted the 1st '[Employer of Choice Gender Diversity Awards](#)' under Pakistan Investment Competitiveness Project. 43 companies participated in the application process. The Award Ceremony which took place on 7 June. Daraz Pakistan, K-Electric and Engro Fertilisers won first, second and third place. EBM, Engro Polymers, Engro Vopak, MG Apparel, Nestle Pakistan Limited, Pepsi Co and Telenor Pakistan received honorable mentions.

The event also featured a panel discussion moderated by Sammar Esmat, Gender Lead Middle East, Central Asia and Turkey, IFC. Panelists included Sima Kamil, Deputy Governor SBP; President OICCI, Ghias Khan, PBC Chairman, Muhammad Aurangzeb; and Musharaf Hai, former CEO Unilever and L'Oreal. A recording of the session can be viewed [here](#).



CERB and ACCA Global are collaborating to understand ESG in the perspective of the 'Investors lens for Pakistan'.





Imparting Best Practices

Subscriptions:
Companies become subscribers to avail opportunities for networking and collaboration, knowledge and research, recognition and actionable insights to identify opportunities promote towards sustainable value creation.

Workshops and Webinars: on good practices among PBC member and other companies, benchmarking them against global practices.

Evidence Based Research: Landscape Analysis and Case Studies which guide policy and sustainable value creation

SDG LEADERSHIP PROGRAMME

Trainings

1. Workshops: 'Prioritising employee engagement and employee wellbeing' in collaboration SDG Leader for Goal 3 EBM in Karachi.

The workshop was facilitated by the British Asian Trust, featuring experts supporting employee wellbeing mechanisms in the corporate sector. Experts from Taskeen, Saaya health, and Synapse raised awareness of the supportive roles that can be played at an individual level, by line managers in supporting diverse teams, and the importance of the knowledge of mental first aid. The workshop was attended by 28 executives from 15 companies.



2. Workshops: Best practices in sustainability reporting' in partnership with SDG Leader for Goal 12 - ICI Pakistan Limited in Karachi.

The workshop focused on a review of the various aspects of a sustainability report. Organizations which publish a sustainability report, can enable Pakistan to meet target 12.6, which focuses on the number of companies which publish sustainability reports and featured presentations from local consultants. The workshop was attended by 36 executives from 16 companies.

CERB is grateful to the support provided by teams from ICI Pakistan Limited teams for building capacity on Goal 12 on the SDG Leadership Programme, through 3 workshops and 3 webinars from 2019-2022. 100+ executives were able to benefit from the practitioner information provided on sustainability reporting, integration of Sustainability in the business model, GHG Accounting, water use and waste management, family friendly policies, and financial inclusion instruments. For further detail on ICIs efforts on SDG 12, please visit our [website](#).



3. IFC-PBC Workshop on Inclusive Leadership for Business Sustainability (Online), 22nd, 27th and 29th June 2022.











An updated version of IFC'S women ON Boards and in Business Leadership Programme was presented to 18 workshop attendees.

CERB also provides support to PBC members on company specific capacity building and is currently supporting the JS Bank in imparting gender sensitization across its organization. Packages Limited also engaged with CERB for support for Greenhouse Gas Inventories Verification.



In Progress

The [SDG Leadership Programme](#), launched at the PBC's Pakistan Economic Forum V in Islamabad on Dec 13, 2018. 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'
		HBL, SDG 5 'Gender Equality'		Soorty Enterprises, SDG 9 'Industry, Innovation and Infrastructure'
		Coca-Cola Pakistan, SDG 6 'Clean Water and Sanitation'		ICI Pakistan Limited, SDG 12 'Responsible Consumption and Production'
		Packages Limited, SDG 13 'Climate Action'		

CERB is pleased to announce new SDG Leaders for the FY 2022 MG Apparel and K -Electric, SDG 5, Gender Equality' HBL and Unilever Pakistan, SDG 10, Reducing Inequalities Interloop Limited, SDG 12

Upcoming Case Studies

The Dairy Development Program - Impact On Women Empowerment Friesland Campina

Through both primary and secondary research this case study highlights how EWID intervention has helped bridge the gap between women dairy farmers specific needs and thereby improving their livelihood security and status within the household. allowing women to freely participate in the job market, works as a stepping stone to reduce the gender gap and helps improve women's position within the household and the society at large.

Made in Pakistan: How local growth of Sunflower and Palm oil can transform the agriculture industry – Dalda Foods Limited

In recognition of the aforementioned problems and recognizing the opportunity present, Dalda Foundation launched their flagship Research & Development project, "Sunflower and Oil Palm Plantation Projects". The pilot project conducted with relevant stakeholders from the public and private sector and spearheaded by Dalda Foods executive management aims to build the case for local cultivation of Sunflower and palm oil.

Achieving Prosperity Through A Winning Culture - Interloop Limited.

This case study explores how a culture aligned with the business strategy of an organization drives its ability to perform both strategically and operationally.

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 96 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	2
Cement	2
Chemicals / Fertilizer	9
Energy	3
Engineering	11
Fast Moving Consumer Goods	19
Packaging Material	3
Pharmaceuticals and Healthcare	6
Sports Gear	1
Textiles	13
Total Members in Large-Scale Manufacturing	69
Services	
E-Commerce	1
Financial service	12
Hospitality	1
Insurance	2
Logistics / Courier	2
Software	1
Telecommunication	2
Utilities	1
Total Members in the Services Sector	22
Conglomerates	5

32 MNC's from 14 Countries



USA



UK



UAE



Switzerland





Japan



Netherlands



France



Bahrain



South Korea



Hong Kong



Germany



China



Sweden



Turkey



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