



## Overseas Investors Chamber of Commerce & Industry

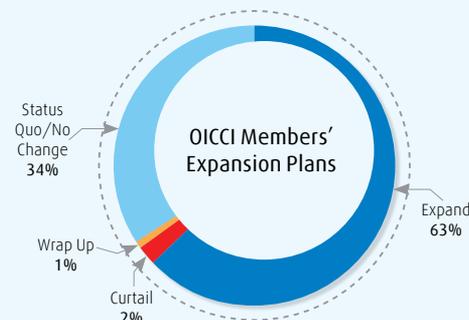
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### OICCI Highlights

#### Perception and Investment Survey 2011

In February 2012, the OICCI Perception and Investment Survey 2011 was launched at an interactive session with Business Editors of leading newspapers of the country. This bi-annual survey is of OICCI members only, who represent the largest block of foreign investors operating in Pakistan, in 14 different business sectors, and hence represents the sentiments of the business community at large.



President OICCI noted that while the Survey reveals difficulties faced by businesses in Pakistan and the lack of support from various government institutions, it also exhibits several positive and encouraging trends. For example, two-thirds of the respondents plan to expand their operations in the country and the total indicative 'new' investments amount to US\$ 3 billion in the next 2-5 years. He said that the Survey findings reflect the potential this country possesses and urged all relevant stakeholders to work towards maximizing this potential.

*For full summary, please turn to page no. 6*

#### Business Confidence Index Survey – Wave 5

BCI stands at -25%, a marginal drop of 1% from the 4<sup>th</sup> wave conducted in February 2011. Combined with rest of the results of the Survey it seems that despite some concerns, the business community is showing signs of stability and some confidence. In the latest BCI, Inflation has been cited as the principal reason, (43% respondents vs. 36% in the 4<sup>th</sup> wave), for "decline in business situation."

*For more details, turnover to page no. 8*

#### Taxation Proposals for 2012-13

OICCI submitted Taxation Proposals for the 2012-13 National Budget, to the Federal Board of Revenue in two phases; proposals on 10 priority items were submitted to the revenue body in January 2012, while the complete proposals were sent in March 2012. Subsequent interactions with FBR, which included a visit to the Chamber by the Chairman FBR and his senior team members, indicates that the authorities have taken these proposals in the right spirit and will take appropriate actions for the benefit of the country and our members, who contribute a major chunk of total tax revenues.

*Brief highlights of OICCI Taxation Proposals for 2012-13 are given on page no. 10*



## President's Message

Dear Members,

As you are aware I have taken over as President of the OICCI, from February 29, 2012. I consider this to be a great honour and privilege, and would like to thank all the members of the OICCI for reposing their trust and confidence in me. I shall do my best to live up to your expectations and with the cooperation of all the newly elected Managing Committee members I expect to further increase the profile of the OICCI in the country, as well as on various international forums.

I would like to take this opportunity to once again profoundly thank the outgoing President Naved A. Khan for the excellent work done by OICCI under his very able guidance. This included the 5<sup>th</sup> wave of the Business Confidence Index, the Perception & Investment survey 2011, the very good acceptance percentage of OICCI Taxation Proposals 2011-2012 submitted to the FBR, organising the Energy Conference, regular meetings with foreign embassies and trade delegations to apprise them of the current business environment and other projects, besides the routine matters.

Details of all the above activities are given in this 1<sup>st</sup> OICCI Newsletter for 2012, which also gives a brief resume of all the members of the new Managing Committee members, highlights of the OICCI Taxation Proposals 2012-2013 submitted to the FBR Chairman in early March, 2012, besides other matters of interest to our members.

The search for a new tenant for the OICCI building, vacated in May, 2011, continues. It is being advertised for the information of the members and selected corporate customers once again in this newsletter. We are hopeful that, despite available excess rental capacity around the OICCI premises, an appropriate tenant for this very important heritage building

will be found in the second half of the year, as rental income is an important source of revenue to the Chamber.

As you know, OICCI is an important stakeholder in Pakistan. Apart from facilitating FDI, corporate social spending, employment and other benefits to the country, the Chamber represents the single largest group of taxpayers in Pakistan and contributes nearly one quarter of the national tax receipts. With its membership of 187 multi-national companies, OICCI acts as a resource bank of business knowledge, managerial and entrepreneurial acumen, market intelligence, and experience. It is my intention to fully leverage OICCI's unique and powerful position to ensure that our views and opinions are properly projected and understood by the policy makers.

Looking to the future, OICCI, as always, will remain actively engaged in creating value, for existing and potential foreign investors in Pakistan. We shall engage in meaningful and relevant dialogues with the Federal and Provincial governments, important foreign missions and other policy and opinion-makers in Pakistan on policy and legislative issues. We also intend to work towards building capacity, promoting employment, economic reforms, creating a strong Intellectual Property Rights regime, and thereby expanding investment opportunities in Pakistan.

I look forward to working with the new Vice President, Managing Committee and the Secretary General to deliver on a comprehensive agenda for the year and your support in making the OICCI an effective and powerful platform.

Regards

**Humayun Bashir**  
President – OICCI

“ OICCI acts as a resource bank of business knowledge, managerial and entrepreneurial acumen, market intelligence, and experience. ”



## Secretary General's Message

Dear Members,

Welcome to the first issue of the OICCI Newsletter 2012.

As you are aware, a new Managing Committee (MC) has taken charge from March 2012. We extend a warm welcome to Mr. Humayun Bashir, President for the 2012 term, and offer him full support of the OICCI Secretariat in execution of MC plans for this year. We also congratulate the new Managing Committee on their election and look forward to working with all of them. We also wish to convey our sincere thanks to Mr. Naved A. Khan, the outgoing President OICCI and the 2011 Managing Committee, for their guidance and support which enabled the Secretariat to further raise the profile of the Chamber.

I am assuming that you have read the comprehensive account of the Chamber's activities in the OICCI Annual Report 2011. Therefore, in this message I will focus on key activities since the beginning of this year and the way forward.

The 5<sup>th</sup> wave of the Business Confidence Index (BCI), covering feedback from contributors of about 80 % of GDP, was launched in early January 2012. BCI is considered as an important tool to gauge the direction in which the economy is heading. This was followed by the launch of OICCI Perception and Investment Survey 2011 at an interactive session with the leading business editors and reporters from the media. Perception and Investment Survey, conducted every alternate year, and restricted to OICCI members only, gives a collective view of foreign investors on various aspects of doing business in Pakistan.

The results of the above surveys were proactively shared with the senior Government authorities, with the objective of seeking their attention and support to address the apprehensions of the business community.

As done every year, we have again submitted comprehensive Taxation

Proposals for the National Budget 2012-13 in early March. We want to thank our members for their interest and contribution in this activity. We are happy that the media, specially the print media, extensively covered the highlights of our proposals, some of which are unique in their approach. Brief highlights of the Proposals are also covered in this Newsletter.

Another important initiative during the period has been the submission of OICCI recommendations on Energy Matters along with two key papers to the Minister of Petroleum & Natural Resources. These papers, written by our Energy Subcommittee members, were based on the following topics: i) A Road Map for Energy Efficiency and Conservation in Pakistan, and ii) Natural Gas Value Chain Enhancement.

More details of all the activities together with glimpses of key events held at the Chamber are separately reported in this newsletter.

In 2012, we expect increasing involvement of the Chamber in facilitating members on fiscal and taxation matters, security, energy deficit, Pharmaceutical Industry's regulatory matters and overall governance issues. We expect further challenging times ahead for Pakistan and expect that the Government will soon take serious measures to revitalize investment and economy. There is also a need for effective and visible improvement in policy implementation and commitments so as to build confidence among the existing and potential foreign investors.

Finally, a big Thanks to all our members for their continued support and participation in the Chamber's activities. We need your regular feedback, information sharing, active participation and advice on the Chamber affairs.

Regards

**M. Abdul Aleem**  
CE / Secretary General

“ We expect further challenging times ahead for Pakistan and expect that the Government will soon take serious measures to revitalize investment and economy. ”

## Managing Committee 2012



**PRESIDENT**

**Humayun Bashir**

Country General Manager  
IBM

Humayun Bashir is the Country General Manager of IBM Pakistan & Afghanistan. During his 34 years with IBM he served in Middle East, Iran and has held the current position for the last 13 years. He also serves on the Boards of Silkbank & Linde Pakistan (formerly BOC Pakistan). He has also earlier served on EPZA Board from 2007-09. Humayun was also the President of American Business Council for 2011 and is a member of various professional bodies like MAP, PASHA etc.



**VICE-PRESIDENT**

**Asif Jooma**

Managing Director  
Abbott Laboratories (Pakistan) Limited

Asif Jooma is the Managing Director of Abbott Laboratories (Pakistan) Limited. He has been engaged in the corporate sector since 1983 having worked for ICI Pakistan Limited prior to joining Abbott in 2007. Asif Jooma has been past President, American Business Council and is a Director on the Board of various companies including Board of Investment, Government of Pakistan.



**CE/Secretary General**

**M. Abdul Aleem**

OICCI

M. Abdul Aleem is a Fellow Chartered Accountant (Gold Medalist) and a Fellow Cost and Management Accountant. He enjoys over 30 years of work experience with two leading multinationals, including the last ten years in CEO role overseas. Since 2004, Abdul Aleem has worked for very large Government owned corporations. His last government assignment was as Managing Director, Pakistan State Oil Company, a post that he left in October 2008.



**MEMBER**

**Kimihide Ando**

General Manager for  
Pakistan Mitsubishi Corporation

Kimihide Ando is General Manager for Pakistan, Mitsubishi Corporation. He joined Mitsubishi Corporation, Japan in 1982. Since then he was assigned to numerous Muslim countries, Egypt, Iraq, Saudi Arabia, Malaysia, Indonesia and twice to Pakistan. His first tenure in Pakistan was 1998-2003, and his second time from April 2010. He is also on the board of Engro Polymer & Chemicals Limited and is a Director of Tri-Pack Films Limited.



**MEMBER**

**M. Asif Saad**

Chief Executive  
Lotte Pakistan PTA Limited

Asif Saad is the Chief Executive of Lotte Pakistan PTA Limited (formerly Pakistan PTA Limited). Asif holds an MBA degree from the Lahore University of Management Sciences (LUMS) which he completed in 1988. He joined ICI Pakistan Limited as a management trainee the same year and was associated with the company for about 20 years till he moved to Lotte when it acquired PPTA. Asif is also a Non-executive Director of IGI Funds and Pakistan Human Development Fund. He also represents the Lotte group as a member of the Pakistan Business Council.



**MEMBER**

**Mohammad Zubair**

Country Representative  
Chevron Pakistan

Mohammad Zubair currently holds the portfolio of Country Representative for Chevron Pakistan. He holds degrees in Professional Accounting, Commerce and Law from Pakistan and Canada. In addition to having several management and professional studies with the American Management Association in the US, he also graduated in "Senior Executive Education" from Columbia University, New York. In his 33 years career with Chevron so far, Zubair worked in several countries including Thailand, Singapore and USA. His core responsibility includes executing strategies to achieve business plans and representing Chevron at all forums within the country.



**MEMBER**

**Asad S. Jafar**

Chairman & Chief Executive Officer  
Philips Electrical Industries of Pakistan Limited

Asad S. Jafar is Chairman & CEO of Philips Electrical Industries of Pakistan Limited. His professional journey spans more than 23 years. Soon after graduation in 1988, Jafar started his career with ICI Pakistan Limited. He joined Philips in 1998 and has held various senior positions in Pakistan, Indonesia, Thailand and Singapore. He holds a bachelor's degree in Electrical Engineering from NED University, Karachi and an MBA degree from Imperial College Business School, London, UK where he studied as a Britannia Chevening scholar. He is member of the IBA Corporate Leaders Advisory Board.



**MEMBER**

**Azhar Ali Syed**

Managing Director  
Tetra Pak Pakistan Limited

Azhar Ali Syed has been the Managing Director of Tetra Pak Pakistan since 2007. He is also a member of the management team of the Tetra Pak Middle East & North Africa. Before joining Tetra Pak he worked with Ernst & Young in audit and business consulting for seven years. Azhar obtained his professional qualifications from the Institute of Chartered Accountants of Pakistan, the Institute of Cost and Management Accountants of Pakistan and the American Institute of Public Accountants. During his career he has been extensively involved in setting up a number of new companies, joint ventures and factories. He has also been participating in the development of global strategy and leading major change initiatives in the company.



**MEMBER**

**Irfan Siddiqui**

President & Chief Executive Officer  
Meezan Bank

Irfan Siddiqui is the founding President of Meezan Bank. He initiated Al-Meezan Investment Bank in 1997, which was converted into the first scheduled Islamic Commercial Bank in May 2002. Meezan is now amongst the top ten network banks in Pakistan. He is a Chartered Accountant from England & Wales.



**MEMBER**

**Sarim Sheikh**

Country Chairman  
Shell Pakistan

Sarim Sheikh is the Country Chairman of Shell Pakistan Limited and has worked for Shell since 1995. Before this role, Sarim was the GM of Distributor Markets - Europe & South America, where he managed Shell's business in over 55 countries. He is a Director on the Board of the Shell Lubricants Supply Company BV and holds MBAs from IBA and the London School of Business.



**MEMBER**

**Zehra Naqvi**

Chief Executive Officer  
Ace Insurance

Zehra Naqvi is the CEO of ACE Insurance Pakistan and with over 30 years of work experience in this field. Prior to joining ACE, she worked with Guardian Royal Exchange and Adamjee Insurance Company in Pakistan. Zehra holds a B.Sc. degree & an MBA from the Institute of Business Administration, Karachi University and is an associate of the Chartered Insurance Institute, London, UK. Zehra represents the Insurance Association of Pakistan on the Council of Pakistan Insurance Institute where she is a visiting faculty member. She also served on the executive committee of the American Business Council. Zehra continues to contribute towards promoting insurance education in Pakistan.



**MEMBER**

**Atif Bajwa**

Chief Executive Officer  
Bank Alfalah Pakistan Limited

Atif Bajwa has been associated with the Abu Dhabi Group since March 2011. He is currently serving as the CEO of Bank Alfalah, one of the many businesses of the Group in Pakistan. Mr. Bajwa brings a rich banking experience for over 30 years in leadership positions with various reputed Banks in Europe, the US, the Far East, the Middle East and Pakistan.



**MEMBER**

**Parvez Ghias**

Chief Executive Officer  
Indus Motor Company

Parvez Ghias is the CEO at Indus Motor Company a leading automobile manufacturer of Toyota brand vehicles. He holds a Bachelor Degree in Economics and is a fellow of the Institute of Chartered Accountants in England & Wales. Parvez Ghias also serves as an independent director on the boards of Standard Chartered Bank (Pakistan) and Dawood Hercules Corporation. Prior to joining IMC in 2005, he was Vice President and CFO at Engro Chemical.

## OICCI Perception and Investment Survey 2011

OICCI Perception & Investment Survey is the Chamber's flagship research which is conducted every alternate year. In February 2012, the OICCI Perception & Investment Survey 2011 was launched at an interactive session with Business Editors of leading print and electronic media of the country. *This survey is restricted to our members only and gives a collective view of foreign investors on various aspects of doing business in Pakistan.*

In introducing the 2011 Survey results, President OICCI commented that the survey report highlights issues of security, access to energy and governance along with some negative perception related to contract enforcement, tax refunds and intellectual property rights protection as major concerns of the foreign investors. One of the key positive feedbacks from the survey was that about half of the respondents have indicated plans to invest more in Pakistan during the next 4-5 years.

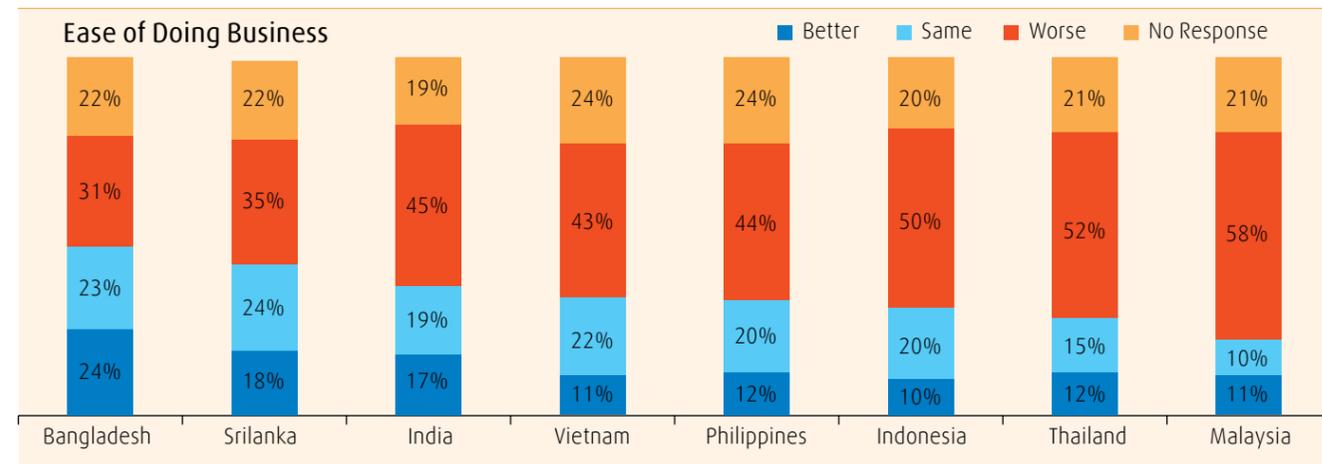
The Survey findings received excellent media coverage from all major newspapers. Research teams of various newspapers also published articles on the outcomes of the Survey. The Perception & Investment Survey Report was thereafter circulated to the members. A soft copy of the Survey is also available in the Research & Publications section on the OICCI website. Following is a brief overview of the main findings of the Survey.

Members of the Overseas Investors Chambers of Commerce and Industry (OICCI) have indicated positive investment plans for next few years, despite issues of security, access to energy and governance. Moreover, there are concerns related to contract enforcement, tax refunds and Intellectual Property Rights implementation in the country.

Nearly all the members who participated in the Survey intend to continue operating in Pakistan, and two-third of the respondents,

indicated an intention to expand operations. Over 45% of the respondents plan to invest more in the next 4-5 years as compared to the corresponding past period and 59% of respondents plan to increase their headcounts. The positive business plans revealed show an expectation of some economic stability and a modest improvement in Pakistan's economic growth parameters. Total investments indicated by the respondents' amount to approximately US\$ 3 billion over the next 2-5 years, which, though an improvement over the past, is well below the potential and opportunities in the country.

In terms of business prospects, over 80% of respondents perceive an increase in sales and 66% expect their profits to go up. This is expected to increase the contribution to the National Exchequer, provide better employment opportunities and have overall positive impact on both the economy and society.



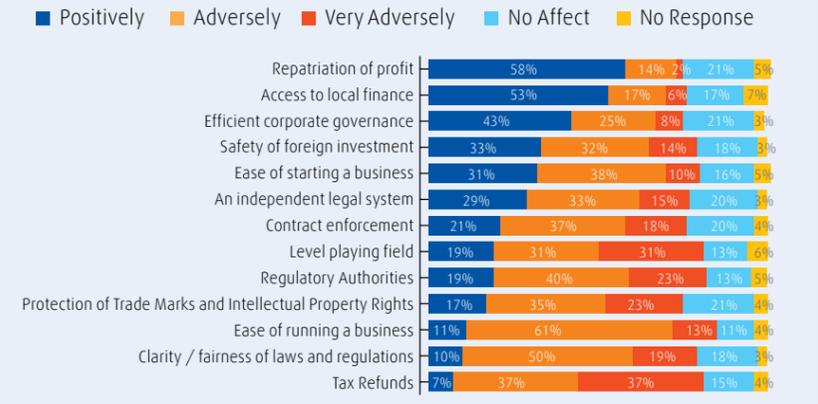
A sizeable percentage of respondents perceive Pakistan to be better or the same for Ease of Doing Business compared to eight other

countries whose macro-economic indicators over the recent years have been far better than Pakistan. For example, 36% of respondents

said that Ease of Doing Business in Pakistan is either better or the same as in India.

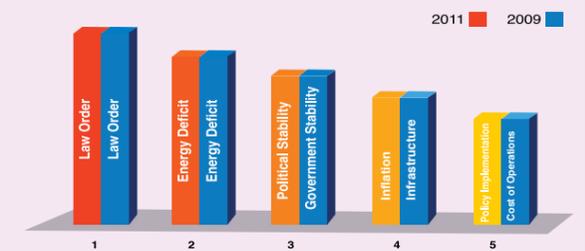
### Aspects of Doing Business

When asked to rate various Aspects of Doing Business in Pakistan, OICCI members were positive about areas like Repatriation of Profits, Access to Local Finance and Efficient Corporate Governance. However, feedback was quite critical of several areas like getting Tax Refunds, Clarity/Fairness of Laws and Regulations and Protection of Trade Marks and Intellectual Property Rights (IPR).

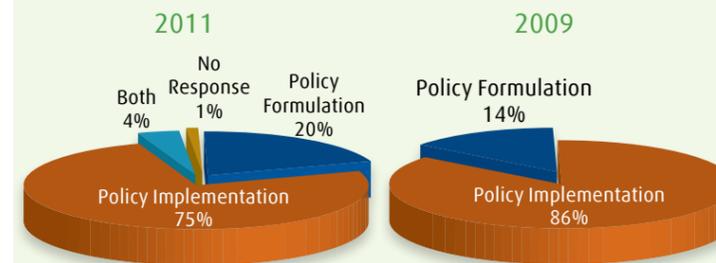


### Most Significant Challenges

The foreign investors operating in Pakistan are concerned with the Law and Order situation, which is ranked as the biggest challenge facing the business community, closely followed by Energy Supply. Political Instability and High Inflation are other major challenges.



### Obstacle to Business: Policy Formulation vs. Implementation



A large number of OICCI members perceive government 'policies' favorably but 79% were critical of policy 'implementation'. This is an improvement over the 2009 survey, when over 86% of respondent were dissatisfied with policy implementation in the country. Foreign investors are highly critical of the concerned authorities as 82% of respondents believe the Government is aware of the issues facing investors, but 91% say it is not serious about resolving them.

Improved two-way trade with India was viewed favorably as a business facilitator by 60% of respondents. Thirty nine per cent of respondents indicated that the Revised 2011 Afghan Pakistan Transit Trade Agreement is positive, provided it is implemented properly.

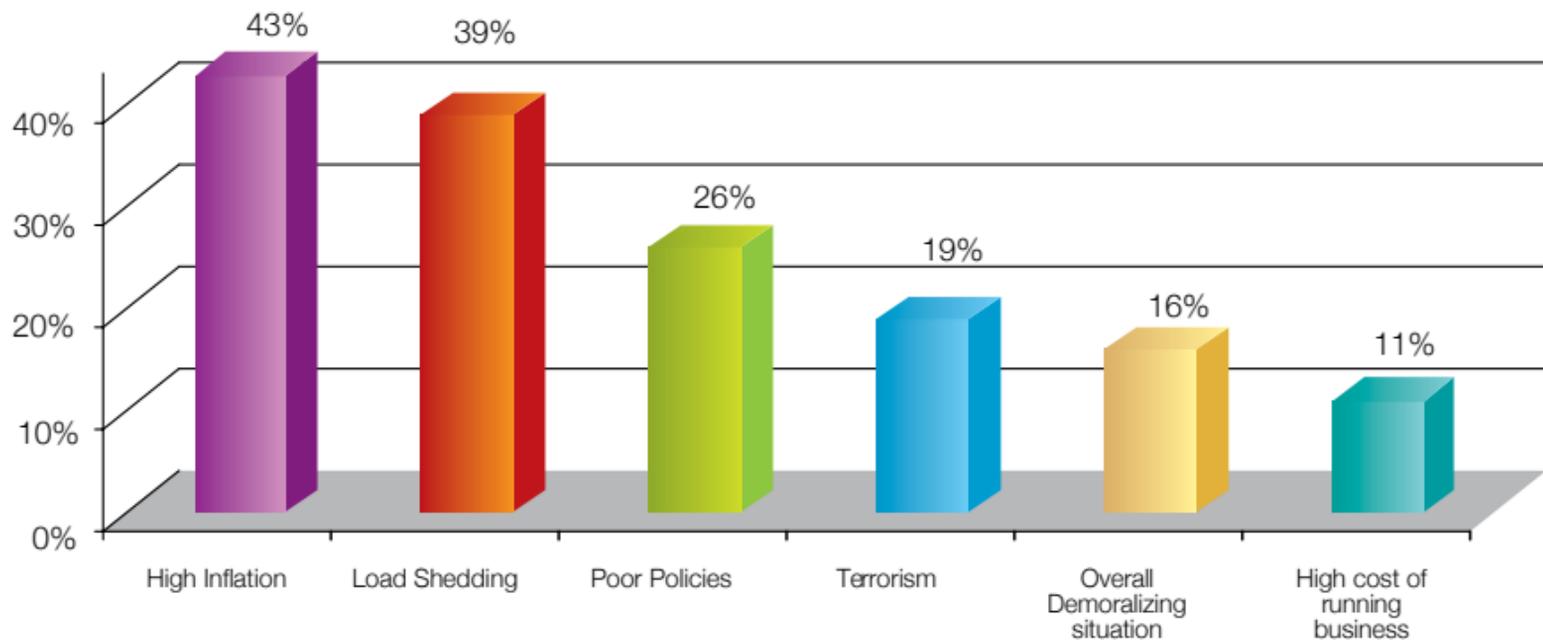
Devolution of various matters, previously held by the Federal Government, to the Provinces

under the 18<sup>th</sup> Amendment is seen to have no significant impact on most respondents, apart from pharmaceutical companies who indicated they were worse off.

The levy of the Sindh Development and Maintenance of Infrastructure (SDMI) on imports continues to be a big issue for businesses based in Sindh as it contributes to the increased Cost of Doing Business in

Sindh. It may be noted that a similar tax does not exist in other provinces. President OICCI was hopeful that through the important and unbiased feedback presented in the Survey, the responsible authorities will take it upon themselves to systematically address weak areas identified, and help put the country back at a high level of economic growth and development.

Figure 2: Reasons for Low Business Confidence in the 5<sup>th</sup> BCI



## OICCI Taxation Proposals for 2012-13

Following the reasonably good acceptance level of OICCI Taxation Proposals in the National Budget 2011-12, OICCI submitted the Taxation Proposals for 2012-13 to the Federal Board of Revenue (FBR) in two phases. In the first phase proposals on 10 priority items were submitted to the revenue body in January 2012, while the complete proposals were presented to FBR and Minister of Finance in March 2012.

We would like to once again thank the dedicated team members who put together the Taxation Proposals received from the member companies, after due deliberations and debate, for their contribution. Subsequent interaction with FBR, which included a visit to the Chamber, in early April, by the Chairman FBR and his senior team members, indicates that the authorities have taken these proposals in the right spirit and will take appropriate actions for the benefit of the country and our members, who contribute a major chunk of total tax revenues.

OICCI Taxation Proposals for 2012-13 received extensive and good media coverage. Apart from the coverage of the press release, major newspapers and their research teams also wrote articles based on the OICCI Taxation Proposals.

Following are brief highlights of OICCI Taxation Proposals for 2012-13. For complete proposals, kindly visit the OICCI website, [www.oicci.org](http://www.oicci.org). The Taxation Proposals were categorized as follows:

### I. Rationalizing and Broadening tax Base

Concrete measures on the part of the government are needed to enhance revenue collected via tax receipts. OICCI recommends doing so by increasing the number of taxpayers as opposed to taxing the already taxed. This can be done by way of:

- ▶ Effective use of NADRA database and several other databases available with FBR to identify potential taxpayers.
- ▶ All income earning individuals/AOPs/ commercial business should get registered and obtain their NTN, irrespective of their exemption status.
- ▶ All sectors of income, including Agriculture, be subject to taxation so as to provide an equitable treatment to all segments of the economy.
- ▶ Cash registers to be maintained by all retailers.
- ▶ Documenting the undocumented sectors, as well as catching tax evaders, through different mechanisms.
- ▶ Mandatory documentation of all sectors and incentives for registered entities.

### II. Improving Tax Collection and Investment Environment

A country's tax system and its hassle free implementation are key determinants of its investment

environment. In Pakistan, the organized sector is subject to high levels of compliance whereas the unorganized sector appears to have an implied amnesty.

To overcome these gaps, several mechanisms, structural and procedural recommendations have been outlined in this segment. These proposals will not only assist in reducing the burden on the already taxed segment, it will aid in improving the tax culture in the short run and increase the tax base in the long run.

#### Income Tax

- ▶ Uniform tax rate of 30% should be introduced for all businesses irrespective of their legal status in order to encourage corporatization and expansion of companies.
- ▶ Abolishment of discriminatory practices like Final Tax Regime (FTR), as well as Minimum Tax Regime (MTR), which should not be applicable for companies who should be taxed only under the Normal Tax Regime. As a transitory phase the FTR or MTR should be made more reasonable and applicable in a standard manner across industries, to help increase collections while providing greater equitability among tax payers.
- ▶ Clarity and re-phrasing needed in section 65 D & E, for encouraging reinvestment of capital and retained earnings in new manufacturing facility.

#### Sales Tax

- ▶ Improving the timelines of returns processing both for collection and refunds.
- ▶ The disparity in Rule 12(5) should be removed, to bring in line with the provision of newly inserted sub-section 3 of section 21 of Sales Tax Act 1990, to ensure that the buyers are not restricted from their legitimate claim, if requirements of section 73 are duly fulfilled.
- ▶ The requirement for withholding Sales Tax at one per cent of the value of taxable supplies with respect to goods purchased from registered persons, other than registered in LTU, should be withdrawn.

#### Custom Duty

- ▶ The value determined under the Customs Act, 1969 should be used as the basis for valuing imported goods by the Commissioner of Income tax.
- ▶ The proof that goods exported from Pakistan have reached Afghanistan should be verified on the basis of documentation by Pakistan Custom Authorities instead of Afghan Authorities.

#### Federal Excise Duty (FED)

- ▶ FED on Royalty payments for technology transfers and product know-how should be withdrawn. Further the adjustment of the duty paid on franchise fee should be allowed as in VAT mode.
- ▶ Adjustment of input FED should be on the basis of purchase invoices or the Goods

Declaration forms in case of imported goods as allowed under section 7 of the Sales Tax Act, 1990.

#### Procedural/Structural Suggestions

- ▶ Allow net settlement of various direct and indirect taxes subject to company audit.
- ▶ Develop linkages between the databases of Customs, Excise, Income and Sales Tax so that the tax payer can adjust/ offset his tax liabilities against refund of these levies and vice versa.
- ▶ To effectively reinstate the concept of taxing global income, the restriction of set off of foreign losses against only subsequent foreign income needs to be removed.
- ▶ A separate 'Research and Analysis Unit' should be setup, within the FBR.
- ▶ LTU concept of facilitating large tax payers to be restored.

#### Other Laws Increasing the Cost of Doing Business

- ▶ Consolidation of both WWF and WPPF into one single labor levy with a rate of 2 per cent of accounting profit. Companies should be allowed to use WPPF not allocated to workers, for reasons of falling outside the threshold income, for welfare projects benefiting the workers.
- ▶ The Pension and Gratuity funds should also be exempt from compulsory deduction of Zakat in line with the exemption available to Provident funds.

### III. Facilitation of FDI

In order to contribute to the growth of the economy and provide jobs for the youth of the country the government must attract Foreign Direct Investment (FDI), particularly in the manufacturing sector which is most able to create jobs.

- ▶ A new duty slab of zero per cent be created for all industry raw materials and machinery imported in the country, by newly set-up plants, for a period of five years, for which local equivalent are not available.

### IV. Industry Specific

#### Automobile Sector:

- ▶ Import of used vehicles as per Trade Policy Order 2009 under baggage scheme be restricted to 3 years old from 5 years and depreciation limit be reduced to 50% with monthly depreciation allowance up to 1%, instead of current 2%.
- ▶ Eliminate / Reduce Turnover Tax @ 1% u/s 113 of IT Ordinance, on turnover of authorized dealers of vehicle manufacturers and eliminate/ reduce withholding tax @ 3.5% u/s 153 of Income Tax Ordinance, 2001 on sale by authorized dealers of vehicle manufacturers.

#### Banking Sector:

- ▶ Provision on doubtful loans and advances should be enhanced to 2%, instead of 1%, keeping in view the high level of default due to the difficult economic situation.

- ▶ Banks should not be pursued to approach supplier for confirmation of payment of sales tax. The department should directly approach suppliers for any short payment or for non-declaration of supplies.

**Engineering Sector:**

- ▶ Under SRO 575 (I)/2006 dated 05.06.2006 the condition of restriction of concessionary duty to locally manufactured items has been withdrawn by making an amendment in the relevant section, through SRO 554 (I)/2008 dated 12.06.2008. It is proposed that the revised condition be withdrawn and the original condition (i), of the above mentioned SRO, be restored to protect local industry.

**Fast Moving Consumer Goods**

- ▶ The Federal Excise Duty on personal care products should be abolished - it will discourage smuggling of such products and will provide level playing field for the local industry.

- ▶ All brands should be registered with the customs authorities to curb unauthorized imports.

- ▶ The anomaly on Sales tax on same sanitary products included in two different PCT codes be removed; this could result in tax generation of up to Rs 100 million.

**Oil and Gas Sector:**

- ▶ As per the Tax provision in Mines Act 1948, the aggregate payment of taxes shall not be less than 50% nor more than 55%. However, this aggregate tax has been reduced to 40%,

under Petroleum Policies 2001 and 2009. It is suggested that the FBR should coordinate with the Ministry of Petroleum for the Mines Act be updated in line with the latest provisions of Income Tax Ordinance.

- ▶ **Decommissioning Cost:** At present the Income Tax law allows "decommissioning" costs only to oil and gas discoveries prior to September 24, 1954. This is discriminatory provision since only the Sui field, which was discovered prior to that date, is excluded from claiming decommissioning cost. To remove this disparity, the Fifth Schedule needs to be appropriately amended.

- ▶ Since, petroleum levy does not apply to petroleum products purchased by a company for export there is the ambiguity in the process of refund of the levy, FBR should allow OMCs to purchase those products without payment of PDL, by special order, which are meant for exports.

**Pharmaceuticals Sector:**

- ▶ Pharmaceutical products, their raw materials and packaging materials should be included in the list of exempt items and be zero-rated for Sales Tax purposes.

- ▶ Tariff protection should be removed, allowing for alternate options, for important and essential drugs.

All pharmaceutical raw materials should be added to Table III of SRO 567 of 2006, - reduce the import duty to 5%.

**OICCI in the Press**



Disclaimer: All the above cuttings have been taken as published in national newspapers.

Mr. Tariq Wajid, Managing Director, sanofi-aventis Pakistan limited receives

“The French National Award”

OICCI congratulates Mr. Tariq Wajid, General Manager and Managing Director of sanofi-aventis Pakistan limited for being conferred on January 27, 2012 with a prestigious French National Award “Chevalier de l’Ordre national du Mérite” (Knight of the National Order of Merit). When bestowed upon foreign citizens, this distinction, created by General Charles de Gaulle, rewards their remarkable contribution to enhance relations between their country and France.



Left to Right: Mr. Tariq Wajid, GM and MD, sanofi-aventis Pakistan Ltd. with H.E. Philippe Thiebaud, Ambassador of France



Quotes from OICCI Members

“WE BELIEVE IN PAKISTAN”

One of OICCI’s role is to act as a catalyst to attract Foreign Direct Investment into the country and to facilitate this cause OICCI is, from this issue, introducing a new feature in its newsletter. Each issue of the newsletter will carry a quote from

one of our members who have been operating successfully in Pakistan.

The OICCI newsletter is distributed to many foreign missions in Pakistan and abroad. Your balanced feedback in this area is expected to help in

presenting a fair and less negative perception of Pakistan. If you wish to participate in our next issue kindly mail your comments to [moin.mohajir@oicci.org](mailto:moin.mohajir@oicci.org).

“Pakistan is a rapidly developing country listed among the next eleven countries that along with the BRICS have a high potential of becoming the world’s largest economies in the 21st century. Pakistan’s estimated GDP as of 2011 is US\$ 202bn and per capita is US\$ 1,197 and debt-to-GDP ratio is 55.5%. Pakistan’s economy is second largest in South Asia and represents 15% of regional GDP.

Hubco, being one of the largest Independent Power Producers in Pakistan, is one of the role model for investment in Pakistan. Our contribution in the electricity generation in Pakistan has been approximately 10%. Even in the difficult scenarios of financial constraints, Hubco has been successful in raising finance and has been consistently paying return to its shareholders.”

Zafar Iqbal Sobani  
Chief Executive Officer  
The Hub Power Company Limited



FBR Chairman Visits OICCI

April 09, 2012: Mr. Mumtaz Haider Rizvi, Chairman, Federal Board of Revenue and his team visited OICCI to discuss and address issues faced by members of the Chamber. Mr. Rizvi assured full support in addressing sales tax issues and rectifying other backlogs at the regulatory authority.



Left to Right: Mr. Asif Jooma, Vice President, OICCI Mr. Shahid Hussain Asad, Member Inland Revenue, Mr. Mumtaz Rizvi, Chairman, FBR, Mr. Humayun Bashir, President, OICCI, Mr. M. Abdul Aleem, Secretary General, OICCI and Mr. Sarim Sheikh, Managing Committee Member, OICCI.

Intellectual Property Rights Seminar with Judges of the Sindh High Court

April 02, 2012: OICCI, in collaboration with the Sindh Judicial Academy (SJA) organized a seminar on the subject of Intellectual Property Rights (IPR) for the Sindh High Court Judges, District and Session Judges, as well as Additional District and Session Judges at the Marriott Hotel, Karachi. Honorable Chief Justice of the Sindh High Court, Justice Mushir Alam, was the Chief Guest at the event. The event was covered well in the print media.



Mr. Humayun Bashir, President OICCI presenting a memento to Justice Mushir Alam

OICCI Flood Relief Activity

15 OICCI Member companies contributed PKR 2.5 million towards the OICCI Flood Relief account. The contributed amount was utilized to purchase 2212 dry food ration bags which were further distributed by the OICCI Staff members with the help of the Pakistan Maritime Navy to the affected citizens in Badin, Sindh. OICCI Staff volunteered to distribute these food packages to the effected with the help of the Pakistan Navy.



Flood affected citizen carrying OICCI food packages in Badin

## Events at the Chamber



Members of the US Delegation visit OICCI  
Left to Right: Mr. William Martin, US Consul General, Mr. Richard Hoagland, Deputy Chief of Mission with Mr. Humayun Bashir, President, OICCI and Mr. M. Abdul Aleem, Secretary General, OICCI.



Assistant Collectors (Probationary Officers) from the Directorate General of Training & Research (Customs) had an interactive session with the Secretary General, Deputy Secretary General and Members of the Taxation & Financial Services and Trade & Industry Sub Committees at the OICCI.



European Union Delegation visits OICCI  
Left to right: Mr. Pierre Mayaudon, Deputy Head of the EU Pakistan Delegation, Mr. Alexandre Borges Gomes, First Counsellor for Trade, Political Affairs & Communication and Mr. Syed Khawar Hussain had a meeting with the Secretary General and Deputy Secretary General at the OICCI.



A delegation led by Mr. Rehmatullah Khan Wazir, Chief Commissioner (IR), Large Taxpayers Unit had a meeting with CFO's of Member Companies in OICCI.



Members of the French delegation visit OICCI  
Left to Right: H. E. Philippe Thiebaud, French Ambassador with Mr. Humayun Bashir, President and Mr. M. Abdul Aleem, Secretary General, OICCI.



Media Launch of OICCI Perception and Investment Survey 2011.  
Left to Right: Mr. Humayun Bashir, President and Mr. M. Abdul Aleem, Secretary General, OICCI, Mr. M. Zubair, MC member and Mr. Moin Mohajir, Deputy Secretary General, OICCI.



Participants at a security session with The Citizen Police Liaison Committee (CPLC) held at OICCI.



Ms. Mandy Ivemy, UK Border Agency's Regional Manager of Gulf, Iran & Pakistan visited OICCI on April 11, 2012. The objective of her visit was to introduce the new online visa application process and priority visas.



Secretary Commerce visits OICCI  
Mr. Humayun Bashir, President OICCI presenting a memento to Mr. Zafar Mehmood, Secretary, Ministry of Commerce.



OICCI 152<sup>nd</sup> AGM  
Left to Right: Mr. Humayun Bashir, President OICCI with Mr. Naved A. Khan, ex president with Mr. M. Abdul Aleem, Secretary General, OICCI.



OICCI Members participate at the MUFAP seminar held on April 04, 2012.

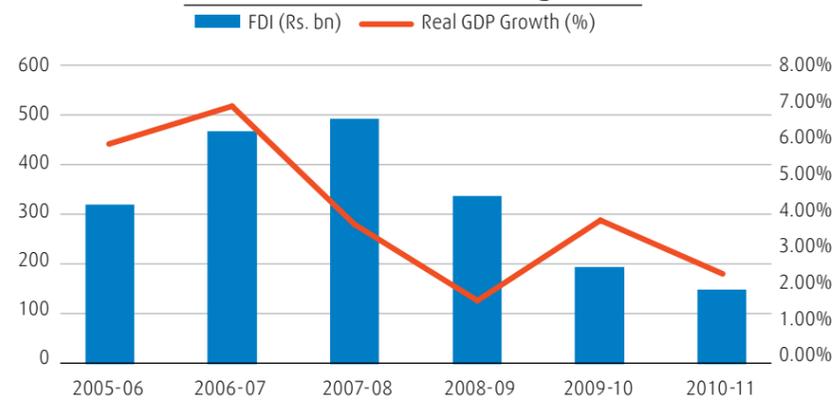
## Pakistan Economic and Trade Data – 2011

### Selected Economic Indicators

Exports (Billion \$)	24.81
Imports (Billion \$)	40.41
FDI (Billion \$)	1.63
Workers Remittances (Billion \$)	11.00
GDP Growth (%)	2.40
CPI - General (%)	13.90

Source: State Bank of Pakistan / Board of Investment

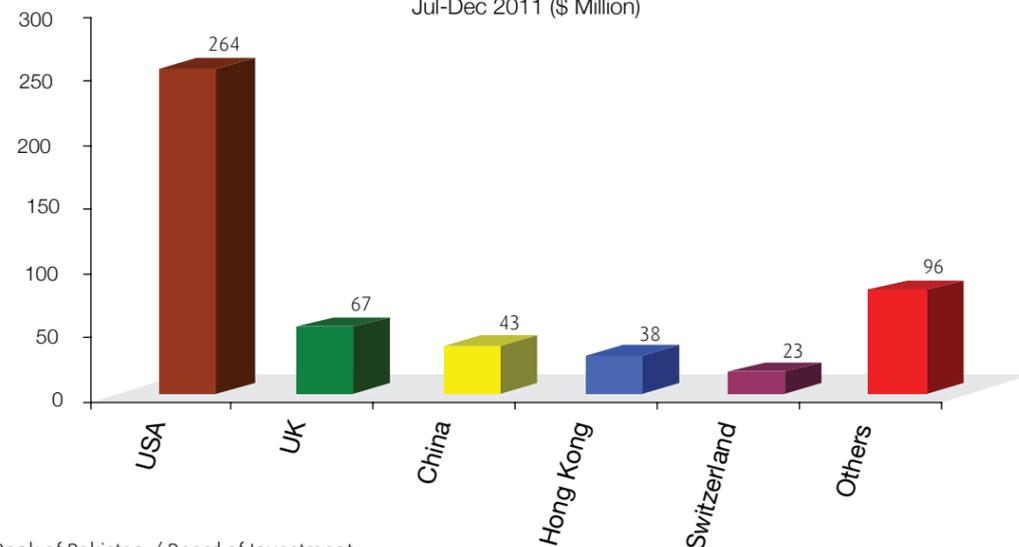
### FDI Trend and Real GDP growth



Source: Economic Survey of Pakistan

### Country wise FDI Inflows

Jul-Dec 2011 (\$ Million)



Source: State Bank of Pakistan / Board of Investment

## Building Available for Rent

OICCI Building is now available for rent. Located on Talpur Road, adjacent to I.I. Chundrigar Road, the 83 year old heritage structure stands proudly at the centre of Karachi's business hub and at walking distance from the State Bank of Pakistan as well as the Head Offices of many leading organizations and financial institutions in the country.

The overall environment and facilities available at the premises are as per the standards of health and safety conditions necessary for a productive working atmosphere. The building has wide spacious rooms, high roofs, elegant wood work, and wooden doors.

Brief details/specifications of the rental space available are given below:

Ground Floor	5,701 sq.ft
First Floor	11,970 sq.ft
Annexe	1,529 sq.ft
<b>Total Building Covered Area</b>	<b>19,200 sq.ft</b>
<b>Total open area for car parking (40 to 50 cars)</b>	<b>9,525 sq.ft</b>

In case one tenant is not available for the entire space then:

- ▶ Partition will be made to separate ground and first floor, as there is only one common entrance.
- ▶ Separate KESC/ Sub-meters, generator space etc will be made available.
- ▶ Car parking will then be allocated accordingly.

For further information, kindly contact.  
**Mr. Ghulam Ali**, Senior Accountant, OICCI  
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 Tel: 021-32410814 (Ext: 24)



Overseas Investors Chamber of Commerce & Industry  
[www.oicci.org](http://www.oicci.org)