

AMERICAN BUSINESS COUNCIL OF PAKISTAN ANNUAL SURVEY RELATES CONCERNS IN OPERATING BUSINESSES DURING TIMES OF ECONOMIC INSTABILITY

Pakistan, May 21, 2023 - The American Business Council of Pakistan (ABC) conducted its annual survey among 60 companies in its association to assess the current business environment in the country.

The survey findings reveal that the companies have made significant contributions during the Fiscal Year (FY) 2021-2022 .



Fig 1: American business companies' economic impact in Pakistan at a glance.

However, significant apprehensions exist about the ease of operating business in the present and short-term future, and concerns about Pakistan's international perception have been raised, emphasizing the need for immediate government support and policies to facilitate the investment and expansion plans of American companies operating in Pakistan for the FY 2023 and beyond.

Key findings from the annual survey include:

- Contributions:** The participating companies have made substantial contributions to the Pakistani economy during the FY 2021-2022. This includes a cumulative revenue of PKR 847Bn, exports worth PKR 81Bn, capital investment of PKR 57Bn in the L3Y, and contribution to national exchequer amounting to PKR 159Bn (Fig 1). These companies have also actively engaged in CSR activities, contributing significantly – PKR 1.6Bn – to various social and community development initiatives (Fig 2). Their commitment to making a positive impact in Pakistan goes beyond business operations.



Fig 2: American companies have supported charitable causes in Pakistan with donations exceeding PKR 1.6Bn.

- Future Investment:** 61% of the companies expect a negative GDP growth in the FY 2023, while 83% have major concerns about operating business smoothly in this current short-term economic scenario. 94% of the companies, however, expect that the situation may turn around eventually, and feel more optimistic about the long-term future, but not the short-term (Fig 3).

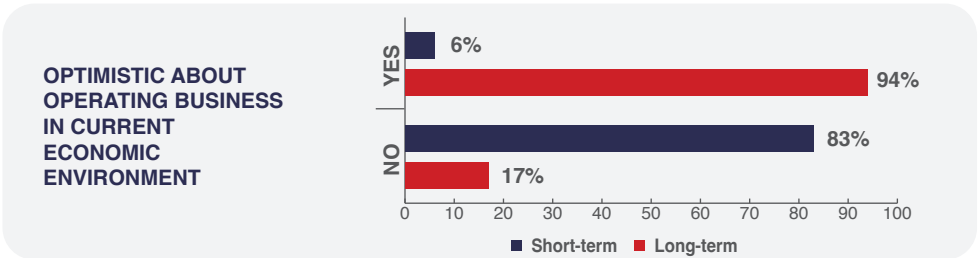


Fig 3: 83% American business companies are uncertain of short-term outlook, but 94% are optimistic about business conditions in the long-term.

Nonetheless, 67% of the companies have plans for further investments and expansion in Pakistan in the FY 2023.

- Ease of Doing Business:** 48% of the respondents expressed concerns about a drastic decline in the ease of doing business in Pakistan. Cumbersome regulatory processes, bureaucratic hurdles, and inconsistencies may be causing obstacles that hinder business operations and growth.
- International Perception and Business Climate:** 71% of the surveyed companies expressed concerns over Pakistan's perception internationally. 79% felt that the overall business climate has become worse, considering the current challenges faced by the country. They emphasized the importance of addressing these challenges, and creating a favorable environment to attract more foreign investment.

Considering these findings, ABC needs the support of the Government of Pakistan to consider the following recommendations:

- Streamline regulatory processes, reduce bureaucracy, and enhance efficiency to improve the ease of doing business.
- Facilitate a favorable business climate by addressing the concerns raised by American companies regarding Pakistan's international perception.

"We believe that addressing these key areas identified in the survey will create a more favorable business environment in Pakistan," said Jamshed Safdar, President of the American Business Council of Pakistan. "Collaborative efforts between Pakistan and American companies can lead to increased investment, job creation, and economic prosperity for the country."

The American Business Council of Pakistan (ABC) is a representative body of American businesses operating in Pakistan. As a leading advocate for promoting business growth and fostering economic cooperation, ABC aims to strengthen the ties between American companies and Pakistan, driving mutually beneficial partnerships.