



RESILIENCE
&
ADVOCACY
IMPACTING
BUSINESS & SOCIETY

2021

PROFILE

The core objective of The American Business Council of Pakistan (ABC) is to provide a solid and dynamic platform for American Investors to leverage the vast business and economic potential that Pakistan has to offer. We are an independent, not-for-profit organization; enabling US investors in the country to collaborate since 1984.

The ABC works closely with all the relevant stakeholders, including the Government of Pakistan and the US Mission, for American Investors to help formulate policies which are conducive to business and economic growth as well as the overall prosperity of the country. We protect and promote the interests of our members in the form of recommendations to the country's Trade Policy, proposals for the Federal Budget, and high-profile meetings with Government officials and the US Embassy.

At The American Business Council, we are always looking ahead to the future in order to be effective and deliver impactful outcomes.

Our strategy is based on a three-pronged approach to ensure welfare for the business community and the benefit of the society.

Developing **ALLIANCES**- internally, within the American business community, and externally with stakeholders in the community towards fostering social development and uplift. Promoting **AWARENESS** – sharing best practices and research, as well as raising key issues that need addressing to ensure a more robust business environment;
Fostering **ADVOCACY** – dialoguing with our partners and stakeholders towards issue management and better policies.

Through this approach we believe, we are well-poised to deliver meaningful change and economic and social value to our businesses, communities, and Pakistan at large.

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National Affiliations

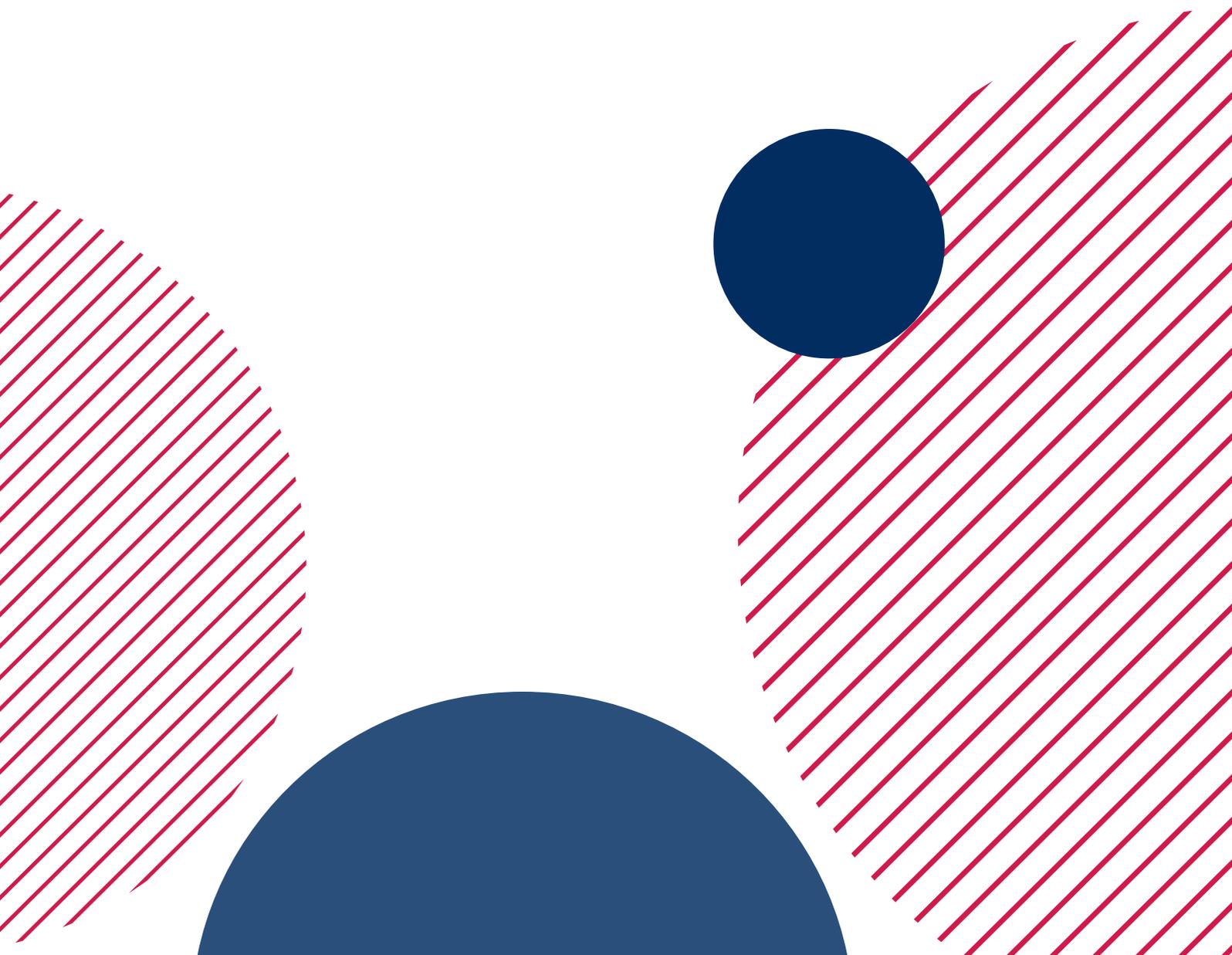
- POLICY BOARD OF THE INTELLECTUAL PROPERTY ORGANISATION OF PAKISTAN
- POLICY BOARD OF THE BOARD OF INVESTMENT (BOI)
- ADVISORY COUNCIL OF THE MINISTRY OF COMMERCE
- ADVISORY COUNCIL OF THE MINISTRY OF FINANCE
- PROVINCIAL COMMITTEE ON INVESTMENT (SINDH)
- FEDERATION OF PAKISTAN CHAMBERS OF COMMERCE & INDUSTRY (FPCCI)

International Affiliations

- UNITED STATES CHAMBER OF COMMERCE (USCC)
- THE ASIA-PACIFIC COUNCIL OF AMERICAN CHAMBERS OF COMMERCE (APCAC)

WELFARE FOR THE BUSINESS COMMUNITY

PROMOTING EASE OF DOING BUSINESS
AND
AFFECTING CHANGE IN POLICY



PROMOTING EASE OF DOING BUSINESS

LOBBYING FOR TEXTILE INDUSTRY - 1985

U.S. legislation was expected to reduce Textile exports from countries in the Asia Pacific area – particularly reduction of Pakistan's exports by over one third of its 1984 levels.

ABC supported the move of its fellow Members of the Asia-Pacific Council of American Chambers of Commerce (APCAC) and sent out letters to 56 U.S. Congressmen in September 1985 strongly opposing the U.S. Textile and Apparel Enforcement Bill of 1985. ABC also sent a telex to President Ronald Reagan in December 1985, urging him to veto the legislation.

Being a staunch opponent of trade protectionism, President Reagan eventually vetoed the proposed Bill. He also said, "It is my firm conviction that the economic and human costs of such a bill run for too high." (Dawn – Washington, Dec 18, 1985).

PROMOTING EASE OF DOING BUSINESS

PROMOTING PAKISTAN IN USA – 1986

The ABC sponsored publication of a Supplement on Pakistan entitled “Oasis of Opportunity” in July 1986 issue of the Nation’s Business – an official magazine of the U.S. Chamber of Commerce. This project was managed by soliciting advertisements from American and Pakistani organizations with no burden on national exchequer.

Objectives:

- To project the progressive thrust of Pakistan’s economy
- To inform American business Executives of the favorable business climate in Pakistan
- To highlight major opportunities and to point out critical success factors for doing business in Pakistan.

ABC arranged copies of the Nation’s Business and Reprints of the Supplement and distributed to the relevant functionaries of the Government of Pakistan, Pakistan Embassies abroad, overseas branches of Pakistani Banks and selected institutions in Pakistan.

ABC’s initiative to promote Pakistan in U.S.A. was much appreciated by the Government. Suffice is to quote a sentence from a letter from Mr. Jamshed K.A. Marker, Ambassador for Pakistan in U.S.A., who said: “It is an excellent document which will be very valuable for distribution in this country.”

PROMOTING EASE OF DOING BUSINESS

FORMATION OF BOI AND INVESTMENT POLICY LIBERALIZATION 1989

The Board of Investment (BOI) was constituted at the end of 1989 with Mohtarma Benazir Bhutto, Prime Minister of Pakistan as Chairman.

Upon ABC's invitation, Mr. Thomas J. White, Chairman, Asia-Pacific Council of American Chambers of Commerce (APCAC), visited Pakistan in February 1989. Mr. White briefed the ABC on APCAC activities and the two measures which played key role in the rapid growth of economy in Thailand and other countries of the region i.e. (a) a high-powered and very effective Board of Investment which operated directly out of the Prime Minister's Office under his own chairmanship and (b) a Joint Public-Private Sector Consultative Committee also chaired by the Prime Minister, addressed the issues primarily put forward by the private sector. ABC much appreciated it and wished if the two institutions could be replicated in Pakistan.

The President ABC soon broached the subject with Mr. Roshan Ali Bhimjee, Advisor to the Ministry of Finance, and suggested that similar institutions be established in Pakistan. The President also raised the matter with the Prime Minister at a Symposium on the "Promotion of Foreign Investment in Pakistan" held in May 1989 in Islamabad.

Ultimately, a Board of Investment was constituted at the end of 1989. It was renamed as Pakistan Investment Board in 1992 and again its name was changed to Board of Investment in April 1994. BOI liberalized the Investment Policy and allowed setting up of all projects (except those on restricted/specified list) costing up to Rupees One Billion irrespective of the share of foreign equity – earlier it was limited to 49%.

PROMOTING EASE OF DOING BUSINESS

LIFTING OF NUCLEAR SANCTIONS – 2001

ABC sent a letter to the U.S. President in August 2001, urging him that all nuclear related sanctions against Pakistan under the Symington, Pressler and Glenn Amendments be lifted as early as possible. The sanctions were imposed immediately after India and Pakistan's nuclear tests of May 1998.

ABC pointed out that lifting of the nuclear-related sanctions on Pakistan was crucial in order to support Pakistan in its domestic reform efforts as the Government had been working over the past 21 months to reverse the economic downside, reduce corruption, provide better governance and bring democracy at the grass roots level through its development plan. Moreover, it was seeking to stem the rise of extremism in society. At the same time, Pakistan was trying to reduce tensions with India. Removal of sanctions would encourage and strengthen the forces of reform and moderation in Pakistan and development of its 140 million people. Similar letter was also sent to the Secretary of State and Congressional Leaders.

Ultimately, the Bush Administration lifted all sanctions under the Glenn, Pressler and Symington amendments in September 2001.

PROMOTING EASE OF DOING BUSINESS

‘Pakistan Goes Global’ – World Bank Initiative 2019

On 6th May, 2019, ABCs met with World Bank Officials to collaborate on their initiative of ‘Pakistan Goes Global’. The World Bank team had already been working closely with the Ministry of Commerce on how to boost trade and competitiveness, and the purpose of the visit was to carry out the National Quality Infrastructure Diagnostic.

The objective of the meeting was two-fold:

- To assess the conditions of the Quality Infrastructure (QI) ecosystem in Pakistan through the application of diagnostic, and
- To prepare for CALIDENA, the participatory methodology to help identifying and stimulating the demand of QI services in a selected value chain.

World Banks Officials met with the ABC members to gain insights into the challenges being faced with product/process quality and the current offers of QI services (e.g. standards, testing, certification), for a better understanding of QI service demand in the country.

Some of the factors highlighted during the discussions which were hindering growth and exports were:

- Global buyers were reluctant to come to Pakistan because of the negative rating of the country.
- Getting travel insurance is also very difficult because of the general perception that Pakistan is an “unsafe” country to do business in.
- Need for support to enhance firm’s productivity
- Need for public policies conducive to encouraging trade and investment competitiveness.
- Lack of good quality labour with technical training
- Free trade agreements made by the government that have hindered growth of local businesses due to the influx of Chinese products.
- Smuggling of goods from Iran.

AFFECTING CHANGE IN POLICY

POLICY REFORMS – 1990

In November 1990, Mr. Nawaz Sharif, the new Prime Minister of Pakistan outlined priorities and policy directions of his Government with main thrust towards privatization, deregulation, and faster and greater industrialization to improve economic conditions of the masses and to attain self-sustained economy.

The Prime Minister appointed six Committees to suggest measures for Self-Reliance; Deregulation and Dis-investment; Tax Reforms; Airlines and Banking; incentives for export Export Promotion; Exchange & Payment Reforms; Industrial Policy and Investment.

Four ABC nominees were also appointed Members of the Committees for Tax Reforms, Deregulation & Dis-investment, Export Promotion and Exchange & Payment Reforms.

ABC provided key suggestions concerning deregulation in Industrial, Financial and Trade Sectors and Tax Reforms and its representatives actively participated in meetings and helped in formulating recommendations for policy reforms of critical importance to national economy.

The recommendations of the committees were promptly implemented: such as complete liberalization* of the Government's policy on foreign equity; deregulation of sanctioning procedure providing maximum free-hand to the entrepreneur in establishing new industries as well as expansion of existing plants; revolutionary changes in foreign exchange controls – a step short of free exchange market – greatly facilitating investment and foreign trade; privatization of investment and foreign trade; privatization of promotion; package of incentives and concessions for industrial sector, etc.

*Although earlier liberalization suggested no limit on the percentage of foreign equity yet the increase continued to meet obstacles and hence actual implementation of liberalization was welcome.

AFFECTING CHANGE IN POLICY

Companies Act 2017

In February of 2019, President ABC Mr. Jamal Mir convened with Mr. Farrukh H. Sabzwari, Chairman SECP, Mr. Aamir Ali Khan, Commissioner (CSD) and Mr. Abid Hussain, Executive Director (CSD) to discuss the formulation and implementation of the Companies ACT, 2017.

The objective of the Act was to provide a level playing field and the SECP was looking for suggestions from stakeholders – such as The ABC – which would help facilitate business. Their focus was to proactively facilitate business growth, support private capital formation, improve access to formal financial products and interlink the capital markets with the real economy.

The Chairman SECP presented an overview of the Companies Act 2017 and briefed members on the proposed amendments to the Companies Act 2017, its existing provisions and the amended provisions on the Reference: Section, sub-section and clauses. He solicited and received valuable feedback and recommendations from The American Business Council of Pakistan on the Companies Act, 2017 etc. ABC, therefore, played a pivotal role to shape the Company Ordinance of 1984 into the Companies Act, 2017.

AFFECTING CHANGE IN POLICY

ANNUAL FEDERAL BUDGET PROPOSALS

The American Business Council of Pakistan submits recommendations every year to the Government for the formulation of the country's Annual Budget. Following are some of the proposals that, through the efforts of The ABC, were incorporated into the Federal Budget of Pakistan.

The Annual Budget ABC budget recommendations were highly regarded by the Government and the following suggestions were included in Federal Budget 2018-19:

- Extending tax credit on investment in plant and machinery, BMR and new industrial undertakings, under section 65B, 65D and 65E extended upto 2021
- Super Tax - Annual reduction in tax rates by 1% each year
- Tax audit to be conducted once in three years
- Reduction in current tax rate for salaried individuals

Additionally, in the year 2020, one of the recommendations The ABC submitted to the FBR pertained to the subject of Tax Challans and Computerized Payment Receipt (CPR).

Physical CPRs were previously required for verification and audit purposes. However, ABC members highlighted that it is a cumbersome process that entails significant time to collect the withholding tax CPRs, causing delays. ABC proposed that withholding tax data should be made available to taxpayers on the IRIS/ e-FBR system enabling online retrieval and reconciliation. This will not only make the whole process more convenient and accessible but will also enable FBR and taxpayer to match withholding tax deposited versus deducted while streamlining the process to make it more efficient.

This proposal was well received, and ABC efforts resulted in the materialization of the suggestion. FBR has now incorporated online retrieval and reconciliation on their official website.

AFFECTING CHANGE IN POLICY

Finance Bill 2020 Tax Amendment

ABC played a pivotal role in rationalizing the Punjab Finance Bill, 2020, regarding restaurants services, which sought to amend Punjab Sales Tax on Services Act 2012. As per the amendment, services provided by restaurants were to be taxed at 5% if paid for via debit/credit cards, and 16% on cash. However, this decision posed financial and practical challenges to the restaurant business industry. On 25th June 2020, stakeholders of McDonald's, Hardees, KFC, and Pizza Hut – four of the largest American restaurant chains operating in Pakistan - convened with the Chairperson of Punjab Revenue Authority: Mr. Zain-ul-Abidin Sahi to discuss the costs and complications associated with a two-tier tax system.

The group highlighted the confusion and logistical issues that would arise if the bill came into effect. Restaurants would need to modify their current billing systems which would be costly. They would further need to explain to customers difference in pricing, which would introduce transactional inefficiencies and delays. The bill may also result in sale concealment or claim of fake/inadmissible input, and lead to corruption. ABC members put forth said concerns on behalf of all international food chains, and their efforts proved successful: Punjab Revenue Authority agreed to issue a notification stating that international chains will continue to charge and pay sales tax at the same rate of Punjab Sales Tax of 16% with complete allowance of input taxes incurred.

This was a monumental achievement that saved the Fast Food and Restaurant industry millions' worth of logistical cost that would have been incurred had the revised tax rates been put into effect.

WELFARE FOR SOCIETY

AWARENESS
AND
EMERGENCY RELIEF



WELFARE FOR SOCIETY

ABC-IBA PC TRAINING PROGRAM – 1992

As part of social responsibility, the ABC established a PC Training Center in January 1992, in collaboration with the Institute of Business Administration (IBA) Karachi.

The Program was focused on needy and unemployed young graduates who were desirous of acquiring computer knowledge and skills to enhance their ability for jobs. It offered six 7-week courses at a highly subsidized fee.

Over 540 students including 51 girls successfully completed the courses of the ABC-IBA PC Training Program from January 1992 to May 2000. On cumulative basis, the ABC spent Rs. 3.5 million on the Program.

WELFARE FOR SOCIETY

ABC DRUG AWARENESS PROGRAM – 1996

The ABC produced a research-based documentary film “Bhataktey Saey” (Wandering Shadows), and launched a Drug Awareness Program in 1996 to create awareness of the hazards of drug intake among the students of 9th and 10th grades and dissuade them from experimenting with drugs. The film addressed directly to the school going children of 14-16 years appealing to their psyche and relating to the real life story of an individual whom they could identify with.

The film was shown to the students at selected schools in Karachi and the film shows were conducted by the Trainers who were hired and specially trained for the purpose. Slogan stickers and leaflets containing information on how to avoid drugs were also distributed to the students.

The Program was abandoned in November 2000. During the period of over 4 years, the Program was offered in around 400 schools and covered over 41,000 students at a total cost of Rs 1.75 million.

WELFARE FOR SOCIETY

Relief Funds for Earthquake 2005

The American Business Council of Pakistan (ABC) and its 60 member companies quickly responded to the devastating earthquake of October 8th, 2005, contributing over Rs. 4 billion (US\$ 68 million), in addition to providing medicines, technical assistance, essential supplies and volunteers.

The ABC supports its fellow Pakistanis during this difficult time and would like to express its solidarity with all those impacted by the worst natural disaster in our country's history.

WYETH Rs. 1750 m

Parke Davis (Pfizer) Rs. 723 m

Citigroup Rs. 420 m

Johnson & Johnson Rs. 195 m

Bristol – Myers Squibb Rs. 170 m

Coca-Cola Rs. 126 m

Pepsi-Cola Rs. 120 m

Intel Rs. 90 m

BP Pakistan Rs. 72 m

Procter & Gamble Rs. 72 m

Eli Lilly Rs. 71 m

New Hampshire Insurance (AIG) -
Rs. 60 m

Merck Sharp & Dohme Rs. 22 m

IBM Rs. 18 m

J.P. Morgan Rs. 18 m

Monsanto Rs. 15 m

3M Rs. 12 m

AES LAL PIR Rs. 10 m

Abbott Rs. 10 m

Caltex Rs. 10 m

Sheraton Rs. 10 m

The cumulative relief funds and goods committed by ABC members and their Headquarters exceeded Rs. 2.3 billion (US 38 m). In addition to these relief efforts, our members made a humble contribution of Rs. 3.9 m through the ABC platform, which was channeled through an NGO Pakistan Human Development Fund. UNDP agreed to match the funds raised by PHDF and thus the impact of ABC's contribution was in fact equivalent to Rs. 7.8 m.

WELFARE FOR SOCIETY

Boltan Market Emergency Response Program 2009

In December of 2009, Pakistan's famous Bolton Market met with a horrible disaster. The country's biggest wholesale market was set ablaze after a suicide blast on a Muharram procession. The flames engulfed more than 3000 shops, godowns and offices in the business locality of the metropolis. Within the following month, The American Business Council of Pakistan actively met with the City Nazim, US Ambassador, market associations and banks to formulate a strategy that will help the victims of the catastrophe.

A special sub-committee – led by Mr. Saad Amanullah Khan – called Bolton Market Emergency Response Program – BMERP was formed to execute disaster relief efforts. The Committee took charge of developing relevant criteria to screen appropriate victims, identifying an appropriate vehicle for disbursement of support funds, collecting and collating data of actual extent of and players impacted by the damage, coordinating with other governmental, business bodies and relevant stakeholders and identifying strategic areas where the aid would have the maximum effect.

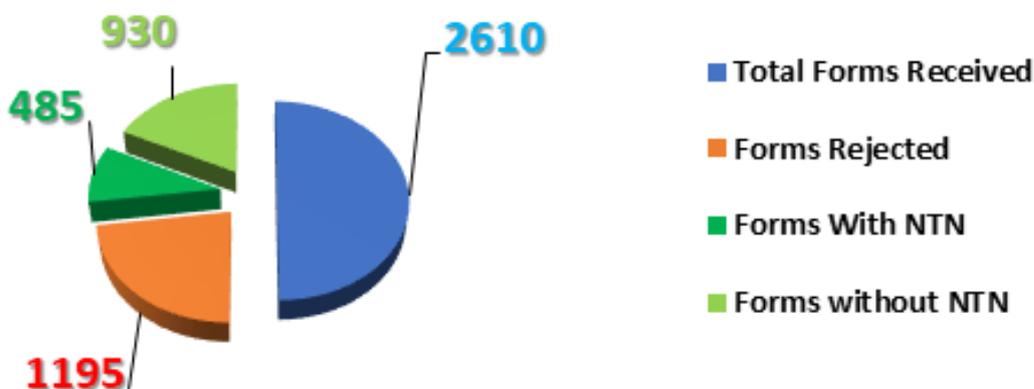
ABC partnered with USAID and the Khushali Bank in Islamabad & Karachi to implement the project. A rigorous process was put in place including on-ground verification, cross referencing with government databases and meeting with the owners and their association.

WELFARE FOR SOCIETY

Boltan Market Emergency Response Program 2009 (contd)

The funds were divided into two parts:

- 80% were distributed equally via straight grants to all claimants. Only exception was to pay 50% more to those having NTN (genuine Taxpayers)
- The base payment made to all claimants was Rs. 400,00 and an additional Rs. 200,000 was granted to NTN holders. 20% to be used to offer structured financing through local banks to help jump start businesses.



The subcommittee approved payments to a total of 1415 BMERP forms, 485 of which were verified NTN holders. The Cheques were distributed in February of 2010 by US Consul General Stephen G Fakan.

Fortunately, through the efforts of ABC, other organizations, companies and individuals, the victims of the Bolton Market arson incident experienced one of the swiftest recoveries and economic activity in the area gradually resumed.

WELFARE FOR SOCIETY

PPE Suits Donated to Pakistan Rangers 2020

ABC commends the efforts of healthcare professionals and first responders fighting against Covid-19. Their safety and protection are of the utmost importance and so, in June of 2020, The American Business Council of Pakistan donated 500 PPE Kits provided by DuPont Pakistan to the Director General Pakistan Rangers (Sindh).

WELFARE FOR SOCIETY

Prime Minister Corona Relief Fund Donation Drive 2020

As the Corona virus engulfed the country faster than it could have been prevented, The Government of Pakistan, under the leadership of Prime Minister Imran Khan, created the Prime Minister's Corona Relief Fund to alleviate the effects of the Pandemic.

The American Business Council of Pakistan actively collected funds for donation. In addition to our members' own CSR relief efforts, they generously contributed to the PM's Corona Relief Fund through ABC's platform.

On 31st August 2020, a delegation from The Council - led by President Adnan Asad - visited the Prime Minister in Islamabad to personally handover Rs. 17.5 M raised by our members.

We acknowledge and appreciate the donations from the following member companies:

Gray Mackenzie Restaurants International Ltd. (KFC) 7,500,000	Crescent Bahuman Limited 500,000
Venus Pakistan (Pvt.) Ltd. 1,250,000	Muller & Phipps Pakistan (Pvt.) Ltd 500,000
Philip Morris (Pakistan) Ltd. * 1,000,000	Pfizer Pakistan Ltd. 500,000
Prestige Communications (Pvt.) Ltd. (APCO) 1,000,000	Procter & Gamble Pakistan (Pvt.) Ltd 500,000
Chubb Insurance Pakistan Ltd. 1,000,000	Rafhan Maize Products Co. Ltd. 500,000
3M Pakistan (Pvt.) Ltd 500,000	Siza Foods (Pvt.) Ltd. (McDonald's) 500,000
Captain-PQ Chemical Industries (Pvt.) Ltd. 500,000	Systems Ltd. 500,000
Continental Biscuits Ltd 500,000	The Coca-Cola Export Corporation 500,000
	TRG (Pvt.) Ltd. 250,000
	Total: Rs. 17,500,000



THE ABC CONTINUES TO...

- ADVOCATE FOR EASE OF DOING BUSINESSES IN PAKISTAN
- DEVELOP ALLIANCES WITH THE GOVERNMENT & PRIVATE ENTITIES TO PROMOTE WELFARE IN BUSINESS AND SOCIETY
- CREATE AWARENESS OF INTERNATIONAL BEST PRACTICES AND PAKISTAN'S POTENTIAL

For more information:



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