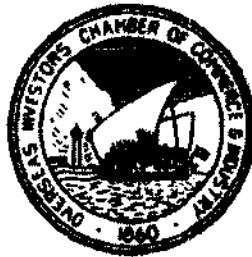


# OVERSEAS INVESTORS CHAMBER OF COMMERCE & INDUSTRY

Chamber of Commerce Building  
Talpur Road  
Karachi-74000

Phones: 2410814-15  
Fax: 2427315  
Email: [oiacci@global.net.pk](mailto:oiacci@global.net.pk)



**ANNUAL REPORT  
FOR THE YEAR  
2000**

# **OVERSEAS INVESTORS CHAMBER OF COMMERCE AND INDUSTRY**

## **ANNUAL REPORT 2000**

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## MANAGING COMMITTEE OF THE CHAMBER FOR THE YEAR 2000



### Office Bearers:

**TARIQ AMIN**  
PRESIDENT  
Rhone Poulenc Group

**DAVID WESTON**  
VICE PRESIDENT  
Shell Pakistan Limited

**ZAHID ZAHEER**  
SECRETARY GENERAL

### Members:

**ALAN R. ELDRIDGE**  
Glaxo Wellcome Pakistan Limited

**MOIN M. FUDDA**  
CGU International Insurance Co. Plc

**ARIF M. ALI**  
Deutsche Bank A. G.

**JAVED IQBAL**  
Philips Electrical Industries of Pakistan Ltd.

**KAMRAN Y. MIRZA**  
Abbott Laboratories Pakistan Ltd.

**AMEENA SAIYID**  
Oxford University Press

**ZAHID RAHIM**  
Standard Chartered Bank

**SOHAIL W. H. SIDDIQQUI**  
Siemens Pakistan Engineering Company Ltd.

## CHAIRMEN OF THE CHAMBER

### CHAIRMEN

D. MCLVER	-	1860/61	F. CLAYTON C.I.E., M. L. C.	-	1922/23/24/25
W. NICHOL	-	1861/62	F. CLAYTON C.I.E., M. L. C.		
A. STEWART	-	1862/63/64	R. D. ENGLAND	-	1925/26
A. E. DENSO	-	1864/65/66	F. CLAYTON C.I.E., M. L. C.	-	1926/27/28
W. G. HALL	-	1866/67/68	F. CLAYTON C.I.E., M. L. C.		
J. G. TINDAL	-	1866/69/70	J. R. N. GRAHAM V.C.	-	1928/29
MAX DENSO	-	1870/71/72	E. A. PEARSON	-	1929/30
F. MASOTTI	-	1872/73	E. A. PEARSON	-	1930/31
W. THORBURN	-	1873/74	H. G. COOPER,		
W. M. MACAULAY	-	1874/75	M.C.D.C.M.	-	1930/31
W. THORBURN	-	1875/76	H. S. BIGG - WITHER,		
MAX DENSO	-	1876/77	O.B.E.	-	1931/32
JAMES GRANT	-	1877/78	J. R. N. GRAHAM, V.C.	-	1932/33
A. MCHINCH	-	1878/79/80	G. H. RASCHEN		
MAX DENSO	-	1880/81	R. H. MARTIN	-	1933/34
MAX DENSO	-	1881/82	H. S. BIGG - WITHER		
JAMES GRANT			O.B.E.	-	1934/35/36
JAMES GRANT	-	1882/83/84	G. H. RASCHEN C.B.E.	-	1936/37/38
MAX DENSO	-	1884/85	G. H. J. RICHMOND		
MAX DENSO	-	1885/86	R. H. MARTIN	-	1938/39
A. THOLE			J. H. BLACKWELL,		
A. THOLE	-	1886/87	C.B.E., M.C.	-	1939/40
A. MCHINCH	-	1887/88 TO 1889/90	J. HUMPHREY, O.B.E.	-	1940/41/42
JAMES CURRIE	-	1890/91 TO 1894/95	A. T. ORR DEAS, M.C.	-	1942/43
T. R. MCLELLAN	-	1895/96 TO 1898/99	J. H. BLACKWELL,		
T. L. F. BEAUMONT	-	1899/1900	C.B.E., M.C.	-	1943/44
D. MCLVER	-	1900/01 TO 1902/03	W. J. CULLEN, M.B.E.		
HON'ABLE W. T.	-		J. HUMPHREY,		
O' BRIEN	-	1903/04	C.B.E., J.P.	-	1944/45
M. DE P. WEBB, C.I.E.	-	1904/05 TO 1909/10	LT. COL W.B. HOSSACK,		
M. DE P. WEBB, C.I.E.	-	1910/11	M.L.A.	-	1945/46
H. T. ROBSON			B. R. GRAHAM	-	1946/47
M. DE P. WEBB, C.I.E.	-	1911/12/13	E. J. PAKES		
M. DE P. WEBB, C.I.E.	-	1913/14	R. L. COGLAN	-	1947/48
W. U. NICHOLAS			B. R. GRAHAM, O.B.E.	-	1948/49/50
M. DE P. WEBB, C.I.E.	-	1914/15/16	J. N. KERR	-	1950/51
M. DE P. WEBB, C.I.E.	-	1916/17	D. B. ASHWORTH		
W. U. NICHOLAS	-	1917/18/19	B. R. GRAHAM, C.B.E.	-	1951/52/53
H. G. JAUGHTON	-	1919/20	T. W. CREE	-	1953/54
SIR MONTAGUE WEBB			B. FANE SAUNDERS, C.B.E.	-	1954/55
KT., C.I.E., C.B.E., M.L.C.	-	1920/21/22	T. W. CREE	-	1955/56
			W. E. WILKIE - BROWN	-	1956/57
			MIRZA A. RAZA	-	1957/58

## PRESIDENTS OF THE CHAMBER

### ***PRESIDENTS***

T. W. CREE, C.B.E.	-	1958/59/60
M. J. CONDON, C.B.E.		
W. N. BANKS	-	1960/61
W. B. BANKS	-	1961/62
S. R. STEPHENS	-	1962/63
H. C. G. BROWN, D.S.C.,	-	1963/64
I. HABIBULLAH		1964/65
J. F. C. GALLAHER	-	
C.B.E., D.S.O., D.F.C.,	-	1965/66
R. A. M. HENSON	-	1966/67
J. F. C. GALLAHER		
C.B.E., D.S.O., D.F.C.,	-	1967/68
J. D. LE VALLIANT	-	1968/69/70
D. JONGENEEL	-	1970/71
MASUD KARIM	-	1971/72/73/74
J. H. A. MIDWOOD	-	1974/75
K. Z. HASSAN	-	1975/76
W. R. A. KIMBER	-	1976/77/78
SALEEM MAJIDULLAH	-	1978/79/80
R. STOKELL	-	1980
N.A. SHAH	-	1980/81/82/83
D.M. KEITH, O.B.E.	-	1983/84/85
DR. M. S. HABIB	-	1985/86/87
NASEEM S. MIRZA	-	1987/88/89
DR. M. S. HABIB		1989/90/91/92
C. T. DULLAERT	-	1992
M. YOUNAS KHAN	-	1992/93/94
NISAR A. MEMON	-	1994/95
TARIQ IKRAM	-	1995/96
T. V. HIGGINS, OBE	-	1996/97
S. NASEEM AHMAD	-	1997/98
I. S. SANGSTER, OBE	-	1998/99
MUNNAWAR HAMID, OBE	-	1999/2000
TARIQ AMIN	-	2000/2001

## LIST OF SECRETARIES OF THE CHAMBER

R. Bell	
R. Stewart	
W. Nicol	1860-4
W.W. Beck	
J.W. Hill	
H. Jacob	
A.N. de Fleurimont	1864-68
Dan McIver, Jr.	1868-69
G.T. Portlock	1870-81
W. Cooper (Acting)	1881-82
G.Y. Portlock	1882
Harry W. Brooks	1882-87
Stephen W. Anderson	1887-90
H.E. Fuller (Acting)	1890-91
Col A.C. Cory	1891-93
T.L. F. Beaumont	1894-95
C.H. Chetham	1895-1908
E.L. Rogers	1908-20
Major Alan Duguid, AFC, MLC	1921-31
H.M. Gomes (Acting)	1932-42
M. de Melo (Acting)	1943
H.J. Martin, MBE	1944-53
J.S. Lobo	1953-58
M. Nazir Mohiyuddin (Acting)	1958-59
A. Eumorfopoulos	1959-64
P.T. Ensor	1964-78
Salamat R. Rizvi	1978-90

### **Secretary General**

Zahid Zaheer	1991-2000
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**CIRCULAR NO. 86**

**15TH MAY, 2001.**

**CEO'S OF MEMBER FIRMS**

**NOTICE OF 141ST ANNUAL GENERAL MEETING**

NOTICE is hereby given that the **141ST ANNUAL GENERAL MEETING** of the Members of the **OVERSEAS INVESTORS CHAMBER OF COMMERCE & INDUSTRY** will be held at the **Registered Office, Chamber of Commerce Building, Talpur Road, Karachi-74000** on **TUESDAY 26TH JUNE, 2001** at **11 AM** to transact the following business:

1. To confirm and sign the Minutes of the 140th Annual General Meeting held on Thursday 29th June, 2000 at 11 AM.
2. To receive the Report of the Managing Committee for the year 2000.
3. To pass the Audited Accounts for the year ending 31st December, 2000.
4. To appoint Auditors for the Chamber for the year 2001 and to fix their remuneration.
5. To receive Report of the Scrutineers on the ballot for the election of Vice President & (Eight) Members of the Managing Committee and announce the results of the election.
6. To consider, and if found fit, approve the attached Resolution which would be moved as a **SPECIAL RESOLUTION** by the Managing Committee, notice of which is being sent to all Members vide Circular No. 87 dated 15th May, 2001.
7. Any other matter with the permission of the Chair of which due notice shall have been given as required under Article 26 of the Chamber's Articles of Association.

**BY ORDER OF THE COMMITTEE**

**ZAHID ZAHEER  
SECRETARY-GENERAL**

**CIRCULAR NO. 87**

**15TH MAY, 2001.**

**CEO'S OF MEMBER FIRMS**

**NOTICE**

**141ST ANNUAL GENERAL MEETING OF THE CHAMBER**

NOTICE is hereby given that at the **141st Annual General Meeting** of the Members of the **OVERSEAS INVESTORS CHAMBER OF COMMERCE & INDUSTRY** to be held in the **Registered Office, Chamber of Commerce Building, Talpur Road, Karachi - 74000** on **TUESDAY 26TH JUNE, 2001 at 11 AM**, it is proposed to consider and if thought fit, to pass the following Resolution, which would be moved as **ORDINARY RESOLUTION** by the Committee:

"RESOLVED that under the powers given to Members of the Chamber under Article 11 (a) of the Chamber's Articles of Association, the under mentioned Annual Subscription shall be payable by Ordinary Members of the Chamber with effect from 1st July, 2001.

**ANNUAL SUBSCRIPTION**

**TOTAL NUMBER OF EMPLOYEES: ANNUAL SUBSCRIPTION:**

UPTO 100	RS. 20,000
FROM 101 TO 300	RS. 40,000
OVER 300	RS. 60,000

Furthermore, a one time Entrance Fee of Rs. 50,000 shall be payable by all new Members joining the Chamber after 1st July, 2001."

**BY ORDER OF THE COMMITTEE**

**ZAHID ZAHEER  
SECRETARY-GENERAL**



**MINUTES OF THE 140TH ANNUAL GENERAL MEETING OF THE OVERSEAS INVESTORS  
CHAMBER OF COMMERCE & INDUSTRY HELD IN THE COUNCIL HALL OF THE CHAMBER  
AT CHAMBER OF COMMERCE BUILDING, TALPUR ROAD, KARACHI  
ON THURSDAY 29TH JUNE, 2000 AT 11 AM**

**PRESENT IN PERSON**

**MR. MUNNAWAR HAMID, OBE  
PRESIDENT  
ICI PAKISTAN LIMITED**

**MEMBERS**

- |   |   |
|---|---|
| 1. ACE INSURANCE LIMITED                        | MR. S. UMER ALI SHAH                    |
| 2. ANZ GRINDLAYS BANK LIMITED                   | MR. AZHAR HAMID                         |
| 3. BOC PAKISTAN LIMITED                         | MR. MOHAMMAD ASLAM                      |
| 4. CGU INTERNATIONAL INSURANCE PLC              | MR. MOIN M. FUDDA                       |
| 5. EMIRATES BANK INTERNATIONAL PJSC             | MR. TIMOTHY P. GIBBS                    |
| 6. ENGRO ASAHI POLYMER & CHEMICALS LIMITED      | MR. ASAD UMAR                           |
| 7. ENGRO CHEMICAL PAKISTAN LIMITED              | MR. ZAFFAR A. KHAN                      |
| 8. EXIDE PAKISTAN LIMITED                       | MR. S. H. M. ZAIDI                      |
| 9. GLAXO WELLCOME PAKISTAN LIMITED              | MR. ALAN R. ELDRIDGE                    |
| 10. HUB POWER COMPANY LIMITED (THE)             | (MR. S. K. HUSAIN<br>(MR. ARSHAD HASHMI |
| 11. J & P COATS PAKISTAN (PRIVATE) LIMITED      | MR. SAEED HAIDER                        |
| 12. JOHNSON & PHILLIPS (PAKISTAN) LIMITED       | MR. SHEHRYAR A. SAEED                   |
| 13. KHADIM ALI SHAH BUKHARI & COMPANY LIMITED   | MR. NASIR ALI SHAH BUKHARI              |
| 14. LEVER BROTHERS PAKISTAN LIMITED             | MR. J. M. DELPON DE VAUX                |
| 15. MACKINNON, MACKENZIE & CO. OF PAK (PVT) LTD | MR. S. H. A. BUKHARI                    |
| 16. MERCK MARKER (PRIVATE) LIMITED              | MR. S. SHAUKAT ALI                      |
| 17. NEW HAMPSHIRE INSURANCE COMPANY             | MR. MUJIB KHAN                          |
| 18. ORIX LEASING PAKISTAN LIMITED               | MR. HUMAYUN MURAD                       |
| 19. OXFORD UNIVERSITY PRESS                     | MS. AMEENA SAIYID                       |
| 20. P&O CONTAINERS PAK (PVT) LTD                | MR. S. H. A. BUKHARI                    |
| 21. PROCTER & GAMBLE PAK (PVT) LTD              | MR. PHILIPPE BOVAY                      |
| 22. REUTERS LIMITED                             | MR. JAVED FARUQI                        |
| 23. RHONE POULENC RORER PAK (PVT) LTD           | MR. TARIQ AMIN                          |
| 24. ROCHE PAKISTAN LIMITED                      | MR. KAMRAN RASHID IBRAHIM               |
| 25. ROYAL & SUNALLIANCE INSURANCE PLC           | DR. MUMTAZ A. HASHMI                    |
| 26. SIEMENS PAKISTAN ENGINEERING CO LTD         | MR. SOHAIL WAJAHAT H. SIDDIQUI          |
| 27. UNION TEXAS PAKISTAN INC                    | (MR. SAHIB-E-IQBAL<br>(DR. TAUSIF KAMAL |

**PRESENT BY PROXY**

- 01 ABBOTT LABORATORIES (PAKISTAN) LIMITED
- 02 ABN AMRO BANK N. V.
- 03 ALBARAKA ISLAMIC BANK B.S.C. (E.C.)
- 04 AMERICAN EXPRESS BANK LIMITED
- 05 CADBURY PAKISTAN LIMITED
- 06 CLARIANT PAKISTAN LIMITED
- 07 COMMONWEALTH DEVELOPMENT CORPORATION
- 08 DEUTSCHE BANK AG
- 09 DOHA BANK LIMITED
- 10 FAYSAL BANK LIMITED
- 11 GEC AVERY (PRIVATE) LIMITED
- 12 GESTETNER (PRIVATE) LIMITED
- 13 GHANDHARA NISSAN DIESEL LIMITED
- 14 GILLETTE PAKISTAN LIMITED
- 15 HINOPAK MOTORS LIMITED
- 16 ICI PAKISTAN POWERGEN LIMITED
- 17 JOHNSON & JOHNSON PAKISTAN (PRIVATE) LIMITED
- 18 KNOLL PHARMACEUTICALS LIMITED
- 19 NESTLE MILKPAK LIMITED
- 20 NIMIR CHEMICALS PAKISTAN LIMITED
- 21 OMAN INTERNATIONAL BANK S.A.O.G.
- 22 PAKISTAN CREDIT RATING AGENCY (PRIVATE) LIMITED - THE
- 23 PAKISTAN GUM & CHEMICALS LIMITED
- 24 PHARMATEC PAKISTAN (PRIVATE) LIMITED
- 25 PHILIPS ELECTRICAL INDUSTRIES OF PAKISTAN LIMITED
- 26 RHODIA PAKISTAN (PRIVATE) LIMITED
- 27 ROYAL EXCHANGE ASSURANCE
- 28 SHELL PAKISTAN LIMITED
- 29 SOCIETE GENERALE
- 30 STANDARD CHARTERED BANK
- 31 STORK IBI SCREENS INDUSTRIES (PRIVATE) LIMITED
- 32 UNITED LINER AGENCIES OF PAKISTAN (PRIVATE) LIMITED

Mr. Mohammad Aslam, Deputy Secretary invoked the meeting with a short recitation from the Holy Quran.

Mr. Munnawar Hamid, OBE, President chaired the meeting. He addressed:

Lady & Gentlemen,

I welcome you to the 140th Annual General Meeting of the Chamber. In addition to the 28 Members present in person, we have received 32 proxies from Members. These are as prescribed under Article 36 of the Chamber's Articles of Association. The quorum prescribed under Article 31 is 25% of total membership, which is 47 including Proxies. We therefore, constitute the necessary quorum.

The Notice convening the meeting has already been circulated, I propose that this be taken as read.

The First item on the Agenda is to confirm and sign the Minutes of the 139th Annual General Meeting held on Tuesday 29th June, 1999 at 11 AM. These have already been circulated to all Members and if there are no comments, I propose that these be taken as confirmed.

**MR. TARIQ AMIN, VICE PRESIDENT WHO CHAIRED THE ANNUAL GENERAL MEETING SIGNS THE MINUTES.**

The Second item on the Agenda is to receive your Committee's Annual Report for the year 1999. President's Review and the Committee's Report have already been circulated to you. I will be pleased to answer any questions arising therefrom, and now invite discussions.

Since there are no questions forthcoming, may I PROPOSE that the Report of the Committee for the year 1999 as circulated to Members be ADOPTED.

#### RESOLUTION

**"THAT THE REPORT OF THE COMMITTEE FOR THE YEAR 1999 AS CIRCULATED TO MEMBERS BE AND IS HEREBY ADOPTED"**

**PROPOSED BY Mr. S. H. A. Bukhari of Mackinnon, Mackenzie & Company of Pakistan (Private) Limited**

**AND**

**SECONDED BY Mr. Azhar Hamid of ANZ Grindlays Bank Limited**

was carried.

The Third item on the Agenda is to pass the Audited Accounts for the year 1999. Copies are already with you and if there are any questions, I shall endeavor to reply to them.

As there are no questions, may I request a Member to PROPOSE the adoption of the Accounts for the year ended 31st December, 1999 and another Member to SECOND the Resolution.

RESOLUTION

"THAT THE AUDITED ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 1999 BE AND ARE HEREBY ADOPTED"

PROPOSED BY Mr. S. K. Husain of The Hub Power Company Limited

AND

SECONDED BY Ms. Ameena Saiyid of Oxford University Press

was carried.

The Fourth item on the Agenda is to consider appointment of Auditors for the year 2000.

The present Auditors, Messrs. A. F. Ferguson & Company have offered themselves for re-election.

I request a Member to PROPOSE and another Member to SECOND a RESOLUTION for the appointment of Auditors.

"THAT MESSRS. A. F. FERGUSON & COMPANY BE AND ARE HEREBY RE-APPOINTED AS AUDITORS FOR THE YEAR 2000 AT A FEE OF RS. 23,000 PER ANNUM"

PROPOSED BY Mr. S. H. A. Bukhari of Mackinnon, Mackenzie & Company of Pakistan (Private) Limited

AND

SECONDED BY Mr. Mohammad Aslam of BOC Pakistan Limited

was carried.

The Fifth item on the Agenda is to record the election of Eight other Members of the Managing Committee for the year 2000 - 2001.

Vice President, Mr. Tariq Amin, Chief Representative / Chief Executive, Rhone Poulenc Group / Rhone Poulenc Rorer Pakistan (Private) Limited succeeds me as the President and will resume office on 1st July, 2000.

Since Mr. David Weston, Chairman & Managing Director, Shell Pakistan Limited is the *only candidate* whose nomination has been received for the office of the Vice President, an election is therefore not necessary. Mr. David Weston, is accordingly ipso facto Vice President of the Chamber for the year 2000 / 2001.

This year elections were held only for the Eight Members of the Managing Committee. Mr. Azhar Hamid and Mr. S. H. A. Bukhari were kind enough to act as Scrutineers this year and I wish to thank them both for having rendered this service.

I will now open the envelope and read the Scrutineers Report on the result of the Ballot.

The result of election is read.

MR. ARIF M. ALI

MR. ALAN R. ELDRIDGE

MR. MOIN M. FUDDA

MR. JAVED IQBAL

MR. KAMRAN Y. MIRZA

MR. ZAHID RAHIM

MS. AMEENA SAIYID

MR. SOHAIL WAJAHAT H. SIDDIQUI

I would like to take this opportunity to congratulate all the Members who have been elected to serve on the Managing Committee and to thank those who have not been successful for the interest they have shown in the affairs of the Chamber.

The Sixth item on the Agenda is to consider and if found fit approve the following SPECIAL RESOLUTION proposed by the Managing Committee about certain changes in the Articles of Association as circulated, be adopted.

If there are no comments I request another Member to SECOND the Resolution.

Mr. Asad Umar of Engro Asahi Polymer & Chemicals Limited suggested that wherever the words more than 50% appear in the Resolution, they should be changed to read 50% or more. The house agreed and the following Special Resolution incorporating the changes was proposed.

### SPECIAL RESOLUTION

#### QUOTE:

1. Article 18 (c) - The following be added as a new Sub Clause (xix):

To co-opt upto three additional Members onto the Committee for a period of one year.

Co-option shall only be done by a unanimous vote of the elected Members of the Committee present at the meeting in which co-option is proposed.

No person shall be co-opted on the committee for more than one year in succession.

Co-opted members shall exercise the same rights as other elected members and the period served on the committee as a co-opted member for all purposes shall be considered the same as that of an elected member.

2. Article 1 (j) - to be deleted and substituted as hereunder:

J) 'Foreign national' means any party:

(i) in the case of a firm or partnership or other unincorporated association 50% or more of whose partners or members as the case may be are citizens of a country or countries other than Pakistan; and

(ii) In case of a body corporate:

a) which is incorporated outside Pakistan with a minimum paid up share capital outside Pakistan of US \$ 500,000 or equivalent provided that the owners of such body corporate are either foreign citizens or a foreign holding company

- b) which if incorporated in Pakistan -
- i) has 100% of its paid up share capital owned by a foreign holding company but with the proviso that the paid up foreign share capital in the said company is not less than US \$ 200,000 or equivalent.
  - ii) has 50% or more of its paid up share capital owned by a foreign holding company but with the proviso that the paid up foreign share capital in the company which is incorporated in Pakistan is not less than US \$ 500,000.
- (iii)
- a) is a Pakistani body corporate in which the Member has a shareholding such that the Member's shareholding calculated on a prorata basis would be deemed to constitute paid up foreign share capital of 50% or more. For example if a Member with 50% foreign share capital owns 50% shareholding in a Pakistani body corporate then on a prorata calculation the foreign share capital for the said Pakistan body corporate shall be taken to be 25%.
  - b) or in cases where the Member's holding is less than 50% but the Member's holding alongwith the shareholding of another foreign holding company or companies calculated on a prorata basis (as explained above) would cumulatively exceed 50% shareholding in the Pakistan body corporate.
  - c) where foreign share capital is less than 50% because a Government policy/directive/regulation limits the percentage of foreign shareholding in a body corporate provided the committee is satisfied that the Management control in this case is held by the foreign holding company.

In order to qualify for membership the body corporate must in addition to fulfilling the aforesaid criteria meet the condition laid down in Article 5.

For the purposes of these presents the following expressions shall have the following meaning:

- a) 'foreign citizens' - citizens of a country or countries other than Pakistan

- b) "foreign holding company" - a body corporate
  - i) which is incorporated in at least one additional jurisdiction/country other than Pakistan and other than its original jurisdiction / country of incorporation and
  - ii) is owned by foreign citizens or a foreign body corporate the owners of which are also foreign citizens.
- c) 'foreign share capital' - foreign capital of sponsors or their assigns or successors in interest which is registered with the State Bank of Pakistan for purposes of remittance of dividend.

FURTHER RESOLVED that the above amendments will not apply to those members who were admitted to the Membership prior to the adoption of this Resolution.

FURTHER RESOLVED that in the event that the foreign paidup capital of any member changes and falls below the stipulated limit, applicable at the time of its election such member shall cease to remain members without any further resolution or act being required.

3. Article 17 - to be deleted and substituted as hereunder:

Not more than one representative of any member shall serve on the committee at any one time.

Only Executive Heads of Organizations will be eligible for election under Article 14 to serve on the Committee

4. Article 5 - to be deleted and substituted as hereunder:

Ordinary membership

- a) Any party being a foreign national which
  - i) is not ineligible as defined in Article 1(d) and
  - ii) has a permanent place of business in Pakistan and is engaged in commerce and industry within Pakistan.

shall be eligible for ordinary membership.



b) Ordinary members shall be entitled to all the rights, privileges and advantages of the membership of the chamber.

UNQUOTE:

The above SPECIAL RESOLUTION PROPOSED BY CHAIR

AND

SECONDED BY Mr. J. M. Delpon De Vaux of Lever Brothers Pakistan Limited was carried unanimously.

Responding to a question raised by Mr. S. H. A. Bukhari of Mackinnon, Mackenzie & Company of Pakistan (Private) Limited, the President clarified that the co-option of additional Members proposed in Article 18 (c) is to widen the representation on the Committee and it is not the intention to co-opt those Members who have been unsuccessful in the current election.

The last item on the Agenda is to discuss any other business for which due notice should have been given. No such notice has been received. However, I will entertain any comments from Members.

Vice President, Tariq Amin proposed a formal vote of thanks to the outgoing President for his outstanding contribution towards furthering the goals of the Chamber.

The business of the Annual General Meeting having finished, I now request Members to join me for tea.

**ZAHID ZAHEER**  
**SECRETARY GENERAL**

**TARIQ AMIN**  
**PRESIDENT ELECT**

## PRESIDENT'S REVIEW - 2000

I welcome you to the 141st Annual General Meeting of the Chamber on Tuesday 26th June, 2001.

Before I review the Chamber's activities, I would like to share my views on the happenings in the Country.

The first phase of the local elections have been completed during the year with the second phase completed in 20 districts in March, 1991 showing a much greater turn out than the first phase. The Government did not succeed in persuading the non Muslim minorities to participate in the polls. As in the earlier first round of the elections a shortage of women candidates led to a third of the women being elected unopposed, while an equal percentage of women seats were not contested at all.

The standby IMF package signed after nearly eighteen months of suspension has restored some international credibility to Pakistan and has also enabled the Government to reschedule U. S. \$ 1.8 Billion of pending debt payments to the Paris Club. The size of the package is \$ 596 Million, the first tranche of \$ 192 Million was released in the year 2000, while a second tranche of the IMF standby payment of \$ 133 Million has been released in March, 2001 and while IMF support continues, the conditionalities will be hard to meet. Pending fulfillment of exacting performance conditions the balance of the \$ 271 Million is expected to be released by September, 2001. Meanwhile this has at least cleared the route for the World Bank to release further credits for structural adjustments and banking sector reforms and for poverty alleviation.

The principal concerns of the donor countries continue to be the restoration of democracy, peace with India, capping fundamentalist Islam, dealigning from the Taliban regime in Afghanistan and signing the comprehensive test ban treaty. Meanwhile Pakistan's economy needs for capital inflows continue to be large to meet its fresh debt payments by the end of 2001.

Business confidence remained low throughout the year. The dispute with HUBCO has finally ended in a compromise in December, 2000 and agreement was ratified at the end of January, 2001. Under this agreement, HUBCO will reduce tariff rate from an average of U. S. \$ 0.066 to U. S. \$ 0.056 per kwh. This reduction is expected to save Pakistan U. S. \$ 3 Billion in payments to HUBCO over a thirty year life of the project. However, this saga will remain a cautionary tale.

The privatization process remained at hold during most of the year and foreign interest remains elusive for the fear that the Government may have to comply with the Supreme Court judgment on the 'RIBA' issue and ban all interest payments from mid 2001. Redesigning the entire financial sector to make it sharia compliant in the short time frame prescribed by the Supreme Court may stall the recovery plan of our economy.

The concerns with regard to the state of domestic economy have heightened with the passage of the four months of the year 2001. The official GDP forecasts for growth in the fiscal year 2000 / 2001 have been lowered yet again to 3.8% due to the impact of water shortage on agricultural growth. Even this achievement appears unlikely as revenue targets remain below budget and the Government may be forced to cut development expenditure to meet the IMF target of 5.2% fiscal deficit.

Foreign investments fell year on year basis and continue to be low. Foreign currency reserves are low, and have been unable to prop up the currency. Although exports have grown 8% on a year to year basis, the oil import bill has risen sharply and will result in an

annual trade deficit of around \$ 2 Billion. Inflation is beginning to rise as the effects of the devaluation begin to filter through and agricultural support prices rise.

It is against this backdrop that your Committee has continued to interact with the Government all through the year.

We started the year with a meeting with the World Bank Mission on Banking Sector Reforms in January. This was followed by a meeting with Dr. Ishrat Husain, Governor, State Bank of Pakistan. Your Chamber played host to an IFC Mission when matters relating to improvements in the investment climate came up for discussions, in early May.

Towards end April, your Chamber sent proposals to the Federal Government for the Federal Budget 2000 - 2001 and soon after the announcement of the Budget on 17th June, the Chamber interacted with the Government and invited the Secretary General Finance to visit the Chamber when ramifications of the Federal Budget were discussed.

The Chamber also submitted proposals for the Trade Policy in May, 2000 and followed this up at the Advisory Council meeting in Islamabad in June, 2000. Towards the end of June the Secretary-General and myself met the Federal Commerce Minister in Karachi, where we again advocated these proposals. Federal Secretary Commerce was invited to the Chamber in July to discuss Trade Policy matters and measures to arrest counterfeiting of products.

In August, 2000 your Chamber played host to the Governor of Sindh who was accompanied by the Sindh Finance Minister and discussed matters relating to the Provincial Government. Your Chamber also invited Inspector General Police Sindh for discussion in August, 2000.

Also in August, 2000 the Task Force on Reform on Tax Administration visited the Chamber when we highlighted the inequities in the tax system which concerns foreign investors. This effort was supplemented by the Chamber meeting the Task Force on Reforms of Tax Laws who came to the Chamber in November, 2000.

The Chief Executive of Pakistan, General Parvez Musharraf accepted the Chamber's invitation to visit Karachi, and the Chamber apart from playing host at a dinner meeting in which all Members were invited, made a presentation to the Chief Executive of Pakistan on wide ranging matters covering major concerns of the foreign investors i.e. good governance, level plying fields and taxation.

In October the Federal Agricultural Minister was invited to the Chamber and in November, 2000 the Federal Minister for Petroleum & Natural Resources came to the Chamber for discussions. The Vice President met with the Federal Environment Secretary in Islamabad in the month of October.

Pakistan's High Commissioner Designate to the Court of St. James was invited to the Chamber in October when he met Heads of British Firms. This was followed by a visit to the Chamber of Ambassadors of European Union Countries to Karachi and the Chamber hosted a luncheon meeting.

The new Chairman of the Securities & Exchange Commission of Pakistan, Mr. Khalid Mirza was invited to the Chamber in November, 2000 when changes in the regulatory environment were discussed.

Towards the end of the year, it was agreed to revive the Standing Sub Committee of the Chamber on Pharmaceutical Matters.

In addition to all the above, there were several other important visitors to the Chamber, details of which are in the Committee's Report. The significant correspondence initiated by the Chamber also appears in the Report of the Committee.

I am confident that the intensive interaction with the Government throughout the past year, will yield results and we expect to see more business friendly policies and market liberalization in the forthcoming year.

All the above would not have been possible, but for the time and effort of the many Members who participated in the deliberations of the various Sub Committees and my colleagues on the Managing Committee who led and chaired these meetings. Their support has been comforting for me as has that of the co-opted Members. I wish to thank all of them.

I would also record the support and advice on a whole range of issues by the Secretary-General of the Chamber and his efforts which provided the underpinning of all the Sub Committees deliberations.

The Vice President, David Weston resigned on 14th March this year, as he was transferred to London. Mr. Jean Marc Delpon de Vaux succeeded him as Vice President of the Chamber on 27th March, 2001.

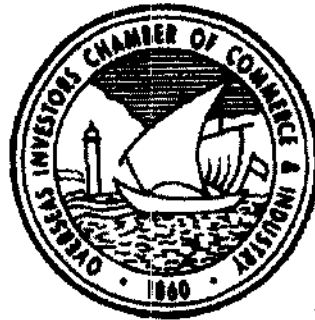
He will now succeed me as President on 1st July, 2001 soon after the Annual General Meeting. I welcome him and all the members of the new Committee, as they commence their term in office.

**TARIQ AMIN**

**MAY, 2001.**

# **REPORT OF THE COMMITTEE**

**FOR THE YEAR 2000**



**THE MANAGING COMMITTEE SUBMITS TO MEMBERS  
THEIR ANNUAL REPORT UPON SOME OF THE IMPORTANT  
SUBJECTS DEALT WITH BY THE CHAMBER DURING THE YEAR  
ENDING 31ST DECEMBER, 2000**

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➤ CHAMBER MEMBERSHIP

• NEW MEMBERS

During the period January to December 2000, following five members were elected as new members of the Chamber:

1 **BECTON DICKINSON SERVICE (PVT.) LIMITED**

6C - Main Gulberg  
Lahore - 54662  
Telephone Nos. 92-42-5718051-3  
Fax 92-42-5718056

NAME OF CHIEF EXECUTIVE

Mr. Akber Saifi  
Managing Director

2 **NIMIR CHEMICALS PAKISTAN LIMITED**

51 - N. Industrial Area  
Gurumanget Road, Gulberg II  
Lahore.

Telephone No. 92-42-5718001-9  
Fax No. 92-42-8718013

NAME OF CHIEF EXECUTIVE

Sh. Amar Hameed  
Chief Executive

3 **PAK-ARAB REFINERY LIMITED**

Corporate Headquarters  
Korangi Creek Road  
Karachi -75190

Telephone : 5090100-13  
Fax : 50990625 / 5090929

NAME OF CHIEF EXECUTIVE

Dr. Shahid K. Hak  
Managing Director

4 **STORK IBI SCREENS INDUSTRIES (PVT.) LIMITED**

11, Banglore Town  
Cooperative Housing Society  
Sharea Faisal  
Karachi  
Telephone No. 4558334-5  
Fax No. 4558277

NAME OF CHIEF EXECUTIVE

Mr. D. A. W. Sheikh  
Managing Director

- 5 **UNION BANK LIMITED**  
 4th Floor, Jubilee Insurance House  
 I.I.Chundrigar Road  
 Karachi.  
 Telephone No : 2412520 - 30  
 Fax No. : 2415371, 2400842

**NAME OF CHIEF EXECUTIVE**

Mr. Muneer Kamal  
 President & Chief Executive Officer

▪ **OUTGOING MEMBERS IN 2000**

The following six members resigned during the year. **REASON FOR RESIGNATION**

1.	ATTOCK INDUSTRIAL PRODUCTS LIMITED	LIQUIDATION
2.	FILTERS PAKISTAN (PRIVATE) LIMITED	BUSINESS CONSTRAINT
3.	KOT ADDU POWER COMPANY LIMITED	BUSINESS CONSTRAINT
4.	LEVER CHEMICALS (PRIVATE) LIMITED	BUSINESS CONSTRAINT
5.	RHONE POULENC (PRIVATE) LIMITED	BUSINESS CONSTRAINT
6.	STARPAK GROUP PRIVATE LIMITED	LIQUIDATION

▪ **CHANGE IN NAMES OF MEMBERS**

At the request of the following members change in their names have been recorded in the Chamber's register as follows:

	<b><u>Previous name</u></b>	<b><u>Present name</u></b>
1.	AGREVO PAKISTAN (PRIVATE) LIMITED	AVENTIS CROPSOURCE PAKISTAN (PVT)LTD.
2.	BURSHANE (PAKISTAN) LIMITED	SHELL GAS LPG(PAKISTAN) LIMITED
3.	COMMONWEALTH DEVELOPMENT CORPORATION	CDC GROUP PLC
4.	ENGRO PAKTANK TERMINAL LIMITED	ENGRO VOPAK TERMINAL LIMITED
5.	GEC AVERY PRIVATE LIMITED	AVERY SCALES (PRIVATE) LIMITED
6.	LUCAS SERVICE PAKISTAN (PRIVATE) LTD.	DELPHI DIESEL SYSTEMS PAKISTAN (PVT.) LTD
7.	RECKITT & COLMAN OF PAKISTAN LTD.	RECKITT BENCKISER PAKISTAN LIMITED
8.	HOECHST MARION ROUSSEL PAKISTAN LTD.	AVENTIS PHARMA PAKISTAN LIMITED



## ▪ CLASSIFICATION OF MEMBERS

The Membership of the Chamber as on 31<sup>st</sup> December 2000 stands to 185. List of Members in alphabetical order is appearing at the next page.

Classification of Membership as per geographical order and category wise

### Country Wise

BRITISH	50
AMERICAN	46
SWISS	14
GERMAN	10
JAPANESE	15
DUTCH	9
FRENCH	9
BELGIAN	4
U.A.E	4
HONG KONG	5
CANADIAN	1
SAUDI	3
SWEDISH	2
BANGLADESH	2
AUSTRALIAN	1
DOHA	1
BAHRAIN	2
SINGAPORE	2
GREEK	1
SRI LANKA	1
OTHERS	2
Bermuda (South America)	1
	<b>185</b>

### Category Wise

1. CHEMICAL / PESTICIDES / FERTILIZERS / PAINTS	14
2. BANKING	22
3. INSURANCE	5
4. LEASING & FINANCIAL COMPANIES	14
5. PHARMACEUTICAL INDUSTRIES	29
6. FOOD & CONSUMER PRODUCTS	16
7. SHIPPING & AIRLINES	9
8. TRADING & OTHER SERVICES	27
9. OIL / GAS & ENERGY	23
10. ENGINEERING & INDUSTRIAL PRODUCTS	18
11. TOBACCO & OTHER MANUFACTURING COMPANIES	8
	<b>185</b>

Note: Fifty Four members are quoted at Karachi Stock Exchange.

**▪ LIST OF MEMBERS – AS AT 31<sup>ST</sup> DECEMBER 2000**

1. ABBOTT LABORATORIES (PAKISTAN) LIMITED
2. ABN AMRO BANK N.V.
3. ACE INSURANCE LIMITED
4. AES LAL PIR LIMITED
5. ALBARAKA ISLAMIC BANK B.S.C. (E.C.)
6. ALCATEL PAKISTAN LIMITED
7. ALSTOM PAKISTAN (PRIVATE) LIMITED
8. AMERICAN EXPRESS BANK LIMITED
9. ATLAS INVESTMENT BANK LIMITED
10. ATLAS LEASE LIMITED
11. ATTOCK CEMENT PAKISTAN LIMITED
12. ATTOCK OIL COMPANY LIMITED (THE)
13. ATTOCK REFINERY LIMITED
14. AVENTIS CROPS SCIENCE PAKISTAN (PRIVATE) LTD.
15. AVERY SCALES (PRIVATE) LIMITED
16. BANK OF AMERICA N. A.
17. BANK OF CEYLON
18. BANK OF TOKYO MITSUBISHI LIMITED
19. BARRETT HODGSON PAKISTAN (PRIVATE) LIMITED
20. BASF PAKISTAN (PRIVATE) LIMITED
21. BATA PAKISTAN LIMITED
22. BAYER PAKISTAN (PRIVATE) LIMITED
23. BECTON DICKINSON SERVICE (PVT) LIMITED
24. BEECHAM PAKISTAN (PRIVATE) LIMITED
25. BERGER PAINTS PAKISTAN LIMITED
26. BHP MINERALS INTERNATIONAL EXPLORATION INC.
27. BLACKWOOD HODGE (PAKISTAN) (PRIVATE) LIMITED
28. BOC PAKISTAN LIMITED
29. BRINKS PAKISTAN (PRIVATE) LIMITED
30. BRISTOL-MYERS SQUIBB PAKISTAN (PRIVATE) LIMITED
31. BURMAH OIL COMPANY (PAKISTAN TRADING) LIMITED
32. CADBURY PAKISTAN LIMITED
33. CALTEX OIL (PAKISTAN) LIMITED
34. CARGILL PAKISTAN CITRUS LIMITED
35. CASTROL LIMITED
36. CDC GROUP PLC
37. CGU INTERNATIONAL INSURANCE PLC
38. CHIESI PHARMACEUTICALS (PVT.) LIMITED
39. CITIBANK N.A.
40. CLARIANT PAKISTAN LIMITED
41. COCA-COLA BEVERAGES PAKISTAN LIMITED
42. COCA-COLA EXPORT CORPORATION (THE)
43. CONTINENTAL BISCUITS LIMITED
44. COX & KINGS (AGENTS) LIMITED
45. CREDIT AGRICOLE INDOSUEZ (*The Global French Bank*)
46. CUPOLA PAKISTAN LTD.
47. CYANAMID (PAKISTAN) LIMITED
48. DADEX ETERNIT LIMITED

49. DAWOOD HERCULES CHEMICALS LIMITED
50. DELPHI DIESEL SYSTEMS PAKISTAN (PVT.) LTD.
51. DEUTSCHE BANK A.G.
52. DOHA BANK LIMITED
53. DUPONT FAR EAST INC.
54. ELI LILLY PAKISTAN (PRIVATE) LIMITED
55. EMIRATES BANK INTERNATIONAL PJSC
56. ENGRO ASAHI POLYMER & CHEMICAL LIMITED
57. ENGRO CHEMICAL PAKISTAN LIMITED
58. ENGRO VOPAK TERMINAL LIMITED
59. EQUITY INTERNATIONAL (PRIVATE) LIMITED
60. EXIDE PAKISTAN LIMITED
61. FAYSAL BANK LIMITED
62. GENERAL TYRE & RUBBER COMPANY OF PAKISTAN LIMITED (THE)
63. GESTETNER (PRIVATE) LIMITED
64. GETZ PHARMA PAKISTAN (PRIVATE) LIMITED
65. GHANDHARA NISSAN DIESEL LIMITED
66. GILLETTE PAKISTAN LIMITED
67. GLAXO WELLCOME PAKISTAN LIMITED
68. GLOBAL SECURITIES PAKISTAN LIMITED
69. HABIB BANK AG ZURICH
70. HINOPAK MOTORS LIMITED
71. HOECHST MARION ROUSSEL PAKISTAN LIMITED
72. HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED (THE)
73. HUB POWER COMPANY LIMITED (THE)
74. IBM
75. ICI PAKISTAN LIMITED
76. ICI PAKISTAN POWERGEN LIMITED
77. INDOSUEZ W.I. CARR SECURITIES PAKISTAN (PRIVATE) LIMITED
78. INDUS MOTOR COMPANY LIMITED
79. INDUSTRIAL PROMOTION SERVICES (PAKISTAN) LIMITED
80. INTERNATIONAL FINANCE INVESTMENT AND COMMERCE BANK LIMITED
81. INTERNATIONAL HOUSING FINANCE LIMITED
82. ITOCHU CORPORATION
83. J. & P. COATS PAKISTAN (PRIVATE) LIMITED
84. JAMES FINLAY PLC.
85. JARDINE FLEMING PAKISTAN BROKING (PRIVATE) LIMITED
86. JOHNSON & JOHNSON PAKISTAN (PRIVATE) LIMITED
87. JOHNSON & PHILLIPS (PAKISTAN) LIMITED
88. KARACHI INTERNATIONAL CONTAINER TERMINAL LIMITED
89. KELLER GRUNDBAU GmbH
90. KHADIM ALI SHAH BUKHARI & COMPANY LIMITED
91. KLM ROYAL DUTCH AIRLINES
92. KNOLL PHARMACEUTICALS LIMITED
93. KODAK LIMITED
94. KSB PUMPS COMPANY LIMITED
95. LAKSON TOBACCO COMPANY LIMITED
96. LASMO OIL PAKISTAN LIMITED
97. LEVER BROTHERS PAKISTAN LIMITED
98. LUFTHANSA CARGO
99. 3M PAKISTAN (PRIVATE) LIMITED

100. M-I OVERSEAS LIMITED
101. MACKINNON, MACKENZIE & COMPANY OF PAKISTAN (PRIVATE) LIMITED
102. MASHREQBANK PSC
103. MERCK MARKER (PRIVATE) LIMITED
104. MERCK SHARP & DOHME OF PAKISTAN LIMITED
105. MITSUBISHI CORPORATION
106. MITSUI & COMPANY LIMITED
107. MULLER & PHIPPS PAKISTAN (PRIVATE) LIMITED
108. NALCO GULF LIMITED
109. NATIONAL CARBON COMPANY PAKISTAN (PRIVATE) LIMITED
110. NATIONAL POWER INTERNATIONAL
111. NCR CORPORATION
112. NESTLE MILKPAK LIMITED
113. NEW HAMPSHIRE INSURANCE COMPANY
114. NICHIMEN CORPORATION
115. NIMIR CHEMICALS PAKISTAN LTD.
116. NOVARTIS (PAKISTAN) LIMITED
117. NOVARTIS PHARMA (PAKISTAN) LIMITED
118. OERLIKON-WELDING LIMITED – ZURICH
119. OMAN INTERNATIONAL BANK SAOG
120. ORGANON PAKISTAN (PRIVATE) LIMITED
121. ORIX LEASING PAKISTAN LIMITED
122. OTSUKA PAKISTAN LIMITED
123. OXFORD UNIVERSITY PRESS
124. P&O CONTAINERS PAKISTAN (PRIVATE) LIMITED
125. PAK ARAB REFINERY LIMITED (PARCO)
126. PAKCOM LIMITED
127. PAK WATER BOTTLERS (PRIVATE) LIMITED
128. PAKISTAN CABLES LIMITED
129. PAKISTAN CREDIT RATING AGENCY [PRIVATE] LIMITED
130. PAKISTAN GUM & CHEMICALS LIMITED
131. PAKISTAN GUM INDUSTRIES (PRIVATE) LIMITED
132. PAKISTAN INTERNATIONAL COMPUTERS LIMITED
133. PAKISTAN MOBILE COMMUNICATIONS (PRIVATE) LIMITED
134. PAKISTAN OILFIELDS LIMITED
135. PAKISTAN PETROLEUM LIMITED
136. PAKISTAN TOBACCO COMPANY LIMITED
137. PAKTEL LIMITED
138. PARKE, DAVIS & COMPANY LIMITED
139. PEPSI-COLA INTERNATIONAL (PRIVATE) LIMITED
140. PFIZER LABORATORIES LIMITED
141. PHARMACIA & UPJOHN (PRIVATE) LIMITED
142. PHARMATEC PAKISTAN (PRIVATE) LIMITED
143. PHILIPS ELECTRICAL INDUSTRIES OF PAKISTAN LIMITED
144. PREMIER & SHELL PAKISTAN B.V
145. PROCTER & GAMBLE PAKISTAN (PRIVATE) LIMITED
146. QASIM INTERNATIONAL CONTAINER TERMINAL PAKISTAN LIMITED
147. RAFHAN BEST FOODS LIMITED
148. RAFHAN MAIZE PRODDUCTS COMPANY LIMITED
149. RAY SHIPPING ENTERPRISES LIMITED

150. RECKITT BENCKISER PAKISTAN LIMITED
151. REFRIGERATORS MANUFACTURING COMPANY PAKISTAN LIMITED
152. REUTERS LIMITED
153. RHODIA PAKISTAN (PRIVATE) LIMITED
154. RHONE POULENC RORER PAKISTAN (PRIVATE) LIMITED
155. ROCHE PAKISTAN LIMITED
156. ROUSCH (PAKISTAN) POWER LIMITED
157. ROYAL & SUN ALLIANCE INSURANCE PLC
158. RUPALI BANK LIMITED
159. SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY (PRIVATE) LIMITED
160. S. C. JHONSON & SON INC.
161. SCHERING ASIA GmbH
162. SECURITY LEASING CORPORATION LIMITED
163. SGS PAKISTAN (PRIVATE) LIMITED
164. SHEIKHOO SUGAR MILLS LIMITED
165. SHELL GAS LPG(PAKISTAN) LIMITED
166. SHELL PAKISTAN LIMITED
167. SIEMENS PAKISTAN ENGINEERING COMPANY LIMITED
168. SINGER PAKISTAN LIMITED
169. SKF SOUTH EAST ASIA & PACIFIC (PTE) LIMITED
170. SMITH & NEPHEW PAKISTAN (PRIVATE) LIMITED
171. SMITH KLINE & FRENCH OF PAKISTAN LIMITED
172. SOCIETE GENERALE
173. STANDARD CHARTERED BANK
174. STANDARD CHARTERED GRINDLAYS BANK
175. STORK IBI SCREENS INDUSTRIES(PVT) LTD.
176. TAPAL ENERGY (PRIVATE) LIMITED
177. TETRA PAK PAKISTAN LIMITED
178. TOMEN CORPORATION
179. TOTAL ATLAS LUBRICANTS PAKISTAN (PRIVATE) LIMITED
180. TYCO FIRE & SECURITY PAKISTAN (PVT.) LTD.
181. UNION BANK LIMITED
182. UNION TEXAS PAKISTAN, INC.
183. UNISYS PAKISTAN (PRIVATE) LIMITED
184. UNITED LINER AGENCIES OF PAKISTAN (PRIVATE) LIMITED
185. W. WOODWARD PAKISTAN (PRIVATE) LIMITED

## ➤ MANAGING COMMITTEE

### ▪ MEETINGS OF THE MANAGING COMMITTEE

During the first half of the year under review the Managing Committee held its meetings on 4<sup>th</sup> January, 1<sup>st</sup> February, 8<sup>th</sup> March, 12<sup>th</sup> April, 2<sup>nd</sup> May & 6<sup>th</sup> June, 2000.

At the 140<sup>th</sup> Annual General Meeting held on June, 2000, following Members were elected to the Managing Committee for the year 2000-2001.

NAME		ORGANIZATION
MR. TARIQ AMIN	President	RHONE POULENC (PRIVATE) LIMITED
MR. DAVID WESTON	Vice President	SHELL PAKISTAN LIMITED
MR. ARIF M. ALI	Member	DEUTSCHE BANK A. G.
MR. ALAN R. ELDRIDGE	Member	GLAXO WELLCOME PAK LTD.
MR. MOIN M. FUDDA	Member	CGU INTERNATIONAL INS. CO. PLC
MR. JAVED IQBAL	Member	PHILIPS ELECTRICAL INDUSTRIES OF PAK. LTD.
MR. KAMRAN Y. MIRZA	Member	ABBOTT LABORATORIES PAKISTAN LIMITED
MR. ZAHID RAHIM	Member	STANDARD CHARTERED BANK
MS. AMEENA SAIYID	Member	OXFORD UNIVERSITY PRESS
MR. SOHAIL WAJAHAT H. SIDDIQUI	Member	SIEMENS PAKISTAN ENGINEERING CO. LTD

The new Managing Committee held meetings on 6<sup>th</sup> July, 1<sup>st</sup> August, 12<sup>th</sup> September, 10<sup>th</sup> October, 7<sup>th</sup> November and 5<sup>th</sup> December 2000. Minutes of the meetings have duly been circulated to the members.

### ▪ MANAGING COMMITTEE CO-OPTION

The following members were co-opted to the Managing Committee during the year.

MR. ROBERT JONES	CADBURY PAKISTAN LIMITED
MR. M. MOONIS	UNITED LINER AGENCIES OF PAK. LIMITED
MR. J. M. DELPON DE VAUX	LEVER BROTHERS PAKISTAN LIMITED

### ▪ M. C. MEMBERS RESIGNATION DURING 2000

Two elected members resigned during the year.

MR. ALAN ELDRIDGE	GLAXO WELLCOME PAKISTAN LIMITED
MR. ZAHID RAHIM	STANDARD CHARTERED BANK

The following two members were co-opted on 12<sup>th</sup> September 2000 against the vacancy so created.

MR. MOHAMMAD SALMAN BURNEY	SMITH KLINE & FRENCH OF PAK LTD.
MR. AZHAR HAMID	STANDARD CHARTERED GRINDLAYS BANK

## CHAMBER REPRESENTATIONS ON VARIOUS BODIES FOR THE YEAR 2000-2001

### REPRESENTATION

- |  |                    |  |
|--|--------------------|--|
| 1. <i>Managing Committee of the Federation of Pakistan Chambers of Commerce &amp; Industry</i> | <i>(Alternate)</i> | <i>President<br/>Vice President</i>  |
| 2. <i>Board of Governors-Foreign Trade Institute of Pakistan, Islamabad</i>                    | <i>(Alternate)</i> | <i>President<br/>Secretary General</i>   |
| 3. <i>Board of Governors Pakistan Institute of Manag., Karachi</i>                             | <i>(Alternate)</i> | <i>President<br/>Secretary General</i>   |
| 4. <i>Advisory Council for the Ministry of Finance</i>   |                    | <i>President</i>   |
| 5. <i>Advisory Council for the Ministry of Commerce</i>  |                    | <i>President</i>   |
| 6. <i>Board of Investment &amp; Trade Promotion Punjab</i>                                     |                    | <i>President</i>   |
| 7. <i>Pakistan Business Council</i>  |                    | <i>President</i>   |
| 8. <i>Board of Trustees - Karachi Port Trust</i>   |                    | <i>Mr. M. Moonis</i>   |
| 9. <i>National Engineering Manufacturers Export Council</i>                                    | <i>(Alternate)</i> | <i>Mr. Sohail W. Siddiqui<br/>Member Managing Committee<br/>Co-Chairman of Standing Sub-Committee on Commercial &amp; Industrial Matters</i> |
| 10. <i>Sindh Industries Facilities Board</i>   | <i>(Alternate)</i> | <i>Chairman of Standing Sub-Committee on Commercial &amp; Industrial Matters<br/>Co-Chairman of the above</i>                                |
| 11. <i>Sindh Social Securities Board</i>   |                    | <i>Chairman of the Standing Sub-Committee on Labour</i>  |
| 12. <i>Advisory Committee for the Regional Commissioner of Income Tax and Wealth Tax</i>       | <i>(Alternate)</i> | <i>Chairman of the Standing Sub-Committee on Taxation<br/>Co-Chairman of the above</i>   |

- |  |  |
|--|--|
| 13. Karachi Port Trust Council   | Co-Chairman of the Standing Sub-Committee on Ports, Shipping & Communications-   |
| 14. Karachi Dock Labour Board  | Chairman of the Standing Sub-Committee on Ports, Shipping & Communications-<br>Mr. M. Moonis                                       |
| 15. Merchant Navy Club   | Chairman Standing Sub-Committee for Ports, Shipping & Communications-<br>Mr. M. Moonis   |
| 16. Managing Committee of the Employers Federation of Pakistan (Alternate) | Chairman Labour Sub-Committee<br>Co-Chairman of above  |
| 17. Member of Governing Body - Workers Welfare Fund                        | Chairman Labour Sub-Committee  |
| 18. Advisory Committee on Customs & Sales Tax (Alternate)                  | Chairman of the Standing Sub-Committee on Taxation<br>Co-Chairman of the Standing Sub-Committee on Commercial & Industrial Matters |
| 19. Consultative Committee on Industrial Research                          | Chairman of the Standing Sub-Committee on Commercial & Industrial Matters  |
| (Alternate)  | Co-Chairman of the above Sub-Committee   |
| 20. Export Processing Zone Authority                                       | Chairman of the Standing Sub-Committee on Commercial & Industrial Matters<br>Co-Chairman of above                                  |
| (Alternate)  |  |
| 21. Executive Committee of Bankers State Bank of Pakistan                  | Chairman of the Standing Sub-Committee on Banking & Finance-<br>Mr. Zahid Rahim<br>Co-Chairman of the above Sub-Committee          |
| (Alternate)  |  |



- |  |  |
|--|--|
| 22. Valuation Advisory Committee<br>(ITP) of Collector of Customs<br>Valuation | Chairman of the Standing Sub-<br>Committee on Commercial &<br>Industrial Matters |
| 23. Government of Sindh<br>Labour Advisory Board                               | Chairman Labour Sub-Committee  |
| 24. National Credit Consultative<br>Council (NCCC)                             | Chairman Standing Sub-<br>Committee on Banking & Finance-<br>Mr. Zahid Rahim     |
| 25. Pakistan Environmental Protection<br>Council (PEPC)<br><br>(Alternate)     | Chairman Standing Sub-Committee<br>on Environment-<br>Co-Chairman of above       |
| 26. Technical Experts Committee of the<br>Ministry of Environment              | Co-Chairman Standing Sub-<br>Committee on Environment                            |
| 27. Committee of Investment (Sindh)  | Chairman of Standing Sub-<br>Committee on Commercial &<br>Industrial Matters     |
| 28. Provincial Environment Monitoring<br>Committee on NEQS<br><br>(Alternate)  | Co-Chairman Standing Sub-<br>Committee on Environment -<br>Mr. Javed Akbar       |
| 29. National Statistical Council   | Secretary General  |

**NOMINATIONS OF CHAMBER'S REPRESENTATIVES TO  
FPCC&I MANAGING COMMITTEE & GENERAL BODY FOR THE  
NEXT TWO YEARS TERM BEGINNING 1<sup>ST</sup> JANUARY, 2000**

- |   |   |
|---|---|
| - MANAGING COMMITTEE OF FPCC&I                  | Mr. Tariq Amin<br>President   |
| - GENERAL BODY OF FPCC&I<br>Representing Trade: | Mr. Tariq Amin<br>President<br><br>Mr. Moin Fudda<br>Member Managing Committee                      |
| Representing Industry:                          | Mr. Javed Iqbal<br>Member Managing Committee<br>Mr. Sohail W. Siddiqui<br>Member Managing Committee |

## ➤ ACTIVITIES OF THE MANAGING COMMITTEE

### FEDERAL BUDGET 2000-2001

#### ▪ PRE BUDGET ACTIVITIES

After the Taxation Committee deliberations the recommendation for the Federal Budget 2000-2001 were duly approved by the Managing Committee, the proposals were dispatched to the Federal Government on 24<sup>th</sup> April 2000. A copy has been circulated to all members. Summary of the proposals can be seen in **Appendix 1**

No meeting of the Advisory Council of Ministry of Finance was held this year prior to the announcement of the Federal Budget. The budget was announced by the Finance Minister on 17<sup>th</sup> June 2000. The Advisory Council of Ministry of Finance was suspended after the formation of Economic Advisory Board.

#### ▪ POST BUDGET ACTIVITIES

The Chamber drew the attention of Member Income Tax to the new Income Tax return form that have to be filed. The changes made in these forms are creating problems to our members. Chambers letter addressed to the member Income Tax dated 25<sup>th</sup> September, 2000 can be seen in **Appendix 2**

After persistent efforts Chamber succeeded in convincing CBR/Government of Pakistan that assessee be allowed to submit their returns on old forms as well. Consequently for the assessment year 2000-2001 Income Tax Return Form (IT-IIB) and Salary Certificate (as per IT II E) will also be acceptable in addition to the newly introduced and revised version of the Forms notified earlier.

#### ▪ TRADE POLICY PROPOSALS 2000-2001

The Chamber's standing sub-committee on Commercial & Industrial matters after deliberations suggested proposals for the Trade Policy 2000-2001. These were approved by the Managing Committee and sent to the Federal Government on 16<sup>th</sup> May 2000.

The President and the Secretary General attended the 51<sup>st</sup> meeting of the Advisory Council of the Ministry of Commerce in Islamabad on 13-6-2000 advocating the above proposals.

#### ▪ MEETINGS ORGANIZED BY THE CHAMBER

The Chamber organized many meetings during the year in Karachi where important dignitaries were invited. The Chamber also participated in several meetings organized by the Government of Pakistan. Some of these meetings are list below.

**➤ SIGNIFICANT MEETINGS HELD IN THE CHAMBER DURING 2000****26<sup>TH</sup> JANUARY 2000****WORLD BANK MISSION**

A World Bank Financial sector Assessment Mission headed by Mr. Joseph Pernia along with five members had a meeting with the members of Banking and Finance Sub Committee of the Chamber on 26<sup>th</sup> January, 2000

Co-Chairman, Mr. Syed Ali Raza welcomed the visiting members of the World Bank. He recalled that a team on financial sector reforms also led by Mr. Joseph Pernia had visited the Chamber on an earlier occasion.

Mr. Pernia informed the meeting that this mission had come to Pakistan at the request of the State Bank of Pakistan, to review the progress of the financial sector reforms that have so far been implemented and to identify the areas and needs for further reform.

Some of the areas identified were:

1. Proliferation of institutions
2. Customer base too narrow
3. Legal reforms and foreclosure laws insufficiently implemented
4. Formation of Resolution Trust Corporation (RTC)

General discussions took place on issues of concern including the yields on NSS schemes, high tax rate and disallowance of tax credit on write-off of debts. The need for foreign banks to go deeper into the market and the limitations imposed on opening new branches were also highlighted.

Prudential regulations which require advisory services and fund management services not to be done by banking companies, but new subsidiaries with additional equity capital to be formed for this purpose were also identified as areas which concern foreign banks.

Chairman thanked the visiting team and said that the banks look forward to working with the World Bank to enhance the regulatory environment.

**5<sup>TH</sup> FEBRUARY 2000****GOVERNOR STATE BANK OF PAKISTAN**

Dr. Ishrat Husain, Governor State Bank of Pakistan was invited to the Chamber on 5<sup>th</sup> February 2000. Salient features discussed in the meeting were as follows.

Governor, State Bank of Pakistan assured the members of the OICC&I that there is no cause for alarm regarding the order of the Supreme Court Shariat Appellate Bench containing its conclusion on the subject of 'Riba'. He reiterated that all the laws currently applicable to financial contracts, agreements and transactions will continue to remain in force as before until new Laws are framed to replace them. As a first step in this process a commission for transformation has been formed to make recommendation for bringing the existing laws in conformity with Shariah. The recommendations of the Commission will then be considered by the Government and appropriate changes will have to be legislated. Until new laws are created, it would be business as usual.

Governor Dr. Ishrat Husain also elaborated that the significantly positive side of this Judgment will be the widening and deepening of the capital markets which is very desirable for the Pakistani economy. Finally and most importantly for foreign investors the Governor clarified that the ambit of the Judgment did not impact foreign loans and financial agreements and only related to domestic transactions and even in the later case of the asset backed transactions remain valid as they stand.

Such clarification, he added, he has issued to the Press and others previously and once again is doing at today's meeting in OICC&I and expressed the hope that no further misunderstanding or undue fears should remain in the minds of foreign investors.

Responding to the specific banking issues raised by the President, OICC&I in his opening remarks, the Governor said, "National Savings Schemes (NSS) real rate of return is 8% and is still high. However, one must not lose sight of the fact that small savers, widows, pensioners and other weaker segments of the society rely on these schemes for incomes".

With regard to interest rates, the Governor said that interest rates available to prime borrowers are low. Commercial banks should look to the mid market opportunity and do aggressive marketing to them and move away from prime borrowers.

With regard to disallowance of bad debt provision by tax authorities, the Governor responded that this problem is not unique to Pakistan. Japan quoted as an example, and the Bank of England has also not found a solution.

Governor SBP accepted that tax rate for banks was high and State Bank of Pakistan would advocate lower tax rates

**2<sup>ND</sup> MAY 2000**

**IFC DELEGATION**

An IFC delegation led by Mr. Assaad Jabre, Vice President Operations along with Mr. Bernard Pasquier, Mr. Raymond Chiu, Ms. Faiza Batta, Mr. K. Aftab Ahmed, Mr. Imtiaz Khan and Mr. Azam Ali Zai met members of the Managing Committee. The Committee hosted a lunch for the Visitors. Issues relating to the improvement in investment climate were assessed.

**17<sup>th</sup> JULY 2000**

**FEDERAL SECRETARY COMMERCE**

Mirza Qamar Baig, Federal Secretary Commerce was invited to the Chamber on 17<sup>th</sup> July 2000 to meet the members of the Chamber.

A file note outlining the discussions at this meeting can be seen in **Appendix 3**

**7<sup>th</sup> AUGUST 2000**

**SECRETARY GENERAL MINISTRY OF FINANCE**

Mr. Moin Afzal, Secretary General Ministry of Finance visited the Chamber on 7<sup>th</sup> August and had a very informative and useful discussions with the members of the Chamber.

Minutes of the meeting outlining the discussions can be seen in **Appendix 4**

**16<sup>th</sup> AUGUST 2000**

**GOVERNOR OF SINDH**

Mr. Mohammad Mian Soomro attended a dinner meeting with the members of OICC&I Managing Committee on 16<sup>th</sup> August 2000.

Mr. Tariq Amin, the President welcomed the Governor and briefed him about the Chamber and its activities. His welcome address is appearing in **Appendix 5**

**23<sup>RD</sup> AUGUST 2000**

**CHAIRMAN TASK FORCE ON REFORMS OF TAX ADMINISTRATION**

Mr. Syed Shahid Hussain, Chairman of Task Force on Reforms of Tax Administration to the Chamber visited the Chamber on 23<sup>rd</sup> August 2000. Members of the Chamber were invited to meet and discuss their issues with him.

The President in his speech mentioned about the weakness in the economy of Pakistan Requirements of equitable tax system in which all sector of economy share the burden of

taxes instead of a certain group of salaried employees be burdened. The appointment of Tax Ombudsman by Pakistan Government is a good omen. The confidence building measures for investment in industry, by the government shall yield fruitful results. However expecting business and industry only to pay arbitrary taxes, even before the appeals are heard can hardly be described as a confidence building measure.

Much of the concerns of the foreign investors relate to inequities in taxation.

Some of these are:

- Presumptive and minimum turnover taxes penalize law abiding and documented companies. These discourage Documentation.
- Current withholding tax rates under section 50(4) and 50(5) result in excess payments beyond advance tax Liability in any fiscal quarter leading to cash flow Problems for private industry.
- Unreasonable and exaggerated targets are set for revenue officials which prompts them to delay assessments in order to delay refunds. Refunds for excess taxes paid can take years and in some cases are deliberately withheld.
- The change in the basis of calculating advance tax from income to sales turnover is adhoc, unfair and penalizes honest tax payers.
- Misuse of discretionary powers by tax officials in respect of demanding withholding tax on accruals and on payments of interest on loans to banks and irrational use of section 4(a) in demanding second audit

Mr. Javed Iqbal, Chairman of the Chamber's Standing Sub Committee on Taxation dwelled on these matters in detail.

The meeting ended with a lively question and answer session.

**24<sup>TH</sup> AUGUST 2000**

**INSPECTOR GENERAL OF POLICE, SINDH**

At the invitation of the President Mr. Aftab Nabi I.G. Sindh along with several police officials visited the Chamber. The law & order situation, traffic congestion and environment issues were discussed.

**3<sup>RD</sup> OCTOBER 2000**

**GENERAL PERVAIZ MUSHARRAF CHIEF  
EXECUTIVE OF PAKISTAN**

The Chief Executive of Pakistan, General Pervaiz Musharraf attended a dinner meeting hosted by OICC&I, at Sheraton Hotel on 3<sup>rd</sup> October 2000. Besides the CEO Sindh Governor Mr. Mohammad Mian Soomro, Acting Corps Commander Major General Khalid Munir, Federal Minister for Finance Mr. Shaukat Aziz, Commerce Minister Mr. Abul Razzak Dawood, Chief Secretary Sindh, Mr. Tariq Ikram, Chairman Export Promotion Bureau, Chairman Privatization Commission, Mr. Saleem Altaf and many senior, civil and military officers attended the dinner. Mr. Tariq Amin, the President OICC&I, welcomed the chief guest. His welcome speech can be seen in **Appendix 6**.

The Chief Executive's response is summarized in file note – **Appendix 7**

Prior to the Dinner meeting with the Chief Executive, the members of the Managing Committee made a presentation to the Chief executive of Pakistan and his ministers. This covered all major areas of concerns to the foreign investors

**10<sup>TH</sup> OCTOBER 2000**

**FEDERAL AGRICULTURE MINISTER**

Dr. Shafqat Ali Shah Jamot, Federal Minister of Food, Agriculture & Live Stock visited the Chamber and met members. The meeting was well attended and many problems related to this sector were discussed.

**20<sup>TH</sup> OCTOBER 2000****PAKISTAN'S HIGH COMMISSIONER (DESIGNATE)  
TO THE UNITED KINGDOM**

Mr. Abdul Kader Jaffer High Commission (Designate) to the UK visited the Chamber and met heads of British firms.

**31<sup>ST</sup> OCTOBER 2000****AMBASSADOR OF EUROPEAN UNION COUNTRIES  
IN PAKISTAN**

Fourteen ambassadors of European Union countries in Pakistan were invited by the Chamber at a luncheon meeting on 31<sup>st</sup> October 2000. The President, in his welcoming speech talked about OICC&I and International Business in Pakistan. Trade & Export potentials, industrial and infrastructural investment potential and reasons 'why to invest in Pakistan'

A copy of the address can be seen in **Appendix 8**

**2ND NOVEMBER 2000****CHAIRMAN TASK FORCE ON REFORMS OF TAX  
LAW**

The above task force headed by Mr. Saeed Qureshi visited the Chamber on 2<sup>nd</sup> November 2000. President welcomed the members and chairman taxation sub-committee Mr. Javed Iqbal made a presentation on changes required in the tax laws.

**7<sup>TH</sup> NOVEMBER 2000****CHAIRMAN SECURITIES & EXCHANGE  
COMMISSION OF PAKISTAN**

Mr. Khalid Mirza. on invitation of the President, Mr. Tariq Amin visited the Chamber on 7<sup>th</sup> November 2000.

He gave an overview of the regulatory environment, the need for reforms and the proposed changes in the legislation. The meeting was well attended by the committee and other members and was followed by an interactive question and answer session.

**11th NOVEMBER 2000****FEDERAL MINISTER FOR PETROLEUM &  
NATURAL RESOURCES**

Mr. Usmanuddin, Federal Minister for Petroleum and Natural Resources visited the Chamber. President welcomed the minister and issues relating to the petroleum and every sector were discussed. A summary of Mr. Usman Aminuddin's speech can be seen in **Appendix 9**

**➤ OTHER MEETINGS ATTENDED BY THE CHAMBER****1<sup>ST</sup> FEBRUARY 2000**

Mr. Haidermota (Advocate & Senior Partner, Haidermota & Company) and Mr. Syed Mohammad Hussain (Senior Partner, Khalid Majid Husain Rehman & Company) and a Member of the Commission on Islamic Banking) explained the ramifications of Supreme Court judgment on RIBA to all Members of the Banking & Finance Sub Committee in OICC&I.

**26<sup>TH</sup> FEBRUARY 2000**

At the invitation of SEC a meeting was held in the Commissioner's Regional Office (South Wing) Karachi to consider draft regulations for substantial acquisition of shares and takeovers which was attended by Mr. Tariq Amin, Vice President, Secretary General and Mr. Andalib Alavi of Engro Chemical.

**19<sup>TH</sup> APRIL 2000**

Meeting of the Ministry of Commerce relating to Antidumping Legislation was attended by President and Secretary General in Islamabad.

**23<sup>RD</sup> JUNE 2000**

After the announcement of the Trade Policy, another meeting was held which was attended by Mr. Tariq Amin, Vice President and Secretary General at the Export Promotion Bureau, Karachi. Mr. Razzak Dawood, Minister of Commerce was supported by the Chairman of Export Promotion Bureau.

**16<sup>TH</sup> SEPTEMBER 2000**

A meeting on the Task Force on Revival of the Provincial Economy & Fostering Development - Finance & P&D Department was attended by the Secretary General on behalf of the Chamber, in the Sind Secretariat.

**25<sup>TH</sup> OCTOBER 2000**

Chairman, Environment Sub Committee visited Islamabad and met the Federal Secretary Environment. It appears that the enforcement of the Environment Legislation is not a high priority with the Government

**7<sup>TH</sup> DECEMBER 2000**

One Window Facility for Labour Welfare Levies meeting of Ministry of Industries & Production, Islamabad was attended by the Secretary General of the Chamber in Islamabad

**➤ SIGNIFICANT CORRESPONDENCE****ELIMINATING COUNTERFEIT PRODUCTS**

Chamber's letter to Federal Commerce Minister dated 2<sup>nd</sup> February, 2000 expressing concerns on the proliferation of Counterfeit Products can be seen in **Appendix 10**

**CHANGE OF PAKISTAN ENGINEERING COUNCIL – BYLAWS**

Chamber's letter dated 8<sup>th</sup> February 2000 addressed to the Federal Minister of Commerce on the Change in Bylaws can be seen in **Appendix 11**

**CHAMBER'S COMMENTS ON "DRAFT GENERAL ORDER ON UNREASONABLY RESTRICTED TRADE PRACTICES"**

Commenting on the above proposed legislation, the Chamber addressed its views through its letter dated 25<sup>th</sup> February 2000 to Registrar Monopoly Control Authority, Islamabad, and it appears in **Appendix 12**

**CHAMBER'S VIEWS ON DRAFT LISTED COMPANIES (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVER) REGULATIONS 2000**

Chamber's comments in its letter of 31<sup>st</sup> March, 2000 addressed to Securities Exchange Commission can be seen in **Appendix 13**

**CHAMBER'S COMMENTS ON THE PROPOSED DRAFT LEGISLATION ON ANTIDUMPING.**

The Chamber addressed the Federal Secretary Ministry of Commerce on the latest draft legislation on Anti Dumping vide its letter dated 28<sup>th</sup> April 2000. This can be seen in **Appendix 14**

**CODE OF CORPORATE GOVERNANCE – ICAP**

Chamber's letter dated 15<sup>th</sup> May 2000 addressed the Institute of Chartered Accountants offering its comments on the proposed recommendations on Corporate Governance can be seen in **Appendix 15**

**MISUSE OF DISCRETIONARY POWERS BY OFFICIALS OF CENTRAL BOARD OF REVENUE**

Chamber's letter dated 12<sup>th</sup> June 2000 addressed to the Honourable Federal Minister of Finance elucidating the concern amongst the foreign investors, resulting in reduced investors confidence can be seen in **Appendix 16**

**➤ VISITORS TO THE CHAMBER**

During the period under review, the following persons visited the Chamber:

**1<sup>ST</sup> MARCH 2000                      AMBASSADOR & CONSUL GENERAL OF SWITZERLAND**

Mr. Christian Dunant, Ambassador & Mr. Ronald Fischer, Consul General of Switzerland in Pakistan visited the Chamber and discussed matters of mutual interest with the President Mr. Munnawar Hamid and the Secretary General.

**13<sup>TH</sup> MARCH 2000                      BRITISH DEPUTY HIGH COMMISSION**

Mr. Mustaq Birader, 3<sup>rd</sup> Secretary Commercial, British Deputy High Commission met the Secretary General and discussed issues of mutual interest.

**20<sup>TH</sup> MARCH 2000                      IFC REGIONAL MISSION**

Mr. Bernard Pasquier, Director, South Asia Department, Mr. Eric Cruishank, Manager, Portfolio & Credit Review, Mr. Hugh Stevenson, Principal Investment Officer, Mr. Raymond Chiu, Chief of IFC Regional Mission, Islamabad and Ms. Faiza Batta, Investment Specialist met the Vice President, Secretary General, Members of the Managing Committee and representatives of several companies.

**24<sup>TH</sup> MARCH 2000                      PROFESSOR OF ECONOMICS POMONA COLLEGE USA**

Mr. Tahir R. S. Andrabi, Associate Professor of Economics, Pomona College, USA met the Secretary General. He discussed prospects of University interaction with business in Pakistan.

**31<sup>ST</sup> MARCH 2000                      ASSOCIATION OF PAKISTAN PETROLEUM EXPLORATION & PRODUCTION COMPANIES**

Brigadier Jameel Hasan, Secretary, Pakistan Petroleum Exploration & Production Companies Association, Islamabad met the Secretary General, and discussed matters of mutual interest.

**31<sup>ST</sup> MARCH 2000                      ENGINEERING CONSULTANTS INTERNATIONAL PRIVATE LIMITED**

Mr. Peter Fountain, Mr. Akhlaq Ahmad and Mr. Tahir Mirza of Engineering Consultants International (Private) Limited met the Chairman, Co-Chairman, Chamber's Standing Sub Committee on Ports, Shipping & Communications and the Secretary General. They are conducting a study for Port Qasim Authority on tariff rationalization.



**11<sup>TH</sup> APRIL 2000****BRITISH TRADE & INVESTMENT ADVISOR**

Mr. Julian P. Stretch OBE, Trade & Investment Adviser, South Asia Group, UK and Mr. Michael F. Smith, Deputy High Commissioner, British High Commission, Islamabad met the Secretary General and discussed matters relating to Trade & Industry.

**19<sup>TH</sup> APRIL 2000****REUTER-ASIA PACIFIC**

Mr. Jan Coos Geesink, Managing Director, Reuters Asia Pacific discussed matters of mutual interest with the Vice President, Mr. Tariq Amin

**17<sup>TH</sup> MAY 2000****TEAM OF INTERNATIONAL CONSULTANTS - BOI**

Board of Investment's team of international consultants led by Mr. John Hagestadt along with Mr. Douglas Lucius, Dr. Peter Brimble, Mrs. Lim Pao Li and Mr. Altaf Bawany met the Secretary General. Structural changes and the re-organization of Board of Investment were discussed.

**8<sup>TH</sup> AUGUST 2000****CONSULATE GENERAL OF JAPAN**

Mr. M. Kataoka of JICA and Ms. N. Sato, Special Assistant, Consulate General of Japan discussed with the Secretary General matters of mutual interest.

**16<sup>TH</sup> AUGUST 2000****BRITISH DEPUTY HIGH COMMISSIONER**

Mr. David Pearey, British Deputy High Commissioner discussed matters of mutual interest with the Secretary General.

**6<sup>TH</sup> OCTOBER 2000****CONSULATE GENERAL OF SRILANKA**

Mr. N. R. Meemeduma, Consul General, Consulate General of Sri Lanka accompanied by Mr. Manoj Rajayah, Director, CDC Conventions (Private) Limited and Mr. S. Senthil Gopinath, Manager, Marketing & Promotions, Sri Lanka Convention Bureau visited the Chamber and discussed with the Secretary General matters of mutual interest.

**27<sup>TH</sup> OCTOBER 2000****COUNSELOR EMBASSY OF FEDERAL REPUBLIC OF GERMANY**

Mr. Peter H. Muerz, Counsellor, Head of Economic & Commercial Section, Embassy of the Federal Republic of Germany and Mr. Markus Hatzelmann, Consular & Commercial Attache, Consulate General of the Federal Republic of Germany discussed investment related issues with the Secretary General.

**1<sup>ST</sup> NOVEMBER 2000****JAPAN CENTRE FOR INTERNATIONAL FINANCE**

Mr. Keisuke Kikutake, Economist, Asia & Oceania Department, Japan Center for International Finance, Japan and Mrs. Noriko Sato, Special Assistant, Economic Section, Consulate General of Japan discussed matters relating to the business opportunities with the Secretary General.

**21<sup>ST</sup> NOVEMBER 2000****COMMERCIAL OFFICER U.S. EMBASSY**

Mr. Amer Kayani, Senior Commercial Officer at the U. S. Embassy in Islamabad met the President and Secretary General and discussed the changing investment climate.

**30<sup>TH</sup> NOVEMBER 2000****BRITISH DEPUTY HIGH COMMISSION**

Mr. Richard Hyde, Deputy Head of Mission and Mr. Tariq Ibad, Trade Promotion Advisor, British Deputy High Commission met the Secretary General and discussed matters of mutual interest.

**21<sup>ST</sup> DECEMBER 2000****RCD CAPITAL NEW YORK**

Mr. Riaz Alvi, DCD Capital, New York discussed investment promotion matters with the Secretary General.

## ➤ ACTIVITIES OF CHAMBER'S STANDING SUB COMMITTEES

### CHAMBER'S STANDING SUB COMMITTEES FOR 2000-2001

The following were appointed by the Managing Committee to be the Chairman and Co-Chairman of the various Sub Committees. Chairman of each Sub Committee along with the Secretary General was authorized to constitute the Sub Committees:

	<b>CHAIRMAN</b>	<b>CO-CHAIRMAN</b>
1. BANKING & FINANCE	MR. ZAHID RAHIM	MR. ARIF M.ALI
2. COMMERCIAL & INDUSTRIAL	MR. J. M. DELPON DE VAUX	MR. PHILIPPE BOVAY
3. PORT TRUST & COMMUNICATIONS	MR. M. MOONIS	MR. S.H.A. BUKHARI
4. TAXATION	MR. JAVED IQBAL	MR. PARVEZ GHIAS
5. CORPORATE LAW	MS. AMEENA SAIYID	MR. MOIN M. FUDDA
6. ENVIRONMENT	MR. DAVID WESTON	MR. SOHAIL W.H. SIDDIQUI
7. INSURANCE	MR. MOIN M. FUDDA	MR. JAVED IQBAL
8. LABOUR	MR. SOHAIL W.H. SIDDIQUI	TO BE APPOINTED
9. PHARMA	MR. KAMRAN Y. MIRZA	MR. ALAN ELDRIDGE

A detailed list of the members of the Chamber's Standing Sub Committees can be seen in **Appendix 17**

### ▪ ADMINISTRATION SUB COMMITTEE

Following Members were appointed to this Sub Committee.

MR. TARIQ AMIN	PRESIDENT
MR. DAVID WESTON	VICE PRESIDENT
MR. MOIN M. FUDDA	MEMBER

## ▪ **BANKING & FINANCE**

During the period under review the Committee held its meetings on 26<sup>th</sup> January, 28<sup>th</sup> February, 6<sup>th</sup> of April, 8<sup>th</sup> August, and on 26<sup>th</sup> October 2000. Copies of the minutes of the meetings can be seen as per following appendices.

**Appendix 18**  
**Appendix 19**  
**Appendix 20**

**Appendix 21**  
**Appendix 22**

## ▪ **COMMERCIAL & INDUSTRIAL MATTERS**

The Committee held its meetings on 20<sup>th</sup> January, 2000, 7<sup>th</sup> February, 26<sup>th</sup> April, 8<sup>th</sup> May 6<sup>th</sup> September 25<sup>th</sup> September and on 24<sup>th</sup> of November 2000. Minutes of the meetings are appearing in the following Appendices:

**Appendix 23**  
**Appendix 24**  
**Appendix 25**  
**Appendix 26**

**Appendix 27**  
**Appendix 28**  
**Appendix 29**

## ▪ **CORPORATE LAW**

The following two meetings of the Committee were held on 27<sup>th</sup> March, and 5<sup>th</sup> September 2000. Refer

**Appendix 30**

**Appendix 31**

## ▪ **ENVIRONMENT**

Meetings of the Environment Committee were held on 11<sup>th</sup> February 2000; 26<sup>th</sup> September; and on 23<sup>rd</sup> November, 2000. Related appendices are:

**Appendix 32**  
**Appendix 33**

**Appendix 34**

## ▪ **INSURANCE**

A meeting of the Chamber Standing Sub Committee on Insurance was held on 8<sup>th</sup> September 2000. Copy of the minutes can be seen in **Appendix 35**

Discussions were also held amongst the members representing insurance companies on Banks and financial institution and compulsory cession of Pakistan Insurance Company.

Implication of new insurance ordinance were discussed with Chairman SECP on 7<sup>th</sup> November 2000.

## ▪ **LABOUR**

The Standing Sub Committee for Labour met twice during the year on 22<sup>nd</sup> of August 2000; and on 21<sup>st</sup> of November 2000. Related minutes can be seen in :

**Appendix 36**

**Appendix 37**

## ▪ **PORT, SHIPPING & COMMUNICATIONS**

The Committee's meetings held on 7<sup>th</sup> September 2000; and on 25<sup>th</sup> of October 2000. Minutes can be seen in:

**Appendix 38**

**Appendix 39**

## ▪ TAXATION

The Standing Sub Committee for Taxation held its meetings on on 8<sup>th</sup> March 2000; 10<sup>th</sup> April; 17<sup>th</sup> April; 17<sup>th</sup> of August; 21<sup>st</sup> August; 19<sup>th</sup> September; and on 11<sup>th</sup> October 2000. Minutes of the meetings are appearing in following appendices:

<b>Appendix 40</b>	<b>Appendix 44</b>
<b>Appendix 41</b>	<b>Appendix 45</b>
<b>Appendix 42</b>	<b>Appendix 46</b>
<b>Appendix 43</b>	

The Committee in its deliberation in the above meetings finalized Chamber's proposals for the Federal Budget 2000-2001. Chamber's proposals have been circulated to all members, separately.

## ▪ PHARMA GROUP

A meeting was called by the President at the request of the Pharma Bureau with all members of the Pharma Industry on 14<sup>th</sup> December 2000. Minutes of the meeting can be seen in **Appendix 47**

## ➤ ADMINISTRATION AND OTHER MATTERS

### ANNUAL GENERAL MEETING & ELECTIONS

140<sup>th</sup> Annual General Meeting of the Chamber was held in the Chamber on Thursday 29<sup>th</sup> June, 2000 at 11 AM and was chaired by Mr. Munnawar Hamid.

Vice President, Mr. Tariq Amin of Rhone Poulenc Group, succeeded Mr. Hamid on 1<sup>st</sup> July 2000 as President of the Chamber for 2000-2001

Mr. David Weston, Chairman & Managing Director of Shell Pakistan Limited being the only candidate for the post of Vice President was ipso facto Vice President of the Chamber for the year 2000-2001. Eight members were elected as Members of the Managing Committee and their names appear on **page 8**

### MEASUREMENT DEPARTMENT'S ACTIVITIES

In the year 2000 the Measurement Department posted a revenue of Rs.1,067,908/- compared to 1999 figures of Rs. 1,183,365. Revenues of the earlier years were:

1989	RS. 355,000	1995	RS. 938,000
1990	RS. 327,000	1996	RS. 1,042,000
1991	RS. 727,000	1997	RS. 1,055,000
1992	RS. 967,000	1998	RS. 1,323,900
1993	RS. 958,000	1999	RS. 1,183,365
1994	RS. 993,000	2000	RS.1,067,908

### KARACHI CHAMBER HOSPITAL ASSOCIATION

The Hospital Association's affairs are supervised by a Managing Committee of the Association, elected annually. The Chairman of the Association is nominated by the Chamber. Mr. S. H. A Bukhari of Mackinnon Mackenzie was nominated as the Chairman of the Association for 1999. The Deputy Secretary of the Chamber acts as Secretary to the Association. The secretarial services are provided by the Chamber. This Association held its Annual General Meeting on 30<sup>th</sup> December 1999. Copy of the report is available.

**BUSINESS TRAVEL- VISA RECOMMENDATIONS**

On requests received from members recommendation for issue of visas for travelling to different countries were issued by the Chamber.

**REMEMBRANCE DAY – 2000**

Mr. Tariq Amin, President OICC&I attended the ceremony on Sunday 12<sup>th</sup> November 2000. A wreath was laid on behalf of the Overseas Investors Chamber of Commerce and Industry at the Karachi War Cemetery.

**MERCHANTS GOLF CUP COMPETITION – 2000**

Karachi Merchants Golf Cup Competition was held on Sunday 16<sup>th</sup> January 2000 at Arabian Sea Country Club. Ever since 1923 this tournament is sponsored by Overseas Investors Chamber of Commerce & Industry.

A large number of entries were received. Mrs. MUNNAWAR HAMID gave away the prizes to the following winners.

**CHAMBER'S TROPHY**

WINNERS                      MR. ALAN R. ELDRIDGE OF GLAXO WELLCOME PAK. LTD.  
AND  
MR. BARRY HALAM OF ICI PAK. LTD.

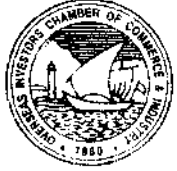
RUNNERS UP                MR. ZAFFAR A KHAN AND  
MR. M. SAJID AHMED OF ENGRO CHEMICAL PAK. LTD.

**PRESIDENT'S CUP**

WINNER                      MR. JAWAID GHAFAR &  
MR. UMAIR JAWED

RUNNER UP                MR. MOHAMMAD ALI HAI &  
MR. AHMED JAMIL SIDDIQI

Mr Munnawar Hamid thanked the participants and the audience and wished better luck for next year to those who came close to winning



**15th May, 2001.**

Overseas  
Investors  
Chamber of  
Commerce  
& Industry

**COMMITTEE REPORT ON THE ACCOUNTS FOR 2000**

The audited accounts of the Chamber for the year ended 31st December, 2000 together with Auditors Report thereon, are attached.

The current year's working has resulted in excess of income over expenditure amounting to Rs. 5,728,284 as compared to Rs. 5,871,033 for last year. After providing for Income Tax for the year amounting to Rs. 1,850,000 and reversing prior years Income Tax provisions amounting to Rs. 1,500,000 this surplus is reduced to Rs. 5,378,284.

The income of the Chamber increased by Rs. 1,274,186 compared to previous year. The major increase arose from interest on deposit accounts and exchange gain.

The expenditure for the year compared to previous year increased by Rs. 1,416,935. Increases have been recorded in Entertainment, Printing & Stationery, Utility charges and Insurance expenses. There are also some increases in personnel cost.

  
**TARIQ AMIN**  
**PRESIDENT**

  
**ZAHID ZAHEER**  
**SECRETARY-GENERAL**

  
**J. M. DELPON DE VAUX**  
**VICE PRESIDENT**

**A. F. FERGUSON & CO.**  
CHARTERED ACCOUNTANTS

OTHER OFFICES AT  
LAHORE - ISLAMABAD

STATE LIFE BUILDING 1-C  
OFF I. I. CHUNDRIGAR ROAD  
P. O. BOX 4716  
KARACHI 74000  
PAKISTAN

Telephones : (021) 242 6682 - 6  
(021) 242 6711 - 5  
Fax : (021) 241 5007 Audit  
(021) 242 7938 Tax  
E-mail : affco-abs@cyber.net.pk  
affco-tax@cyber.net.pk

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Overseas Investors Chamber of Commerce and Industry as at December 31, 2000 and the related income and expenditure account together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
  - (i) the balance sheet and income and expenditure account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet and income and expenditure account together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2000 and of the surplus, for the year then ended; and
- (d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

**OVERSEAS INVESTORS CHAMBER OF COMMERCE AND INDUSTRY**

**BALANCE SHEET AS AT DECEMBER 31, 2000**

	Note	2000 Rupees	1999 Rupees
<b>SURPLUS ACCOUNT</b>			
Balance as at January 1		25,999,459	21,928,426
Surplus for the year		<u>5,378,284</u>	<u>4,071,033</u>
		31,377,743	25,999,459
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>			
	4	1,169,659	1,169,659
<b>DEFERRED INCOME</b>			
	1(c) & 2	-	12,560
<b>DEFERRED LIABILITY</b>			
Provision for staff gratuity		2,782,393	2,422,799
<b>CURRENT LIABILITIES</b>			
Creditors		102,468	523,580
Accrued liabilities		1,324,068	965,621
Subscription received in advance		1,720,696	2,052,900
Retention money		130,720	130,720
Rentals received in advance		4,373,827	4,373,891
Other liabilities		597,720	401,226
Taxation		1,732,637	2,174,328
		9,982,136	10,622,266
<b>COMMITMENTS</b>			
	3		
		<u>45,311,931</u>	<u>40,226,743</u>


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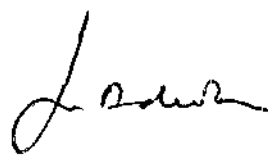


	Note	2000 Rupees	1999 Rupees
<b>FIXED ASSETS</b>	4	2,162,138	2,210,929
<b>CAPITAL WORK-IN-PROGRESS</b>			
Civil works		1,164,841	1,164,841
<b>INVESTMENTS</b>	5	19,613,808	21,243,120
<b>LONG-TERM DEPOSITS</b>		764,460	764,460
<b>CURRENT ASSETS</b>			
Stationery - at cost		145,896	155,810
Sundry debtors - considered good		374,685	294,130
Accrued mark up		4,065,042	3,280,186
Advances, short-term prepayments and other receivables	6	234,251	243,797
Cash and bank balances	7	16,786,810	10,869,470
		21,606,684	14,843,393
		<u>45,311,931</u>	<u>40,226,743</u>

The annexed notes form an integral part of these accounts

  
President

  
Secretary General

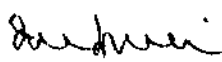
  
Member

OVERSEAS INVESTORS CHAMBER OF COMMERCE AND INDUSTRY  
YEAR ENDED DECEMBER 31, 2000  
INCOME AND EXPENDITURE ACCOUNT

	Note	2000 Rupees	1999 Rupees
<b>INCOME</b>			
Membership subscription and entrance fee		4,128,658	4,070,676
Fees for measurement etc.		1,067,908	1,183,365
Secretarial fee		60,000	60,000
Commission on sale of publication		7,650	6,450
Building Fund Contributions		410,366	403,086
Surplus on compilation of COLA index		99,500	71,500
Rent		3,616,586	3,380,723
Airconditioning charges		5,018,103	4,690,837
Return on investments		2,444,238	2,565,459
Interest on deposit accounts		931,819	240,206
Deferred income	2	12,560	12,560
Exchange gain		1,968,865	1,809,950
Other income		115,600	112,855
		<b>19,881,853</b>	<b>18,607,667</b>
<b>EXPENDITURE</b>			
Salaries and allowances		5,391,118	4,950,434
Contribution to provident fund		256,676	234,353
Contribution to E.O.B.I.		36,000	39,150
Medical expenses		343,373	268,836
Provision for staff gratuity		359,594	450,504
Cost of staff uniforms		32,385	35,900
Entertainment and promotional expenses		461,208	212,395
Insurance [net of recoveries Rs.10,131;(1999 Rs.10,137)]		549,905	310,196
Electricity and gas [ net of recoveries Rs.130,150;(1999 Rs 108,026)]		1,471,774	1,259,199
Municipal taxes and ground rent [ net of recoveries Rs.86,778; (1999 Rs.107,192)]		87,674	67,307
Repairs to building,furniture,equipment and AC plant		405,425	511,260
Postage, telegram and telephone		479,261	428,063
Printing and stationery		482,229	465,242
Books and periodicals		66,908	48,665
Subscription		41,300	41,300
Travelling expenses		160,148	321,706
Lease rentals		2,137,435	2,137,775
General expenses [ net of recoveries Rs 62,067;(1999: Rs 158,573)]		379,311	377,796
Motor car maintenance		105,953	171,091
Depreciation		94,291	99,428
Generator running expenses		55,495	56,158
Legal and professional		49,375	46,640
Donation		500,000	-
Auditors' remuneration	8	98,000	73,000
Golf club competition		108,731	130,236
		<b>14,153,569</b>	<b>12,736,634</b>
<b>SURPLUS BEFORE TAXATION FOR THE YEAR</b>		<b>5,728,284</b>	<b>5,871,033</b>
Taxation			
-current		1,850,000	1,800,000
-prior years		(1,500,000)	-
		<b>350,000</b>	<b>1,800,000</b>
<b>SURPLUS AFTER TAXATION FOR THE YEAR</b>		<b>5,378,284</b>	<b>4,071,033</b>

The annexed notes form an integral part of these accounts



  
President

  
Secretary General

  
Member

## OVERSEAS INVESTORS CHAMBER OF COMMERCE AND INDUSTRY

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### 1. SIGNIFICANT ACCOUNTING POLICIES

(a) Overall valuation policy

These accounts have been prepared under the historical cost convention except that leasehold land shown under fixed assets has been included at revalued amount referred to in notes 1(c) and 4.

(b) Staff gratuity

The Chamber operates an approved unfunded gratuity scheme, covering all employees whose period of service with the Chamber is five years or more and provision is made annually to cover its obligation under the scheme.

(c) Fixed assets

These are stated at cost less accumulated depreciation except leasehold land which includes a surplus on revaluation carried out on December 31, 1968.

Depreciation on all assets except leasehold land, is charged to income applying the reducing balance method. Cost of leasehold land is depreciated over the lease period using the straight line method. Full year's depreciation is charged on additions during the year whereas no depreciation is charged in the year of disposal.

Maintenance and normal repairs are charged to income as and when incurred; gains and losses on disposal of fixed assets are included in income currently.

Assets donated are capitalized at market value and corresponding credit is recognized as deferred income. Deferred income is credited to income and expenditure account over a period of useful life of these assets.

(d) Stationery

These are valued at cost using the first-in-first-out method.

(e) Revenue recognition

Income is accounted for on an accrual basis except for certification fee and commission on sale of publications which are recognised on actual receipt.

## (f) Rates of exchange

Assets in foreign currencies are translated into rupees at the rates of exchange approximating to those prevailing on the balance sheet date.

Exchange gains and losses on translation are included in income currently.

	2000 Rupees	1999 Rupees
2. DEFERRED INCOME		
Balance as at January 1	12,560	25,120
Less: Credited to Income and expenditure account	<u>12,560</u>	<u>12,560</u>
	<u>-</u>	<u>12,560</u>

## 3. COMMITMENTS

Commitments for rentals payable under lease agreements in respect of vehicle, office equipment and air conditioning are as follows:

Year	2000 Rupees	1999 Rupees
2000	-	2,137,320
2001	2,051,160	2,051,160
2002	1,809,635	1,809,635
2003	<u>849,330</u>	<u>849,330</u>
	<u>4,710,125</u>	<u>6,847,445</u>

## 4. FIXED ASSETS

	Cost or revaluation as at January 1, 2000	Additions/ (disposals)	Cost or revaluation as at December 31, 2000	Accumulated depreciation as at January 1, 2000	Depreciation for the year/ (on disposals)	Accumulated depreciation as at December 31, 2000	Written down value as at December 31, 2000	Rate of depreciation %
Leasehold land	2,406,909	-	2,406,909	1,039,291	24,745	1,064,036	1,342,873	-
Building on leasehold land	457,958	-	457,958	212,625	4,907	217,532	240,426	2
Electrical installations	355,272	7,500	362,772	267,020	7,181	274,201	88,571	7.5
Office furniture, fittings and equipments	1,118,737	38,000	1,156,737	609,011	57,458	666,469	490,268	5 & 15
Rupees	<u>4,338,876</u>	<u>45,500</u>	<u>4,384,376</u>	<u>2,127,947</u>	<u>94,291</u>	<u>2,222,238</u>	<u>2,162,138</u>	
1999	Rupees	4,232,376	106,500	4,338,876	2,028,519	99,428	2,127,947	2,210,929

A revaluation of land and Chamber's Building was carried out on December 31, 1968 and the revaluation surplus of Rs 1,169,659 was determined as follows:

	Rupees
Cost to December 31, 1968	733,322
Accumulated depreciation to December 31, 1968	278,444
Net book value at December 31, 1968	<u>454,878</u>
Revaluation	<u>1,624,537</u>
Revaluation surplus	<u><u>1,169,659</u></u>

5. INVESTMENTS – at cost

	2000 Rupees	1999 Rupees
Defence Savings Certificates	2,000,000	2,000,000
NDFC - Golden Jubilee Certificates of deposit	-	3,456,461
Special US Dollar Bonds	17,613,808	15,786,659
	<u>19,613,808</u>	<u>21,243,120</u>

6. ADVANCES, SHORT-TERM PREPAYMENTS AND OTHER RECEIVABLES

	2000	1999
Advances to employees	40,086	15,075
Advances to suppliers	1,762	535
Short-term prepayments	192,403	217,148
Other receivables	-	11,039
	<u>234,251</u>	<u>243,797</u>

7. CASH AND BANK BALANCES

With banks		
on deposit accounts		
local currency	12,985,619	10,357,029
foreign currency	1,426,788	-
on current accounts	2,367,259	507,745
Cash in hand	7,144	4,696
	<u>16,786,810</u>	<u>10,869,470</u>

*CAP*

	2000 Rupees	1999 Rupees
8. AUDITORS' REMUNERATION		

Audit fee  
Tax services

23,000	23,000
<u>75,000</u>	<u>50,000</u>
<u>98,000</u>	<u>73,000</u>

*AP*

*Arshad Ali*  
President

*Arshad Ali*  
Secretary General

*Arshad Ali*  
Member

# Appendices

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**Appendix 15**

Chamber's letter dated 15<sup>th</sup> May 2000 to Charman ICAP Sub Committee  
on Corporate Governance 15 - ( i to vi)

**Appendix 16**

Chamber's letter dated 12<sup>th</sup> June 2000, to the Minister of Finance 16 - ( i & ii)

**Appendix 17**

List of the members of Chamber's standing Sub Committees for  
2000-2001 17 - ( i to iii)

**Appendix 18**

Minutes of Banking & Finance Standing Sub Committee meeting  
held on 26<sup>th</sup> January, 2000 18 - ( i to ii)

**Appendix 19**

Minutes of Banking & Finance Standing Sub Committee meeting  
held on 28<sup>th</sup> February 2000 19 - ( i & iii)

**Appendix 20**

Minutes of Banking & Finance Standing Sub Committee meeting  
held on 6<sup>th</sup> April, 2000 20 - ( i & ii)

**Appendix 21**

Minutes of Banking & Finance Standing Sub Committee meeting  
held on 8<sup>th</sup> August 2000 21 - ( i & ii)

**Appendix 22**

Minutes of Banking & Finance Standing Sub Committee meeting  
held on 26<sup>th</sup> October 2000 22 - ( i & ii)

**Appendix 23**

Minutes of Standing Sub Committee on Commercial & Industrial  
held on 20<sup>th</sup> January, 2000 23 - ( i )

**Appendix 24**

Minutes of Standing Sub Committee on Commercial & Industrial  
held on 7<sup>th</sup> February, 2000 24 - ( i & ii)

**Appendix 25**

Minutes of Standing Sub Committee on Commercial & Industrial  
held on 26<sup>th</sup> April, 2000 25 - ( i & ii)

**Appendix 26**

Minutes of Standing Sub Committee on Commercial & Industrial  
held on 8<sup>th</sup> May 2000 26 - ( i )

**Appendix 27**

Minutes of Standing Sub Committee on Commercial & Industrial  
held on 6<sup>th</sup> September. 2000 27 - ( i & ii)

**Appendix 28**

Minutes of Standing Sub Committee on Commercial & Industrial  
held on 25<sup>th</sup> September, 2000 28 - ( i & ii)

**Appendix 29**

Minutes of Standing Sub Committee on Commercial & Industrial  
held on 24<sup>th</sup> November, 2000 29 - ( i & ii)

**Appendix 30**

Minutes of Standing Sub Committee on Corporate Law  
held on 27<sup>th</sup> March 2000 30 - ( i )

**Appendix 31**

Minutes of Standing Sub Committee on Corporate Law  
held on 5<sup>th</sup> September 2000 31 - ( i & ii )

**Appendix 32**

Minutes of Standing Sub Committee on Environment  
held on 11<sup>th</sup> February 2000 32 - ( i & ii )

**Appendix 33**

Minutes of Standing Sub Committee on Environment  
held on 26<sup>th</sup> September 2000 33 - ( i & ii )

**Appendix 34**

Minutes of Standing Sub Committee on Environment  
held on 23<sup>rd</sup> November 2000 34 - ( i )

**Appendix 35**

Minutes of Standing Sub Committee on Insurance  
held on 8<sup>th</sup> September 2000 35 - ( i & ii )

**Appendix 36**

Minutes of Standing Sub Committee on Labour  
held on 22<sup>nd</sup> August, 2000 36 - ( i & ii )

**Appendix 37**

Minutes of Standing Sub Committee on Labour  
held on 21<sup>st</sup> November, 2000 37 - ( i )

**Appendix 38**

Minutes of Standing Sub Committee on Port Shipping & Communication  
held on 7<sup>th</sup> September 2000 38 - ( i & iii )

**Appendix 39**

Minutes of Standing Sub Committee on Port Shipping & Communication  
held on 25<sup>th</sup> October 2000 39 - ( i & ii )

**Appendix 40**

Minutes of Standing Sub Committee on Taxation  
held on 8<sup>th</sup> March 2000 40 - ( i & ii )

**Appendix 41**

Minutes of Standing Sub Committee on Taxation  
held on 10<sup>th</sup> April 2000 41 - ( i )

**Appendix 42**

Minutes of Standing Sub Committee on Taxation  
held on 17<sup>th</sup> April 2000

42 - ( i )

**Appendix 43**

Minutes of Standing Sub Committee on Taxation  
held on 17<sup>th</sup> August 2000

43 - ( i & ii )

**Appendix 44**

Minutes of Standing Sub Committee on Taxation  
held on 21<sup>st</sup> August 2000

44 - ( i & ii )

**Appendix 45**

Minutes of Standing Sub Committee on Taxation  
held on 19<sup>th</sup> September 2000

45 - ( i & ii )

**Appendix 46**

Minutes of Standing Sub Committee on Taxation  
held on 11<sup>th</sup> October 2000

46 - ( i )

**Appendix 47**

Minutes of Standing Sub Committee on Pharma Group  
held on 14<sup>th</sup> December 2000

47 - ( i & ii )

**PROPOSALS FOR FEDERAL BUDGET 2000-2001  
SUMMARY**

**CORPORATE TAX**

Postponement in reduction of corporate tax  
Automatic stay of disputed demand  
Double taxation of perquisites  
Minimum turnover tax  
Taxation of Reserves  
Bad debts allowance for Banks  
Interest suspense on loans by Banks  
Delayed tax refunds  
Approved Provident, Superannuation and  
Gratuity Funds  
Additional depreciation for financed assets  
Restricted cost for depreciation  
Compensation for Advance tax  
Advance tax  
Presumptive & Withholding tax  
Tax Depreciation  
Rate of Additional Tax

**SALARY TAX**

Exorbitant tax rates  
Deduction for housing  
Investment allowance

**WEALTH TAX**

Limit on exemption from wealth tax

**SALES TAX & EXCISE DUTY**

Sales Tax rate  
Sales Tax Returns  
Amendment in rules  
Fixed capacity tax  
Sales tax on Disposal of Fixed Assets  
Sales Tax on receipt of Advance  
Sales Tax on packaging material  
Central Excise Duty  
Locally manufactured products  
Sales Tax on consumables & spares  
Educational Books / materials  
Simplify Tax Audits

**CUSTOM DUTY**

Duty and levies on locally manufactured goods  
Smuggling

**GENERAL**

Labour related taxes  
Multiple provincial taxes  
Companies Ordinance 1984

25th September, 2000.

**Member Income Tax,  
Central Board of Revenue,  
Ministry of Finance,  
ISLAMABAD.**

Dear Sir,

**INCOME TAX RETURNS FOR ASSESSMENT YEAR 2000 - 2001**

The new income tax return forms have been issued by the Central Board of Revenue during the week of September 18, 2000 for tax returns that have to be filed on or before September 30. The changes made in these forms are creating problems and putting our members under tremendous pressure to meet the tax return deadline.

The tax year closed on June 30 this year and most of our members issued their salary certificates under Rule 56 of Income Tax Rules, 1982 in the month of July. This requirement has now been changed and a new salary certificate form under Rule 190(6) has been introduced. We would request that the salary certificates issued under Rule 56 should be accepted along with the tax returns filed for assessment year 2000 - 2001. It may be noted that the salary certificates are issued by computer and it would take at least three months for our members to modify their existing programs and issue salary certificates under the new prescribed format. Once the program is modified then it can be used for tax returns to be filed for Assessment Year 2001 - 2002.

In view of the delay in obtaining new tax forms from the local tax authorities who have been denying our members requests, we would also request the Central Board of Revenue to give at least one month extension until October 31, 2000 for the filing of tax returns for Assessment Year 2000 - 2001.

Yours truly,

**ZAHID ZAHEER  
SECRETARY GENERAL**

u.d.c.: Mr. Tariq Amin, President  
u.d.c.: Mr. Parvez Ghias,  
Engro Chemical Pakistan Limited,  
KARACHI.

## File Note

Meeting with Federal Secretary Commerce on 17<sup>th</sup> July 2000, in the Chamber's premises.

Secretary Commerce said that trade policy framework is for three years and important issues are given legislative cover.

On tariff issues and policy the Federal Secretary said that as far as WTO commitments are concerned the bound tariffs have a time margin. Non tariff barriers are being removed and transactional costs are being reduced.

In response to a question by Mr. Umer Ali Shah (ACE) about the removal of compulsory cessation for NIC & PIC the Federal Secretary said, " PIC & NIC are being corporatized, and the PIC & NIC. Act will be replaced NIC has a captive market of SOR's and these will automatically reduce. The new Insurance Act provides an enabling environment.

Replying to Mr. Asad Umar's question of the overpowering role of the CBR, the Federal Secretary said that Tariffs are to be set by MOC but a lot of this work has shifted to CBR because of resource constraint. Changes in this are likely to take place in the near future.

To another question of Mr. Asad Umar on lack of transparency of trade statistics, the Federal Secretary requested Mr. Umar to develop a proforma for seeking information.

Mr. Schail Wajahat Siddiqui raised problems of the Engineering Industry. He said that there should be one central body for decision making, a one-window operation. Presently eleven different agencies are involved. Federal Secretary responded by saying that Export Promotion Bureau is being restructured.

Representative of Nestle raised issue of Export to Afghanistan. Federal Secretary responded that lists of items permissible are being prepared in MOC these have been delayed, fear of goods coming back into the Pakistan market is cause of delay. Two more weeks are required. With regard to the mid issue it will be resolved in the next three days.

Responding to point raised by representative of Rafhan regarding sales tax exemption to corn products also, the Federal Secretary said that the Ministry will act and respond. He requested the company to provide costing details on rape and maize seeds.

Responding to a question on the status of revolving credit for Iran. Federal Secretary said that this has not been utilized and the fault lies with the trade. MOC needs suggestion from the trade on a more focused basis. The list is long. Next round of negotiation with Iran to take place very soon.

Representative from Novartis raised issue of SRO 373 dated 17<sup>th</sup> June 2000 and difficulties in clearance of Pharma raw materials. He also raised the issue of Inputs from India not being covered in this SRO.

Federal Secretary offered to have this matter sorted out. Novartis also raised the issue of unrealistic restriction not allowing imports of Raw Material which has less than 75% shelf life. This is not practiced anywhere in the world. Federal Secretary replied the MOH did not agree to removal of shelf life restriction.

Novartis also pointed out that the refunds of 2% Pre-inspection fee are being denied despite a Supreme Court judgement.

Mr. David Weston raised the issue of damage to Pakistan's image on violation of Trademark & Copyright laws. The Chamber had asked for such offences to be made cognizable, non-bailable and attract stiff punishments like jail sentences. Federal Secretary responded by saying that the risk of doing this was that the police would be highhanded and misuse these powers. He however asked that if such stringent laws were applicable in any other country, he would reconsider the matter.

Responding to the Chamber's point about the need to legislate antidumping laws urgently, Federal Secretary responded that this will be done shortly. However he said that safeguards measures can be taken earlier and industry should seek these measures if injury to domestic industry is likely to take place.

On a question to why foreign Banks are not allowed to expand their branch networks, he accepted that MOC has been holding back on opening of new branches for foreign banks as the E. U position in this matter has been less than favourable to Pakistan. Discussions are taking place as a quid pro basis.

29TH AUGUST, 2000.

**MINUTES OF MEETING WITH MR. MOIN AFZAL,  
SECRETARY GENERAL, MINISTRY OF FINANCE, ISLAMABAD  
IN THE CHAMBER ON MONDAY 7TH AUGUST, 2000 AT 11.30 AM**

**PRESENT:**

MR. TARIQ M. AMIN	PRESIDENT
MR. DAVID WESTON	VICE PRESIDENT
MR. ZAHID ZAHEER	SECRETARY GENERAL
MR. SYED UMER ALI SHAH	ACE INSURANCE LIMITED
MR. AHMED SHUJA KIDWAI	ALBARAKA ISLAMIC BANK B.S.C. (E.C.)
MR. M. HAMID	ALSTOM PAKISTAN (PVT) LTD
MR. TAWFIQ A. HUSSAIN	AMERICAN EXPRESS BANK LTD
MR. AZHAR HAMID	ANZ GRINDLAYS BANK LTD
PROF. M. MATIN KHAN	BARRETT HODGSON PAKISTAN (PVT) LTD
MR. ANJUM FASIH	BRISTOL-MYERS SQUIBB PAKISTAN (PVT) LTD
MR. ROBERT JONES	CADBURY PAKISTAN LTD
MR. JEAN-PIERRE RAYNAUD	CREDIT AGRICOLE INDOSUEZ
MR. ARIF M. ALI	DEUTSCHE BANK A. G.
MR. S. QURBAN ALI	DOHA BANK LTD
MR. ASAD UMAR	ENGRO ASAHI POLYMER & CHEMICALS LTD
MR. FAROOK BENGALI	FAYSAL BANK LTD
MR. MUHAMMED AMIN	GILLETTE PAKISTAN LTD
MR. JALIL ANJUM	GLAXO WELLCOME PAKISTAN LTD
DR. ANJUM SIDDIQUI	THE HUB POWER COMPANY LTD
MR. HUMAYUN BASHIR	IBM
MR. MOHAMMAD ABDULLAH	INTERNATIONAL FINANCE INVESTMENT & COMMERCE BANK
MR. SAEED HAIDER	J&P COATS PAKISTAN (PVT) LTD
MR. RAZI-UR-RAHMAN	JARDINE FLEMING PAKISTAN BROKING (PVT) LTD
MR. ISMAIL H. AHMED	JOHNSON & JOHNSON PAKISTAN (PVT) LTD
MR. JUERGEN KOENIG	KNOLL PHARMACEUTICALS LTD
MR. ROB ZOON	LEVER BROTHERS PAKISTAN LTD
MR. S. H. A. BUKHARI	MACKINNON, MACKENZIE & CO. OF PAKISTAN (PVT) LTD &
MR. S. SHAUKAT ALI	P&O CONTAINERS PAKISTAN (PVT) LTD
MR. MUJIB KHAN	MERCK SHARP & DOHME OF PAKISTAN LTD
MR. A. SAMAD	NEW HAMPSHIRE INSURANCE COMPANY
MS. AMEENA SAIYID	NOVARTIS PHARMA (PAKISTAN) LIMITED
MR. ASLAM SADRUDDIN	OXFORD UNIVERSITY PRESS
MR. JAVED IQBAL	PAKISTAN CABLES LTD
MR. RASHID ALI	PHILIPS ELECTRICAL INDUSTRIES OF PAKISTAN LTD
MR. MANAWER HUSSAIN	RAFHAN MAIZE PRODUCTS COMPANY LTD
MR. NAEEM A. SHAIKH	RHODIA PAKISTAN (PVT) LTD
MR. KAMRAN R. IBRAHIM	RHODIA PAKISTAN (PVT) LTD
MR. NASEEM AKHTAR	ROCHE PAKISTAN LTD
MR. SOHAIL WAJAHAT H. SIDDIQUI	ROUSCH (PAKISTAN) POWER LTD
MR. TERTIUS VERMAULEN	SIEMENS PAKISTAN ENGINEERING CO. LTD
MR. ZAHID RAHIM	SIEMENS PAKISTAN ENGINEERING CO. LTD
MR. SYED HASSAN NAWAB	STANDARD CHARTERED BANK
MR. ASHRAF JAFRI	TAPAL ENERGY PRIVATE LTD
MR. M. MOONIS	UNISYS PAKISTAN (PVT) LTD
	UNITED LINER AGENCIES OF PAKISTAN (PVT) LTD



President welcomed the Secretary General, Ministry of Finance, Government of Pakistan to the Chamber. A copy of his opening remarks are attached.

Mr. Moin Afzal responded and gave an overview of the economy. A copy of selected Macro Economic Indicators for the last four years and the budget estimates for next year were the basis of discussion. These were distributed at the meeting - chart attached.

A question and answer session followed.

Mr. Syed Hassan Nawab (Tapal Energy) wished to know if there would be another debt rescheduling by the Paris Club.

Mr. Moin Afzal was non committal.

Mr. Azhar Hamid (ANZ Grindlays) wished to know the quantum of savings accruing to the Government of Pakistan as a result of reduced NSS yields.

The question was not answered.

Mr. Robert Zoon (Lever Brothers) remarked that although his company was one of the largest tax payers, even determined refunds are being deliberately delayed.

Mr. Moin Afzal responded that he was aware of these sentiments and the Government of Pakistan has formed two committees on Tax & Administrative Reforms to address these issues. The reports are expected by end November, 2000. He offered to arrange a meeting with the OICC&I of the Task Force on Administrative Reforms, which is chaired by Mr. Syed Shahid Husain (former Vice President of World Bank).

Mr. Muhammed Amin (Gillette) asked about the efforts to prevent smuggling and the damage this does to the economy.

*Dr. Anjum Siddiqui (HUBCO) said that Government of Pakistan's figure for real GDP growth are based on low estimates for inflation. Actually the economy was in recession. The unemployment rate and housing starts are also indicators for recession.*

Dr. Anjum Siddiqui also asked what was the basis of 15% Sales Tax rate, surely this is not sacrosanct.

Mr. Moin Afzal responded that the increase of Sales Tax rate from 12.5% to 15% was to make up for the loss of revenue incurred by Provincial Governments, as a result of withdrawal of Octroi.

Mr. Asad Umar (Engro Asahi) said that the incentives offered to value added industry in the Investment Policy have still not been finalized. In his company exports started in December, 1999 and export rebates are being delayed.

Mr. A. Samad (Novartis Pharma) raised the issue of discrimination in duties on plastic tubes and collapsible aluminum tubes. He also pointed out that Central Board of Revenue is not implementing Court Orders. He also questioned the need to disallow imports of raw materials, which has less than 75% shelf life.

Since all the above problems related to the Health Ministry, they should be taken up at that forum.

Mr. Tawfiq A. Hussain (American Express Bank) wished to know a realistic estimate of re-commencement of IMF Lending programme.

Mr. Moin Afzal responded by saying that due to changes in IMF's top personnel, they are very slow and extra careful about lending to Pakistan.

Mr. Azhar Hamid (ANZ Grindlays Bank) wished to know what was the contingency plan should IMF lending not resume.

Mr. Moin Afzal parried the question.

Mr. Kamran Ibrahim (Roche) said that notices of recovery of Sales Tax are being received by Pharma Industry, although this was not a Sales Tax charge issue, but a justification by the ECC meeting for increase of selling prices.

Mr. Moin Afzal said that the industry should write in this matter.

Ms. Aameena Saiyid (Oxford University) pointed out that duties on paper and ink are very high and this makes the cost of printing books in Pakistan very high.

Mr. Moin Afzal asked for details to be sent to him.

Ms. Aameena Saiyid also raised that there is no minimum punishment for the infringement of Copy Right Act and Magistrates let off people by as little a fine as Rs. 100. She recommended that a minimum fine should be prescribed.

Mr. S. Umer Ali Shah (ACE Insurance) inquired that why should the Ministry of Finance take on the control function for the Insurance Industry.

Mr. Moin Afzal responded that the regulator for Insurance was Securities & Exchange Commission, which was an independent body and not part of Ministry of Finance.

Mr. Anjum Fasih (Bristol-Myers Squibb) wished to know that when will the policy of decontrol of non essential drugs be implemented. The case of 69 products where no increase has been considered needs review.

Mr. Moin Afzal said that individual cases be taken up with Ministry of Health.

President quoted the Indian example where only 75 molecules prices are controlled, and after decontrol only 2% price increase was observed in India.

Mr. Moin Afzal responded that in the past when Pakistan decontrolled, a drastic increase in prices observed.

Mr. Syed Hassan Nawab (Tapal Energy) said that deregulating the Furnace Oil prices will favour coastal plants, whereas up country costs will be higher.

Mr. Moin Afzal said that there may be regional differences, but prices of furnace Oil have gone down and will help everyone generally.

Mr. Saeed Haider (J&P Coats) said that massive evasion of Sales Tax was taking place.

Mr. Moin Afzal responded by saying to please give the names and addresses of some of them. If you do not wish to do so directly, send them through the Chamber.

**ZAHID ZAHEER  
SECRETARY GENERAL**

**SPEECH BY MR. TARIQ AMIN, PRESIDENT, OICC&I ON THE OCCASION OF THE VISIT OF MR. MOHAMMAD MIAN SOOMRO, GOVERNOR OF SIND ON WEDNESDAY 16TH AUGUST, 2000**

BMR AA

YOUR EXCELLENCY, MR. MOHAMMAD MIAN SOOMRO, GOVERNOR OF SIND.  
MEMBERS OF OICC&I

ASSALAM ALAIKUM

IT GIVES ME GREAT PLEASURE TO WELCOME MR. MOHAMMAD MIAN SOOMRO, GOVERNOR OF SIND TO THE OVERSEAS INVESTORS CHAMBER OF COMMERCE & INDUSTRY. YOUR EXCELLENCY, THE CHAMBER AND ITS MEMBERS, SPECIALLY THOSE BASED IN SIND LOOK TOWARDS YOU NOT ONLY AS THE GOVERNOR OF SIND, BUT ALSO AS OUR SPOKESMAN IN THE HIGHEST FORUMS OF THE GOVERNMENT OF PAKISTAN. I AM CONFIDENT THAT WE CAN COUNT ON YOUR SUPPORT.

MR. GOVERNOR, SINCE THIS IS YOUR FIRST VISIT TO THE CHAMBER, A BRIEF INTRODUCTION WOULD PERHAPS BE IN ORDER.

THIS IS THE OLDEST CHAMBER OF COMMERCE IN PAKISTAN. IT WAS FORMED IN 1860 BY BRITISH BUSINESSMEN, AND TILL TODAY BRITISH BUSINESSES MAINTAIN A DOMINANT PRESENCE AMONGST THE MEMBERSHIP.

THE MEMBERSHIP IS GROWING AND STANDS AT ONE HUNDRED AND NINETY OF WHICH ONE HUNDRED AND SIX ARE INDUSTRIAL UNDERTAKINGS, THIRTY THREE IN TRADING, THIRTY SEVEN IN BANKING & FINANCIAL SERVICES AND FOURTEEN IN INSURANCE, SHIPPING & AIRLINES. IT IS A MIX OF LARGE AND SMALL INTERNATIONAL ENTERPRISES. THE FOLLOWING COUNTRIES ARE REPRESENTED:

53 BRITISH	09 MIDDLE EAST
52 CONTINENTAL EUROPEAN	01 CANADIAN
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16 JAPANESE	

THE SALES OF MEMBER COMPANIES CONSTITUTE 8% OF THE TOTAL GDP OF THE COUNTRY AND NEARLY 25% OF THE GDP OF THE MANUFACTURING SECTOR. THEY CONTRIBUTE NEARLY ONE SIXTH OF THE TOTAL TAX REVENUE OF THE GOVERNMENT OF PAKISTAN, AND EMPLOY AROUND 50,000 PEOPLE.

THE PRINCIPAL OPERATING INSTRUMENTS OF THE OVERSEAS CHAMBER ARE ITS MANAGING COMMITTEE AND SUB COMMITTEES, SUPPORTED BY THE SECRETARY GENERAL, MR. ZAHID ZAHEER. WE HAVE 8 SUCH SUB COMMITTEES DEALING WITH MATTERS SUCH AS TAXATION, COMMERCIAL, INDUSTRIAL, INSURANCE, PORT TRUST & COMMUNICATIONS, ENVIRONMENT, LABOUR, ETC. TODAY WE HAVE AMONGST US SOME OF THE MEMBERS OF OUR MANAGING COMMITTEE. LET ME INTRODUCE YOU TO THOSE THAT ARE HERE TODAY.

THE ROLE AND CONTRIBUTION OF THE MEMBERS OF THIS CHAMBER TO THE ECONOMY OF THIS COUNTRY, YOU WILL APPRECIATE, IS NOT INSIGNIFICANT

THE CHAMBER'S MISSION IS:

TO PROMOTE AND PROTECT THE COMMERCIAL, INDUSTRIAL AND FINANCIAL INTERESTS OF FOREIGN INVESTORS IN PAKISTAN.

OUR CHAMBER ALWAYS HAS, AND MORE SO NOW, CONTINUES TO PROMOTE FOREIGN INVESTMENT IN PAKISTAN. IN OUR MEETING WITH THE FEDERAL MINISTER OF FINANCE, THE CHAMBER OFFERED TO WORK CLOSELY WITH THE GOVERNMENT TO PROMOTE THE NEEDS OF FOREIGN INVESTMENT IN THE CONTEXT OF THE GOVERNMENT POLICIES. WE OFFERED A PARTNERSHIP LEADING TO MUTUAL GROWTH SINCE WE FIRMLY BELIEVE THAT WHAT IS GOOD FOR THE COUNTRY IS GOOD FOR THE BUSINESS AND VICE VERSA. I AM DELIGHTED TO SAY THAT THE MINISTER OF FINANCE RESPONDED IN THE SAME SPIRIT AND THE BEGINNINGS OF TOGETHERNESS HAVE BEEN ESTABLISHED.

WE ARE AWARE AND COMMEND THE INTENSE EFFORTS THE GOVERNMENT IS MAKING TO ATTRACT DIRECT FOREIGN INVESTMENT TO PAKISTAN. WE ARE ALSO PLEASED THAT THE GOVERNMENT HAS TAKEN SEVERAL IMPORTANT STEPS IN IMPROVING THE INVESTMENT ENVIRONMENT AND SOME OF THE RESULTS ARE ALREADY VISIBLE. THE FOREIGN INVESTMENT GENERATED IN THE LAST FEW YEARS, AT A TIME WHEN VAST NEW AREAS OF THE WORLD ARE OPENING UP AND CLAMORING, FOR CAPITAL AND INVESTMENT HAS NOT BEEN HEARTENING.

THE INVESTMENT ENVIRONMENT CAN BE ENHANCED FURTHER IF THE LAW AND ORDER SITUATION IS CORRECTED, ADEQUATE STEPS ARE TAKEN TO IMPROVE THE DEPLETING INFRASTRUCTURE, AND THE GOVERNMENT ENSURES THAT INCENTIVES TO INDUSTRY ARE IMPLEMENTED IN LETTER AND SPIRIT.

I WOULD NOW LIKE TO TOUCH A FEW MATTERS, WHICH WILL CERTAINLY ADD FURTHER IMPETUS TO THE PACE OF INVESTMENT IN SIND.

FIRST AND FOREMOST IS THE FACT THAT ALL POTENTIAL INVESTORS, IN DECIDING TO INVEST, LOOK AT THE PREVAILING SCENARIO AND MOST IMPORTANTLY, THE OPERATING ENVIRONMENT AND RESULTS ACHIEVED BY THE EXISTING FOREIGN INVESTORS. I AM PLEASED TO SAY THAT MOST OF OUR MEMBERS HAVE DONE WELL INSPITE OF THE DIFFICULTIES FACED.

YOUR EXCELLENCY YOU WILL AGREE THAT CIVIC STABILITY IS A KEY FACTOR FOR ATTRACTING INVESTMENT, BE IT LOCAL OR FOREIGN.

IN THIS CONNECTION OF CIVIL STABILITY THERE IS NEED TO HAVE MORE EFFECTIVE INTERFACE BETWEEN THE CITIZENS AND THE POLICE, OF THE KIND PROVIDED BY THE CITIZENS AND POLICE LIAISON COMMITTEE. SUCH ORGANIZATIONS NEED TO BE SUPPORTED AND STRENGTHENED.

THERE ARE A FEW OTHER MATTERS WHICH ARE LIKELY TO DETER INVESTMENT IN THE PROVINCE OF SIND AND WOULD SUGGEST A DIALOGUE BETWEEN THE PROVINCIAL GOVERNMENT AND THE CHAMBER, SO THAT WE CAN BETTER APPRECIATE EACH OTHERS POINT OF VIEW.

MR. GOVERNOR, THE ABNORMAL INCREASE IN LOCAL TAXES ON IMPOSITION OF NEW LEVIES IN KARACHI, MAKES KARACHI A LESS ATTRACTIVE PLACE FOR INVESTMENT. AFTER ALL IT IS COMPARATIVE ADVANTAGE THAT POTENTIAL INVESTORS LOOK FOR.

IN THE LAST EIGHT YEARS A 577% INCREASE IN WATER & CONSERVANCY CHARGES AND 369% INCREASE IN THE PROPERTY TAX IN KARACHI'S BUSINESS DISTRICT IS LIKELY TO FRIGHTEN AWAY INVESTORS.

LASTLY MR. GOVERNOR, THE DETERIORATING INFRASTRUCTURE IN KARACHI NEEDS ATTENTION. WE ARE ALL AWARE OF THE UNRELIABLE POWER SUPPLY AND DISRUPTION OF ELECTRICITY, THOSE WHO WISH TO PROTECT THEIR POSITION AND GENERATE THEIR OWN STAND BY POWER ARE PENALIZED FURTHER BY DEMANDS OF PAYMENT OF ELECTRICITY DUTY.

THE INADEQUATE SUPPLY OF WATER THROUGH THE PIPING SYSTEM TO BOTH INDUSTRIAL PLANTS AND OFFICES NEEDS TO BE ADDRESSED. THE CHAMBER'S BUILDING IN WHICH WE ARE HOUSED, IS AN EXAMPLE WHERE NO WATER IS RECEIVED THROUGH THE PIPES AND YET WATER AND CONSERVANCY TAXES ARE INCREASED PERIODICALLY.

THE TRAFFIC ARRANGEMENTS IN THE MAIN BUSINESS DISTRICT OF KARACHI NEED ATTENTION. HASRAT MOHANI ROAD IS AN EXAMPLE WHERE ALL KINDS OF VIOLATION OF THE TRAFFIC LAWS TAKE PLACE.

THE ROAD CONNECTING I. I. CHUNDRIGAR ROAD (NEAR THE SHELL PETROL STATION) TO HASRAT MOHANI ROAD IS SUPPOSEDLY A ONE WAY STREET, BUT IS BEING ABUSED BY HAWKERS AND VENDORS, IRREGULAR PARKING OF MOTORCYCLES AND OTHER OBSTRUCTIONS PREVENTING FREE FLOW OF TRAFFIC AND CAUSING CHAOS AND CONFUSION. THIS EXTENDS TO HASRAT MOHANI ROAD ALSO WHICH IS THE MAIN APPROACH TO THE OVERSEAS INVESTORS CHAMBER OF COMMERCE & INDUSTRY BUILDING, CONNECTING UPTO TALPUR ROAD. HERE ALSO CONSTRUCTION MATERIAL ON THE ROAD, ENCROACHMENT OF THE PAVEMENT IN FRONT OF CHAPPAL PLAZA BUILDING AND ENCROACHMENT OF THE PAVEMENT BY THE TELEPHONE EXCHANGE LOCATED AT THE CORNER, IN ADDITION TO IRREGULAR AND IMPROPER PARKING, IS CREATING PUBLIC HAZARD APART FROM DISRUPTING FREE FLOW OF TRAFFIC.

MR. GOVERNOR, I MUST CONTAIN MYSELF NOW AS I KNOW MY COLLEAGUES ARE EAGER TO HEAR YOU. I SINCERELY HOPE THAT WE WILL HAVE TOGETHER ACHIEVED BETTER UNDERSTANDING THIS EVENING AND THAT VOICING OUR CONCERNS HAS BROUGHT US CLOSER TO RESOLUTION.

MAY I THANK YOU ONCE AGAIN ON BEHALF OF BOTH MYSELF AND MEMBERS OF THE OICC&I FOR SPARING THE TIME TO MEET WITH US. I ASSURE YOU THAT WE SINCERELY BELIEVE THAT WHAT IS GOOD FOR THE COUNTRY IS GOOD FOR THE FOREIGN INVESTORS. I AM CONFIDENT THAT YOU PERSONALLY AND THE GOVERNMENT OF PAKISTAN BELIEVE EQUALLY IN THE VICE VERSA.

THANK YOU.

**TARIQ AMIN**

**WELCOME ADDRESS ON THE OCCASION OF THE VISIT OF  
GENERAL PERVEZ MUSHARRAF - CHIEF EXECUTIVE OF  
PAKISTAN ON TUESDAY 3RD OCTOBER 2000**

BMR AA

**YOUR EXCELLENCY GENERAL PERVEZ MUSHARRAF**

WE ARE DELIGHTED WITH YOUR VISIT AND WITH THE OPPORTUNITY TO SHARE WITH YOU OUR VIEWS ON PAKISTAN'S BUSINESS ENVIRONMENT. I WELCOME YOU MOST HEARTILY TO THIS CHAMBER WHICH IS THE OLDEST CHAMBER OF COMMERCE IN PAKISTAN. IT WAS FORMED IN 1860 BY BRITISH BUSINESSMEN, AND TILL TODAY BRITISH BUSINESSES MAINTAIN A DOMINANT PRESENCE AMONGST THE MEMBERSHIP.

THE MEMBERSHIP IS GROWING AND STANDS AT ONE HUNDRED AND NINETY OF WHICH ONE HUNDRED AND SIX ARE INDUSTRIAL UNDERTAKINGS, THIRTY THREE IN TRADING, THIRTY SEVEN IN BANKING & FINANCIAL SERVICES AND FOURTEEN IN INSURANCE, SHIPPING & AIRLINES. IT IS A MIX OF LARGE AND SMALL INTERNATIONAL ENTERPRISES. THE FOLLOWING COUNTRIES ARE REPRESENTED:

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THE SALES OF MEMBER COMPANIES CONSTITUTE 8% OF THE TOTAL GDP OF THE COUNTRY AND NEARLY 25% OF THE GDP OF THE MANUFACTURING SECTOR. THEY CONTRIBUTE NEARLY ONE SIXTH OF THE TOTAL TAX REVENUE OF THE GOVERNMENT OF PAKISTAN, AND EMPLOY AROUND 50,000 PEOPLE (EXCLUSIVE SECONDARY EMPLOYMENT).

OUR CHAMBER ALWAYS HAS, AND MORE SO NOW, CONTINUES TO PROMOTE FOREIGN INVESTMENT IN PAKISTAN. THE CHAMBER OFFERS TO WORK CLOSELY WITH YOUR GOVERNMENT TO PROMOTE THE NEEDS OF FOREIGN INVESTMENT.

YOUR GOVERNMENT FACES ENORMOUS CHALLENGES. RAMPANT CORRUPTION, POOR INFRASTRUCTURE, ILLITERACY, GROWING POPULATION, POVERTY, A SELF SERVING ELITE AND A BUSINESS AND AGRICULTURIST LOBBY UNWILLING TO PAY TAXES. THESE CANNOT BE ADDRESSED OVER NIGHT, BUT NEED CULTURAL CHANGES AND SUSTAINED LONG TERM EFFORTS AND VISION. YOUR EXCELLENCY YOUR GOVERNMENT HAS ALSO INHERITED AN ECONOMY WHICH IS PLAGUED WITH HUGE DEBTS, DEFICITS OF TRADE AND BALANCE OF PAYMENTS AND ENORMOUS BALANCE OF IRRECOVERABLE RUPEE ASSETS. THE DOMESTIC ECONOMY HAS BEEN IN SLUMBER BECAUSE OF POOR DOMESTIC DEMAND, AS A RESULT OF THE LARGE CUTS IN GOVERNMENT'S DEVELOPMENT PROGRAMME AND EROSION OF THE PURCHASING POWER OF THE CURRENCY. THESE FACTORS COMBINED WITH SMUGGLING, AND WAVERING TREATMENT OF THE INFORMAL SECTOR ON THE MATTER OF ITS GST OBLIGATIONS, HAVE CREATED AN UNEVEN PLAYING FIELD FOR THE LARGE SUB SEGMENTS OF THE FORMAL INDUSTRIAL SECTORS, WHICH CONTINUES TO OPERATE INEFFICIENTLY IN AN UNJUST TAXATION SYSTEM THAT TAXES INCOME FROM DIFFERENT SECTORS DIFFERENTLY.

THE ECONOMIC REFORMS INTRODUCED BY YOUR GOVERNMENT IN DECEMBER LAST YEAR AND THE BUDGET THAT FOLLOWED IN JUNE THIS YEAR ARE VERY POSITIVE INITIAL STEPS TOWARDS REVIVING THE ECONOMY. WE COMMEND THE

EFFORTS THE GOVERNMENT IS MAKING TO ATTRACT DIRECT FOREIGN INVESTMENT INTO PAKISTAN, AT A TIME WHEN NEW VAST AREAS OF THE WORLD ARE OPENING UP AND CLAMOURING FOR CAPITAL AND INVESTMENT THE ECONOMY NEEDS LARGE CAPITAL INFLOWS, IN ADDITION TO THE NEED TO IMPROVE DOMESTIC SAVINGS. BOTH OF THESE REQUIRE RESTORATION OF INVESTORS CONFIDENCE WHICH YOUR GOVERNMENT HAS CORRECTLY IDENTIFIED AS TOP PRIORITY.

BEFORE I ENDEAVOR TO SUGGEST SOLUTIONS, A FEW WORDS ABOUT WHAT HAS ERODED BUSINESS CONFIDENCE. THE SLOW DOWN IN ECONOMIC ACTIVITY FOLLOWING THE MAY 1998 EVENTS, THE POOR LAW AND ORDER SITUATION, THE PROLONGED IPP CONTROVERSY, THE LACK OF CREDIBILITY IN THE CONTINUANCE OF THE GOVERNMENTS POLICY, AND THE POOR IMPLEMENTATION HAVE ALL CONTRIBUTED TO THIS LOW LEVEL OF CONFIDENCE.

YOUR EXCELLENCY, PAKISTAN MUST ALLOW **TRADE AND ECONOMIC GOALS TO SHAPE ITS FUTURE POLITICAL AGENDA**, AND THE FIRST STEP MUST BE THE RESTORATION OF INVESTORS CONFIDENCE. THIS WILL BE RESTORED RAPIDLY IF **SIGNS OF GOOD GOVERNANCE BECOME VISIBLE**. THE ESSENTIALS OF GOOD GOVERNANCE ARE CREDIBILITY, INTEGRITY, PREDICTABILITY, SPEEDY DISPENSATION OF JUSTICE AND EFFECTIVE AND RAPID IMPLEMENTATION OF POLICIES. THESE HAVE BEEN PUT ON YOUR AGENDA.

THE ACTION AGAINST LOAN DEFAULTERS, TAX EVADERS AND CORRUPT OFFICIALS ARE ALL PART OF THE NEEDED ACCOUNTABILITY, AND THIS WILL ENHANCE THE CREDIBILITY OF YOUR GOVERNMENT AND HELP THE GOVERNMENT IN IMPLEMENTING TOUGH DECISIONS.

PAKISTAN MUST NOT BE SEEN AS A COUNTRY WHERE IMPROPRIETY IS FREQUENTLY AND EASILY COMMITTED AND GOES UNDETECTED AND UNPUNISHED. THIS PERCEPTION HAS TO CHANGE. IT WILL CHANGE WHEN THE GOVERNMENT BUILDS A REPUTATION FOR BEING FAIR AND CREATES A LEVEL PLAYING FIELD FOR ECONOMIC ACTIVITY AND PREVENTS RENT SEEKING.

TO **ACCELERATE THE INFLOW OF DIRECT FOREIGN INVESTMENT**, THERE IS NEED TO ENHANCE THE INVESTMENT ENVIRONMENT FURTHER. SOME OF THE AREAS THAT NEED TO BE ADDRESSED IN THIS CONNECTION ARE:

- CREDIBILITY IN THE CONTINUANCE AND IMPLEMENTATION OF THE GOVERNMENT'S POLICIES.
- SIMPLIFICATION AND RATIONALISATION OF TAXES AND EFFECTIVE CONTROL ON SMUGGLING..
- THE IMPORT DUTY TARIFF REGIME IN THE COUNTRY MUST RECOGNISE THE NEED TO BE SUPPORTIVE OF LOCAL MANUFACTURE AND THE DEGREE OF LOCAL VALUE ADDITION MADE BY THE LOCAL MANUFACTURE IN ADDITION TO REALISTIC COST ANOMALIES BETWEEN PAKISTAN AND OTHER ECONOMIES.
- A LEAN AND CLEAN GOVERNMENT. GOVERNMENTS IN THE PAST HAVE BECOME BIGGER BUT NOT BETTER.
- RATIONALIZATION OF OVERPROTECTIVE LABOUR LAWS, THAT INHIBIT PRODUCTIVITY AND DISCOURAGES EMPLOYMENT

- **BARRIERS TO SUCCESS OF EXISTING COMPANIES**

ONE OF THE EASIEST WAYS TO ATTRACT FOREIGN INVESTMENT IS TO DEMONSTRATE SUCCESS OF EXISTING COMPANIES. THIS HAS BEEN MISSING IN SOME AREAS, WHERE UNREASONABLE PRICE CONTROLS HAVE BEEN IN VOGUE LIKE THE PHARMACEUTICAL INDUSTRY AND THE OIL & GAS SECTOR. BOTH OF THESE NEED TO BE DEREGULATED.

**THERE IS NEED FOR RAPID PRIVATIZATION OF UNDERDEPLOYED ASSETS**

THE GOVERNMENT MUST NOT CONTINUE TO BE A PLAYER (COMPETITOR) AND REGULATOR AT THE SAME TIME.

**THERE IS NEED TO LIMIT THE REDUCTION OF DEVELOPMENT EXPENDITURE**

WHICH HAS CONSISTENTLY BEEN REDUCED WITH ITS MULTIPLIER EFFECTS AND ADVERSE IMPLICATION ON GROWTH IN THE ECONOMY.

**THERE IS NEED TO CONTAIN DISCRETIONARY POWER OF TAX OFFICIALS**

EXPECTING BUSINESS AND INDUSTRY TO PAY ARBITRARY TAXES UP FRONT EVEN BEFORE THE APPEALS ARE HEARD CAN HARDLY BE DESCRIBED AS A CONFIDENCE BUILDING MEASURE. THE COMMISSIONER OF INCOME TAX APPEAL AND INCOME TAX TRIBUNALS SHOULD FUNCTION UNDER THE MINISTRY OF LAW. THIS WOULD MAKE THE APPEAL PROCEDURE MORE EQUITABLE.

**THERE IS NEED TO ENHANCE CONFIDENCE BETWEEN THE BUSINESS COMMUNITY AND THE GOVERNMENT**

GOVERNMENT NEEDS TO TAKE CERTAIN CONFIDENCE BUILDING MEASURES. BUSINESS AND INDUSTRY MUST NOT BE MADE TO FEEL THAT IT IS THEM ONLY WHO MUST SUFFER THE BURDEN OF TAX. ALL SECTORS OF THE ECONOMY MUST BE MADE TO SHARE THIS BURDEN, AND THE LARGEST SECTOR OF THE ECONOMY AGRICULTURE MUST BE NO EXCEPTION. THE PAYMENT OF GST BY ALL SECTORS MUST BE ENSURED. TAXATION OF COMPANY RESERVES IN A DISCRIMINATORY MANNER IN THE LAST BUDGET DID NOT HELP TO ENHANCE CONFIDENCE. FOREIGN CAPITAL WILL ONLY COME TO THE COUNTRY WHEN DOMESTIC ENTREPRENEURS ARE NO LONGER RELUCTANT TO INVEST IN THE ECONOMY. FOREIGN INVESTMENT WILL ONLY COMPLEMENT DOMESTIC INVESTMENT.

YOUR EXCELLENCY, THE FISCAL POSITION IN PAKISTAN IS THE MOST PRESSING STRUCTURAL IMBALANCE THAT IS DRIVING PAKISTAN'S OTHER ILLS. IF FISCAL IMBALANCE IS NOT CORRECTED, PAKISTAN WILL NOT BE ABLE TO ATTRACT FOREIGN CAPITAL. FUTURE REQUESTS FOR INTERNATIONAL ASSISTANCE WILL CARRY STRICTER CONDITIONALITIES ON GOVERNANCE, THE ACCOUNTABILITY OF PUBLIC FUNDS, AND ELIMINATION OF RENT SEEKING BY POLITICAL INSIDERS.

IN THE END I WISH TO REITERATE AND COMPLIMENT YOUR PERSONAL EFFORTS AND THOSE OF YOUR GOVERNMENT TO CREATE AN INVESTMENT FRIENDLY ENVIRONMENT.

YOUR GOVERNMENT HAS BEEN VERY BRAVE AND HAS CHOSEN THE RIGHT PATH, EVEN THOUGH THE AGENDA IS VERY AMBITIOUS. WE IN THE BUSINESS COMMUNITY SUPPORT YOU IN YOUR EFFORTS TO RESTORE BUSINESS CONFIDENCE.



**FILE NOTE****SUMMARY OF COMMENTS OF GENERAL PERVEZ MUSHARRAF, CHIEF EXECUTIVE DELIVERED ON 3RD OCTOBER, 2000 AT THE OICC&I DINNER MEETING IN KARACHI SHERATON HOTEL & TOWERS.**

General Pervez Musharraf addressing the Members of Overseas Investors Chamber of Commerce and Industry stated:

That his Government was taking measures to improve the investment climate in Pakistan and restore investors confidence in the Country. The Government deeply appreciates Members choice for selecting Pakistan for their investment. Referring to the earlier presentation by OICC&I's President, Mr. Tariq Amin, he assured that he would give very serious consideration to all the issues raised by the Chamber. 'These are extremely useful points for us,' he observed. He said there is a need for developing confidence in investors working in Pakistan and those willing to come to Pakistan.

About the Government's policy to improve the governance, he said 'we are cognizant of this issue. We are concentrating to improve our governance, improve credibility and consistency of our policy to achieve economical revival.' He pointed out that the Government was working to bring major structural changes in the Central Board of Revenue.

A Committee headed by Mr. Shahid Hussain has been formed which will submit its recommendation by November, this year. He said the Government is completely computerizing the CBR, which will reduce human contact to the minimum and cut discretionary powers of officials to the maximum, besides simplifying all the procedures.

He said 'tax is our serious concern and we want to expand its base, cut huge fiscal deficit and reduce the tax rates. We cannot reduce tax rate unless we increase tax base. Referring to tax survey, General Musharraf said it is going on very smoothly and fruitful results have been achieved.

The Chief Executive said that the economic revival was the main thrust and the declining trend has been arrested. We are on the right track.

He pointed out that the GDP growth had improved from 3.1% to 4.8% and the agriculture sector had played a major role in this rise with a bumper wheat crop, cotton and rice.

There are signs that the agriculture sector will repeat its outstanding performance. Referring to industrial sector, he said, except for sugar, this sector had achieved a six percent growth.

The Chief Executive said there is also slight improvement in the trade account despite the unprecedented increase in oil prices. Our exports after registering a 12 percent increase last year, are expected to further rise at a rate of 17.5 percent during the current year, he maintained. The Chief Executive said the country's exports have registered an increase of 15 percent in the first two months of the current year.

We want a sustainable revival of the economic activity in the Country and this is the objective. He urged the OICC&I Members to extend him a helping hand to achieve this goal.

'Our primary goal is to lay a foundation of self reliant economy' the Chief Executive said. He said that the Government will take all measures to reduce debt burden and only such loans will be encouraged in future, which are productive.

He further said that 90 percent of the privatization proceeds would be strictly used for debt retirement. He said another goal of the Country's policies is to encourage large scale investment in the Country for ensuring growth and added that future investments will be in the private sector and not in the public sector. He said there will be no distinction between

domestic and foreign investment. We have identified four major sectors of investment, including agriculture, small and medium size enterprises, information technology and oil and gas sector, he observed.

He said only those industries will be encouraged, which have comparative advantage under the WTO regime to foster the Country's exports and improve balance of payment. He pointed out that poverty alleviation was another objective of the present Government. Poverty is threatening our civil society, he said and added that the Government had initiated several projects to eradicate poverty.

'We understand that the complete poverty alleviation will follow the revival of the economy'. He said the Government is striving hard to meet the challenges of the future. General Musharraf assured OICC&I Members that his Government was ready to provide any assistance that foreign investors might need, to invest in Pakistan.

He said Board of Investment has been reconstituted, which is committed to providing efficient service to investors. Similarly, Privatization Commission has completed its homework and is ready to implement its programmes.

Referring to the recent bidding of three public sector units, General Musharraf said a foreign company was the successful bidder and hoped that the foreign investors would continue to take interest in Pakistan's privatization programme.

Sindh Governor, Mohammadmian Soomro, Acting Corps Commander, Major General Khalid Munir, Federal Finance Minister, Shaukat Aziz, Federal Commerce Minister, Abdur Razzak Dawood, Federal Information Minister, Javed Jabbar, Finance Minister of Sind, Chief Secretary Sindh, Javed Ashraf Hussain, Export Promotion Bureau Chairman, Tariq Ikram, Chairman Privatization Commission, Saleem Altaf were among the many dignitaries present.

**WELCOME ADDRESS ON THE OCCASION OF THE VISIT OF  
DELEGATES OF THE EUROPEAN UNION COUNTRIES PAKISTAN ON TUESDAY  
31ST OCTOBER 2000 AT 1.30 PM IN OICC&I**

**EXCELLENCIES**

WE ARE DELIGHTED WITH YOUR VISIT AND WITH THE OPPORTUNITY TO SHARE WITH YOU OUR VIEWS ON PAKISTAN'S BUSINESS ENVIRONMENT. I WELCOME YOU MOST HEARTILY TO THIS CHAMBER WHICH IS THE OLDEST CHAMBER OF COMMERCE IN PAKISTAN. IT WAS FORMED IN 1860 BY BRITISH BUSINESSMEN, AND TILL TODAY BRITISH BUSINESSES MAINTAIN A DOMINANT PRESENCE AMONGST THE MEMBERSHIP.

THE MEMBERSHIP IS GROWING AND STANDS AT ONE HUNDRED AND NINETY OF WHICH ONE HUNDRED AND SIX ARE INDUSTRIAL UNDERTAKINGS, THIRTY THREE IN TRADING, THIRTY SEVEN IN BANKING & FINANCIAL SERVICES AND FOURTEEN IN INSURANCE, SHIPPING & AIRLINES. IT IS A MIX OF LARGE AND SMALL INTERNATIONAL ENTERPRISES. THE FOLLOWING COUNTRIES ARE REPRESENTED:

53 BRITISH	09 MIDDLE EAST
52 CONTINENTAL EUROPEAN	01 CANADIAN
45 AMERICAN	14 OTHERS
16 JAPANESE	

THE SALES OF MEMBER COMPANIES CONSTITUTE 8% OF THE TOTAL GDP OF THE COUNTRY AND NEARLY 25% OF THE GDP OF THE MANUFACTURING SECTOR. THEY CONTRIBUTE NEARLY ONE SIXTH OF THE TOTAL TAX REVENUE OF THE GOVERNMENT OF PAKISTAN, AND EMPLOY AROUND 50,000 PEOPLE (EXCLUSIVE SECONDARY EMPLOYMENT).

THE CHAMBER'S MAIN FUNCTION IS TO PROMOTE AND PROTECT THE COMMERCIAL, INDUSTRIAL AND FINANCIAL INTERESTS OF FOREIGN INVESTORS ENGAGED IN COMMERCE AND INDUSTRY IN PAKISTAN. IT ALSO COOPERATES WITH THE GOVERNMENT IN PROMOTING PRIVATE FOREIGN INVESTMENT. FURTHERMORE WE SEE OUR ROLE AS BEING INSTRUMENTAL IN PROVIDING INFORMATION AND HELP TO POTENTIAL FOREIGN INVESTORS. AFTER ALL THERE IS A WEALTH OF EXPERIENCE AMONGST OUR MEMBERS.

**INTERNATIONAL BUSINESS IN PAKISTAN**

INTERNATIONAL INDUSTRIAL PARTICIPATION IN PAKISTAN PREDATES THE COUNTRY'S INCEPTION. ICI ESTABLISHED A SODA ASH WORKS IN 1942, AND THE BUSINESS HAS SINCE DIVERSIFIED INTO POLYESTER FIBRES, PAINTS, AGRO AND GENERAL CHEMICALS AND PHARMACEUTICALS. OTHER MULTINATIONALS AS UNILEVER, SHELL, BRITISH AMERICAN TOBACCO, BURMAH OIL, SIEMENS AND PHILIPS ALSO SAW EARLY OPPORTUNITIES AND BENEFITED.

THE FLOW OF FOREIGN EQUITY INCREASED AS MARKETS DEVELOPED AND OPPORTUNITIES EMERGED. FOREIGN PHARMACEUTICAL COMPANIES WERE AMONG THE FIRST TO SET UP OPERATIONS HERE. THEY FORM THE LARGEST NUMBER OF MULTINATIONALS IN PAKISTAN TODAY.

THE PREDOMINANTLY AGRO-BASED ECONOMY STIMULATED THE DEVELOPMENT OF ANCILLARY INDUSTRIES, TO SERVE THE AGRICULTURE SECTOR. EXXON WAS THE FIRST PRIVATE COMPANY TO SET UP A UREA FERTILIZER PLANT IN THE 1960s. HERCULES FOLLOWED IN JOINT VENTURE WITH THE DAWOOD GROUP. THE FARM EQUIPMENT INDUSTRY STARTED FLOURISHING AS MECHANIZATION OF AGRICULTURE TOOK PLACE. MASSEY FERGUSON, FIAT AND BELARUS CAPITALIZED

ON THE OPPORTUNITY THROUGH JOINT VENTURES WITH LOCAL GROUPS. THE AGROCHEMICALS AND PESTICIDES INDUSTRY IS ALSO LED BY LARGE MULTINATIONALS LIKE ICI, CIBA-GEIGY, BASF AND SANDOZ.

MULTINATIONAL BUSINESSES HAVE CONTRIBUTED TO THE COUNTRY'S INFRASTRUCTURAL DEVELOPMENT (DAMS, POWER GENERATION, TELECOMMUNICATION, HOSPITALS). CURRENTLY MANY COMPANIES ARE ACTIVE, FOR EXAMPLE THE FRENCH GROUP SOGEA HAS CONSTRUCTED A MODERN AIRPORT TERMINAL, AND A KOREAN LEAD CONSORTIUM HAS BUILT A MOTORWAY. AN INTERNATIONAL CONSORTIUM BUILT THE FIRST PRIVATE SECTOR POWER GENERATING PLANT AT HUB, NEAR KARACHI.

IN ADDITION TO SUBSIDIARIES AND JOINT VENTURES, THERE ARE MANY LICENSING AND TECHNICAL SUPPORT ARRANGEMENTS WITH LOCAL ENTREPRENEURS, SOME OF WHICH RESULT FROM EARLIER INVOLVEMENT IN OPERATING AN INDUSTRY THROUGH DIRECT INVESTMENT. IN THE PAST THE NUMBER OF ENTRANTS WAS LIMITED BY REGULATORY CONSTRAINTS, TODAY HOWEVER, ENTRY BARRIERS DO NOT EXIST AND FOREIGN INVESTORS ARE ALLOWED FULL PARTICIPATION IN THE ECONOMY.

### **TRADE EXPORT POTENTIAL**

PAKISTAN IS THE COUNTRY WITH 140 MILLION PEOPLE WITH GROWING MARKETS. MANY SECTORS ARE UNEXPLOITED SO THAT NEW ENTRANTS CAN OFTEN ESTABLISH A STRONG BASE WITH ALL THE FIRST MOVER ADVANTAGES. AT THE SAME TIME THERE IS THE OPPORTUNITY FOR LOW COST PRODUCTION PARTICULARLY IN THE LABOUR INTENSIVE INDUSTRIES FROM WHICH ONE CAN DEVELOP- REGIONAL EXPORT MARKETS.

PAKISTAN IS WELL SITUATED FOR TRADE WITH THE MIDDLE EAST, THE CENTRAL ASIAN STATES AND CHINA. THESE ARE MARKETS WHICH HAVE NOT YET BEEN SIGNIFICANTLY PENETRATED BY MAJOR WORD CORPORATIONS. THE GOVERNMENT'S FOREIGN POLICY IS MODERATE AND POSITIVE, AND PAKISTAN CONTINUES TO ENJOY A PRIVILEGED RELATIONSHIP WITH CHINA. BECAUSE OF ITS REGIONAL LOCATION PAKISTAN STANDS TO MAKE SIGNIFICANT GAINS AS ITS ECONOMY GROWS AND THE INDUSTRIAL BASE EXPANDS.

GIVEN ITS PROXIMITY TO THE GULF AND THE CENTRAL ASIAN STATES THE DIVERSITY OF AVAILABLE LOCAL PRODUCE (FRUIT, VEGETABLES, RICE, MEAL AND SEA FOOD) AND FACILITIES LIKE STORAGE, PROCESSING AND PACKAGING - THERE ARE EXCELLENT POSSIBILITIES FOR EXPORT.

### **INDUSTRIAL & INFRASTRUCTURAL POTENTIAL**

THE ECONOMIC POTENTIAL LIES IN THE EXPANSION AND DIVERSIFICATION OF ITS INDUSTRIAL BASE AND IN THE MOBILIZATION OF ITS FAST WORKFORCE AND NATIONAL RESOURCES. SUFFICIENT INDUSTRIALIZATION EXISTS TO ALLOW RAPID DEVELOPMENT IN NEW AREAS OF ACTIVITY, SERVING BOTH HOME AND EXPORT MARKETS. THE TRADITIONAL INDUSTRIES OF PAKISTAN ARE THEMSELVES CAPABLE OF ENHANCEMENT THROUGH VERTICAL INTEGRATION AND VALUE ADDING. TEXTILES, THE LARGEST AND MOST MATURE INDUSTRIAL SECTOR, STILL CONCENTRATES ON BASIC PRODUCTION, LEAVING THE FIELD WIDE OPEN FOR INVESTMENT IN HIGHER VALUE ADDED PROJECTS. THIS INCLUDES EXPORT PRODUCTS SUCH AS A HIGHER COUNT BLENDED YARNS, WOVEN CLOTH AND THE WHOLE RANGE OF FINISHING PROCESSES AND MADE-UPS.

AS A RESULT OF CONTINUING WIDE RANGING ECONOMIC REFORMS, SEVERAL OPPORTUNITIES IN VARIOUS SECTORS NOW CLEARLY EXIST. ACTIVE INVOLVEMENT BY FOREIGN COMPANIES IS ALREADY EVIDENT IN MANY INFRASTRUCTURAL PROJECTS, OIL AND GAS FIELD DEVELOPMENT, POWER GENERATION AND TELECOMMUNICATIONS. THIS INVOLVEMENT IS MANIFEST BY BOTH FINANCIAL COMMITMENT, IN THE FORM OF EQUITY AND DEBT FINANCING AND BY TECHNICAL ASSISTANCE.

THERE ARE HOWEVER AN EVEN GREATER NUMBER OF UNEXPLOITED AREAS. THESE INCLUDE OPPORTUNITIES IN THE CHEMICAL AND PHARMACEUTICAL SECTORS; FOR EXAMPLE, IN BASIC MEDICINES, PESTICIDES, SYNTHETICS, POLYMERS, PLASTICS, DYES AND PIGMENTS, FERTILIZERS AND ANORGANIC CHEMICALS. OTHER INFRASTRUCTURAL PROJECTS WITH POTENTIAL ARE TOLL ROADS AND BRIDGES, CONTAINER AND STORAGE TERMINALS, WATER MANAGEMENT SYSTEMS AND COMMUNICATIONS.

THE AUTOMOBILE SECTOR OFFERS GOOD CHANCES IN MANUFACTURE AND ASSEMBLY OF VEHICLES AND PARTS. INVESTMENT POSSIBILITIES ALSO EXIST IN THE ELECTRONIC INDUSTRY, FOR EXAMPLE IN COMPUTERS AND COMPONENTS, TELECOMMUNICATIONS EQUIPMENT, VIDEO AND AUDIO RECORDERS, MONITORING AND CONTROL INSTRUMENTS, AND A BROAD RANGE OF ACCESSORIES. ADDITIONAL POTENTIAL EXISTS IN METALLURGY AND SPECIAL STEEL, IN HEALTH CARE AND DIAGNOSTIC EQUIPMENT, AS WELL AS IN THE DESIGN, CONSTRUCTION AND MANAGEMENT OF HOSPITALS AND SPECIALIST CLINICS. FURTHERMORE, THE PROCESSING OF FOOD IS AN AREA OF INTEREST.

PAKISTAN LACKS AN ORGANIZED LEISURE / TOURIST INDUSTRY AND THIS SECTOR IS RIPE FOR DEVELOPMENT BY POTENTIAL INVESTORS. EXAMPLES ARE RESORTS AND HOTELS, ENTERTAINMENT PARKS AND PACKAGE TOURS.

SUMMARIZING, THERE IS CONSIDERABLE SCOPE OF EXPANDING THE INDUSTRIAL BASE IN THE COUNTRY IN COLLABORATION WITH INVESTORS FROM ALL OVER THE WORLD BY ESTABLISHING JOINT VENTURES OR 100% FOREIGN OWNED COMPANIES.

TO CONCLUDE THERE ARE TEN GOOD REASONS WHY INVESTMENT IN PAKISTAN HAS MERITS:

#### **WHY INVEST IN PAKISTAN**

BECAUSE PAKISTAN OFFERS:

- A LIBERALIZED BUSINESS ENVIRONMENT AND A RAPIDLY GROWING ECONOMY WITH A MAJOR ROLE ALLOCATED TO THE PRIVATE SECTOR
- A LARGE DOMESTIC MARKET AND A GROWING MIDDLE CLASS POPULATION OF ABOUT 30 MILLION HAVE SUBSTANTIAL PURCHASING POWER, AND ANOTHER 90 MILLION PEOPLE WHOSE CAPACITY TO PURCHASE IS STEADILY INCREASING
- A LARGE RESERVOIR OF SKILLED LABOR
- A POOL OF OVER 3 MILLION TECHNICALLY QUALIFIED MANPOWER
- A CLEAR EDGE IN LOCAL COST OF LABOR, REAL ESTATE AND AGRO BASED RAW MATERIALS

- AN ALREADY LARGE ENTREPRENEURIAL BASE THAT MAKES IT EASY TO FIND PARTNERS FOR COLLABORATION AND A DIVERSIFIED MANUFACTURING STRUCTURE.
- A LIBERAL PACKAGE OF INCENTIVES TO NEW INDUSTRIAL INVESTMENT
- A FOREIGN INVESTOR HAS THE CHOICE TO OWN 100% EQUITY AND HIS INVESTMENT IS FULLY PROTECTED AND NO WORK PERMITS ARE REQUIRED FOR MANAGERIAL AND TECHNICAL PERSONNEL. THERE IS NO CEILING ON PAYMENT OF ROYALTY AND TECHNICAL FEES, AND ACCESS TO DOMESTIC BORROWING FOR WORKING CAPITAL IS FREE
- NO LANGUAGE PROBLEMS - ENGLISH IS THE PREVALENT LANGUAGE

NOW HAVING SAID ALL THE FOREGOING YOU CAN PROBABLY ACCUSE US OF BEING OVER-OPTIMISTIC AND OF IGNORING CERTAIN FACTORS THAT CONSTRAIN PROGRESS AND THEREBY FOREIGN INVESTMENT.

I CAN ASSURE YOU THAT WE ARE AWARE THAT WE DO NOT LIVE IN PARADISE, WE DO HAVE OUR PROBLEMS AND DAY TO DAY FRUSTRATIONS BUT WE ARE ALSO WORKING IN AN ENVIRONMENT WITH:

- ⇒ AN ECONOMY WHICH IS EXPECTED TO REGISTER A HEALTHY GDP GROWTH
- ⇒ AN ALREADY DRASTIC AND ON-GOING REDUCTION IN GOVERNMENT CONTROL OVER THE ECONOMY
- ⇒ VARIOUS INCENTIVES TO FOREIGN INVESTORS AND BUSINESS IN GENERAL
- ⇒ A MARKET ENVIRONMENT THAT ENABLES MOST OF US TO OPERATE QUITE PROFITABLY AND WHICH ALLOWS US TO PLAN ON THE MEDIUM AND LONGER TERM
- ⇒ EXPANDING MARKET OPPORTUNITIES

IN A WORLDWIDE PERSPECTIVE, FOCUS IS CHANGING, ECONOMIC CENTRE POINTS ARE GRADUALLY SHIFTING FORCING COMPANIES TO ADOPT GLOBAL AND REGIONAL VIEWS AND TO RETHINK GEOGRAPHIC OPTIONS AND STRATEGIES.

IN THIS CHANGING SCENARIO IN PAKISTAN THE EUROPEAN UNION HAS A ROLE TO PLAY, AND IN THIS CONTEXT YOUR VISIT IS SEEN AS TIMELY AND AS AN OPPORTUNITY TO SHOW YOU THE POSSIBILITIES THIS COUNTRY HAS TO OFFER.

31ST OCTOBER, 2000.

**SUMMARY OF THE COMMENTS OF MR. USMAN AMINUDDIN MINISTER FOR  
PETROLEUM AND NATURAL RESOURCES DELIVERED AT OICC&I ON 11<sup>TH</sup>  
SEPTEMBER 2000**

Addressing the members of the Overseas Investors Chamber of Commerce & Industry Mr. Usman Aminuddin, Minister for Petroleum and Natural Resources said \$ 532 million investments are expected in the upstream projects while \$ 108 million in the down-stream sectors. This investment would be made over the next three years.

The minister pointed out that British Lasso, under a joint venture with Premier-Shell would invest \$ 260 million in the development of Ehit gas field. OMV of Austria would invest \$ 205 million for the development of its Miano, Sawan and Badin gas fields. He said Petronas of Malaysia, Paige of USA, French Total Fina and OMV have committed to invest \$ 66.8 million in offshore and onshore exploration.

The minister informed OICC&I members that the government was expecting an investment of \$ 5 billion in next few years in oil, gas and mineral sector.

He pointed out that the discovered oil reserves in the country were estimated at 650 million barrels and gas reserves at 33 trillion cubic feet. Independent studies have indicated that the potential oil reserves were about 40 billion barrels and gas reserves to the tune of 200 trillion cubic feet.

Government of Pakistan has offered an attractive package of incentives to encourage investment in petroleum exploration and production in Pakistan, he said.

Talking of the deficit in indigenous refining capacity of 12 million tonnes, the minister said an attractive package has been offered to companies interested on establishing oil refinery. "No formal approval is required for establishing refineries while import duties and taxes on machinery, not manufactured locally, has been abolished"

Minister stated that the gap of refining capacity would be reduced by 7 million tonnes by the year 2006, after commissioning of Parco and Pak-Iran Refineries.

Pakistan also seeks investment in pipeline installation, oil terminals and handling facilities, he added. Similarly, the country also requires investment in gas transmission to carry additional gas from the new discoveries to the consumers.

The Minister estimated that about \$ 700 million would be required to lay 800 kilometres gas pipelines and the government has approved the conceptual plan for this project.

Referring to the policy to encourage the use of compressed natural gas (CNG) in the country, the minister pointed out that the CNG industry would need an investment of \$ 700 to \$ 800 million to substitute diesel oil with CNG.

He said the government was committed to liberalization of oil and gas sector, privatization of public sector entities, acceleration of gas field development, improve effectiveness of the regulator and improve the environment. The energy needs of poor will also be addressed

2nd February, 2000.

**Mr. Abdul Razzak Dawood,  
Minister for Commerce, Industries & Production,  
Ministry of Commerce,  
Government of Pakistan,  
ISLAMABAD.**

Dear Minister,

### **ELIMINATING COUNTERFEIT PRODUCTS**

A critical feature of an economy which encourages foreign investment is protection of the brands of the investing companies. Pakistan has a major control issue here. Investors will not bring their brands to Pakistan without a legal system which is able to enforce penalty on unscrupulous manufacturers who counterfeit these brands.

You may be aware that there has been mushroom growth of unregistered factories which are illegally manufacturing second quality fake goods in the guise of known and popular brands / trademarks of reputed establishments. The practice is quite widespread in the medicines, paints, motor oil, cigarettes, tea, beverage, soap, shampoo and detergent industries. This is causing considerable harm to the consumers and also resulting in loss of huge revenue to the Government.

We estimate that the Government of Pakistan loses about Rs. 3 Billion annually in the evasion of duties and taxes by the sale of these fake products.

In September, 1998 the Overseas Investors Chamber of Commerce & Industry alongwith tThe American Business Council of Pakistan met the Chief Minister of Punjab and made him aware of this problem. The Chief Minister constituted a Task Force to develop a program for checking and controlling the counterfeit products in the Province of Punjab.

After considerable deliberation and hard work, the Task Force felt that the existing legislation on the subject was weak and mild for initiating an effective campaign to eliminate counterfeit products. The Government of Punjab wrote to the Federal Ministry of Interior forwarding the summary approved by the Chief Minister of Punjab and requesting changes in the law and suggesting that an ordinance be promulgated by the President of Pakistan.

The Punjab Government even sent a draft of the proposed Ordinance.

The Ministry of Interior forwarded the proposed draft ordinance to the Ministry of Commerce for comments. In our meetings with the Secretary Commerce we were advised that the Commerce Ministry is proposing a revision of the Trade Marks Act, and this would take care of the matter.



We advised Secretary Commerce that we had read the proposed draft Trademarks Act and that it would not meet the needs of the Pakistan consumer, business or Government because the Act did not have the provisions, included in our mutually proposed Ordinance, that would make the new regulations have teeth and be dissuasive to counterfeiters. Specifically it did not make the offense cognizable, non-bailable, did not make use of Executive Magistrates to arrive at speedy judgements, and did not make jail sentences mandatory instead of discretionary.

We attach a copy of our President's letter dated 6th August, 1999 to the Secretary Commerce in this regard.

The Chief Executive in his major policy speech of December 15, specifically mentioned this menace and the Government's resolve to tackle the issue. This was indeed encouraging.

We write to seek your support in getting the proposed ordinance approved so that we can begin our fight against the menace of counterfeits.

Thank you.

Yours truly,

**ZAHID ZAHEER  
SECRETARY GENERAL**

c.c.: **Mr. Shaukat Aziz,  
Finance Minister,  
Ministry of Finance,  
Government of Pakistan,  
ISLAMABAD.**

8th February, 2000.

**Mr. Abdul Razzak Dawood,  
Minister for Commerce, Industries & Production,  
Ministry of Commerce,  
Pak Secretariat Block 'A',  
ISLAMABAD.**

Dear Sir,

**PAKISTAN ENGINEERING COUNCIL - CHANGE OF BYE-LAWS**

The Ministry of Water & Power has recently issued a Statutory Notification Reference S.R.O. 1293 (I) / 99 dated 22nd November, 1999 in which amendments have been made in the Construction and Operation of Engineering Works Bye-Laws, 1987, whereby the definition of a Pakistani constructor or Pakistani operator has been changed to exclude these companies or enterprises which are not fully owned by Pakistani nationals.

The definition of Pakistani constructors / operators as it reads in the proposed amendment is too restrictive. 100% ownership by Pakistani citizens would render companies like Pakistan Telecommunication Corporation Limited, Pakistan Petroleum Limited, Pakistan State Oil Limited, Pak Arab Refinery Limited, Telephone Industry of Pakistan Limited and Carrier Telephone Industries Limited and many others to be treated as foreign constructors. Surely this cannot be the intention of the change in the bye-laws.

Similarly the proposed amendment in Clause 7 Sub Section 2 places an unrealistic restriction on the joint venture foreign constructors or operator to offer 51% share to the *Pakistani constructors / operators and to make him the lead constructor / operator.*

In this connection, we wish to point out this action of the Pakistan Engineering Council is in stark contradiction to the Government of Pakistan's foreign investment policies, where companies and enterprises with 100% foreign equity are allowed to operate in Pakistan.

In this connection, please find attached copies of our earlier letters dated 27th October, 1998 and 26th May, 1999 addressed to the Chairman, Pakistan Engineering Council stating that foreign companies operating in Pakistan must not be discriminated against. Pakistan Engineering Council's reply dated 5th November, 1998 is also attached.

We seek your support in this matter, as this relates to negation of the investment policy of the Government of Pakistan.

Yours truly,

**ZAHID ZAHEER  
SECRETARY GENERAL**

25th February, 2000.

**Mr. M. A. Bhullar,  
Acting Registrar,  
Monopoly Control Authority,  
ISLAMABAD.**

Dear Sir,

**YOUR ADVERTISEMENT APPEARING IN VARIOUS NEWSPAPERS PUBLISHED ON  
17TH FEBRUARY, 2000 TITLED "DRAFT GENERAL ORDER ON UNREASONABLY  
RESTRICTIVE TRADE PRACTICES"**

The comments of Overseas Investors Chamber of Commerce on the proposed General Order under Section 7 of the Monopolies and Restrictive Trade Practices (Control and Prevention) Ordinance, 1970 are appended below:

1. In order to lawfully issue a General Order in terms of subsection (1), the Authority must follow the procedure prescribed in subsection (2) and subsection (3). In other words, the Authority must first be satisfied that there is a need, in the public interest, to issue a General Order in relation to a trade practice and in order to make this determination, a public inquiry in terms as laid down in subsection (2) should be held. It is then that recourse can be had to subsection (3).
2. In the present case, it appears that the requirements of subsection (2) have not been complied with. If so, then the entire exercise being carried out would appear to be without jurisdiction or lawful authority. Accordingly, a suitable inquiry ought to be made in order to confirm whether, in fact, there has been compliance with subsection (2).
3. As regards the proposed General Order, it would appear that (since it is to have effect in respect of all industries), it is not an Order that can or ought to, be issued under Section 7. This is so because a General Order in terms thereof must (as presently relevant) be within the terms of the definition of 'unreasonably restrictive trade practices'. That definition revolves around the concept of 'competition' which has meaning only in relation to the actual trade practices as are prevailing in a specific industry.
4. Even otherwise, it would appear that in relation to all industries, the two trade practices identified in the proposed General Order do not have an 'adverse impact' (within the meaning of the Ordinance) on the competition among the various manufacturers and the proposed General Order ought not therefore to apply to all industries.
5. The proposed 'General Order' if implemented could expose consumers to unscrupulous distributors who will not be accountable to any one. Companies with unregistered distributors will not accept liability for their goods sold through unregistered distributors who lack specific knowledge related to their product and who do not have the infrastructure to provide after sale service / repair to goods sold. In the absence of security deposit financial fraud is likely to become rampant and industry already reeling under difficult economic condition will be further undermined, will not be able to extend credit to distributors, and might increase prices to consumers, as well as restrict availability of product.

Yours truly,

**ZAHID ZAHEER  
SECRETARY GENERAL**

31st March, 2000.

Mr. M. Javed Panni,  
Chief (Securities),  
Securities & Exchange Commission of Pakistan,  
ISLAMABAD.

Dear Mr. Panni,

**CHAMBER'S COMMENTS ON DRAFT LISTED COMPANIES (SUBSTANTIAL  
ACQUISITION OF SHARES AND TAKEOVER) REGULATIONS 2000**

Further to our fax 30th March, 2000, the basic purpose of the Regulations appears to be to provide transparency and an even playing field so that small share holders can get an equal chance to benefit from any substantial acquisition of shares in a company. On this basis, the Overseas Chamber supports the regulations. However, we have the following reservations:

Regulation 7 (2) : This applies to an acquirer who already has control of a company i.e. already owns 51% of shares. The provision requires such acquirer also to make a public offer if he desires to acquire further shares. Most foreign investors in Pakistan already own at least 51% of their locally incorporated companies and this provision will act as a restraint on further investment if the overseas company wishes to increase its stake in the local company. We therefore recommend the deletion of this sub regulation.

Regulation 7 (1) The 5% figure should be substituted by 2% as this is also the level of further annual purchases prescribed by regulations in most world wide jurisdictions.

Regulation 3 The SECP should have general power (through the takeover panel constituted under Regulation 4) to exempt in appropriate cases, acquisition of shares from the provisions of the Regulations, if no useful purpose would be served by going through the requirements of the Regulations. Such a provision also exists in India. This is also necessary because in the case of foreign companies, transfer of shares in their local companies have to take place from one shareholder entity to another simply because of a world wide acquisition or change of ownership and it would be unfair to subject the new share holder to all the requirements of these regulations.

Regulation 19 (6) : The Companies Ordinance provides for directors to be elected for three years. Consequently the requirement in the first paragraph, though fair, may not be enforceable in the absence of appropriate amendments in the Companies Ordinance. With regard to the 2nd paragraph (a new insertion in the 2nd draft of the Regulations). This not only violates the Companies Ordinance but is also impractical. In most cases elections are never actually held as the number of nominations is equal to the number of seats. Even if elections are held it would be unfair to unseat the director who obtains the lowest number of votes because the share holding that elected him may in fact not have changed hands but rather share holding that elected some other director.

Regards

Yours truly,

**ZAHID ZAHEER  
SECRETARY GENERAL**

c.c.: **Mr. Shahid Ghaffar,  
Managing Director,  
Karachi Stock Exchange (Guarantee) Limited,  
KARACHI.**

28th April, 2000.

The Secretary,  
Ministry of Commerce,  
Government of Pakistan,  
ISLAMABAD.

**CHAMBER'S COMMENTS ON THE PROPOSED DRAFT LEGISLATION ON  
ANTIDUMPING - WITH REFERENCE TO THE MEETING HELD BY THE MINISTRY ON  
19TH APRIL, 2000**

As promised in the above mentioned meeting to yourself, I take pleasure in stating the OICC&I's considered comments on the latest draft legislation on antidumping, for the consideration of the Ministry. I would like to emphasize that rather than make a large number of various categories of comments in order to be efficient and to save the Ministry's time, we have focused on a few areas only but which are fundamental and seek your best consideration of them.

These comments are as follows:

**SECTION 8**

Non market economies to be defined clearly and the applicability of this Section be done on a product to product basis.

**SECTION 24 (4), SECTION 31, SECTION 39 & SECTION 47**

The person against whom allegations of dumping have been made should be allowed to respond to the allegations within 15 days before initiation of any proceedings.

The time limit for the initiation of proceedings should be restricted to 45 days.

The time limit for preliminary determination should be 75 days and that of final determination 120 days.

**SECTION 31**

The duration of proceedings are too long (see comments above)

**SECTION 25**

There is a conflict between Sub Clause (a) and Sub Clause (b).

Sub Clause (a) be dropped and only Sub Clause (b) retained.

**NEW SECTION**

False, misleading information and mischievous and frivolous complaints be penalized and a separate section added on quantum, circumstances and mode of imposition.

**GENERAL**

The issue of consumer interest / participation in the antidumping imposition process was quite heatedly debated in the meeting of 19th April, 2000. This matter has been considered by the Chamber once again and we would like to emphasize our point of view as follows:

1. the participation of the consumer together with the manufacturer in normal tariff setting is understandable as it is an issue of distribution of profit / wealth. In the case of antidumping measures, there is no vested interest of the consumer versus manufacturer because firstly it is not an issue of fair distribution of profits / wealth and in fact on the other hand secondly it is an issue of re-establishing the balance of profit / wealth distribution as determined by the normal tariffs. This is to say that since normal tariffs presume fair prices, dumping prices automatically necessitate a re-establishment of this equilibrium.
2. antidumping measures in fact are ultimately to the interest of the consumer in any case. The primary aim of dumping by exporters is to injure, retard and in some cases dismantle the local industry / manufacturer with the ultimate objective of demanding prices at will from these markets, unprotected by any competitive pressure from local industry. There are many examples in Pakistan where if you trace history massive dumping has preceded or occurred in the very early stages of large investments locally in the manufacture of that product. The consumer therefore benefits automatically and quite fundamentally by the appropriate and fair protection of local industry ultimately.

In view of the above 2 very strong reasons, the Chamber is of the opinion that no formal participation of the consumer's interest in the antidumping process is justified or necessary.

The Chamber looks forward to your most favorable consideration of the above comments.

**MUNNAWAR HAMID, OBE  
PRESIDENT**

**c.c.: Mr. Gulrez Yazdani  
Joint Secretary (WTO),  
Ministry of Commerce,  
Government of Pakistan,  
ISLAMABAD.**

15th May, 2000.

**Mr. Ebrahim Sidat,  
Chairman, ICAP Sub-Committee on Corporate Governance,  
The Institute of Chartered Accountants of Pakistan,  
KARACHI.**

Dear Sir,

**PROPOSED RECOMMENDATIONS FOR CODE OF CORPORATE GOVERNANCE**

First of all I must apologize on behalf of the Chamber for having delayed our response to you on the above subject. This was basically because it is a matter of fundamental importance and we wanted to give every member of the Chamber an opportunity to consider it diligently. As a result the enclosed comments are a collective view held by members of the Chamber. Equally I must at the outset also thank you very much for having waited for this feedback despite the delay.

I am sure once you have gone through these comments, it would be appreciated that there are some fundamental issues of equity and justice and the optimum ease of corporate functioning which are being raised and all of them require fair consideration and debate before a final view is taken.

We appreciate the significance of the rights of minority shareholders and ethical corporate governance both of which are strongly supported by the Chamber, but it seems to us that the draft under consideration is a swing of the pendulum to the other extreme, which in our opinion will not be a prudent way of achieving these important objectives.

Look forward to your consideration.

**MUNNAWAR HAMID  
PRESIDENT**

**INSTITUTE OF CHARTERED ACCOUNTANTS OF PAKISTAN RECOMMENDATIONS  
FOR CODE ON CORPORATE GOVERNANCE****SUMMARY OF COMMENTS****GENERAL**

The Code proposes to modify or delete provisions of the Companies Ordinance 1984 which are not in conformity with its recommendations. It is suggested that the converse principle should apply and the Code should conform with the provisions of the Companies Ordinance 1984 which is the law presently applicable to Companies. Any departures from the principles laid down in the Ordinance should be framed as recommendations and should not be made mandatory.

The language of the Code is such that it attempts to make most of the provisions mandatory. This does not recognize some important principles which for example the Hampel Commission acknowledged when it presented its Report:

That the objective of a Code is not to prescribe corporate behavior in detail but to ensure that there is sufficient disclosure so that shareholders can assess their company's performance effectively.

The Code should not be too prescriptive because corporate governance is a concept which will continue to evolve.

Most importantly the Code must not in anyway hamper the commercial efficacy of the Company. The Hampel Report states: "The single over riding objective shared by all Listed Companies, whatever their size or type of business, is the preservation and the greatest practicable enhancement over time of their shareholders' investment. All boards have their responsibility and their policies, structure, composition and governing process should reflect this... A Company must develop relationships relevant to its success.

In many instances the Code takes away this flexibility from the Company and in a number of instances as pointed out above, the provisions of the Code if made applicable will hamper investment.

**SPECIFIC COMPLIANCE OF CODE  
INTRODUCTION**

We are not aware whether the requirement of filing a Statement of Compliance with such a Code is mandatory anywhere else in the world. We suggest that it be kept as a voluntarily objective for a few years before making it mandatory. Companies should be encouraged to file the Statement for those portions outside current laws.

Again we suggest that initially review of the Code by auditors be made voluntary for a few years before making it mandatory.

**BOARD OF DIRECTORS**

The reference to "the peculiar circumstances of corporate ownership structure in Pakistan" is a concept which is not explained in the Code. It gives the impression that "peculiar" and therefore different circumstances exist in Pakistan separate to those prevailing internationally. Such a premise would then necessarily mean that the framers of the Code are not sensitive to international norms and would expect even international companies to adhere to principles which do not have international acceptance. It is suggested that any such premise should be avoided and just as Companies are now adopting the International Accounting Standards, in the same way any Code of Corporate Governance should be based on an international standard.



These proposals would unfairly prejudice the majority shareholders of a Company. The effect of these proposals would be that a shareholder of say 80 % equity of a company would be obliged to put in 80% investment and take 80% of the risk but would be limited to only 6% voting rights on the Board. The Companies Ordinance in Sections 263 - 280 and Sections 290 - 295 grants substantial powers to the Registrar Joint Stock Companies and the High Court to prevent oppression and mismanagement. Thus sections 2.1 (b) - (e) are not required. In fact this recommendation will make the functioning of Companies unworkable and will severely hamper investment in Listed Companies especially foreign investment.

A minimum number beyond the number stated in the Companies Ordinance should not be made mandatory. The size of a Board should reflect the capital structure of a Company, its size and shareholder base, the reason for a maximum of 10 is unclear

the reason for the restriction on the proportion of executives among the directors is unclear and we do not support this.

### **QUALIFICATIONS & ELIGIBILITY TO ACT AS DIRECTORS**

The reason for a maximum number of ten directorships is not clear

Why the age limits for Directors

Why should Director be a tax payer.

### **TENURE OF OFFICE OF DIRECTORS**

Short election intervals will tend to both destabilize and distract. We believe the existing three year tenure is reasonable and do not support it being reduced to two years.

### **POWERS OF THE BOARD**

Developing a Statement of Ethics and Business Practices is a good idea. We suggest annual circulation of this Statement to all employees within the entity be made mandatory.

This list is very exhaustive and onerous. It implies that the Directors act in parallel with the management team who are charged with to running the company. Directors should be monitoring the quality of management - not actually doing it themselves."The Board of Directors / Sub Committees of the Board should only formally approve policies which could have a material impact on the operations of the Company" Subject to the stipulations of the Companies Ordinance, the Board should be entitled to determine its own terms of reference depending on the size of its operations. In large Companies if the Board is required to focus on issues which are not material to the core business of the Company this in itself will prejudice the interest of shareholders.

These should be delegated to CEO and management team.

Remuneration of CFO, Company Secretary and others is better left to CEO.

### **MEETINGS OF THE BOARD**

The Chairman and CEO need not be two separate persons. This should not be mandatory. The Hampel Commission Report for example whilst making such a recommendation clearly recognizes that a number of companies have combined the two roles successfully.

It is suggested that the 15 day period should be extended to 30 days for circulation of the Board Meeting minutes.

Board minutes are confidential and if these minutes are required to be filed with the Registrar, they become public documents and confidentiality cannot be preserved. Moreover, a dissenting Company director could misuse this provision.

### **KEY INFORMATION**

In general we feel this section is centralizing a company's decision making and will lead to too much Board involvement in operational issues. The Board should instead be focusing on policies and risk Management. Some materiality limits need to be set for triggering Board involvement. For example, appointment of distributors / agents) are routine matters and Board does not need to be involved. Recruitment and remuneration need to be managed at the operating level within the policies set by the Board. For persons directly reporting to CEO, we suggest the compensation package should be reviewed by a Board remuneration committee. Labour related problems, agreements with Union, or CBA should be handled at the operating level and not sent up to the Board for approval.

### **CFO AND COMPANY SECRETARY**

Why does the Board need to approve appointment of the CFO and Company Secretary. It should be left to the CEO / management team.

Why 75% of Board to remove these officers ?

### **QUALIFICATION OF CFO**

Not necessary that CFO be a qualified accountant (There are many companies where senior finance staff are Economists !).

A suggestion - perhaps rather than listing qualification there should be a bar on certain positions including Directors if they have criminal records or are bankrupt, tax evaders etc ?

### **REQUIREMENT TO ATTEND BOARD MEETINGS**

We do not agree on the need for the CFO to attend Board meetings. Many management team members have statutory responsibility. Decisions taken by the Board will be documented in the minutes to which they would have access. In a well governed companies, the CEO will keep all staff, especially the management team members apprised of decisions by the Board.

### **THE DIRECTORS' REPORT TO SHAREHOLDERS**

We assume this reiterates the Board's responsibility related to financial statements and does not imply their physical involvement. Regarding the pattern of Shareholding, the law should first require shareholders to make such disclosures to companies, only then can companies compile and report such details.

Disclosure for "Executives" should be restricted to only those who are Directors as the number of executives in an employee owned company may run into hundreds.

### **FREQUENCY OF MID TERM FINANCIAL REPORTING**

Requirement of publishing quarterly unaudited financial statements should be within 45 days and not 30 days of the close of each quarter.

We do not agree with mandatory involvement of external auditors as far as half yearly report is concerned. It will add to cost and slow down the process of issuing accounts.

## **DISCLOSURE OF INTEREST BY A DIRECTOR HOLDING COMPANY INTEREST**

Since the term "director" would include non executive directors also, it is suggested that the two day notification period should be extended to seven days.

Requirement of notifying the sale and purchase of shares should be restricted to certain level of executives. Executive should be clearly defined for this section to mean an executive director or a direct reportee to the CEO, otherwise an unmanageable number of transactions by lower level employees may require reporting without corresponding benefit from this information.

Having a closed period for trading of shares by directors and CEO prior to announcement of interim and final results is a good idea and we support it.

## **CORPORATE OWNERSHIP STRUCTURE**

It is not clear which authority will have the power to grant the relaxation referred to herein. Further it is recommended that the 40% shareholding to be offered to the public should be reduced to 20%. In some cases the Listed Company will be of the type which can support a 40% shareholding however, given the harsh economic environment and the number of Companies who have been placed on the defaulter's counter by the Stock Exchange opening up new companies (without a track record) to public participation at such a high level of shareholding many unfairly prejudice the investing public especially small shareholders.

## **DIVESTITURE OF SHARES BY SPONSORS**

This provision dilutes the value of having a controlling interest. It also restricts the majority shareholder's ability to transact commercially on the best possible terms. The ability to transfer control may well justify a premium from a particular shareholder for strategic reasons.

## **AUDIT COMMITTEE**

Agreed this is part of good governance - but why should the committee be appointed by the Board ?

Why does the Chairman have to be a non-executive Director ? It is not the case in many well managed companies. Also, why limit the number of non-executive Directors.

Duties: of audit committee need to be reconsidered.

The appointment of auditors etc - this already goes to AGM of shareholders.

Reviewing accounts - not an internal audit activity usually (already done by CFO, management team, CEO and Board)

Provide assurance that the key areas of duties of the Board have been discharged.

Ensure the entity complies with legal requirements.

The above items should be assured through means other than an audit committee.

### **INTERNAL AUDIT**

OK - but very vague. What constitutes an "internal audit system"? It would be useful to define some standards here.

Impossible to deliver. How can Board ensure auditors are respected ?

**Agree this should form part of good governance - but it should be optional - not mandatory.**

### **OTHER RECOMMENDATIONS**

What is the intention behind itemizing imports and local purchases under b) and c) ?

Definition of executive should be changed to "a person having functional / business responsibility directly reporting to the CEO irrespective of the salary he is drawing".

12th June, 2000.

**Honorable Minister of Finance,  
Government of Pakistan,  
Pak Secretariat,  
ISLAMABAD.**

Dear Sir,

We bring to your attention three examples of misuse of discretionary powers by officials of the Central Board of Revenue, which are causing concern amongst foreign investors and are likely to result in reduced investors confidence:

1. We have been advised that some multinational companies have received notices saying that they shall be treated as assessee in default, if tax is not withheld on the liability on accrual credited in the books of accounts.

You are aware that deductions under Section 50 of the Income Tax Ordinance 1979 are only required to be made on actual payment of such accruals.

The law has created an obligation of Withholding Tax at the time of making the payment and not at the time of creation of debt or a liability of a debt or a credit entry recognizing the debt.

Giving an extended meaning to the payment in Section 50 is not justified and tantamounts to harassment. By levying additional tax at 24% per annum, the Tax Department is creating undue hardship.

2. We have also been advised that in the recent past three multinational companies have received notices that firms have been appointed under Section 4(A) of the Income Tax Ordinance to conduct a second audit.

While we accept that Section 4(A) of the said ordinance authorizes the board to take such an action, it must be based on some reasonable grounds.

Appointing firms of insufficient standing in the profession to do a second audit, even in cases where the first statutory audit has been done by firms of international repute, is hardly a step towards restoring tax payers confidence.

3. Section 50(7D) of the Income Tax Ordinance 1979 is being misapplied by the Tax Authorities and they are issuing Show Cause Notices to companies requiring them to give reasons why Withholding Tax was not deducted while making interest payments to Banks.

They have threatened to treat the company as an assessee in default under Section 52 of the Income Tax Ordinance 1979, unless such Withholding Tax is paid on past and future interest payments.

The Department should appreciate that a loan agreement is not an interest bearing instrument, as does not entail issuance of a certificate, bond or instrument under this agreement. Section 50(7D) is only applicable to payments by way of profits or interest on bonds, certificates, debentures, securities or instruments of any kind issued by any banking company or any company, or local authority in finance society.

We trust that appropriate intervention will be made to redeem the situation.

Yours truly,

**ZAHID ZAHEER**  
**SECRETARY GENERAL**

c.c.: **Chairman,**  
**Central Board of Revenue,**  
**ISLAMABAD. FAX NO. 051 - 9205308**

c.c.: **Secretary General Finance,**  
**Ministry of Finance,**  
**ISLAMABAD. FAX NO. 051 - 9205166**

c.c.: **Economic Advisor,**  
**Ministry of Finance,**  
**ISLAMABAD. FAX NO. 051 - 9203388**

## LIST OF THE MEMBERS OF CHAMBER'S STANDING SUB-COMMITTEES FOR 2000 - 2001

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MR. SARFRAZ-UL-HAQ		PHARMACIA & UPJOHN
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MR. KAMRAN R. IBRAHIM		ROCHE
MR. RENE KLEMM		SCHERING ASIA GMBH
MR. REHMAN GHANI		SMITH & NEPHEW
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MR. G. C. WILSON		SHELL

26TH JANUARY, 2000.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB COMMITTEE FOR  
BANKING & FINANCE WITH WORLD BANK FINANCIAL SECTOR ASSESSMENT  
MISSION HELD ON WEDNESDAY 26TH JANUARY, 2000 AT 10.30 AM IN THE  
CHAMBER'S PREMISES**

**PRESENT:**

**WORLD BANK DELEGATION**

MR. JOSEPH PERNIA	TEAM LEADER
MR. MUDASSIR KHAN	CO-TEAM LEADER
MS. GABRIELLA FERENCZ	
MR. JUAN COSTAIN	
MR. MANUEL HINDS	
MR. TAHIR ALI TAYEBI	LEGAL COUNSEL

**BANKING & FINANCE SUB COMMITTEE**

MR. S. ALI RAZA	CO-CHAIRMAN	BANK OF AMERICA, N. A.
MR. MOHAMMAD AURANGZEB		ABN AMRO BANK N. V.
MR. AHMED SHUJA KIDWAI		ALBARAKA ISLAMIC BANK
MR. RANJITH J. ATUKORALA		BANK OF CEYLON
MR. SHAHZAD NAQVI		CITIBANK N. A.
- REP BY MR. HAMID BUTT		
MR. ZAKIR MAHMOOD		CREDIT AGRICOLE INDOSUEZ
- REP BY MR. RIZWAN HAIDER		
MR. ARIF M. ALI		DEUTSCHE BANK A. G.
MR. TIMOTHY P. GIBBS		EMIRATES BANK
MR. AZMAT ASHRAF		MASHREQBANK PSC
DR. P. H. RUSCH		SOCIETE GENERALE

**LEAVE OF ABSENCE:**

MR. ZAHID RAHIM	CHAIRMAN	STANDARD CHARTERED BANK
MR. TAWFIQ A. HUSAIN		AMERICAN EXPRESS BANK
MR. AZHAR HAMID		ANZ GRINDLAYS BANK
MR. MASANORI OKUDA		BANK OF TOKYO-MITSUBISHI
MR. AHMED HUSSAIN KHAN		DOHA BANK
MR. FAROOK BENGALI		FAYSAL BANK
MR. M. HAROON AHMED		HABIB BANK AG
MR. PETER WATERHOUSE		HONGKONG & SHANGHAI
MR. MOHAMMAD ABDULLAH		I F I C
MR. ASHRAF N. IRSHADUDDIN		OMAN INTERNATIONAL
MR. MD. SELIM KHAN		RUPALI BANK

Co-Chairman, Mr. S. Ali Raza welcomed the visiting members of the World Bank Financial Sector Assessment Mission to the Chamber.

He recalled that earlier a team on financial sector reforms also led by Mr. Joseph Pernia had visited the Chamber.

Mr. Pernia introduced his team members and informed the meeting that this mission had come to Pakistan at the request of the State Bank of Pakistan, to review the progress of the financial sector reforms that have so far been implemented and establish the areas and needs for further reform.

Some of the concerns that were identified were:

1. Proliferation of institutions
2. Customer base too narrow
3. Legal reforms and foreclosure laws insufficiently implemented
4. Formation of Resolution Trust Corporation (RTC)

General discussions took place on all the above issues including the yields on NSS schemes, high tax rate and disallowing tax credit on write off of debts add to credit cost of banking companies.

The need for foreign banks to go deeper into the market and the limitations imposed on opening new branches were also highlighted.

Prudential regulations which require advisory services and fund management services not to be done by banking companies, but new subsidiaries with additional equity capital to be formed for this purpose were also identified as areas which concern foreign banks.

Chairman thanked the visiting team and said that the banks look forward to working with the World Bank to enhance the regulatory environment.

The meeting closed with a vote of thanks to the Chair.

**ZAHID ZAHEER**  
**SECRETARY GENERAL**

20TH MARCH, 2000.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB COMMITTEE FOR  
BANKING & FINANCE ON MONDAY 28TH FEBRUARY, 2000 AT 3 PM IN THE  
CHAMBER'S PREMISES**

**PRESENT:**

MR. ZAHID RAHIM	CHAIRMAN	STANDARD CHARTERED BANK
MR. MUHAMMAD AURANGZEB		ABN AMRO BANK N. V.
MR. AHMED SHUJA KIDWAI		ALBARAKA ISLAMIC BANK
MR. TAWFIQ A. HUSAIN		AMERICAN EXPRESS BANK
MR. AZHAR HAMID		ANZ GRINDLAYS BANK
MR. RANJITH J. ATUKORALA		BANK OF CEYLON
MR. MASANORI OKUDA		BANK OF TOKYO-MITSUBISHI
MR. ZUBYR SOOMRO		CITIBANK N. A.
MR. ARIF M. ALI		DEUTSCHE BANK A. G.
MR. FAROOK BENGALI		FAYSAL BANK
- REP BY MR. KHALID S. TIRMIZEY		
MR. PETER WATERHOUSE		HONGKONG & SHANGHAI
MR. MOHAMMAD ABDULLAH		IFIC
MR. AZMAT ASHRAF		MASHREQBANK PSC
MR. ASHRAF N. IRSHADUDDIN		OMAN INTERNATIONAL
MR. MD. SELIM KHAN		RUPALI BANK
DR. P. H. RUSCH		SOCIETE GENERALE

**LEAVE OF ABSENCE:**

MR. S. ALI RAZA	CO-CHAIRMAN	BANK OF AMERICA, N. A.
MR. JEAN-PIERRE RAYNAUD		CREDIT AGRICOLE INDOSUEZ
MR. AHMED HUSSAIN KHAN		DOHA BANK
MR. TIMOTHY P. GIBBS		EMIRATES BANK
MR. M. HAROON AHMED		HABIB BANK AG

Minutes of the meeting held on Monday 20th December, 1999 were confirmed. Minutes of meeting held on 26th January, 2000 with World Bank Financial Sector Assessment Mission were also confirmed.

Minutes of the meeting held with Dr. Ishrat Husain, Governor, State Bank of Pakistan on 5th February, 2000 have already been circulated and the Chairman invited discussions on the various issues as identified in this paper.

One of the long-standing issues continue to remain the high interest rates applicable on National Savings Scheme. Although various representations had been made to many forum by Banks and OICCI, in the past (i.e. Minister of Finance, Central Bank Governor, World Bank Consultant, IMF etc.) there was a need to further represent the problem to the Government / State Bank of Pakistan Governor. The Chairman appointed Mr. Zubyr Soomro and Mr. Muhammad Aurangzeb to work jointly on a presentation on NSS, highlighting issues, for discussion with the State Bank of Pakistan / Government.

It was also agreed that for all other pending banking issues like high tax rate for Banks, high withholding tax rates etc., the support of the EAB members will be sought, from the Managing Committee of OICCI.

Letter dated 10th February, 2000 from Pakistan Banks' Association seeking two nominations for the following two sub committees formed by the Commission on Transformation of Economy:

a) Committee on Development of Financial Instruments.

b) Task Force constituted by the Ministry of Law

was tabled for discussion.

It was agreed that Mr. Shabbir Ahmed of ABN AMRO Bank be nominated on the first sub committee.

No nomination was made for the second sub committee.

State Bank of Pakistan's reminder letter dated 20th February, 2000 seeking inputs on New Capital Adequacy Framework and revision of the Basel Capital Accord was tabled for discussion. This letter was circulated to the larger foreign banks for a reply; so far only three Banks had responded, Chairman felt the matter had been delayed for too long, and offered to send a suitable reply to State Bank of Pakistan based on inputs received (since done).

The Chairman informed the Banks that SBP, in its letter of 2/2/00, had informed Pakistan Banks Association, (PBA) of the Commission of the Transformation of Economy's decision to nominate representatives of Banks on various committees / task force constituted for evolving the system in line with the directives of the Supreme Court, in its judgment on Riba. In this connection, SBP had asked PBA to appoint one representative each from the NCBs, the foreign Banks and privatized banks together with one Legal Counsel. This was agreed by Zakir Mahmood, Member of the Commission.

The Chairman informed the meeting that he had received a request from the PBA informing him about the appointment of Mr. Haidermota as Legal Counsel (external) on behalf of all banks to the Commission of Transformation of Economy. They had sought from OICCI that all banks share the fee of Rs. 2.5 Million equally -- which was put to the vote at the meeting, and all Banks agreed to the appointment of the Lawyer and sharing of the fees, provided the legal payments were made in installments, subject to progress. Secretary General OICCI to advise PBA accordingly.

Letter dated 17th February, 2000 received from Mandviwalla & Zafar on Supreme Court judgment on Petitioner Sayid Munir-ul-Huda Chowdary Foreign Currency Accounts Case was tabled for discussion. The case has been withdrawn and the Government of Pakistan and State Bank of Pakistan have resolved the matter with the Petitioner. According to a legal opinion, this case is now time-barred from other Petitioners.

Letter received from Pakistan Banks' Association dated 24th February, 2000 seeking permission to file a joint constitutional petition by PBA on behalf of all Banks / DFIs against imposition of 1% Stamp Duty on the entire loan package by the Government of Sindh. The suggestion is that all banks share the costs equally.

The Legal Counsel of Citibank has prepared a note for Mr. Nadeem Husain copied to Chairman, Mr. Zahid Rahim in the matter of Stamp Duty. This note to be circulated to all Members of the Sub Committee. It was also agreed that this matter needs further thought. Banks were reluctant to proceed on a legal basis, as there is a need to explore alternatives, like making contact with Sindh Government for a dialogue, as has been done in the past.

Citibank letter dated 26th January, 2000 addressed to the Chairman, National Accountability Bureau was tabled for discussion.

Chairman advised that a copy of this letter be circulated to all Members of the Sub Committee – for information.

Non payment of contribution by member Banks to the Pakistan Institute of Development Economics Annual Conference was discussed. It was agreed that Banks who have not paid, be advised that this is sponsorship of the PIDE Annual Conference and not a donation.

The meeting closed with a vote of thanks to the chair.

**ZAHID ZAHEER**  
**SECRETARY GENERAL**

19TH APRIL, 2000.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB COMMITTEE FOR  
BANKING & FINANCE ON THURSDAY 6TH APRIL, 2000 AT 3 PM IN THE CHAMBER'S  
PREMISES**

**PRESENT:**

MR. ZAHID RAHIM	CHAIRMAN	STANDARD CHARTERED BANK ABN AMRO BANK N. V.
MR. MUHAMMAD AURANGZEB - REP BY MR. SHABBIR RASHID		
MR. AHMED SHUJA KIDWAI		ALBARAKA ISLAMIC BANK
MR. TAWFIQ A. HUSAIN		AMERICAN EXPRESS BANK
MR. AZHAR HAMID		ANZ GRINDLAYS BANK
MR. JEAN-PIERRE RAYNAUD		CREDIT AGRICOLE INDOSUEZ
MR. TIMOTHY P. GIBBS		EMIRATES BANK
MR. FAROOK BENGALI - REP BY MR. HASAN IMAM		FAYSAL BANK
MR. M. HAROON AHMED - REP BY MR. USMAN ABEDIN		HABIB BANK AG
MR. PETER WATERHOUSE - REP BY MR. NICHOLAS GILMOUR		HONGKONG & SHANGHAI
MR. MOHAMMAD ABDULLAH		IFIC
MR. AZMAT ASHRAF		MASHREQBANK PSC
MR. ASHRAF N. IRSHADUDDIN - REP BY MR. PERVAIZ AHMED		OMAN INTERNATIONAL
DR. P. H. RUSCH		SOCIETE GENERALE

**LEAVE OF ABSENCE:**

MR. S. ALI RAZA	CO-CHAIRMAN	BANK OF AMERICA, N. A.
MR. RANJITH J. ATUKORALA		BANK OF CEYLON
MR. MASANORI OKUDA		BANK OF TOKYO-MITSUBISHI
MR. ZUBYR SOOMRO		CITIBANK N. A.
MR. ARIF M. ALI		DEUTSCHE BANK A. G.
MR. AHMED HUSSAIN KHAN		DOHA BANK
MR. MD. SELIM KHAN		RUPALI BANK

**01 MINUTES OF THE LAST MEETING**

Minutes of the last meeting held on 28th February, 2000 were approved.

**02 MATTERS ARISING OUT OF THE SAID MINUTES**

None

**03 BRIEF ON CHAIRMAN'S MEETING WITH THE GOVERNOR,  
STATE BANK OF PAKISTAN**

The Chairman briefed the members about the outcome of one to one meeting with the Governor, State Bank of Pakistan held last month. The following issues were discussed:

- a) Reserve requirement for F. E. 25 Deposits
- b) Foreign exchange and treasury matters  
After the freeze the market has shown no substantial progress, though it is opening up now.
- c) It was agreed to form task force of treasuries consisting of representatives from following Banks. The Committee would suggest recommendations to bring improvements in matters related to treasury, etc., for onward submission to the Governor, State Bank of Pakistan.

STANDARD CHARTERED BANK  
EMIRATES BANK INTERNATIONAL PJSC  
ABN AMRO BANK N.V.  
ANZ GRINDLAYS BANK LIMITED  
AMERICAN EXPRESS BANK LIMITED

The CEO's of the above banks to recommend the names of the persons representing their banks. Mr. Imran Ahad of Standard Chartered Bank to coordinate the activities of the said Task Force.

- d) N S S issues - High rates on this scheme.

#### **04 COMMITTEE ON DEVELOPMENT OF FINANCIAL INSTRUMENTS & STANDARDIZED DOCUMENTS**

Mr. Shabbir Rashid of ABN AMRO Bank tabled record notes of first and second meetings of the Committee on Development of Financial Instruments and Standardized Documents, held on 25th February and 10th March respectively at State Bank of Pakistan.

The Committee's final observations to be passed on to Haidermota & Company to prepare and submit initial draft to State Bank of Pakistan by 21st April, 2000. Mr. Shabbir Rashid will keep the Chairman informed of the developments taking place.

#### **05 CONSOLIDATED TEXT OF THE DRAFT CONVENTION ON ASSIGNMENT (IN RECEIVABLE FINANCING) (OF RECEIVABLES IN INTERNATIONAL TRADE)**

The above draft received from State Bank of Pakistan for OICC&I's comments was tabled. Chairman asked the Member Banks to send their views on the matter as early as possible. State Bank of Pakistan is anxiously awaiting for OICC&I's observations on the subject.

#### **06 OTHER MATTERS**

Mr. Tawfiq Husain raised the issue of Stamp Duty. The Chairman offered to take up this matter in coordination with Pakistan Banking Association.

The meeting ended with a vote of thanks to the Chair.

**MOHAMMAD ASLAM**  
**DEPUTY SECRETARY**



24TH AUGUST, 2000.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING  
SUB COMMITTEE FOR BANKING & FINANCE  
HELD ON TUESDAY 8TH AUGUST, 2000 AT 9 AM  
IN THE CHAMBER'S PREMISES**

**PRESENT:**

MR. ZAHID RAHIM	CHAIRMAN	STANDARD CHARTERED BANK
MR. MUHAMMAD AURANGZEB		ABN AMRO BANK N. V.
MR. AHMED SHUJA KIDWAI		ALBARAKA ISLAMIC BANK
MR. TAWFIQ A. HUSAIN		AMERICAN EXPRESS BANK
MR. AZHAR HAMID		ANZ GRINDLAYS BANK
MR. MASANORI OKUDA		BANK OF TOKYO-MITSUBISHI
MR. ZUBYR SOOMRO		CITIBANK N. A
MR. JEAN-PIERRE RAYNAUD		CREDIT AGRICOLE INDOSUEZ
MR. AHMED HUSSAIN KHAN		DOHA BANK
- REP BY MR. SYED QURBAN ALI		
MR. M. HAROON AHMED		HABIB BANK AG
MR. PETER WATERHOUSE		HONGKONG & SHANGHAI
- REP BY MR. NICHOLAS GILMOUR		
MR. MOHAMMAD ABDULLAH		IFIC
DR. P. H. RUSCH		SOCIETE GENERALE
- REP BY MR. JACQUES FAUCHEUX		

**LEAVE OF ABSENCE:**

MR. ARIF M. ALI	CO-CHAIRMAN	DEUTSCHE BANK A. G.
MR. RANJITH J. ATUKORALA		BANK OF CEYLON
MR. TIMOTHY P. GIBBS		EMIRATES BANK
MR. FAROOK BENGALI		FAYSAL BANK
MR. AZMAT ASHRAF		MASHREQBANK PSC
MR. ASHRAF N IRSHADUDDIN		OMAN INTERNATIONAL
MR. MD. SELIM KHAN		RUPALI BANK
MR. MUNEER KAMAL		UNION BANK

Chairman welcomed Members to the meeting and apologized for the short notice.

The meeting was confined to a single point agenda to consider State Bank of Pakistan's stance on equity participation in the micro credit bank.

Several members expressed their views in the matter. The consensus among Banks was that the matter be contested on principle and this would create a bad precedent. Additionally, many banks needed prior approval from their Head Offices.

It was agreed that the Chairman would seek a meeting with the Governor, State Bank of Pakistan as quickly as possible and a letter will go to the State Bank of Pakistan. The following banks to form a core group who will visit the Governor, State Bank of Pakistan for discussion.

1. CITIBANK N. A.
2. STANDARD CHARTERED BANK / ANZ GRINDLAYS BANK LIMITED
3. ABN AMRO BANK N. V.
4. BANK OF TOKYO-MITSUBISHI LIMITED
5. CREDIT AGRICOLE INDOSUEZ

The meeting closed with a vote of thanks to the Chair.

**ZAHID ZAHEER**  
**SECRETARY GENERAL**

6TH NOVEMBER, 2000.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB COMMITTEE FOR  
BANKING & FINANCE HELD ON THURSDAY 26TH OCTOBER, 2000 AT 3 PM IN THE  
CHAMBER'S PREMISES**

**PRESENT:**

MR. AZHAR HAMID	CHAIRMAN	STANDARD CHARTERED GRINDLAYS
MR. ARIF M. ALI	CO-CHAIRMAN	DEUTSCHE BANK A. G.
MR. MUHAMMAD AURANGZEB		ABN AMRO BANK N. V.
MR. M. T. PERERA		BANK OF CEYLON
MR. MASANORI OKUDA		BANK OF TOKYO-MITSUBISHI
MR. MOHAMMAD ABDULLAH		IFIC
MR. AZMAT ASHRAF		MASHREQBANK PSC
MR. ASHRAF N. IRSHADUDDIN		OMAN INTERNATIONAL
DR. P. H. RUSCH		SOCIETE GENERALE

**LEAVE OF ABSENCE:**

MR. AHMED SHUJA KIDWAI	ALBARAKA ISLAMIC BANK
MR. TAWFIQ A. HUSAIN	AMERICAN EXPRESS BANK
MR. ZUBYR SOOMRO	CITIBANK N. A
MR. JEAN-PIERRE RAYNAUD	CREDIT AGRICOLE INDOSUEZ
MR. AHMED HUSSAIN KHAN	DOHA BANK
MR. TIMOTHY P. GIBBS	EMIRATES BANK
MR. FAROOK BENGALI	FAYSAL BANK
MR. M. HAROON AHMED	HABIB BANK AG
MR. PETER WATERHOUSE	HONGKONG & SHANGHAI
MR. MD. SELIM KHAN	RUPALI BANK
MR. MUNEER KAMAL	UNION BANK

The Chairman welcomed the Members and briefly elaborated the latest position on following issues:

**MICRO FINANCE BANK**

A Board has been formed by the Government to manage the scheme under the Chairmanship of Mr. Shoaib Sultan, who is a recommendee of World Bank. Mr. Azhar Hamid is one of the Members of the Board. Total equity of the Bank is Rs. 1.9 Billion. Citibank N. A. and Standard Chartered Grindlays have contributed Rs. 50 Million each. The Board will hold its next meeting shortly.

**RUPEE / DOLLAR PARITY RATIO**

The Chairman informed the Committee Members about State Bank of Pakistan's planning to keep lid on Rupee / Dollar parity. Position of Pak Rupee is expected to improve.

### **STATUS OF ISLAMIZATION OF BANKING**

The Hongkong & Shanghai Banking Corporation's letter was tabled for consideration.

Mr. Haider Motta has on technical ground withdrawn his representation, on behalf of the commercial banks and has resigned. Pakistan Banks Association has meanwhile engaged Mr. Mahmood Mandviwala in his place. Documentation programme however appears to be far behind schedule.

There is a general realization of the impracticability of Islamic Banking which is being felt now. It is considered that Islamic Banking is not easy to implement.

### **EXPORT CREDIT GUARANTEE SCHEME**

The Chairman has had discussions with Mr. Shaukat Aziz lately on the subject. The scheme is likely to be floated shortly and banks may be sounded out if they will contribute.

### **SWAP FUNDS**

FE 45 SWAP Deposits are due for maturity by 31.3.2001. It is unlikely that these will be repaid in full.

Banks with such deposits should expect another restructuring soon.

The meeting ended with a vote of thanks to the chair.

**MOHAMMAD ASLAM  
DEPUTY SECRETARY**

**28TH JANUARY, 2000.**

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB COMMITTEE FOR  
COMMERCIAL & INDUSTRIAL MATTERS HELD ON 20TH JANUARY, 2000 AT 3.30  
PM IN THE CHAMBER'S PREMISES**

Minutes of the last meeting of the Committee held on 13th December, 1999 already circulated to the members, were considered, read and approved.

Copies of the comments received from the members on the Draft Bill on Anti-Dumping and Countervailing Duties Act, 1999 were handed over to the members present in the meeting. After brief discussion and deliberation, it was resolved that those members who could not attend the meeting should also be provided the copies of the comments for their study. The matter will then be discussed at length in the next meeting of the committee.

Chamber to request Federal Commerce Secretary to let Chamber study the draft of the Trade Mark Act before it is promulgated as an Ordinance for approval of the Cabinet. This matter has special reference to the proposed changes on matters related to Copy Right, Patterns and Trade Marks. Mr. Bovay suggested that OICC&I send a letter to the Minister of Finance similar to the one sent by ABC to draw greater government attention on these issues.

Next meeting of the Committee to be held on MONDAY 7TH FEBRUARY, 2000 AT 3.30 PM in the Chamber's premises.

Meeting ended with thanks to the Chair.

**MOHAMMAD ASLAM  
DEPUTY SECRETARY**

**8TH FEBRUARY, 2000.**

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB  
COMMITTEE ON COMMERCIAL & INDUSTRIAL MATTERS HELD  
ON MONDAY 7TH FEBRUARY, 2000 AT 3.30 PM IN OICC&I**

**PRESENT:**

MR. ZAFFAR A. KHAN	CHAIRMAN	ENGRO CHEMICAL
MR. PHILIPPE BOVAY	CO-CHAIRMAN	PROCTER & GAMBLE
MR. M. HAMID		ALSTOM
DR. MUZAFFAR IQBAL		GLAXO WELLCOME
MR. TERTIUS VERMEULEN		SIEMENS

**LEAVE OF ABSENCE:**

MR. ROBERT JONES	CADBURY
MR. ASAD UMAR	ENGRO ASAHI
MR. KHALID MASOOD	HUB POWER
MR. SHAHID M. KHAN	INDUS MOTOR
MR. RAO ALTAF HUSSAIN	PAKISTAN PETROLEUM
MR. KAMIL SHAHBAZKER	PHILIPS
MR. S. AYAZ BOKHARI	SHELL

Minutes of the last meeting held on 20th January, 2000 were confirmed.

**MATTERS ARISING FROM THE MINUTES**

A letter addressed to the Commerce Minister dated 2nd February, 2000 regarding matters relating to abuse of copyrights, pattern and trade mark was tabled.

**DRAFT BILL ON ANTI-DUMPING AND COUNTERVAILING DUTIES**

Comments received from Siemens, Glaxo, Pakistan Tobacco, ICI and Engro Chemicals were circulated to all Members of the Sub Committee for consideration.

Chairman invited discussions on these comments which are attached as a Memorandum to these Minutes.

Since all the comments could not be considered, the Chairman agreed to adjourn the meeting. ICI's comments will be considered at the next meeting in which a representative of ICI will be invited. At this meeting the comments of Engro Chemicals will also be considered. Chairman to advise date of next meeting.

**OTHER MATTERS**

Secretary General informed the meeting that Pakistan Engineering Council had changed its by-laws which tantamounts to discrimination against foreign companies. Chamber to write to the Federal Commerce Minister and seek his intervention.

Meeting closed with a vote of thanks to the Chair.

**ZAHID ZAHEER  
SECRETARY GENERAL**

## MEMORANDUM

Siemens's representative stated that his comments were of a general nature. However he was not happy with the definition of 'domestic industry' in Sub Section 2(v) on Pages 1 & 2 in particular the reference to exclusions.

Glaxo Wellcome's representative elaborated his comments:

Sub Section 2(iv) - the word 'shall be' is superfluous and be deleted

Sub Section 2(v) - was found acceptable

Sub Section 2(vi) - to make it clear after 'normal value of goods' the following should be added 'in the country of origin'.

Sub Section 3 - needs to be clarified

Sub Section 4 - needs to be clarified

Chairman felt that clarifications sought in Sub Section 2(vi), Sub Section 3 and Sub Section 4 be dropped.

Sub Section 5 - the need for the commission to start investigation on its own needs explanation - danger of being misused.

Since ICI have also raised queries about this section, it was decided to defer this matter for the next meeting when ICI's representative would be invited to participate. In Sub Section 5 (3) and 5 (4) there appears to be a contradiction and also it is not clear on what basis the output of domestic production is to be measured either in value or in tonnage or on installed capacity.

Section 11 Sub Section (1) - the words 'oral hearing shall only be granted where the party provides sufficient justification' be deleted

Section 13 - after the words 'any information' the words 'by the applicant or an interested party' be added

Section 31 - the retrospective application of the anti-dumping and countervailing duties should be dropped.

Section 34 Sub Section (1) - in line 2 the word 'revik' is a typographical error, it should read 'revise'

Section 35 Sub Section (2) - after the words 'reasonable period' the words 'of say ninety days' be added.

Section 36 - cumulative assessment should not be there. Chairman felt that this matter should not be agitated

Section 38 (3) - there should be a right of appeal against the decision of the tribunal, in the High Court and Supreme Court.

26TH APRIL, 2000.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB  
COMMITTEE ON COMMERCIAL & INDUSTRIAL MATTERS HELD  
ON WEDNESDAY 26TH APRIL, 2000 AT 11 AM IN OICC&I**

**PRESENT:**

MR. ZAFFAR A. KHAN	CHAIRMAN	ENGRO CHEMICAL
MR. PHILIPPE BOVAY	CO-CHAIRMAN	PROCTER & GAMBLE
MR. ASAD UMAR		ENGRO ASAHI
MR. KHALID MASOOD		HUB POWER
MR. SHAHID M. KHAN		INDUS MOTOR
MR. TERTIUS VERMEULEN		SIEMENS

**LEAVE OF ABSENCE:**

MR. M. HAMID	ALSTOM
MR. ROBERT JONES	CADBURY
DR. MUZAFFAR IQBAL	GLAXO WELLCOME
MR. RAO ALTAF HUSSAIN	PAKISTAN PETROLEUM
MR. HASAN IRFAAN	PHILIPS
MR. WAHEED A. SHEIKH	SHELL

Chairman welcomed Members to the meeting and offered apologies for postponing two earlier meetings scheduled for 24th March and 3rd April, 2000.

The agenda for today's meeting is to consider Antidumping Legislation circulated earlier on 20th April, 2000 and time permitting, the Chamber's proposals for the Trade Policy.

Secretary General informed the meeting that the Ministry of Commerce now seeks Chamber's comments on Part One of this Legislation before 28th April, 2000.

He also informed the meeting that written comments on this draft Legislation have been received from the following three Companies:

1. ENGRO ASAHI POLYMER & CHEMICALS LIMITED
2. INDUS MOTOR COMPANY LIMITED
3. PROCTER & GAMBLE PAKISTAN (PRIVATE) LIMITED

These comments were tabled. Comments were received on Section 4, Section 7, Section 8, Section 9, Section 21, Section 24 (4), Section 25, Section 29, Section 31, Section 39, Section 47, Section 52, Section 53, Section 65 and Section 66.

After discussions on each of the above Clauses, it was agreed that the following comments be sent to the Ministry of Commerce:

**SECTION 8**

Non market economies to be defined clearly and the applicability of this Section be done on a product to product basis.

**SECTION 24 (4), SECTION 31, SECTION 39 & SECTION 47**

The person against whom allegations of dumping have been made should be allowed to respond to the allegations within 15 days before initiation of any proceedings.

The time limit for the initiation of proceedings should be restricted to 45 days.



The time limit for preliminary determination should be 75 days and that of final determination 120 days.

**SECTION 31**

The provisions are too long.

**SECTION 25**

There is a conflict between Sub Clause (a) and Sub Clause (b).

Sub Clause (a) be dropped and only Sub Clause (b) retained.

**GENERAL**

False, misleading information and mischievous and frivolous complaints be penalized. The above comments be sent to the Ministry of Commerce.

The meeting was adjourned for MONDAY 8TH MAY, 2000 AT 3 PM when the Trade Policy proposals will be considered.

**ZAHID ZAHEER  
SECRETARY GENERAL**

11TH MAY, 2000.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING  
SUB COMMITTEE ON COMMERCIAL & INDUSTRIAL  
MATTERS HELD ON MONDAY 8TH MAY, 2000  
AT 3 PM IN OICC&I**

**PRESENT:**

MR. PHILIPPE BOVAY	CO-CHAIRMAN	PROCTER & GAMBLE
MR. M. HAMID		ALSTOM
DR. MUZAFFAR IQBAL		GLAXO WELLCOME
MR. SHAHID M. KHAN		INDUS MOTOR
MR. TERTIUS VERMEULEN		SIEMENS

**LEAVE OF ABSENCE:**

MR. ZAFFAR A. KHAN	CHAIRMAN	ENGRO CHEMICAL
MR. ROBERT JONES		CADBURY
MR. ASAD UMAR		ENGRO ASAHI
MR. KHALID MASOOD		HUB POWER
MR. RAO ALTAF HUSSAIN		PAKISTAN PETROLEUM
MR. HASAN IRFAAN		PHILIPS
MR. AYAZ BOKHARI		SHELL

In the absence of the Chairman, Mr. Philippe Bovay. Co-Chairman presided over the meeting.

Minutes of the last meeting held on 26th April, 2000 were confirmed.

Proposals received from Members in response to Circular No. 37 of 9th March, 2000 were discussed in detail and finalized for onward transmission to the Government of Pakistan.

The meeting ended with a vote of thanks to the Chair.

**MOHAMMAD ASLAM  
DEPUTY SECRETARY**

6TH SEPTEMBER, 2000

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB COMMITTEE  
ON COMMERCIAL & INDUSTRIAL MATTERS HELD ON WEDNESDAY  
6TH SEPTEMBER, 2000 AT 10 AM IN OICC&I**

Chairman welcomed Members to the new Committee.

Minutes of the meeting held on 8th May, 2000 were confirmed.

The only matter arising out of the last meeting was Trade Policy proposals sent by the Chamber to the Government of Pakistan.

Chairman outlined that the two issues which remained un-addressed were:

- (i) Control of smuggling
- (ii) Counterfeiting of brands

Although Chamber had made specific proposals, the matter needs to be pursued further.

Downward trend of Import Duties to be continued and more stringent controls are required to check smuggling.

In order to make an appropriate impact on the Government it was necessary to exemplify and quantify the smuggling problem. Members of the Sub Committee were requested to send in details to the Chamber, so that a consolidated approach may be made to the Government.

Chairman stated that apart from loss of revenue to the Government of Pakistan, smuggling has become a major deterrent to investment and production of goods in the Country. In an era where choices are being made on which Countries are a good manufacturing base and should produce, Pakistan stands to lose out, if it cannot control smuggling.

On the question of counterfeiting, the meeting was informed that this matter was taken up with the Federal Secretary of Commerce when he visited the Chamber on 17th July, 2000.

The Chamber had advocated more stringent legislation making the offense cognizable, non bailable and punishment to be jail sentences.

Federal Secretary of Commerce has requested the Chamber to give him examples of Countries where such stringent laws are in vogue. Members of the Committee were requested to collect such information from affiliate companies and inform the Chamber.

Mr. Rashiq Sufi said that in the case of counterfeit of Pesticides, special legislation was enacted in Pakistan and was successful and offered to send details.

Mr. Saad Khan offered to provide details of the estimated loss of revenue (Rs. 2 to 3 Billion per annum) accruing to the Government of Pakistan as a result of counterfeiting.

The Committee agreed to the following objectives for the forthcoming year:

- a) Keep abreast of all impending changes in policy and regulations.
- b) Ensure that such impending changes do not compromise the interest of Members, and interact with relevant authorities in bringing about the changes.
- c) On a proactive basis make suggestions for changes in regulations, policies and laws, which are in the interest of the Members.
- d) Take up with the relevant authorities cases of mal-administration of the law or the rules.
- e) Take up issues which are of general applicability to the Members and where inequity and principles of law are involved.

Meeting held with Federal Secretary Commerce on 17th July, 2000 was discussed. It was noted that many of the issues have been settled. The ongoing issues are:

- i) Antidumping legislation

On the antidumping legislation, the Federal Secretary Commerce said that although legislation was being processed, he was prepared to offer safeguard measures to those industries which are threatened and face injury. He encouraged the Members of the Chamber to take up this matter with the Government. Members of the Chamber to be informed about this matter.

- ii) Counterfeiting of products.

Alcatel's letter dated 9th August, 2000 on valuation issues was tabled for discussion.

Chairman said that sourcing from affiliated companies will become more prevalent in the future and therefore the basis of such like valuation needs to be done systematically.

Chamber to write to Member Companies and seek information on how imports from affiliate companies are being treated by Customs and if they are loading invoice values arbitrarily, so that the matter may be taken up with the Customs Department.

It was agreed that Alcatel would be informed of the proposed action.

The next meeting was sent for MONDAY 25TH SEPTEMBER, 2000 AT 10 AM. At this meeting, Members are requested to bring examples of counterfeit products to show to other Members of the Committee.

**ZAHID ZAHEER**  
**SECRETARY GENERAL**

6TH OCTOBER, 2000.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING  
SUB COMMITTEE ON COMMERCIAL & INDUSTRIAL  
MATTERS HELD ON MONDAY 25TH SEPTEMBER, 2000  
AT 10 AM IN OICC&I**

**PRESENT:**

MR. J. M. DELPON DE VAUX	CHAIRMAN	LEVER BROTHERS
MR. ATHAR NOMAN KHAN		ABBOTT
MR. S. A. HADI		BOC
MR. KAMAL CHINYOY		PAKISTAN CABLES
MR. HANS-PETER HEISSEN		PROCTER & GAMBLE
- REP BY MR. SAAD A. KHAN		

**LEAVE OF ABSENCE:**

MR. SOHAIL W. H. SIDDIQUI	CO-CHAIRMAN	SIEMENS
MR. ROBERT JONES		CADBURY
MR. HASAN ALI KHAN		CONTINENTAL BISCUITS
DR. MUZAFFAR IQBAL		GLAXO WELLCOME
MR. RASHIQ SUFI		ICI
MR. QUENTIN D'SILVA		SHELL

Minutes of the last meeting held on 6th September, 2000 already circulated to the Members was approved.

Chairman informed the meeting about the forthcoming visit of the Chief Executive of Pakistan to the Chamber on 3rd October, 2000. The Chairman expressed his intentions to raise issues relating to smuggling, counterfeiting and adulteration of products, and he requested the Members of the Committee to put forward their suggestions in this respect.

Mr. Kamal Chinoy highlighted the aspect of safety hazards for consumers innocently using counterfeit products.

Procter & Gamble's representative offered to send samples of counterfeit products to the Chamber for retention.

Members were asked to send a write up on smuggling of their company products. Mr. Hadi and Mr. Kamal Chinoy offered to send details.

Although smuggling has reduced due to reduction in duties, exemplary punishment should be awarded to those apprehended in malafide discharge of their duties. A lot more needs to be done.

The Army Monitoring Cell assigned to over-see the activities of custom staff, should be adequately aware of the subject matter particularly the issues related to valuation and assessments. Interaction between the Army's Monitoring Cell and Customs has to be carefully designed. Assistance of NGOs and Citizen Group such as Helpline, etc., could be solicited in fighting against counterfeiters.

The Secretary General emphasized that the legislation related to counterfeiting in the Country be revised so as to serve as a deterrent. Chairman offered to produce a summary of all counterfeit legislation, including the draft legislation received from ICI and tabled today. The Agricultural Pesticides Ordinance is an example of strong penalties for offenses. Mr. Rashid Sufi offered to send a copy of the same. Off-shore legislation examples submitted by Mr. Hasan Ali Khan were tabled for consideration. These included legislation from Singapore, Malaysia, Hongkong, China, Taiwan & Indonesia. The draft legislation provided by the Punjab Government in consultation with OICC&I / ABC task force will also be reviewed as will the proposed Government of Pakistan's draft Trade Mark Ordinance.

Next meeting of the Sub Committee to be held on Friday 24th November, 2000 at 4 PM.

The meeting ended with a vote of thanks to the Chair.

**ZAHID ZAHEER**  
**SECRETARY GENERAL**

29TH NOVEMBER, 2000.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING  
SUB COMMITTEE ON COMMERCIAL & INDUSTRIAL MATTERS  
HELD ON FRIDAY 24TH NOVEMBER, 2000 AT 4 PM IN OICC&I**

**PRESENT:**

MR. J. M. DELPON DE VAUX	CHAIRMAN	LEVER BROTHERS
MR. SOHAIL W. H. SIDDIQUI	CO-CHAIRMAN	SIEMENS
MR. ATHAR NOMAN KHAN		ABBOTT
MR. S. A. HADI		BOC
MR. ROBERT JONES		CADBURY
MR. HASAN ALI KHAN		CONTINENTAL BISCUITS
MR. RASHIQ SUFI		ICI

**LEAVE OF ABSENCE:**

DR. MUZAFFAR IQBAL	GLAXO WELLCOME
MR. KAMAL CHINYOY	PAKISTAN CABLES
MR. HANS-PETER HEISSEN	PROCTER & GAMBLE
MR. QUENTIN D'SILVA	SHELL

**CONFIRMATION OF THE LAST MINUTES**

Minutes of the last meeting held on 25th September, 2000 were confirmed.

**MATTERS ARISING OUT OF THE LAST MINUTES**

The Chairman briefly mentioned Chamber's various meetings at different levels with the Government of Pakistan and Punjab Government in the previous year. There is need for the existing laws of the Country relating to prevention of counterfeiting to be amended and brought in line with other Countries.

Secretary General informed the meeting that after several meetings with the Punjab Government, amendments to the existing laws were agreed and a draft Ordinance prepared by the Punjab Government was sent to the Federal Government in March, 1999 for approval. However this did not receive the support of the Federal Ministry of Commerce and was not implemented.

Members viewed that the Chamber should first seek support of the Federal Commerce Secretary to the draft which the Government of Punjab had proposed in March, 1999.

The Chairman offered to circulate final draft of proposed Ordinance for the eradication of counterfeit Trade Marks, which will be an update of the draft prepared by the Punjab Government in March, 1999.

After brief discussion, the Committee agreed that the President and Vice President of the Chamber alongwith Chairman of the Sub Committee supported by Mr. Hasan Ali Khan will call upon the Federal Commerce Secretary in Islamabad.

The following actions were agreed upon:

- (i) Chairman offered to prepare and circulate a final draft suggesting amendments and desired changes in the existing law of the Country.
- (ii) Presentation made previously to the Punjab Government be updated and a dossier prepared for the Federal Government. A copy of the previous presentation to be obtained from Procter & Gamble.
- (iii) Seek support from Ministry of Finance and Board of Investment in Islamabad. Assistance from Ambassadors posted in Pakistan, may be obtained when found necessary, by keeping them informed.
- (iv) Seek support of media by releasing dossier and investigate the feasibility of doing a TV programme with the assistance of "Telebiz".

#### **OTHER MATTERS**

Chairman drew attention of the Committee towards massive under-invoicing at dry ports in Punjab area.

Next meeting of the Standing Sub Committee to be held on Thursday 15th February, 2001 at 4 PM in the Chamber's premises.

The meeting ended with a vote of thanks to the Chair.

**ZAHID ZAHEER  
SECRETARY GENERAL**



31ST MARCH, 2000.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB COMMITTEE  
FOR CORPORATE LAW HELD ON 27TH MARCH, 2000 AT 11.30 AM  
IN THE CHAMBER'S PREMISES**

**MINUTES OF THE LAST MEETING**

Minutes of the last meeting held on 23rd August, 1999 were considered, read and approved.

**DRAFT REGULATION**

Members present in the meeting discussed the Draft Regulation called "Listed Companies (Substantial Acquisition of Shares and Takeover) Regulation 2000", in detail. It appeared that the basic purpose of the draft law was to provide transparency and on even playing field for the small share holders - however, some of the regulations could be a cause for concern for our members.

It was agreed therefore, to inform the Securities and Exchange Commission of Pakistan immediately about the following:

- (i) Regulation 7(2)  
Consolidation of holdings

Most foreign investors in Pakistan already own atleast 51% of their locally incorporated companies. This provision may act as a restraint on further investment if the foreign investors in Pakistan wish to increase their stake in the local company.

- (ii) Regulation 19(6)  
General obligations of the  
Board of Directors of the target company

According to the Company's Ordinance an elected director continues in his office for three years. The proposed amendment in the draft contradicts the Companies Ordinance.

- (iii) Regulation 3  
Applicability of the Regulation

In the case of foreign companies, transfer of shares in their local companies take place from one share holder's entity to another simply by recording change of ownership. It would be unfair to subject the new share holder to meet the requirements of these Regulations.

**DRAFT GENERAL ORDER ON  
"UNREASONABLY RESTRICTIVE TRADE PRACTICES"**

The committee unanimously approved the Secretary General's letter dated 25th February, 2000 addressed to the Acting Registrar, Monopoly Control Authority on the above subject.

The meeting ended with a vote of thanks to the Chair.

**MOHAMMAD ASLAM  
DEPUTY SECRETARY**

13TH SEPTEMBER, 2000.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB  
COMMITTEE ON CORPORATE LAW HELD ON TUESDAY 5TH  
SEPTEMBER, 2000 AT 3.30 PM IN THE CHAMBER'S PREMISES**

**PRESENT:**

MS. AMEENA SAIYID	CHAIRPERSON	OXFORD
MR. M. ASLAM		BOC
MR. ANDALIB ALVI		ENGRO CHEMICAL
MR. SHAHID M. QURESHI		GLAXO WELLCOME
MR. AAMIR AZIZ SAIYID		
- REP BY MR. AMAR NASEER		LEVER BROTHERS
MR. CHRIS WILSON		
- REP BY MR. MAHMOOD DOSSA		SHELL

**LEAVE OF ABSENCE:**

MR. MOIN M. FUDDA	CO-CHAIRPERSON	CGU
MR. S. UMER ALI SHAH		ACE
MR. MOIN MOHAJIR		HOECHST MARION
MR. ARSHAD HASHMI		HUBCO
MS. NAUSHEEN AHMED		ICI
MR. T. A. BATLAY		LAKSON TOBACCO
MR. M. ASDAF		PHILIPS

Chairperson welcomed the Members of the new Committee at its first meeting.

Minutes of the last meeting of the Committee held on 27th March, 2000 were confirmed.

Following matters pertaining to the aforesaid Minutes were discussed.

- Members endorsed Chamber's letter dated 31st March addressed to Mr. Javed Panni, Chief, Securities & Exchange Commission of Pakistan commenting on the Draft Listed Companies (Substantial Acquisition of Shares and Takeover) Regulation 2000.
- Amendments proposed by the Chamber in Leasing Companies (Establishment & Regulation) Rules 2000 were also endorsed by the Members.

The Committee discussed Chamber's recommendations submitted to the Institute of Chartered Accountants of Pakistan on Code of Corporate Governance. Members were asked to revisit the recommendations and suggest if any further recommendations need to be added. Mr. Amar Naseer of Lever Brothers offered to pass on a copy of his company's views to the Members for their perusal.

The Members unanimously formulated following objectives for the current year:

- Keep abreast of all impending changes in policy and regulations.
- Ensure that such impending changes do not compromise the interest of Members, and interact with relevant authorities in bringing about the changes.

- On a proactive basis make suggestions for changes in regulations, policies and laws, which are in the interest of the Members.
- Take up with the relevant authorities cases of maladministration of the law or the rules.
- Take up issues which are of general applicability to the Members and where inequity and principles of law are involved.

It was agreed to invite Mr. Khalid Mirza, the present Chairman of Securities & Exchange Commission of Pakistan to the Chamber in the second half of October, 2000.

The Committee agreed to meet every alternate month. Next meeting however to be called in the second half of October, 2000.

Nominations for Membership of the Committee from Qasim International Container Terminal Pakistan Limited and Atlas Lease Limited which were received in the Chamber after 13th July, 2000 were tabled for consideration.

The meeting ended with a vote of thanks to the Chair.

**MOHAMMAD ASLAM  
DEPUTY SECRETARY**

**24TH FEBRUARY, 2000.**

**MINUTES OF THE MEETING OF CHAMBER'S STANDING  
SUB COMMITTEE ON ENVIRONMENT HELD ON FRIDAY  
11TH FEBRUARY, 2000 AT 3.30 PM IN OICC&I**

**PRESENT:**

MR. ZAFFAR A. KHAN	CHAIRMAN	ENGRO CHEMICAL
MR. JOHN B. HALLAM	CO-CHAIRMAN	ICI
MR. S. MUSHARRAF ALI		ABBOTT
MR. JAVED AKBAR		ENGRO CHEMICAL
MR. SHAHID ALI		HUB POWER
MR. M. ARIF KHAN		JOHNSON & JOHNSON

**LEAVE OF ABSENCE:**

DR. S. NAJEEB RIZVI	ENGRO PAKTANK
MR. S. MUIED AHMAD	GLAXO WELLCOME
MR. PERWAIZ H. KHAN	LEVER BROTHERS
MR. IQTIDAR SIDDIQUI	SHELL

**CONFIRMATION OF LAST MINUTES**

Minutes of the last meeting held on 28th October, 1999 already circulated to the Members was considered read and approved.

**MATTERS ARISING OUT OF THE SAID MINUTES**

None

**SELF MONITORING & REPORTING BY INDUSTRY**

A meeting of PEPA was called on 28th December, 1999 under the Chairmanship of Ministry of Environment. Mr. Javed Akbar represented the Chamber in the meeting. Salient features of the meeting as reported by Mr. Javed Akbar were as follows:

Federal EPA, in close association of Provincial EPA will initiate Voluntary Pilot Self Monitoring programme of chosen industrial units from 1st January, 2000. The pilot programme will continue for a period of three months thereafter the Provincial EPA will implement the full scale programme.

Names of 50 industrial units to be provided to Federal EPA who will be willing to participate in the pilot programme.

The modes operandi and certification regulation of technical laboratories to be determined and finalized before the actual monitoring starts.

Mr. Javed Akbar also informed that Director General of PEPA has written to the Companies to have their own testing laboratories certified only for self monitoring.

After the pollution charge comes into force, these laboratories may test for others as well.

Chairman said that the companies which do not wish to provide external testing service should write and inform the Director General.

Mr. Javed Akbar tabled the correspondence on self monitoring programme between Mr. Mahmood Ahmed of FPCC&I and the Director General.

The Chamber to issue a Circular to all manufacturing Members and seek their consent to join the first group of Volunteers for Self Monitoring Pilot Phase programme. Committee Members representing the following companies gave their consent of joining the group:

1. ABBOTT LABORATORIES PAKISTAN LIMITED
2. ICI PAKISTAN LIMITED
3. ENGRO ASAHI POLYMER & CHEMICALS LIMITED
4. ENGRO PAKTANK TERMINAL LIMITED
5. JOHNSON & JOHNSON PAKISTAN (PRIVATE) LIMITED

Replies from all members to be received by 23rd February, 2000. Names of companies volunteering to join the scheme be provided to the Director General as soon as possible.

#### **OTHER MATTERS**

##### Chamber's representative on Steering Committee for Environmental Auditors Certification

Resolved that Mr. Iqbal Haider of ICI to represent the Chamber on the above Committee. Chamber to inform SDPI accordingly.

Chairman informed the meeting that the Environment Standards Committee (headed by Mr. Shams Lakha) has now been reconstituted as the Advisory Committee by the Government of Pakistan and he has been requested to join this Advisory Committee.

Chairman offered to explain to the Managing Committee of the Chamber that the self monitoring scheme should be supported and he would try to get the Advisory Committee activated soon.

##### Retirement of Co-Chairman

Mr. John B. Hallam informed the Committee that since he is retiring from ICI from next month, this is the last meeting of the Committee which he will be attending. His valuable contribution towards the Committee's activities were appreciated. The Committee however wished him a happy retired life.

Mr. Hallam proposed that Mr. Jabar Butt of ICI should replace him on the Sub Committee. The committee approved this nomination.

Meeting closed with vote of thanks to the Chair.

**MOHAMMAD ASLAM  
DEPUTY SECRETARY**

5TH OCTOBER, 2000.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB  
COMMITTEE ON ENVIRONMENT HELD ON TUESDAY 26TH  
SEPTEMBER, 2000 AT 10 AM IN OICC&I**

**PRESENT:**

MR. DAVID WESTON	CHAIRMAN	SHELL
MR. SOHAIL WAJAHAT H. SIDDIQUI	CO-CHAIRMAN	SIEMENS
MR. MASOOD AKHTAR		ABBOTT
CAPTAIN @ N. A. FARUQI		CALTEX
MR. ATIQUE UR RAHMAN		
MR. S. MUIED AHMAD		GLAXO WELLCOME
MR. A. R. TAHIR		HOECHST MARION
MR. IQTIDAR SIDDIQUI		SHELL

**LEAVE OF ABSENCE:**

MR. AAMIR NIAZI	BOC
MR. JAVED AKBAR	ENGRO VOPAK
MR. SHAHID ALI	HUB POWER
MR. J. S. BUTT	ICI
MR. MUHAMMAD ASHRAF	PAKISTAN PETROLEUM

The Chairman welcomed the Members of the Committee. Minutes of the last meeting held on 11th February, 2000 was adopted by the Committee.

The Secretary General briefly gave an overview of the Committee during the year 1999 - 2000. He informed the Committee that about 20 Members participated on a voluntary basis in the Pilot Self Monitoring Scheme. They have been sending the data to Environmental Protection Agency (EPA), but there has been no response. The EPA has provided a software 'SMART' for this purpose. It is still not clear when the full scale monitoring programme will commence. It had been agreed that before the actual monitoring starts, laboratories would be certified for self monitoring. It is also not clear when the pollution charge would commence.

Secretary General stated that he would request Mr. Javed Akbar to contact the Director General, EPA, Mr. Asif Shuja Khan to find out the government's latest thinking in the matter.

The Chairman also expressed his intention to meet Mr. Asif Shuja Khan, Director General, EPA and any other officials at Islamabad on his next visit and discuss the status of present priorities of the Government on Environmental matters, and communicate the outcome of his discussion to the Committee in subsequent meeting. Objectives of the Committee for the current year were discussed. Committee agreed to follow the under noted general objectives during the year 2000 - 2001.

- Keep abreast of all impending changes in policy and regulations.
- Ensure that such impending changes do not compromise the interest of Members, and interact with relevant authorities in bringing about the changes.
- On a proactive basis make suggestions for changes in regulations, policies and laws, which are in the interest of the Members.
- Take up with the relevant authorities cases of mal-administration of the law or the rules.
- Take up issues which are of general applicability to the Members and where inequity and principles of law are involved.

#### **OTHER MATTERS**

- The representative from Caltex expressed concern over the recent oil spill near the FOTCO terminal, which demonstrated the lack of preparedness. It was also stated that the contingency plan for such an event was entrusted to the Maritime Security Agency.
- Another Member pointed out the need to review the industry's specific environmental standards and if necessary the NEQs to be changed. The ineffective role of the Municipal Agencies in removal of solid waste was also a cause of concern.

Next meeting of the Sub Committee to be held on Thursday 23rd November, 2000 at 3.30 PM in OICC&I.

**ZAHID ZAHEER**  
**SECRETARY GENERAL**

30TH NOVEMBER, 2000.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB  
COMMITTEE ON ENVIRONMENT HELD ON THURSDAY  
23RD NOVEMBER, 2000 AT 3.30 PM IN OICC&I**

**PRESENT:**

MR. DAVID WESTON	CHAIRMAN	SHELL
MR. SOHAIL WAJAHAT H. SIDDIQUI	CO-CHAIRMAN	SIEMENS
MR. MASOOD AKHTAR		ABBOTT
MR. QAZI MUJEEB AHMAD		BOC
CAPTAIN @ N. A. FARUQI	&	CALTEX
MR. ATIQUE UR RAHMAN		
MR. S. MUIED AHMAD		GLAXO WELLCOME
- REP BY DR. SAIF-UL- MALOOK		
MR. SHAHID ALI		HUB POWER

**LEAVE OF ABSENCE:**

MR. JAVED AKBAR	ENGRO VOPAK
MR. A. R. TAHIR	HOECHST MARION
MR. J. S. BUTT	ICI
MR. MUHAMMAD ASHRAF	PAKISTAN PETROLEUM
MR. IQTIDAR SIDDIQUI	SHELL

**CONFIRMATION OF THE MINUTES**

Minutes of the last meeting held on 26th September, 2000 already circulated to the Members, were considered read and approved.

**MATTERS ARISING OUT OF THE LAST MINUTES**

Members were informed that no feed back has yet been received by the Chamber from the Environmental Protection Agency (EPA) on their voluntary participation in the Pilot Self Monitoring Programme.

OICC&I to write to EPA about the status of the Voluntary Pilot Self Monitoring Programme, and to seek information on its success or otherwise.

Chairman briefed the Committee about his meeting with Mr. Asif Shuja Khan, Director General, EPA on 25th October, 2000 at Islamabad.

Chamber to reply to the letter received from EPA, Government of Sindh dated 23rd October, 2000 on the issue of Industrial Waste Management and to highlight the need for licenced land fill sites for disposal of solid waste. The role of municipal agencies to be highlighted.

**OTHER MATTERS**

The Committee agreed to invite the present Federal Minister for Environment to the Chamber for the Members to discuss relevant issues. The Minister also shares the portfolio of Labour.

Next meeting of the Standing Sub Committee to be held on Thursday 11th January, 2001 at 4 PM in OICC&I.

**ZAHID ZAHEER  
SECRETARY GENERAL**



**25TH SEPTEMBER, 2000.**

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB  
COMMITTEE ON INSURANCE HELD ON FRIDAY 8TH SEPTEMBER,  
2000 AT 3.30 PM IN THE CHAMBER'S PREMISES**

**PRESENT:**

MR. MOIN M. FUDDA	CHAIRMAN	CGU
MR. JAVED IQBAL	CO-CHAIRMAN	PHILIPS
MS. ZEHRA NAQVI		ACE
MR. M. ASLAM		BOC
MR. K. MOAZZAM RAHMAN		ENGRO CHEMICAL
MR. JALIL ANJUM		GLAXO WELLCOME
MR. MUJIB KHAN		NEW HAMPSHIRE
MR. TARIQ HOODBHOY		SHELL

**LEAVE OF ABSENCE:**

MR. ARSHAD HASHMI	HUB POWER
MR. FERAZ RIZVI	ICI
MR. AHMED SALAHUDDIN	ROYAL EXCHANGE
DR. MUMTAZ A. HASHMI	ROYAL & SUN ALLIANCE

Chairman welcomed the new Members to the first meeting of the Sub Committee newly formed.

He also mentioned that the Insurance Ordinance 2000 has been promulgated on 19th August, 2000, and the Insurance Act 1938 has, at long last, been repealed.

The ordinance is fairly comprehensive, consisting of XXII parts and 172 articles. Its implications are far reaching.

The ordinance gives a four year recipe to insurance companies for raising their capital base to Rs. 80 Million for non-life insurance business and to Rs. 150 Million for life insurance business transacted by life insurers both local and foreign.

Increase in statutory deposits from Rs. 0.35 Million to Rs. 10 Million has also been prescribed. Since licenses for insurance companies are renewable on 1st January, 2001, it has to be seen whether companies make the enhanced statutory deposits and whether the Security & Exchange Commission enforces this requirement or relaxes it.

Brokering has been provided for in the new ordinance through licensing of brokers. Similarly insurers can now engage Agents fulfilling qualifications prescribed by Security & Exchange Commission to act as agents. Previously, agents had to obtain licences from the Controller of Insurance. Compulsory cession @ 20% of business shall continue. But it shall be ceded to the Pakistan Reinsurance Company Limited instead of the defunct Pakistan Insurance Corporation. Similarly the National Insurance Corporation has been converted to a Company. Both the above-named Corporations have been converted through Ordinances issued on 11th August, 2000.

Upon inquiry by Co-Chairman, Mr. Javed Iqbal, regarding tariffs, it was clarified that the new ordinance did not contain any such provision. However, it is yet to be seen whether the same will be provided in the rules.

A committee has been formed by the Ministry of Commerce to review the insurance rules. The Chairman, State Life Insurance Corporation has been named as its Chairman. One representative each of the General and life insurers has also been included in it. It is expected that the draft rules once finalized will be made available to public for comments within 60 days.

Chairman mentioned that an unofficial copy of the rules was available for consultation. It was agreed that Mr. Mujib Khan and Ms. Zehra Naqvi would review the draft rules and recommend suggestions which will be passed on to the committee for their consideration before the rules are published.

Chairman invited suggestions from members for matters to be taken up and considered by the above committee during its tenure. It was decided to adopt the following agenda:-

Study of the Insurance Ordinance, 2000, and comments, if any, received thereon.

Study of draft insurance rules and comments, if any, offered by members.

Submission of comments / suggestions on 1 and 2 above to the Ministry of Commerce / Securities & Exchange Commission.

Removal of discrimination against insurance companies with respect to tax on dividends and capital gains.

Disallowance of management expenses by tax authorities.

It was also decided that the issues mentioned at 3-5 above be referred to the Taxation Committee for making a representation to government.

Next meeting will be held when necessary.

The meeting closed with a vote of thanks to the Chair.

**ZAHID ZAHEER**  
**SECRETARY GENERAL**

**24TH AUGUST, 2000.**

**MINUTES OF THE MEETING OF CHAMBER'S STANDING  
SUB COMMITTEE FOR LABOUR HELD ON TUESDAY 22ND  
AUGUST, 2000 AT 3 PM IN OICC&I**

**PRESENT:**

MR. SOHAIL W. H. SIDDIQUI	CHAIRMAN	SIEMENS
MR. SHAHID M. QURESHI		GLAXO WELLCOME
MR. JALEES A. SIDDIQUI		PHILIPS
MR. RASHID AHMED		SHELL
MAJOR (R) A. A. ZUBERI		SIEMENS

**LEAVE OF ABSENCE:**

MR. K. B. OSMANY	CO-CHAIRMAN	ICI
MR. ISHAQUE H. HASHMI		ABBOTT
PROFESSOR M. MATIN KHAN		BARRETT HODGSON
MR. M. ASLAM		BOC
MR. SALIM AZHAR		ENGRO CHEMICAL

The Chairman welcomed the members.

**MATTERS RELATED TO MINUTES OF LAST MEETING DATED 21ST OCTOBER, 1999**

**RECOMMENDATIONS OF EFP ON RATIONALIZATION OF LABOUR LAWS**

The Committee Members were requested to revisit the recommendations of EFP on Consolidation / Simplification and Rationalization of Labour Laws. The Members to be provided with a copy of the Employers Federation of Pakistan's Position Paper on the Draft Labour & Manpower Policy for their perusal. A copy of the said paper is attached. After a brief discussion the Members endorsed the following:

Overprotective labour laws that have reduced productivity and frightened away much needed investment, need to be rationalized.

Multiple tiers of workers participation in management needs to be rationalized.

Four different stages of profit sharing, bonus, 10C bonus, Workers Participation Fund and Workers Welfare Fund should be rationalized and preferably replaced by one single source of profit sharing.

Termination simplification to be restored in the labour legislation.

Outside leadership in collective bargaining agents to be eliminated. The need for second audit be challenged.

Rules relating to the hire of the contract services should be clarified. Through the courtesy of Mr. Rashid Ahmed of Shell, a copy of the Supreme Court's judgment dated 2nd December, 1980, in this respect, is hereby provided to the Members for their guidance.

**ROLE OF THE COMMITTEE**

The Committee unanimously agreed to the following roles of the Committee for the year 2000 - 2001:

Keep abreast of all impending changes in policy and regulations.

Ensure that such impending changes do not compromise the interest of Members, and interact with relevant authorities in bringing about the changes.

On a proactive basis make suggestions for changes in regulations, policies and laws, which are in the interest of the Members.

Take up with the relevant authorities cases of mal-administration of the law or the rules.

Take up issues which are of general applicability to the Members and where inequity and principles of law are involved.

**THE COMMITTEE'S VIEWS ON CHAMBER'S RECOMMENDATIONS IN RESPECT OF NEW LABOUR POLICY**

The Committee unanimously endorsed Chamber's views relating to the draft Labour Policy communicated to Mr. Sheikh Rashid Ahmed, the then Federal Minister, by the then President of the Chamber, in his letter of 24th February, 1998. Federal Minister of Labour and Federal Secretary Labour to be invited to the Chamber in due course, after recommendations are reviewed.

**HUMAN RESOURCES MANAGERS OF THE MEMBER FIRMS TO MEET**

The Committee decided that meetings of the Human Resources Managers of respective Trade and Industry Group should be called by the Sub Committee Members, at least once a year with the purpose of sharing information and highlighting labour related problems. The Committee Members may select their respective Group to invite the Members of the Chamber for discussion.

A list of the OICC&I Members grouped Industry-wise is already in existence and is as follows:

**INDUSTRY GROUP:**

- 01 CHEMICALS / PESTICIDES / FERTILIZERS / PAINTS
- 02 BANKING / INSURANCE / FINANCE / LEASING COMPANIES
- 03 PHARMACEUTICAL INDUSTRIES
- 04 FOOD CONSUMER PRODUCTS
- 05 SHIPPING / AIRLINES / TRADING & OTHER SERVICES
- 06 OIL / GAS / ENERGY
- 07 ENGINEERING & INDUSTRIAL PRODUCTS
- 08 TOBACCO AND OTHER MANUFACTURING GOODS

**OTHER MATTERS**

The Committee Members expressed their concern over the present interest shown by political parties in the activities of Trade Unions of Trade & Industry.

Professor M. Matin Khan's letter dated 15th August, 2000 to the Chamber was tabled for information of the Members. The Committee noted the formation of Workers & Employers Bilateral Council of Pakistan.

The recommendations of the Trade Union Federation on the draft Labour Policy were also tabled.

Meetings of the Committee

The Committee to meet bi-monthly.

The next meeting however will be held on Wednesday 27th September, 2000 at 3 PM in the Chamber.

The meeting ended with a vote of thanks to the Chair.

**MOHAMMAD ASLAM  
DEPUTY SECRETARY**

23rd NOVEMBER, 2000.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING  
SUB COMMITTEE FOR LABOUR HELD ON TUESDAY 21ST  
NOVEMBER, 2000 AT 3 PM IN OICC&I**

**PRESENT:**

MR. SOHAIL W. H. SIDDIQUI	CHAIRMAN	SIEMENS
PROFESSOR M. MATIN KHAN		BARRETT HODGSON
MR. M. ASLAM		BOC
MR. SALIM AZHAR		ENGRO CHEMICAL
MR. SHAHID M. QURESHI		GLAXO WELLCOME

**LEAVE OF ABSENCE:**

MR. K. B. OSMANY	CO-CHAIRMAN	ICI
MR. ISHAQUE H. HASHMI		ABBOTT
MR. JALEES A. SIDDIQUI		PHILIPS
MR. RASHID AHMED		SHELL
MAJOR (R ) A. A. ZUBERI		SIEMENS

**APPROVAL OF LAST MINUTES**

Minutes of the last meeting of the Committee held on 22nd August, 2000 were considered read and approved.

**MATTERS ARISING OUT OF THE LAST MINUTES**

**VISIT OF THE MINISTER FOR LOCAL BODIES, ENVIRONMENT & LABOUR**

The Secretary General informed the Committee that an invitation was issued by the President of the Chamber on 21st September, 2000 requesting the Minister, Mr. Omar Asghar Khan to visit the Chamber to discuss with the Members matters of common interest. Due to preoccupation, a definite date could not be assigned for his visit as yet. The Chamber to pursue the matter further preferably by issuing another letter.

**ONE WINDOW FACILITY FOR LABOUR WELFARE LEVIES**

Responses received from Professor Matin Khan (Barrett Hodgson) and Mr. Shahid Qureshi (Glaxo Wellcome) on the recommendation of the Task Force set up by the Government of Pakistan on 'One Window Facility for Labour Welfare Levies' were discussed by the Committee at length.

Mr. Mohammad Aslam (BOC) and Mr. Shahid Qureshi (Glaxo Wellcome) volunteered to go through the recommendations, keeping in view of the comments received from the Members. The final recommendation thus arrived at will be submitted to the Ministry of Industries and Production at Islamabad by **24th November, 2000**.

**OTHER MATTERS**

The Chairman of the Committee asked the Members to highlight any particular problem / matter, which in their opinion this Committee should undertake during the present tenure.

The next meeting of the Committee will be held after Eid holidays.

The meeting ended with a vote of thanks to the Chair.

**MOHAMMAD ASLAM  
DEPUTY SECRETARY**

20<sup>th</sup> September 2000

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB COMMITTEE  
FOR PORTS, SHIPPING & COMMUNICATIONS HELD  
ON THURSDAY 7TH SEPTEMBER, 2000 AT 2.30 PM IN THE CHAMBER'S PREMISES**

MR. M. MOONIS	CHAIRMAN	UNITED LINER
MR. S. H. A. BUKHARI	CO-CHAIRMAN	MACKINNON, MACKENZIE
MR. S. A. HADI		BOC
MR. JAVED AKBER		ENGRO VOPAK
MR. KHAWAJA S. MAHMOOD		ICI
MR. CHANGEZ H. NIAZI		KICT
COMM. SHARIFUL HASAN		PHILIPS
MR. CYRUS KHURSIGARA		QICT
MR. FAROOQ RAHMATULLAH		SHELL

**CORRIGENDUM**

Please refer to the minutes of the committee's meeting held on 7<sup>th</sup> September 2000 dispatched to you on 13<sup>th</sup> September 2000. Chairman of the Committee however has suggested few amendments in the minutes.

Consequently an amended version dated 20<sup>th</sup> September 2000 is hereby forwarded to you with the request to treat the previous minutes dated 13<sup>th</sup> September 2000, sent to you earlier, as cancelled.

With best regards,

**Mohammad Aslam**  
Deputy Secretary

20TH SEPTEMBER, 2000.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB COMMITTEE  
FOR PORTS, SHIPPING & COMMUNICATIONS HELD  
ON THURSDAY 7TH SEPTEMBER, 2000 AT 2.30 PM IN THE CHAMBER'S PREMISES**

The Chairman welcomed the Members of the Committee.

Minutes of the last meeting held on 14th December, 1999 were confirmed.

The Committee unanimously agreed to the following roles of the Committee for the year 2000 - 2001:

Keep abreast of all impending changes in policy and regulations.

Ensure that such impending changes do not compromise the interest of Members, and interact with relevant authorities in bringing about the changes.

On a proactive basis make suggestions for changes in regulations, policies and laws, which are in the interest of the Members.

Take up with the relevant authorities cases of mal-administration of the law or the rules.

Take up issues which are of general applicability to the Members and where inequity and principles of law are involved.

Chairman informed the committee that while he represents the Chamber on the KPT Board, the Secretary General represents the Chamber on the Board of Port Qasim Authority.

Speaking about KPT he said that recently the port has acquired two new tugs from Turkey (built on Canadian design) and three pilot boats at a very compatible cost. Two new rail gantries for loading and unloading of containers are being procured by private sector. After induction of said equipment the ship terminal time is expected to improve substantially.

Government is also carrying out a detailed and comprehensive study to find out the reasons of high operational cost of KPT. Efforts are being made to bring the operational cost of the port in level with other ports of the region. A committee under the Chairmanship of the Director General, Ports & Shipping has been formed for this purpose.

Although the Golden handshake scheme introduced in KPT last year resulted in reducing the expensive large labour force of the KPT but it has also caused loss of some good and experienced staff. However increase in cargo through container services has substantially reduced the dependencies on manual labour force. KPT is still overstaffed. The present strength of over 2,000 watchmen in KPT is a financial and administrative burden. It needs to be reorganized.

Speaking about Port Qasim the Secretary General said that dredging has been insufficient and the permissible draft for ships entering has been reduced to 10.5 metres. Contractors who had been assigned the job were not adequately equipped with equipment. Condition of Port Qasim, in general needs immediate attention to bring the desired improvements. Efforts should be made to have maximum utility of available facilities.

Mr. Javed Akber opined that another terminal for liquid edible oil was not required.

The Chairman speaking about the pathetic condition of existing roads to KPT area, said that the responsibility of up-keep and maintenance of roads is of KMC and Government of Sindh. The existing roads need major repairs. The paucity of funds is a deterring factor, and KMC does not have funds. In the past KPT has advanced funds to KMC but with bad experience of recovery they are unwilling to do so.

Poor condition of the oil pipelines trenches in KPT area is to be highlighted. Shell's representative has informed the Committee that the Government already collects a substantial amount from the oil companies to maintain these pipelines and agreed to provide this information.

#### **OTHER MATTERS**

The Committee agreed to induct a representative from Qasim International Container Terminal Pakistan Limited, in place of Captain Muzaffar Ali who has meanwhile left the organization. A letter to Qasim International Container Terminal Pakistan Limited to be issued by the Chamber.

The meeting ended with a vote of thanks to the Chair.

**MOHAMMAD ASLAM  
DEPUTY SECRETARY**



6TH NOVEMBER, 2000.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB COMMITTEE  
FOR PORTS, SHIPPING & COMMUNICATIONS HELD ON WEDNESDAY  
25TH OCTOBER, 2000 AT 3 PM IN THE CHAMBER'S PREMISES**

**PRESENT:**

MR. M. MOONIS	CHAIRMAN	UNITED LINER
MR. S. H. A. BUKHARI	CO-CHAIRMAN	MACKINNON, MACKENZIE
MR. JAVED AKBER		ENGRO VOPAK
MR. CHANGEZ H. NIAZI		KICT
COMM. SHARIFUL HASAN		PHILIPS
MR. CYRUS KHURSIGARA		QICT
MR. FAROOQ RAHMATULLAH		SHELL
- REP BY MR. OWAIS SULTAN		

**LEAVE OF ABSENCE:**

MR. S. A. HADI	BOC
MR. KHAWAJA S. MAHMOOD	ICI

The Chairman welcomed Mr. Changez H. Niazi of Karachi International Container Terminal Limited and Mr. Cyrus Khursigara of Qasim International Container Terminal Pakistan Limited as they were attending the meeting for the first time.

**MINUTES OF THE LAST MEETING**

Minutes of the last meeting held on 7th September, 2000 already circulated to the members were considered, read and approved.

**MATTERS ARISING OUT OF THE LAST MINUTES**

**Keamari Port Area Roads**

The Chairman informed the members that road repairs from Shirin Jinnah Colony to Keamari area has been started by KPT despite it being under the jurisdiction of KMC. It is expected that work on repairs of secondary roads will also start soon. Besides the road repairs, the sewerage system is also being improved in these areas to avoid recurring damage to road.

Facilities for parking of oil tankers has now been provided at Zulfiqarabad Oil Terminal in the vicinity of Pakistan Steel Mills. This has substantially reduced the pressure in KPT area particularly in the Shirin Jinnah Colony areas. Only allocated tankers will now be allowed to come to Keamari area, twenty four hours before filling.

Oil Peer II is being decommissioned, but this has been deferred till December, 2000.

Molasses pipe line has been laid at Berth No. 1 to facilitate exports of Molasses during the reconstruction of Oil Peer II.

New investment in PQA area for oil terminal envisages edible oil imports of 4 Million tons / year.

Members felt that the demand may actually come down.

#### **DREDGING IN PORT QASIM**

Secretary General informed the meeting that due to insufficient dredging in the past the draft for ships entering Port Qasim has been reduced to 10 metres. Larger vessels of 11 metres draft mostly EPIC lines vessels are affected by this reduction in draft. New dredging contract has not been finalized so far. Dredging has to be completed in the winter months, before the monsoon season sets in.

It was suggested that dredgers should be obtained in such a manner that both ports may use them. The dredging rates in the two ports should be rationalized and the terms and conditions of the contracts be improved. KPT's dredging cost if done by outside contractors is U. S. \$ 4.5 per cubic metre. Quoted rates at PQA are Rs. 180 per cubic metre.

Night navigation in Port Qasim area is expected to be completed by December, 2000.

#### **OTHER MATTERS**

Commander Shariful Hasan of Philips Electrical Industries of Pakistan Limited suggested that committee should highlight specific problems relating to Ports and Shipping to the Government, as and when found necessary.

Oil marketing companies pay Rs. 28 Million per annum to KPT. The Chairman requested Shell's representative to provide break-up figures of annual payments made to the KPT and KMC in respect of rent facilities and maintenance of roads by the oil marketing companies. Charges paid to KPT for land usage are Rs. 30 per square metre per annum.

Commander Shariful Hasan suggested that committee members should visit KPT area to look at facilities and the problem areas.

Next meeting of the Sub Committee to be held on **Thursday 11th January, 2001 at 3 PM.**

The meeting ended with a vote of thanks to the Chair,

**MOHAMMAD ASLAM  
DEPUTY SECRETARY**

10TH MARCH, 2000.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB COMMITTEE FOR TAXATION HELD ON 8TH MARCH, 2000 AT 3 PM IN THE CHAMBER'S PREMISES**

**MINUTES OF LAST MEETING**

Minutes of the last meeting of the Committee held on 9th September, 1999 already circulated to the members, were approved.

**MATTERS ARISING OUT OF THE SAID MINUTES**

- None -

**CHAMBER'S PROPOSALS FOR FEDERAL BUDGET 2000 - 2001**

Proposals received from Procter & Gamble, Pharmatec, International Housing Finance, P&O Containers and Indus Motor were tabled for discussion. With regard to the proposals for the Federal Budget, the committee unanimously agreed to follow the methodology of last year's for compiling and preparing the Budget Proposals for 2000 - 2001. Accordingly the groups for the current year will consist of the following:

<b>GROUP</b>	<b>GROUP LEADER</b>	<b>COMPANY</b>
1. Chemical/Pesticides/ Fertilizer & Plant	Mr. Pervez Ghias Mr. Mohammad Aslam	Engro Chemical B O C
2. Banking/Insurance/Finance & Leasing Companies	Mr. Asif S. Sindhu	ANZ Grindlays
3. Pharmaceuticals Industries	Mr. Abdul Jalif Anjum	Glaxo Wellcome
4. Food & Consumer Products	Mr. Saad Khan	Procter & Gamble
5. Shipping/Airlines/Trading & other services	Mr. Saeed Haider	J & P Coats
6. Oil/Gas & Energy	Ms. Trudy Taylor	Shell Pakistan
7. Engineering & Industrial Products	Mr. Mohammad Aslam	B O C
8. Tobacco & other manufacturing companies	Mr. Shabbir Hamza Khandwala	Khadim Ali Shah Bukhari & Co.

The Group Leaders shall be contacting respective member companies of their group. The list of companies in each group alongwith detailed up-to-date list of members have been provided to all members present in the meeting. It will however be mailed separately to those who were not present.

It was agreed that the respective Group Leader would discuss with the companies concerned and try to establish the issues that concern more than one company and are not company specific.

The proposals, thus compiled, shall be tabled for discussion in the next meeting of the Committee to arrive at a consensus on the points. The proposals when finalized will be discussed with Mr. Hafiz Pasha when he visits the Chamber next month.

**LETTER OF PHARMATEC PAKISTAN (PVT) LTD.**

It was agreed that Pharmatec's letter dated 9th February, 2000 be acknowledged and they may be informed that it is receiving the Committee's attention and will be included in the Budget Proposal.

**ANY OTHER MATTER**

The committee unanimously agreed that the Chamber should extend its all out support to the Government in respect of General Sales Tax and the programme of documentation of the economy.

The Chamber to inform all members that the Regional Commissioner Mr. Mohammad Akhter Nazar Mian has designated Mr. Shaheen Iqbal, Commissioner of Income / Wealth Tax, Companies Zone-II as the liaison officer for the Corporate Region, Karachi for clarification in the Tax Amnesty Scheme 2000.

Next meeting of the Subcommittee to be held on 29th March, 2000 at 3 PM in the Chamber's premises.

The meeting was informed that a cap of Rs. 100,000 is applicable for professional tax that can be imposed by the present Government. This was done by the Finance Act, 1999.

The meeting ended with a vote of thanks to the Chair.

**MOHAMMAD ASLAM  
DEPUTY SECRETARY**

13TH APRIL, 2000.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING  
SUB COMMITTEE FOR TAXATION HELD ON MONDAY  
10TH APRIL, 2000 AT 3.30 PM IN OICC&I**

**PRESENT:**

MR. PERVEZ GHIAS	IN CHAIR	ENGRO CHEMICAL
MR. ASIF SINDHU		ANZ GRINDLAYS
MR. MOHAMMAD ASLAM		BOC
MR. M. NAEEM UDDIN MALIK		INDUS MOTOR
MR. SAEED HAIDER		J & P COATS
MR. SHABBIR HAMZA KHANDWALA		KHADIM ALI SHAH BUKHARI
MR. S. ANIS AHMED		PHILIPS
MR. SAAD A. KHAN		PROCTER & GAMBLE

**LEAVE OF ABSENCE:**

MR. NASIR ALI SHAH BUKHARI	CHAIRMAN	KHADIM ALI SHAH BUKHARI
MR. AZHAR MALIK	CO-CHAIRMAN	ICI
MR. SYED KAZIM HASAN		CGU
MR. ABDUL JALIL ANJUM		GLAXO WELLCOME
MS. TRUDY TAYLOR		SHELL

In the absence of the Chairman, Mr. Pervez Ghias was in the Chair.

Reports from the following Group Leaders were tabled for explanation and discussion:

Mr. Mohammad Aslam	BOC	GROUP NOS. 1 & 7
Mr. Shabbir Hamza Khandwala	KASB	GROUP NO. 8.
Mr. Saeed Haider	J&P COATS	GROUP NO. 5
Mr. Saad A. Khan	PROCTER & GAMBLE	GROUP NO. 4
Mr. A. Jalil Anjum	GLAXO WELLCOME	GROUP NO. 3
Mr. Asif Sindhu	ANZ GRINDLAYS	GROUP NO. 2
Mr. Pervez Ghias	ENGRO CHEMICAL	GROUP NO. 1

The report of Group Leader, Ms. Trudy Taylor GROUP NO. 6 was not received.

Copy of Reports received from four companies of the GROUP 6 would be sent to the Chairman for review. Mr. Pervez Ghias also offered to speak to Ms. Taylor.

Chairman also offered to consolidate all the recommendations of the various groups discussed today and have a first draft of the Federal Budget proposals ready for final review at the next meeting of the Taxation Sub Committee scheduled for Thursday 20th April, but subsequently changed to Monday 17th April, 2000 at 3.30 PM.

**ZAHID ZAHEER  
SECRETARY GENERAL**

20TH APRIL, 2000.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING  
SUB COMMITTEE FOR TAXATION HELD ON MONDAY  
17TH APRIL, 2000 AT 3.30 PM IN OICC&I**

**PRESENT:**

MR. PERVEZ GHIAS	IN CHAIR	ENGRO CHEMICAL
MR. AZHAR MALIK	CO-CHAIRMAN	ICI
- REP BY MR. FERAZ RIZVI		
MR. MOHAMMAD ASLAM		BOC
MR. SYED KAZIM HASAN		CGU
MR. ABDUL JALIL ANJUM		GLAXO WELLCOME
MR. M. NAEEM UDDIN MALIK		INDUS MOTOR
MR. SHABIR HAMZA KHANDWALA		KHADIM ALI SHAH BUKHARI
MR. SAAD A. KHAN		PROCTER & GAMBLE

**LEAVE OF ABSENCE:**

MR. NASIR ALI SHAH BUKHARI	CHAIRMAN	KHADIM ALI SHAH BUKHARI
MR. ASIF SINDHU		ANZ GRINDLAYS
MR. SAEED HAIDER		J & P COATS
MR. S. ANIS AHMED		PHILIPS
MS. TRUDY TAYLOR		SHELL

**BY INVITATION - PRESENT:**

MR. MOAZZAM RAHMAN	ENGRO CHEMICAL
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**BY INVITATION - LEAVE OF ABSENCE:**

MR. ROBERT ZOON	LEVER BROTHERS
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Draft dated 17th April, 2000 of Taxation proposals was tabled by Mr. Pervez Ghias and reviewed by the Sub Committee.

Chairman agreed to consolidate all the changes discussed and agreed in today's meeting and send final draft of the recommendations of the Sub Committee to the Chamber by 19th April, 2000 for the Managing Committee's consideration.

Meeting closed with vote of thanks to the Chair.

**ZAHID ZAHEER  
SECRETARY GENERAL**

18TH AUGUST, 2000.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING  
SUB COMMITTEE FOR TAXATION HELD ON THURSDAY 17TH AUGUST, 2000  
AT 3 PM IN OICC&I**

**PRESENT:**

MR. JAVED IQBAL	CHAIRMAN	PHILIPS
MR. PERVAIZ GHIAS		ENGRO CHEMICAL
MR. JALIL ANJUM		GLAXO WELLCOME
MR. SAAD A. KHAN		PROCTER & GAMBLE
MS. TRUDY TAYLOR /		SHELL
MR. PAUL THOMPSON		

**LEAVE OF ABSENCE:**

MR. M. ASLAM	BOC
MR. MOIN MOHAJIR	HOECHST MARION ROUSSEL
MR. AZHAR MALIK	ICI
MR. SAEED HAIDER	J&P COATS
MR. T. A. BATLAY	LAKSON TOBACCO
MR. ROB ZOON	LEVER BROTHERS

Chairman welcomed the new Members to the Committee.

It was agreed that the Sub Committee be expanded to include:

A representative of the Insurance Industry - Mr. Iftikhar Alam of CGU International Insurance PLC.

A representative of the Banking Group - Secretary General to consult Chairman of the Banking & Finance Sub Committee for a suitable nomination.

The Minutes of the last meeting held on 17th April, 2000 were confirmed. The Chamber's recommendation for the Federal Budget 2000 - 2001 were tabled for record purposes.

It was agreed that role of the Sub Committee would remain unchanged and would be:

Keep abreast of all impending changes in policy and regulations.

Ensure that such impending changes do not compromise the interest of Members, and interact with relevant authorities in bringing about the changes.

On a proactive basis make suggestions for changes in regulations, policies and laws, which are in the interest of the Members.

Take up with the relevant authorities cases of mal-administration of the law or the rules.

Take up issues which are of general applicability to the Members and where inequity and principles of law are involved.

Secretary General tabled the terms of reference of the Task Force and a list of Task Force Members, constituted by the Government of Pakistan for Reform of Tax Administration. The forthcoming meeting with the Members of the Task Force constituted by the Government of Pakistan for Reform of Tax Administration was discussed.

In light of the terms of reference, discussions took place on what needs to be brought to the attention of the Task Force.

Mr. Saad Khan of Procter & Gamble offered to circulate a first draft on Friday 18th August, 2000 for consideration.

Chairman requested that a follow up meeting of the Sub Committee be called for on Monday 21st August, 2000 at 11 AM to finalize this matter. Chairman also agreed to invite Mr. Masood Naqvi of Taseer Hadi Khalid & Company to this meeting. Secretary General was requested to invite Mr. Aziz Vazir of Roche to this meeting also.

It was also agreed that the Task Force be approached to change the date of the meeting and bring it forward to Wednesday 23rd August, 2000 instead of Thursday 24th August, 2000. Secretary General to confirm.

#### **OTHER MATTERS**

Letter dated 16th August, 2000 from Procter & Gamble was tabled for discussion.

Letter dated 10th August, 2000 from P&O Containers was tabled but deferred for the next meeting.

It was agreed that from September onwards, the meetings of the Sub Committee will be held on the last Tuesday of every month at 3 PM which are:

TUESDAY 26TH SEPTEMBER, 2000  
TUESDAY 31ST OCTOBER, 2000  
TUESDAY 28TH NOVEMBER, 2000  
TUESDAY 19TH DECEMBER, 2000 (not 26th December)

The meeting ended with a vote of thanks to the Chair.

**ZAHID ZAHEER**  
**SECRETARY GENERAL**



22ND AUGUST, 2000.

**MINUTES OF THE SPECIAL MEETING OF CHAMBER'S STANDING SUB COMMITTEE  
FOR TAXATION HELD ON MONDAY 21ST AUGUST, 2000 AT 11 AM IN OICC&I**

**PRESENT:**

MR. JAVED IQBAL	CHAIRMAN	PHILIPS
MR. M. ASLAM		BOC
MR. PARVEZ GHAS		ENGRO CHEMICAL
MR. MOIN MOHAJIR		HOECHST MARION ROUSSEL
MR. ROB ZOON		LEVER BROTHERS
MR. SAAD A. KHAN		PROCTER & GAMBLE
MR. IRFAN SHEIKH		PROCTER & GAMBLE
MR. PAUL THOMPSON		SHELL

**LEAVE OF ABSENCE:**

MR. JALIL ANJUM	GLAXO WELLCOME
MR. AZHAR MALIK	ICI
MR. SAEED HAIDER	J&P COATS
MR. T. A. BATLAY	LAKSON TOBACCO

**SPECIAL INVITATION**

MR. FARRUKH JUNAIDY & MR. SAQIB MASOOD	TASEER HADI KHALID & CO.
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Chairman welcomed Members to the meeting.

Working paper prepared by Mr. Saad Khan (Procter & Gamble) for Task Force on Reform of Tax Administration was tabled for discussion.

Mr. Parvez Ghas (Engro Chemical) also tabled a paper outlining the recommendations for the Task Force.

Chairman invited discussions on the above. Based on the comments and discussion at the meeting, major issues to be covered were agreed upon.

It was also agreed that the Chairman would make a slide presentation to the Task Force meeting.

The suggested format of the meeting on Wednesday 23rd August, 2000 was as follows:

Opening and welcoming remarks by President, OICC&I covering the macro issues  
(Approximately 10 minutes)

Slide presentation by Chairman, Chamber's Standing Sub Committee on Taxation  
(Approximately 20 minutes)

Quality and integrity of tax assessments to be highlighted by examples by the following:

- |      |                   |                                 |
|------|-------------------|---------------------------------|
| i)   | Mr. M. Aslam      | BOC Pakistan Limited            |
| ii)  | Mr. Parvez Ghias  | Engro Chemical Pakistan Limited |
| iii) | Mr. Paul Thompson | Shell Pakistan Limited          |
| iv)  | Any others        |                                 |

(Approximately 30 minutes)

Remarks by Task Force Members

Open discussion with any of the participants.

Mr. Moin Mohajir (Hoechst Marion Roussel) and Mr. Saad A. Khan (Procter & Gamble) expressed their inability to attend the meeting on Wednesday 23rd August, 2000.

The meeting closed with a vote of thanks to the Chair.

**ZAHID ZAHEER**  
**SECRETARY GENERAL**

21st September 2000.

**MINUTES OF THE MEETING OF THE CHAMBER'S STANDING SUB  
COMMITTEE ON TAXATION HELD ON 19TH SEPTEMBER 2000  
AT 3.30 PM IN OICC&I**

**Present**

MR. JAVED IQBAL	CHAIRMAN	PHILIPS
MR. IFTEKHAR ALAM		CGU
MR. PARVEZ GHIAS		ENGRO CHEMICAL
MR. MOIN MOHAJIR		HOECHST MARION ROUSSEL
MR. ROB ZOON		LEVER BROTHERS
MR. G. C. WILSON		SHELL
- REP BY - MR. PAUL THOMAS		

**Leave of Absence**

MR. M. ASLAM	BOC
MR. JALIL ANJUM	GLAXO WELLCOME
MR. AZHAR MALIK	ICI
MR. SAEED HAIDER	J&P COATS
MR. T. A. BATLAY	LAKSON TOBACCO
MR. SAAD A. KHAN	PROCTER & GAMBLE

Minutes of the last two meetings held on 17th & 21st August were confirmed. Chairman welcomed Mr. Iftexhar Alam to the Committee. The meeting was informed that so far no nomination has been received from the Banking Group.

The chairman proposed that Mr. Parvez Ghias be appointed Co-chairman of the Sub Committee which was approved by the members. The meeting was informed that a meeting was held on 23rd August 2000 with the members of the task force on reform of tax Administration. This task force is headed by Mr. Shahid Hussain. Apart from the chairman, Mr. Parvez Ghias, Mr. Mohammad Aslam and Mr. Paul Thomas made presentations. Discussions were wide and candid and covered all the areas of tax reform. The chairman task force was handed over copy of the presentation.

The chairman task force indicated that they would like to review the suggestions again with OICC&I members towards the end of their mission. They expect to complete their report to GOP by end December.

Chairman informed the meeting that GOP has constituted another Committee to revise the income tax laws. This Committee by a public notice has invited proposals from tax payers and trade bodies. The last date for sending such proposals is 15th October 2000. The terms of reference of this Committee are:

Rearrange the scheme of the Income Tax Ordinance, incorporating the tax reform measures with a view especially to

- (a) ensuring uniformity of tax treatment as far as possible for various categories of tax payers;
- (b) reducing dependence on withholding taxes;
- (c) encouraging voluntary compliance backed by strong audit;
- (d) minimizing tax exemptions;
- (e) reviewing the appellate hierarchy and grievance redressal system and incorporate appropriate provisions in the law.

Remove distortions and anomalies to make the law coherent and consistent.

Improve the language of the law with a view to removing ambiguities where the intent of the law is not clear.

Update the provisions of the Ordinance in the light of case law.

The revision process will be undertaken in consultation with all stake holders. Chairman requested the Sub Committee members to provide inputs in this matter. A working group of three members was formed for this purpose.

- |    |                  |   |                  |               |
|----|------------------|---|------------------|---------------|
| 1. | Mr. Parvez Ghias | - | Engro Chemicals  | (Team Leader) |
| 2. | Mr. Anis Ahmad   | - | Philips          |               |
| 3. | Mr. Saad Khan    | - | Procter & Gamble |               |

The working group would put together the suggestions for changes. Members are invited to send in their inputs to Mr. Parvez Ghias by 3rd October 2000. (Team Leader of working group)

The next meeting of the Sub Committee was fixed for Wednesday 11th October 2000 at 3 30 PM to review the recommendations of the working group.

**ZAHID ZAHEER**  
**SECRETARY GENERAL**

18TH OCTOBER, 2000.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING  
SUB COMMITTEE ON TAXATION HELD ON WEDNESDAY 11TH  
OCTOBER, 2000 AT 3.30 PM IN OICC&I**

**PRESENT:**

MR. JAVED IQBAL	CHAIRMAN	PHILIPS
MR. PARVEZ GHIAS	CO-CHAIRMAN	ENGRO CHEMICAL
MR. M. ASLAM		BOC
MR. JALIL ANJUM		GLAXO WELLCOME
MR. MOIN MOHAJIR		HOECHST MARION ROUSSEL
MR. ROB ZOOM		LEVER BROTHERS
MR. SAAD A. KHAN		PROCTER & GAMBLE
MR. G. C. WILSON		SHELL
- REP BY MR. PAUL THOMPSON		

**LEAVE OF ABSENCE:**

MR. IFTEKHAR ALAM	CGU
MR. AZHAR MALIK	ICI
MR. SAEED HAIDER	J&P COATS
MR. T. A. BATLAY	LAKSON TOBACCO

Minutes of the meeting held on 19th September, 2000 were confirmed.

Secretary General informed the meeting that he is tabling a revised form of the 'Salary Certificate' which is intended to replace the pink form IT 11E. The revised form has been received by A. F. Ferguson & Company from the Central Board of Revenue in Islamabad. It was noted that although stock option information has been taken out the revised form is still very onerous.

The meeting was informed that a meeting has been fixed with Mr. Vakil Ahmed Khan, Member Tax Policy, Central Board of Revenue in Islamabad on 12th October afternoon to discuss the new 'Salary Certificate' and the problems it is creating for employers. Mr. Shabbar Zaidi of A. F. Ferguson & Company along with Mr. Parvez Ghias and Secretary General will attend the meeting.

Mr. Parvez Ghias, the Team Leader of the Working Group thanked everyone round the table who gave an input on changes required in the Income Tax Laws.

A draft of the summarized recommendations was tabled for discussion, which did not include the inputs received from Mr. Moin Mohajir (Hoechst Marion Roussel) and Mr. M. Aslam (BOC). Mr. Paul Thompson (Shell) offered to send some additional inputs.

Based on the discussions, it was agreed that Mr. Parvez Ghias would finalize the recommendations for the Government of Pakistan, and these would be sent to the Chamber on 16th October, 2000, for onward transmission to Mr. M. S. Lal, Central Board of Revenue in Islamabad.

Meeting closed with a vote of thanks to the Chair.

**ZAHID ZAHEER  
SECRETARY GENERAL**

15TH DECEMBER, 2000.

**MINUTES OF THE MEETING WITH PHARMA GROUP  
ON THURSDAY 14TH DECEMBER, 2000 AT 8.30 AM IN OICC&I**

**PRESENT:**

MR. TARIQ AMIN	PRESIDENT	OICC&I
MR. DAVID WESTON	VICE PRESIDENT	OICC&I
MR. ZAHID ZAHEER	SECRETARY GENERAL	OICC&I
MR. MUHAMMAD SALMAN BURNEY	MEMBER - MANAGING COMMITTEE	OICC&I
MR. KAMRAN Y. MIRZA	MEMBER - MANAGING COMMITTEE	OICC&I
MR. SOHAIL WAJAHAT H. SIDDIQUI	MEMBER - MANAGING COMMITTEE	OICC&I
MR. J. M. DELPON DE VAUX	MEMBER - MANAGING COMMITTEE	OICC&I

**PHARMA BUREAU MEMBERS:**

MR. ANJUM FASIH	BRISTOL-MYERS SQUIBB PAKISTAN (PVT) LTD
MR. M. TARIQ UMAR	AVENTIS CROPSCIENCE PAKISTAN (PVT) LTD
MR. MUNIBUR REHMAN	BAYER PAKISTAN (PVT) LTD
MR. S. MUSTAFA USMANI	CYANAMID (PAKISTAN) LTD
MR. REHAN Q. SAGHIR	ELI LILLY PAKISTAN (PVT) LTD
MR. ISMAIL AHMED	JOHNSON & JOHNSON PAKISTAN (PVT) LTD
MR. JUERGEN KOENIG	KNOLL PHARMACEUTICALS LTD
MR. S. SHAUKAT ALI	MERCK MARKER (PVT) LTD
DR. FARID KHAN	NOVARTIS PHARMA (PAKISTAN) LTD
MR. MUNAWAR UQAILI	ORGANON PAKISTAN (PVT) LTD
MR. RAZI ANSARI	PARKE DAVIS & COMPANY LTD
MR. SARFRAZ-UL-HAQ	PHARMACIA & UPJOHN (PVT) LTD
MR. SABIR SAMI	RECKITT BENCKISER PAKISTAN LTD
MR. AZHAR RATHORE	ROCHE PAKISTAN LTD

The meeting was called by the President, at the request of the Pharma Bureau, and all Members of the Pharma Bureau were invited.

The Chamber's position in the matter is documented in the President's letter of 5th May 2000, sent to the Chairman Pharma Bureau. President and Vice President in their opening remarks outlined the purpose of the meeting, which was to settle the outstanding issue of the Pharma Bureau's relationship with the Chamber. It was in the interest of all concerned that the activities and functioning of the Pharma Bureau should come under the overall supervision of the Chamber, like other Standing Sub Committees and merged with the Chamber.

Mr. Anjum Fasih, Chairman of the Pharma Bureau expressed similar sentiments.

The President invited discussions on how best this could be achieved, and several Members expressed their point of view.

President winding up the discussion concluded with the consensus of all present that the Chairman of the Chamber's Standing Sub Committee on Pharma matters shall be appointed by the Managing Committee of the Overseas Investors Chamber of Commerce & Industry. The Chairman shall be from among the Members of the Managing Committee who is from the Pharma Industry. In the unlikely event of no Pharma Industry Member

being elected on the Managing Committee, the Managing Committee may proceed to co-opt to the Managing Committee a Member from the Pharma Industry.

The Chairman so appointed would proceed to constitute Standing Sub Committee which shall consist of all Pharmaceutical Member Companies of the Chamber. This Standing Sub Committee may continue to use the name of "Pharma Bureau of the OICC&I" for external purposes. All administrative issues of appointing staff, office space and subscription and budgets would be formulated by the Standing Sub Committee for approval of the Managing Committee.

**ZAHID ZAHEER**  
**SECRETARY GENERAL**