

# OVERSEAS INVESTORS CHAMBER OF COMMERCE & INDUSTRY

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**ANNUAL REPORT  
FOR THE YEAR  
2001**

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

## **ANNUAL REPORT 2001**

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## MANAGING COMMITTEE OF THE CHAMBER FOR THE YEAR 2001



### Office Bearers:

**MOIN M. FUDDA**

*PRESIDENT*

CGU International Insurance Plc

**KAMRAN Y. MIRZA**

*VICE PRESIDENT*

Abbott Laboratories Pakistan Limited

**ZAHID ZAHEER**

*SECRETARY GENERAL*

### Members:

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

**HASAN ALI KHAN**  
Continental Biscuits Limited

**MOHAMMAD SALMAN BURNEY**  
Smith Kline Beecham

**ZAFFAR A. KHAN**  
Engro Chemicals Pakistan Limited

**MUSHARAF HAI**  
Lever Brothers Pakistan Limited

**FAROOQ RAHMATULLAH**  
Shell Pakistan Limited

**AZHAR HAMID**  
Standard Chartered Grindlays Bank Limited

**AMEENA SAIYID**  
Oxford University Press

**VINCENT R. HARRIS**  
Hub Power Company Limited (The)

**ZUBYR SOOMRO**  
Citibank N. A.

**FARID KHAN**  
Novartis Pharma (Pakistan) Limited

## 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
MOIN M. FUDDA	-	2001/2002

## 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-todate
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**CIRCULAR NO. 83**

**28TH MAY, 2002.**

**CEO'S OF MEMBER FIRMS**

**NOTICE OF 142ND ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 142ND 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 THURSDAY 27TH JUNE, 2002 at 11 AM to transact the following business:

1. To confirm and sign the Minutes of the 141st Annual General Meeting held on Tuesday 26th June, 2001 at 11 AM.
2. To receive the Report of the Managing Committee for the year 2001.
3. To pass the Audited Accounts for the year ending 31st December, 2001.
4. To appoint Auditors for the Chamber for the year 2002 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. 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**

**MINUTES OF THE 141ST 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 TUESDAY 26TH JUNE, 2001 AT 11 AM**

**PRESENT IN PERSON**

**MR. TARIQ AMIN  
PRESIDENT  
RHONE POULENC GROUP**

**MEMBERS**

- |   |                                |
|---|--------------------------------|
| 1. ABN AMRO BANK N. V.                                | MR. NAVED A. KHAN              |
| 2. ACE INSURANCE LIMITED                              | MR. SYED UMER ALI SHAH         |
| 3. ALSTOM PAKISTAN (PRIVATE) LIMITED                  | MR. M. HAMID                   |
| 4. BARRETT HODGSON PAKISTAN (PRIVATE) LIMITED         | PROF. M. MATIN KHAN            |
| 5. BAYER PAKISTAN (PRIVATE) LIMITED                   | MR. FRITZ KOHLER               |
| 6. BRISTOL-MYERS SQUIBB PAKISTAN (PRIVATE) LIMITED    | MR. ANJUM FASIH                |
| 7. CADBURY PAKISTAN LIMITED                           | MR. ROBERT JONES               |
| 8. CGU INTERNATIONAL INSURANCE PLC                    | MR. MOIN M. FUDDA              |
| 9. CONTINENTAL BISCUITS LIMITED                       | MR. HASAN ALI KHAN             |
| 10. CREDIT AGRICOLE INDOSUEZ                          | MR. JEAN-PIERRE RAYNAUD        |
| 11. DEUTSCHE BANK AG                                  | MR. ARIF M. ALI                |
| 12. ENGRO CHEMICAL PAKISTAN LIMITED                   | MR. ZAFFAR A. KHAN             |
| 13. HONGKONG & SHANGHAI BANKING CORP.LTD (THE)        | MR. PETER WATERHOUSE           |
| 14. INTERNATIONAL HOUSING FINANCE LIMITED             | MR. SHAMIM ZAMAN               |
| 15. JOHNSON & PHILLIPS (PAKISTAN) LIMITED             | MR. SHEHRYAR A. SAEED          |
| 16. KHADIM ALI SHAH BUKHARI & COMPANY LIMITED         | MR. NADIR RAHMAN               |
| 17. LAKSON TOBACCO COMPANY LIMITED                    | MR. T. A. BATLAY               |
| 18. LEVER BROTHERS PAKISTAN LIMITED                   | MR. J. M. DELPON DE VAUX       |
| 19. M-I OVERSEAS LIMITED                              | MS. MUSHARAF HAI               |
| 20. MERCK MARKER (PRIVATE) LIMITED                    | MR. M. R. MONEM                |
| 21. OXFORD UNIVERSITY PRESS                           | MR. S. SHAUKAT ALI             |
| 22. PHILIPS ELECTRICAL INDUSTRIES OF PAKISTAN LIMITED | MS. AMEENA SAIYID              |
| 23. PROCTER & GAMBLE PAKISTAN (PRIVATE) LTD           | MR. JAVED IQBAL                |
| 24. SGS PAKISTAN (PRIVATE) LIMITED                    | MR. HANS-PETER HEISSEN         |
| 25. SIEMENS PAKISTAN ENGINEERING COMPANY LIMITED      | MR. M. KHALID SHEKHANI         |
|   | MR. SOHAIL WAJAHAT H. SIDDIQUI |



PRESENT BY PROXY

1. AES LAL PIR LIMITED
2. ALBARAKA ISLAMIC BANK B. S. C. (E. C.)
3. AMERICAN EXPRESS BANK LIMITED
4. ATTOCK CEMENT PAKISTAN LIMITED
5. AVERY SCALES (PRIVATE) LIMITED
6. BECTON DICKINSON SERVICE (PRIVATE) LIMITED
7. BEECHAM PAKISTAN (PRIVATE) LIMITED
8. CLARIANT PAKISTAN LIMITED
9. COCA-COLA EXPORT CORPORATION (THE)
10. DOHA BANK LIMITED
11. ENGRO ASAHI POLYMER & CHEMICALS LIMITED
12. ENGRO CHEMICAL PAKISTAN LIMITED
13. EQUITY INTERNATIONAL (PRIVATE) LIMITED
14. EXIDE PAKISTAN LIMITED
15. GESTETNER (PRIVATE) LIMITED
16. GILLETTE PAKISTAN LIMITED
17. GLAXO WELLCOME PAKISTAN LIMITED
18. ICI PAKISTAN LIMITED
19. INTERNATIONAL FINANCE INVESTMENT & COMMERCE BANK LIMITED
20. JAMES FINLAY PLC
21. JOHNSON & JOHNSON PAKISTAN (PRIVATE) LIMITED
22. KARACHI INTERNATIONAL CONTAINER TERMINAL LIMITED
23. KSB PUMPS COMPANY LIMITED
24. MACKINNON, MACKENZIE & COMPANY OF PAKISTAN (PRIVATE) LIMITED
25. MITSUBISHI CORPORATION
26. MITSUI & COMPANY LIMITED
27. MULLER & PHIPPS PAKISTAN (PRIVATE) LIMITED
28. NALCO GULF LIMITED
29. NIMIR CHEMICALS PAKISTAN LIMITED
30. ORGANON PAKISTAN (PRIVATE) LIMITED
31. ORIX LEASING PAKISTAN LIMITED
32. P & O CONTAINERS PAKISTAN (PRIVATE) LIMITED
33. PAKCOM LIMITED
34. PHARMACIA & UPJOHN (PRIVATE) LIMITED
35. PHARMATEC PAKISTAN (PRIVATE) LIMITED
36. REUTERS LIMITED
37. RHODIA PAKISTAN (PRIVATE) LIMITED
38. ROCHE PAKISTAN LIMITED
39. ROYAL & SUNALLIANCE INSURANCE PLC
40. SGS PAKISTAN (PRIVATE) LIMITED
41. SMITH KLINE & FRENCH OF PAKISTAN LIMITED
42. SOCIETE GENERALE
43. STANDARD CHARTERED GRINDLAYS BANK LIMITED
44. UNITED LINER AGENCIES OF PAKISTAN (PRIVATE) LIMITED

The meeting was invoked with a short recitation from the Holy Quran by Mr. Mohammad Aslam, Deputy Secretary. President, Mr. Tariq Amin chaired the meeting. He addressed:

Ladies & Gentlemen,

I welcome you to the 141st Annual General Meeting of the Chamber. In addition to the 25 Members present in person, we have received 44 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 46 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 house agreed.

The First item on the Agenda is to confirm and sign the Minutes of the 140th Annual General Meeting held on Thursday 29th June, 2000 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, PRESIDENT WHO CHAIRED THE ANNUAL GENERAL MEETING SIGNED THE MINUTES.**

The Second item on the Agenda is to receive your Committee's Annual Report for the year 2000. My own 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, I PROPOSE that the Report of the Committee for the year 2000 as circulated to Members be ADOPTED.

#### RESOLUTION

"THAT THE REPORT OF THE COMMITTEE FOR THE YEAR 2000 AS CIRCULATED TO MEMBERS BE AND IS HEREBY ADOPTED"

(PROPOSED BY CHAIR)

AND

(SECONDED BY Professor M. Matin Khan OF Barrett Hodgson Pakistan (Pvt) Ltd)

was carried unanimously.

The Third item on the Agenda is to pass the Audited Accounts for the year 2000. Copies are already with you and if there are any questions, I shall endeavor to reply to them.

As there are no questions forthcoming, may I request a Member to PROPOSE the adoption of the Accounts for the year ended 31st December, 2000 and another Member to SECOND the Resolution.

**RESOLUTION**

**"THAT THE AUDITED ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 2000 BE AND ARE HEREBY ADOPTED"**

(PROPOSED BY Mr. Javed Iqbal of Philips Electrical Industries of Pakistan Ltd)  
AND  
(SECONDED BY Mr. Robert Jones OF Cadbury Pakistan Limited)  
was carried unanimously.

The Fourth item on the Agenda is to consider appointment of Auditors for the year 2001.

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 2001 AT A FEE OF RS. 23,000 PER ANNUM"**

(PROPOSED BY Mr. Arif M. Ali OF Deutsche Bank AG)  
AND  
(SECONDED BY Mr. Moin M. Fudda OF CGU International Insurance PLC)  
was carried unanimously.

The Fifth item on the Agenda is to record the election of Eight other Members of the Managing Committee for the year 2001 - 2002.

This year elections were held for the post of Vice President and for Eight other Members of the Managing Committee. Mr. Moin M. Fudda and Mr. Peter Waterhouse 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 reads as follows:

**VICE PRESIDENT**

**MR. KAMRAN Y. MIRZA**

**Members of the Managing Committee  
(in alphabetical order)**

**MR. ARIF M. ALI  
MR. MUHAMMAD SALMAN BURNEY  
MR. AZHAR HAMID  
DR. FARID KHAN  
MR. ZAFFAR A. KHAN  
MR. FAROOQ RAHMATULLAH  
MS. AMEENA SAIYID  
MR. ZUBYR SOOMRO**

The retiring Vice President, Mr. J. M. Delpon De Vaux as per the Articles of Association succeeds me as the President of your Chamber. He has however informed me that he will be unable to continue as President, as he will be leaving Pakistan shortly. Mr. Tariq Amin further informed the house that the Office of the President shall stand vacated upon his departure from Pakistan. The vacancy so created shall be filled in by calling an election for this purpose, as prescribed in Article 16(a) and the elections will be conducted as laid down in Article 14.

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.

I now invite comments on the SPECIAL RESOLUTION. Certain Members asked questions about this matter, which were appropriately answered. If there are no comments I request another Member to SECOND the Resolution.

#### RESOLUTION

##### QUOTE:

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

<u>TOTAL NUMBER OF EMPLOYEES:</u>	<u>ANNUAL SUBSCRIPTION:</u>
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.

##### UNQUOTE:

(PROPOSED BY CHAIR)

AND

(SECONDED BY Ms. Ameena Saiyid OF Oxford University Press)  
was carried unanimously.

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.

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**

## **PRESIDENT'S REVIEW – 2001**

Distinguished members of the Overseas Chamber of Commerce & Industry, I welcome you to this 142nd Annual General Meeting of the Chamber being held today the 27<sup>th</sup> June, 2002, and thank you for attending it.

Before I comment upon the activities of your Chamber, I would like to give you a bird's eye view of the present economic and political scenario in the country.

The present Government stood alive and steadfast to fulfil the urgent need to revive the country's economy which had been in shambles for quite some past. Many initiatives were taken by the Government of the day and assiduously pursued to place it on a sound footing, to ensure its stability, and to improve the investment climate. These steps included improvement of business environment by providing a level playing field to all, removing distortions and reducing costs of business. The path ahead is arduous, but there is apparently a commitment to overcome odds.

Pakistan's most urgent objective is to revive economic growth to a least 5% per year and to alleviate poverty, which require mobilization of enormous reserves.

Fortunately, in consequence of forceful presentation of Pakistan's case before the Paris Club by the Pakistan delegation led by the Finance Minister, Mr. Shaukat Aziz, creditors have agreed to reschedule almost the entire debt of the country amounting to over 12.5 billion US dollars. It will generate a net cash flow saving of over \$ 2.7 billion over the next five years. These savings will be diverted to the urgently needed Social Development and Poverty Reduction Programs. Besides, additional credit line of \$ 1.3 Billion from the PRGF IMF programme will further improve the ways and means position.

Moreover, Pakistan's decision to cooperate with the U. S. and her allies in the war against terrorism was reciprocated by withdrawal of sanctions imposed in the wake of atomic explosions in 1998. It eased many constraints and generated additional inflow of sizeable funds. Unfortunately, however, the risk of terrorism within the country increased, and law and order problem intensified. A number of people lost their lives. The Chamber also shocked by the assassination of Mr. Shaukat Mirza, a former member of the Managing Committee.

Though the inflation rate has substantially decreased, falling economy and high population growth rate of 2.2% have obstructed a raise in the per capita income. Following the 11<sup>th</sup> September events of last year, industrial production and trading activities suffered a serious setback. Exports and imports were adversely affected, and so also tax collection, foreign investment and privatization. Employment lagged far behind increase of idle labour force, aggravating the unemployment problem and creating associated social tensions. Your Chamber continued to interact with the Government throughout the year on these as well as other difficult issues.

The year started by your Chamber inviting the Chairman, Board of Investment, Government of Pakistan, to visit the Chamber. Useful discussions were held with him on how to improve the investment environment.

Early in February, the Ambassador of the European Union in Islamabad led a delegation of European Ambassadors. Useful exchange of views with it took place at the Chamber. It was soon followed by a meeting with the Federal Commerce Secretary. The question of strengthening the IPR laws to prevent its infringements was discussed with him.

Mr. Omar Asghar Khan, Federal Minister for Labour & Environment was also invited to the Chamber the same month, and discussions held on the impending changes in the relevant legislations.

In the month of May, extensive discussions took place with the IMF Mission on how to restore business and investors confidence.

Your Chamber also established rapport with the Regional Commissioner of Income Tax, the Federal Tax Ombudsman, Secretary General, Finance, and the Federal Finance Minister. They visited the Chamber. Proposals and suggestions for rendering the tax system rational and equitable were discussed with them. The Chamber also submitted proposals for the Federal Budget and Trade Policy to the respective Ministries.

In the month of June, the Governor, State Bank of Pakistan was invited to visit the Chamber and later towards its end a World Bank Investment Climate Work Mission also visited the Chamber at the latter's request.

After announcement of the Federal Budget on 18th June, 2001, the Chamber took up with the Federal Finance Minister the question of excessive tax burden imposed on salaried employees. Soon after becoming the President of the Chamber, I remained busy discussing the draft Income Tax Ordinance 2001 with the Central Board of Revenue and Secretary General, Finance, during which concerns thereon of the salaried class were highlighted. The Chairman, Central Board of Revenue visited the Chamber in early September in this connection. After promulgation of the Income Tax Ordinance 2001, on the 14th September, 2001, these discussions were further continued with the Central Board of Revenue. The Chamber's Position Paper on the new Ordinance was sent to the CBR in January, 2002. Meetings continued, and as recently as the 25th April, 2002 I led a delegation to Islamabad to meet the CBR Chairman. Much time was devoted to discussions on tax matters. It is expected that CBR will honour its commitments to spare the salaried class of the unjustifiable burden of tax on retirement benefits and also take a favourable decision with respect to tax on perquisites.

Meetings were held with the Governor of Sindh to ensure security of expatriates, safety and protection of foreign owned assets. I am grateful to him for his very favorable and reassuring response. Subsequently, meetings were held with the Citizen Police Liaison Committee and the Inspector General Police, Sindh.

During the year, your Chamber also took up with the Ministry of Health the problems of the Pharmaceutical Industry, particularly withdrawal of show cause notices and on the need for deregulation. The Federal Minister of Industries, Production & Commerce who heads the Deregulation Committee was also briefed on the Chamber's concerns in this regard.

The Chamber has also been in correspondence with the Securities & Exchange Commission of Pakistan with respect to issues relating to the Code of Corporate Governance, and the proposed changes in Listed Companies, the Takeover Legislation and the amendments proposed to the Companies Ordinance. The issues arising out of the requirement of Quarterly Accounts were also taken up with the SECP. The Chairman, SECP, was invited to the Chamber in early December. Discussions held were very useful. The IPR issues, viz., infringement of copyright Trade Mark and Patents received attention of the Chamber and the Minister of Commerce was apprised of the interest of the members.

In addition to the above, several Ambassadors and other important personalities visited the Chamber, as mentioned in the Committee's Report. Correspondence initiated by the Chamber on important issues is also annexed to it.

The intensive interaction with the Government started by my predecessor, and subsequently followed by me throughout the year, has resulted in evolution of business friendly policies, and I am pleased to say that the Government has been very heedful to representations relating to Trade and Industry. It also pleases me to say that in the present regime, I have noticed a marked and welcome change in outlook compared to the past. I had an easy access to Ministers and high officials on matters relating to the Chamber and disappearance of bureaucratic approach or attitude.

Having been elected as the Chamber's President, one of my priorities was to upgrade the Chamber's electronic link with its members. In the first phase, compilation of a directory of e-mails and addresses of members was taken in hand which also induced some members to acquire their e-mail addresses. Now, since the last six months, the Chamber's secretariat has been sending agenda, minutes and other material via e-mail. At the same time the Managing Committee entrusted to the IT Sub Committee the task of developing a website. I am pleased to note that the Chairman and members of the committee have made good contribution in developing it. It also gives me pleasure to place on record my appreciation of the role of the Secretary General and staff of the Chamber in improving the working environment of the Chamber. -

To conclude, I may emphasize with complete confidence that to attract and promote foreign investment it is essential to ensure enduring rationalized policies sans irritants. There is room for improvement and better implementation of the existing policies, facilitation and acceleration of local investments which paves the way and contributes a great deal to foreign investment. It is at the same time absolutely essential to establish the rule of law and to enforce it on all and sundry in letter and spirit without fear and favour to make everybody conscious and mindful of the fact that law shall prevail without discrimination in all eventualities and circumstances. Furthermore, there is an urgent need to infuse national spirit and to project Pakistan as a moderate, respective and peace loving Islamic State.

The invaluable support and advice extended to me by the Secretary-General of the Chamber on a wide range of issues, and his relentless efforts which provided the underpinning of all the Chamber's deliberations needs to be commended.

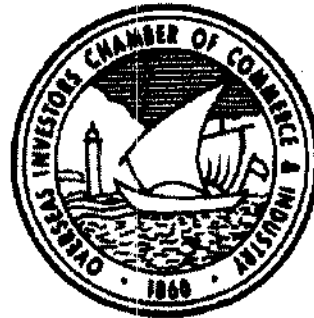
Mr. Kamran Y. Mirza will succeed me on 1st July, 2002, soon after the Annual General Meeting, I welcome him and all the Members of the new Committee, as they commence their term of office.

**MOIN M. FUDDA**

**30<sup>th</sup> May, 2002.**

# **REPORT OF THE COMMITTEE**

**FOR THE YEAR 2001**



**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, 2001**

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**➤ CHAMBER MEMBERSHIP****▪ NEW MEMBERS**

During the period January to December 2001, following six members were elected as new members of the Chamber:

**1 ARABIAN SEA ENTERPRISES LIMITED**

Mezzanine Floor  
Karachi Sheraton Hotel & Towers  
Club Road  
Karachi.

Telephone : 5688093, 5688520, 5688461, 5688129, 5681021  
Fax : 5683244, 5682875

**NAME OF CHIEF EXECUTIVE**

Mr. Moin A. Haroon  
General Manager

**2 CHIESI PHARMACEUTICALS (PRIVATE) LIMITED**

57 - A, Block - G, Gulberg III  
Lahore.

Telephone : 042-5838174, 5861314, 5839749  
Fax : 042-5836786

**NAME OF CHIEF EXECUTIVE**

Mr. Saeed Aslam Khokhar  
Chief Executive

**3 COMMERCIAL UNION LIFE ASSURANCE COMPANY  
(PAKISTAN) LIMITED**

Commercial Union Building  
74 / 1 - A, Lalazar  
M. T. Khan Road  
Karachi.

Telephone : 5611071-75, 5611802-08  
Fax : 5610959, 5610805

**NAME OF CHIEF EXECUTIVE**

Mr. Moin M. Fudda  
Managing Director & Chief Executive

**4 KELOIL PAKISTAN (PRIVATE) LIMITED**

Suite 7, Hilltop Arcade,  
Gizri Boulevard, Phase IV, Defence Housing Authority  
Karachi - 75500

Telephone: 5898246, 5882115  
Fax : 5882116  
Email : keloil@cyber.net.pk

**NAME OF CHIEF EXECUTIVE**

Mr. Abbas Bilgrami  
Managing Director

**5** **PAKISTAN PTA LIMITED**

Plot No. EZ / 1 / P - 4  
 Eastern Industrial Zone  
 Port Qasim  
 Karachi,

Telephone : 0201-750265-9  
 Fax : 0201-730221

**NAME OF CHIEF EXECUTIVE**

Mr. John R. Stoney  
 Chief Executive

**6.** **TYCO FIRE & SECURITY PAKISTAN (PRIVATE) LIMITED**

4th Floor, Philips Markaz  
 M. A. Jinnah Road  
 Karachi.

Telephone : 7766362, 7766945  
 Fax : 7767562  
 Website: www.tycoasia.com

**NAME OF CHIEF EXECUTIVE**

Mr. Sohail Swaleh  
 General Manager

**▪ OUTGOING MEMBERS IN 2001**

The following six members resigned during the year.

**REASON FOR RESIGNATION**

1.	BANK OF AMERICA NT & SA	LIQUIDATION
2.	CITICORP INVESTMENT BANK (PAKISTAN) LTD.	LIQUIDATION
3.	PFIZER LABORATORIES LTD.	MERGER
4.	KELLER GRUNDBAU GmbH	BUSINESS CONSTRAINT
5.	ROYAL EXCHANGE ASSURANCE	BUSINESS CONSTRAINT
6.	W. WOODWARD PAKISTAN (PVT) LTD.	MERGER

**▪ 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.	BECTON DICKINSON SERVICE PRIVATE) LIMITED	BECTON DICKINSON PAKISTAN (PRIVATE) LIMITED
2.	CYANAMID (PAKISTAN) LTD.	WYETH PAKISTAN LIMITED
3.	COMMONWEALTH DEVELOPMENT CORPORATION	CDC GROUP PLC
4.	HOECHST MARION ROUSSEL (PAKISTAN) LIMITED	AVENTIS PHARMA (PAKISTAN) LIMITED
5.	JAMES FINLAY PLC	JAMES FINLAY LIMITED
6.	NOVARTIS (PAKISTAN) LIMITED	SYNGENTA PAKISTAN LIMITED
7.	SMITH & NEPHEW PAKISTAN (PVT) LTD.	BSN MEDICAL (PRIVATE) LIMITED
8.	UNION TEXAS PAKISTAN, INC.	BP PAKISTAN EXPLORAION I& PRODUCTION, INC
9.	DOHA BANK LIMITED	DOHA BANK

## ▪ CLASSIFICATION OF MEMBERS

The Membership of the Chamber as on 31<sup>st</sup> December 2001 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	49
AMERICAN	44
SWISS	14
GERMAN	09
JAPANESE	15
DUTCH	9
FRENCH	9
BELGIAN	4
U.A.E	4
HONG KONG	5
CANADIAN	1
SAUDI	3
SWEDISH	2
BANGLADESH	2
AUSTRALIAN	2
DOHA	1
BAHRAIN	2
SINGAPORE	2
GREEK	1
SRI LANKA	1
OTHERS	2
Bermuda (South America)	1
ITALY	1
KUWAIT	1
MALAYSIA	1
	<b>185</b>

### Category Wise

1.	CHEMICAL / PESTICIDES / FERTILIZERS / PAINTS	14
2.	BANKING	21
3.	INSURANCE	5
4.	LEASING & FINANCIAL COMPANIES	13
5.	PHARMACEUTICAL INDUSTRIES	29
6.	FOOD & CONSUMER PRODUCTS	16
7.	SHIPPING & AIRLINES	10
8.	TRADING & OTHER SERVICES	27
9.	OIL / GAS & ENERGY	23
10.	ENGINEERING & INDUSTRIAL PRODUCTS	20
11.	TOBACCO & OTHER MANUFACTURING COMPANIES	7
		<b>185</b>

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

**▪ LIST OF MEMBERS – AS AT 31<sup>ST</sup> DECEMBER 2001**

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. ARABIAN SEA ENTERPRISES LIMITED
10. ATLAS INVESTMENT BANK LIMITED
11. ATLAS LEASE LIMITED
12. ATTOCK CEMENT PAKISTAN LIMITED
13. ATTOCK OIL COMPANY LIMITED (THE)
14. ATTOCK REFINERY LIMITED
15. AVENTIS CROPS SCIENCE PAKISTAN (PRIVATE) LTD.
16. AVENTIS PHARMA (PAKISTAN) LIMITED
17. AVERY SCALES (PRIVATE) LIMITED
18. BANK OF CEYLON
19. BANK OF TOKYO MITSUBISHI LIMITED
20. BARRETT HODGSON PAKISTAN (PRIVATE) LIMITED
21. BASF PAKISTAN (PRIVATE) LIMITED
22. BATA PAKISTAN LIMITED
23. BAYER PAKISTAN (PRIVATE) LIMITED
24. BECTON DICKINSON PAKISTAN (PVT) LIMITED
25. BEECHAM PAKISTAN (PRIVATE) LIMITED
26. BERGER PAINTS PAKISTAN LIMITED
27. BHP MINERALS INTERNATIONAL EXPLORATION INC.
28. BLACKWOOD HODGE (PAKISTAN) (PRIVATE) LIMITED
29. BOC PAKISTAN LIMITED
30. BP PAKISTAN EXPLORATION & PRODUCTION, INC.
31. BRINKS PAKISTAN (PRIVATE) LIMITED
32. BRISTOL-MYERS SQUIBB PAKISTAN (PRIVATE) LIMITED
33. BSN MEDICAL (PVT.) LIMITED
34. BURMAH OIL COMPANY (PAKISTAN TRADING) LIMITED
35. CADBURY PAKISTAN LIMITED
36. CALTEX OIL (PAKISTAN) LIMITED
37. CARGILL PAKISTAN CITRUS LIMITED
38. CASTROL LIMITED
39. CDC GROUP PLC
40. CGU INTERNATIONAL INSURANCE PLC
41. CHIESI PHARMACEUTICALS (PVT.) LIMITED
42. CITIBANK N.A.
43. CLARIANT PAKISTAN LIMITED
44. COCA-COLA BEVERAGES PAKISTAN LIMITED
45. COCA-COLA EXPORT CORPORATION (THE)
46. COMMERCIAL UNION LIFE ASSURANCE COMPANY (PAKISTAN) LTD.
47. CONTINENTAL BISCUITS LIMITED
48. COX & KINGS (AGENTS) LIMITED

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

100. LUFTHANSA CARGO
101. 3M PAKISTAN (PRIVATE) LIMITED
102. M-I OVERSEAS LIMITED
103. MACKINNON, MACKENZIE & COMPANY OF PAKISTAN (PRIVATE) LIMITED
104. MASHREQBANK PSC
105. MERCK MARKER (PRIVATE) LIMITED
106. MERCK SHARP & DOHME OF PAKISTAN LIMITED
107. MITSUBISHI CORPORATION
108. MITSUI & COMPANY LIMITED
109. MULLER & PHIPPS PAKISTAN (PRIVATE) LIMITED
110. NALCO GULF LIMITED
111. NATIONAL CARBON COMPANY PAKISTAN (PRIVATE) LIMITED
112. NATIONAL POWER INTERNATIONAL
113. NCR CORPORATION
114. NESTLE MILKPAK LIMITED
115. NEW HAMPSHIRE INSURANCE COMPANY
116. NICHIMEN CORPORATION
117. NIMIR CHEMICALS PAKISTAN LTD.
118. NOVARTIS PHARMA (PAKISTAN) LIMITED
119. OERLIKON-WELDING LIMITED – ZURICH
120. OMAN INTERNATIONAL BANK SAOG
121. ORGANON PAKISTAN (PRIVATE) LIMITED
122. ORIX LEASING PAKISTAN LIMITED
123. OTSUKA PAKISTAN LIMITED
124. OXFORD UNIVERSITY PRESS
125. P&O CONTAINERS PAKISTAN (PRIVATE) LIMITED
126. PAK ARAB REFINERY LIMITED (PARCO)
127. PAKCOM LIMITED
128. PAK WATER BOTTLERS (PRIVATE) LIMITED
129. PAKISTAN CABLES LIMITED
130. PAKISTAN CREDIT RATING AGENCY [PRIVATE] LIMITED
131. PAKISTAN GUM & CHEMICALS LIMITED
132. PAKISTAN GUM INDUSTRIES (PRIVATE) LIMITED
133. PAKISTAN INTERNATIONAL COMPUTERS LIMITED
134. PAKISTAN MOBILE COMMUNICATIONS (PRIVATE) LIMITED
135. PAKISTAN OILFIELDS LIMITED
136. PAKISTAN PETROLEUM LIMITED
137. PAKISTAN PTA LIMITED
138. PAKISTAN TOBACCO COMPANY LIMITED
139. PAKTEL LIMITED
140. PARKE, DAVIS & COMPANY LIMITED
141. PEPSI-COLA INTERNATIONAL (PRIVATE) LIMITED
142. PHARMACIA & UPJOHN (PRIVATE) LIMITED
143. PHARMATEC PAKISTAN (PRIVATE) LIMITED
144. PHILIPS ELECTRICAL INDUSTRIES OF PAKISTAN LIMITED
145. PREMIER & SHELL PAKISTAN B.V
146. PROCTER & GAMBLE PAKISTAN (PRIVATE) LIMITED
147. QASIM INTERNATIONAL CONTAINER TERMINAL PAKISTAN LIMITED
148. RAFHAN BEST FOODS LIMITED
149. RAFHAN MAIZE PRODDUCTS COMPANY LIMITED

150. RAY SHIPPING ENTERPRISES LIMITED
151. RECKITT BENCKISER PAKISTAN LIMITED
152. REFRIGERATORS MANUFACTURING COMPANY PAKISTAN LIMITED
153. REUTERS LIMITED
154. RHODIA PAKISTAN (PRIVATE) LIMITED
155. RHONE POULENC RORER PAKISTAN (PRIVATE) LIMITED
156. ROCHE PAKISTAN LIMITED
157. ROUSCH (PAKISTAN) POWER LIMITED
158. ROYAL & SUN ALLIANCE INSURANCE PLC
159. RUPALI BANK LIMITED
160. SAUDI PAK INDUSTRIAL AND AGRICULTURAL INVESTMENT COMPANY (PRIVATE) LIMITED
161. S. C. JHONSON & SON INC.
162. SCHERING ASIA GmbH
163. SECURITY LEASING CORPORATION LIMITED
164. SGS PAKISTAN (PRIVATE) LIMITED
165. SHEIKHOO SUGAR MILLS LIMITED
166. SHELL GAS LPG(PAKISTAN) LIMITED
167. SHELL PAKISTAN LIMITED
168. SIEMENS PAKISTAN ENGINEERING COMPANY LIMITED
169. SINGER PAKISTAN LIMITED
170. SKF SOUTH EAST ASIA & PACIFIC (PTE) 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. SYNGENTA PAKISTAN LIMITED
177. TAPAL ENERGY (PRIVATE) LIMITED
178. TETRA PAK PAKISTAN LIMITED
179. TOMEN CORPORATION
180. TOTAL ATLAS LUBRICANTS PAKISTAN (PRIVATE) LIMITED
181. TYCO FIRE & SECURITY PAKISTAN (PVT.) LTD.
182. UNION BANK LIMITED
183. UNISYS PAKISTAN (PRIVATE) LIMITED
184. UNITED LINER AGENCIES OF PAKISTAN (PRIVATE) LIMITED
185. WYETH PAKISTAN LIMITED



## **CHAMBER REPRESENTATIONS ON VARIOUS BODIES FOR THE YEAR 2001-2002**

### **REPRESENTATION**

- |     |  |             |  |
|-----|--|-------------|--|
| 1.  | Managing Committee of the<br>Federation of Pakistan<br>Chambers of Commerce & Industry | (Alternate) | President<br>Vice President  |
| 2.  | Board of Governors-Foreign<br>Trade Institute of Pakistan, Islamabad                   |             | Secretary General  |
| 3.  | Board of Governors<br>Pakistan Institute of<br>Management Karachi                      |             | Secretary General  |
| 4.  | Advisory Council for<br>the Ministry of Finance  | (Alternate) | President<br>Vice President  |
| 5.  | Advisory Council for<br>the Ministry of Commerce                                       | (Alternate) | President<br>Vice President  |
| 6.  | Board of Investment &<br>Trade Promotion Punjab  |             | President  |
| 7.  | Pakistan Business Council  | (Alternate) | President<br>Vice President  |
| 8.  | Board of Trustees -<br>Karachi Port Trust  |             | Mr. M. Moonis  |
| 9.  | National Engineering<br>Manufacturers Export Council                                   | (Alternate) | Chairman of Standing Sub-<br>Committee on Industries,<br>Labour & Commercial Matters<br>Co-Chairman of the above                           |
| 10. | Sindh Industries Facilities Board  | (Alternate) | Chairman of Standing Sub-<br>Committee on Industries,<br>Labour & Commercial Matters<br>Co-Chairman of the above                           |
| 11. | Sindh Social Securities Board  | (Alternate) | To be nominated by<br>Chairman of the Standing Sub-<br>Committee on Industries,<br>Labour & Commercial Matters<br>Co-Chairman of the above |

- |   |             |  |
|---|-------------|--|
| 12. Advisory Committee for the Regional Commissioner of Income Tax and Wealth Tax | (Alternate) | Chairman of the Standing Sub-Committee on Taxation<br>Co-Chairman of the above   |
| 13. Karachi Port Trust Council  |             | Co-Chairman of the Standing Sub-Committee on Ports, Shipping & Communications  |
| 14. Karachi Dock Labour Board   |             | Mr. M. Moonis  |
| 15. Merchant Navy Club  |             | Chairman Standing Sub-Committee for Ports, Shipping & Communications   |
| 16. Managing Committee of the Employers Federation of Pakistan                    | (Alternate) | To be nominated by the Chairman, Industries, Labour & Commercial Matters<br>Co-Chairman of the above                                       |
| 17. Member of Governing Body - Workers Welfare Fund                               |             | To be nominated by the Chairman, Industries, Labour & Commercial Matters   |
| 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 Industries, Labour & Commercial Matters |
| 19. Consultative Committee on Industrial Research                                 | (Alternate) | Dr. Farid Khan<br>Member Managing Committee<br>Co-Chairman of the Standing Committee on Industries, Labour & Commercial Matters            |
| 20. Export Processing Zone Authority  | (Alternate) | Chairman of the Standing Sub-Committee on Industries, Labour & Commercial Matters<br>Co-Chairman of the above                              |
| 21. Executive Committee of Bankers State Bank of Pakistan                         | (Alternate) | Chairman of the Standing Sub-Committee on Banking & Finance<br>Co-Chairman of the above  |

- |  |   |
|--|---|
| 22. Valuation Advisory Committee<br>(ITP) of Collector of Customs<br>Valuation | Chairman of the Standing Sub-<br>Committee on Industries,<br>Labour & Commercial<br>Matters         |
| 23. Government of Sindh<br>Labour Advisory Board                               | To be nominated by the<br>Chairman, Industries, Labour<br>& Commercial Matters Sub<br>Committee     |
| 24. National Credit Consultative<br>Council (NCCC)                             | Chairman Standing Sub-<br>Committee on Banking & Finance  |
| 25. Pakistan Environmental Protection<br>Council (PEPC)                        | Chairman Standing Sub-Committee<br>on Environmental Matters<br>(Alternate) Co-Chairman of the above |
| 26. Technical Experts Committee of the<br>Ministry of Environment              | Co-Chairman Standing Sub-<br>Committee on Environmental<br>Matters                                  |
| 27. Committee of Investment (Sindh)  | Chairman of Standing Sub-<br>Committee on Industries, Labour &<br>Commercial Matters                |
| 28. Provincial Environment Monitoring<br>Committee on NEQS                     | Co-Chairman Standing Sub-<br>Committee on Environmental<br>Matters<br>(Alternate) 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, 2001**

MANAGING COMMITTEE OF FPCC&I      President

GENERAL BODY OF FPCC&I

Representing Trade:      President

Mr. Hasan Ali Khan

Representing Industry:

Mr. Kamran Y. Mirza

Mr. Zaffar A. Khan

## ➤ MANAGING COMMITTEE

### • MEETINGS OF THE MANAGING COMMITTEE

During the first half of the year under review, the Managing Committee held its meetings on 9th January, 14th February, 13th March, 3rd April, 15th May and 4th June, 2001.

### • MANAGING COMMITTEE MEMBERS - RESIGNATIONS

Mr. David Weston, Vice President tendered his resignation with effect from 14th March, 2001 due to his posting as Head of Worldwide Aviation Shell based London. Mr. J. M. Delpon de Vaux succeeded him as the Vice President on 27th March, 2001.

At the 141st Annual General Meeting held on 26th June, 2001 following Members were elected to the Managing Committee for the year 2001 - 2002:

<u>NAME:</u>	<u>ORGANIZATION</u>
MR. KAMRAN Y. MIRZA VICE PRESIDENT	ABBOTT LABORATORIES

#### MEMBERS (in alphabetical order)

MR. ARIF M. ALI	MEMBER	DEUTSCHE BANK AG
MR. M. SALMAN BURNEY	MEMBER	BEECHAM PAKISTAN (PVT) LTD
MR. AZHAR HAMID	MEMBER	STANDARD CHARTERED GRINDLAYS
DR. FARID KHAN	MEMBER	NOVARTIS PHARMA (PAKISTAN) LTD
MR. ZAFFAR A. KHAN	MEMBER	ENGRO CHEMICAL PAKISTAN LTD
MR. FAROOQ RAHMATULLAH	MEMBER	SHELL PAKISTAN LIMITED
MS. AMEENA SAIYID	MEMBER	OXFORD UNIVERSITY PRESS
MR. ZUBYR SOOMRO	MEMBER	CITIBANK N. A.

The outgoing Vice President, Mr. J. M. Delpon de Vaux succeeded to the office of the President at the AGM, but expressed his inability to continue after 28th June, 2001, as he had been transferred out of Pakistan. President elect, Mr. J. M. Delpon de Vaux submitted his resignation with effect from 28th June, 2001 due to relocation with Lever Brothers overseas. As a consequence thereof, an election to the office of the President was called for, and Mr. Moin M. Fudda was elected President on 1st August, 2001 and he assumed office on this day.

### • FURTHER MEETINGS OF MANAGING COMMITTEE

The incoming Managing Committee held meetings on 7th July, 3rd August, 4th September, 2nd October, 6th November and 4th December, 2001. Minutes of the above meetings have duly been circulated to the Members.

### • MANAGING COMMITTEE CO-OPTION

The following two Members were co-opted to the Managing Committee on 3rd August, 2001.

<u>NAME:</u>	<u>ORGANIZATION</u>
MR. HASAN ALI KHAN	CONTINENTAL BISCUITS LIMITED
MS. MUSHARAF HAI	LEVER BROTHERS PAKISTAN LIMITED

On the 2nd October a third Member was co-opted to the Managing Committee:

MR. VINCENT R. HARRIS      THE HUB POWER COMPANY LIMITED

## ➤ **ACTIVITIES OF THE MANAGING COMMITTEE**

### • **PRE BUDGET ACTIVITIES**

The Taxation Sub Committee's recommendations for the Federal Budget 2001 2002 after being fully deliberated were approved by the Managing Committee with following suggested additions:

- Group pension Policies be included in the recommendation.
- No tax should be payable on interest accrued on bad debts and put in suspense accounts, where no recovery has been made after July, 2000.
- Specific Tax Exemption Certificates should not be demanded by the Tax Authorities for Pension, Gratuity and Provident Funds, as these are exempt for tax under Part I of the Second Schedule to the Income Tax Ordinance 1979.

### • **DISCUSSIONS WITH MINISTRY OF FINANCE**

Secretary General Finance, Mr. Mueen Afzal visited the Chamber on 13th April, 2001. The Chairman of the Taxation Sub Committee made a presentation of the Chamber's suggestions for the Federal Budget 2001 - 2002. Subsequently the Chamber's proposals were also presented to the Finance Minister when he visited the Chamber on 21st May, 2001.

### • **FEDERAL BUDGET (2001 - 2002) PROPOSALS**

Chamber's proposals for the Federal Budget 2001 - 2002 were circulated to Members on 6th June, 2001. Summary of the proposals can be seen in **Appendix 1**.

Soon after the announcement of the Federal Budget on 18th June, 2001, the Chamber addressed the Finance Minister on the Draft Income Tax Ordinance 2001 in its letter of 19th July, 2001 **Appendix 2**.

### • **POST BUDGET ACTIVITIES**

A meeting was held with CBR and MOF officials in Islamabad on 10th August regarding the draft Income Tax Ordinance 2001. A copy of the Chamber's letter dated 10th August, 2001 can be seen in **Appendix 3**. The Chamber again wrote a letter dated 15th August to the Secretary General, Ministry of Finance and this can be seen in **Appendix 4**.

was called by Central Board of Revenue at Islamabad on 31st August, 2001. Thereafter the Chairman, CBR visited the Chamber on 5th September, 2001 and the proposed changes in the draft Income Tax Ordinance were again discussed.

Income Tax Ordinance was promulgated on 14th September, 2001. Note on changes in respect of salaried employees prepared by Secretary General is attached in **Appendix 5**.

Member Direct Taxes and Member Policy & Tax Reform visited the Chamber on 27th December, 2001. A Press Release issued by the Chamber on 4th January, 2002 in this respect can be seen in **Appendix 6**.

At the request of Member Taxes, CBR, a letter was sent by the Chamber elaborating the Chamber's views on Income Tax Ordinance 2001 on 23rd January, 2002. **Appendix 7**

- **TRADE POLICY PROPOSAL 2001 - 2002**

The Chamber's Trade Policy proposals for the year 2000 - 2001 were repeated for the year 2001 - 2002 and forwarded to the Ministry of Commerce on 12th April, 2001. Letter can be seen in **Appendix 8**

The proposals subsequently raised by some Companies were scrutinized in detail and after due consideration, 14 supplementary proposals were sent to the Ministry of Commerce on 16th May, 2001. These can be seen in **Appendix 9**.

- **SIGNIFICANT MEETINGS ATTENDED OR HELD IN THE CHAMBER**

**15th January, 2001      BOARD OF INVESTMENT**

Mr. Waseem Haqqie, Chairman, Board of Investment in Pakistan visited the Chamber and had a very useful meeting with the President, Secretary-General and Members.

**22/24 January, 2001      PAKISTAN INSTITUTE OF DEVELOPMENT  
ECONOMICS (PIDE)**

The Annual Conference of PIDE was held at Islamabad from 22nd to 24th January. The Chamber was one of the cosponsors and contributed Rs. 500,000 towards co-hosting. President and Secretary-General attended the meeting.

**8th February, 2001      REGIONAL COMMISSIONER OF INCOME TAX**

Mr. Akhtar Jamil Khan, Regional Commissioner of Income Tax visited the Chamber and met the members of the Managing Committee and Taxation Sub Committee.

**17th February, 2001      FEDERAL SECRETARY, MINISTRY OF COMMERCE**

President, Tariq Amin and Secretary-General of the Chamber alongwith Members of the Sub Committee met Mr. Qamar Baig in Karachi to discuss the issues of Infringement of IPR Laws and the need to strengthen the Legislation for better implementation.

**22nd February, 2001 MR. OMAR ASGHAR KHAN**

The Federal Minister for Environment, Local Government, Rural Development, Labour, Manpower & Overseas Pakistanis had a detailed meeting with the President, Secretary-General and Members of the Chamber.

**27th February, 2001 FEDERAL TAX OMBUDSMAN**

Justice Saleem Akhtar, Federal Tax Ombudsman visited the Chamber and had a very purposeful meeting with the Members of Managing Committee and Taxation Sub Committee.

**14th May, 2001 IMF MISSION**

Mr. Tariq Amin, President and Secretary-General had a meeting in State Bank of Pakistan with the IMF Mission comprising of Mr. Valeria Fichera, Economist, IMF, USA, Mr. Jean Le Dem, Senior Economist, Middle Eastern Department, IMF, USA and Mr. Marcio Ronci. They discussed issues pertaining to business and investors confidence.

**21st May, 2001 FEDERAL FINANCE MINISTER**

Mr. Shaukat Aziz, Federal Finance Minister had a luncheon meeting with President, Secretary-General and Members of the Managing Committee at the Chamber. Matters relating to the forthcoming Federal Budget were discussed at length.

**28th May, 2001 TASK FORCE ON REFORMS OF THE TAX ADMINISTRATION**

Chairman of the Task Force on Reforms of the Tax Administration alongwith other Members of the Task Force had a meeting with the Members of Managing Committee and Taxation Sub Committee.

**4th June, 2001 GOVERNOR, STATE BANK OF PAKISTAN**

Dr. Ishrat Husain, Governor, State Bank of Pakistan met Members of the Managing Committee and Heads of Firms.

**31st August, 2001 MEETING WITH SECRETARY GENERAL, MINISTRY OF FINANCE**

President Moin Fudda led a delegation to Islamabad and met Mr. Mueen Afzal. Proposed changes in the draft Income Tax Ordinance were discussed.

**5th September, 2001 MEETING WITH CHAIRMAN, CENTRAL BOARD OF REVENUE**

Mr. Riaz Ahmed Malik, Chairman, CBR visited the Chamber and met the President, Secretary-General and Members of the Chamber. The proposed new Income Tax Ordinance was discussed.

**19th September, 2001 MEETING WITH GOVERNOR OF SINDH**

A meeting was held with the Governor of Sindh to discuss how to address the security concerns of the members of the Chamber. Circular No. 165 of the Chamber was issued to all members in this connection. Governor Sindh's letter dated 28th September assuring all out support to OICC&I member companies for the protection and safety of their assets and properties can be seen in **Appendix 10**.

**21st September, 2001 CITIZEN-POLICE LIAISON COMMITTEE (CPLC)**

The Managing Committee members had a detailed meeting with CPLC Chief who assured that any of OICC&I Members can avail CPLC's 24 hour vigilance and alert service and they will inform the law enforcing agencies promptly. Mr. Jamil Yusuf, CPLC Chief assured the members to follow up any likely unfortunate event and keep close contact with the members concerned. Details are recorded in Circular No. 169 issued to all members on 26th September, 2001.

Chamber donated a sum of Rs. 175,000 to CPLC towards upgrading the fifteen existing computers and Rs. 26,000 to purchase two mobile sets. Over and above this, the Chamber also agreed to met CPLC's monthly expenditure at Rs. 15,000 per month. President's letter to CPLC Chief can be seen in **Appendix 11**.

**2nd October, 2001 MEETING WITH I. G. POLICE**

Syed Kamal Shah, Inspector General Police alongwith his senior officers and colleagues had a detailed meeting with the Members of the Chamber in its premises. Explaining the law and order situation prevailing in Sindh and at Karachi in particular, assured all out help of the police to the Members as and when needed. Thereafter Security Managers of Member firms met the DIG Karachi, Mr. Tariq Jamil in Police Head Office.

**14th November, 2001 SEMINAR ON CODE OF CORPORATE GOVERNANCE**

A Seminar on Code of Corporate Governance under the auspicious of Securities Exchange Commission of Pakistan was held at Islamabad. The seminar was attended amongst others by the President of the Chamber, Secretary-General, Chairman of Corporate Law Matters Sub Committee. It was chaired by Mr. Khalid Mirza, Chairman, Securities & Exchange Commission of Pakistan.

The Chamber invited the Chairman, SECP to a meeting on 3rd December, 2001 and wrote to him reinforcing its views expressed earlier, and making suggestions for implementation of the Code. This can be seen in **Appendix 12**. The Chamber again wrote to the Chairman, SECP on 28th December in this matter. This can be seen in **Appendix 12A**.

**➤ SIGNIFICANT CORRESPONDENCE****• CHAMBER'S COMMENTS ON DRAFT OF CHEMICAL FERTILIZER INDUSTRY (COST ACCOUNTING RECORDS) ORDER 2000**

Chamber's comments forwarded to the Government on above notification can be seen in **Appendix 13**.



- **LETTER TO MINISTRY OF HEALTH DATED 28TH MAY, 2001**

For review of prices of sixty nine pharma products where prices have remained frozen since 1996. Letter can be seen in **Appendix 14**.

- **COUNTERFEIT PRODUCTS**

Chamber's letter dated 16th February, 2001 to the Secretary, Ministry of Commerce, Government of Pakistan seeking changes in the Legislation can be seen in **Appendix 15**.

- **CODE OF CORPORATE GOVERNANCE**

First draft of Code of Corporate Governance issued by ICAP in May, 2000. Thereafter the second draft was issued in October, 2000 ignoring the changes suggested by the Chamber in May, 2000. Chamber wrote to SECP on 2nd May, 2001 forwarding its comments on the third draft Code prepared by ICAP, highlighting the outstanding issues which had not been incorporated. The Chamber suggested a Seminar under the aegis of an independent body with wider participation. Chamber's letter can be seen in **Appendix 16**

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

The Honorable Minister of Finance was addressed on the above subject vide Chamber's letter dated 8th June, 2001. **Appendix 17**.

- **QUARTERLY ACCOUNTS**

Chamber's letter dated 12th November, 2001 addressed to the Chairman, Securities & Exchange Commission of Pakistan can be seen **Appendix 18**. Subsequent letter dated 12th December can be seen in **Appendix 19**.

- **WAR RISK SURCHARGE**

Chamber's letter dated 8th October, 2001 to the Chairman, Central Board of Revenue on imposition of War Risk Surcharge on all incoming and outgoing cargo can be seen in **Appendix 20**.

- **DRAFT LISTED COMPANIES (SUBSTANTIAL ACQUISITION OF VOTING SHARES & TAKEOVER) ORDINANCE 2001**

The Commissioner (SC) Securities & Exchange Commission of Pakistan was informed of the Chamber's comments on above Ordinance in its letter of 31st October, 2001. This can be seen in **Appendix 21**.

- **DRAFT COMPANIES ORDINANCE 2001**

Chamber wrote on 28th November, 2001 to the SECP about the proposed changes in the Companies Ordinance 1984. This letter can be seen in **Appendix 22**.

- **CAP ON FE 25 DEPOSITS**

Chamber wrote to the Governor State Bank of Pakistan on 24th December, 2001 on the above subject. This can be seen in **Appendix 23**.

- **OBITUARIES**

The Managing Committee recorded the sad demise of Mr. Kassim Dada, Chairman of Dadex Eternit Limited and Berger Paints Pakistan Limited on 25th March, 2001.

The Committee also put on record the untimely and sad death on 26th July, 2001 of Mr. Shaukat Mirza, Chairman, Engro Chemical Pakistan Limited.

Condolence letters were issued.

- **SURVEYS CONDUCTED DURING THE YEAR**

- BUSINESS PERCEPTION SURVEY - APRIL, 2001**

Secretary-General conducted an in-house Perception Survey in the month of July, 2001. Chamber's Circular No. 134 dated 24th July, 2001 to all Members summarizes all the information.

- INFLATION COST OF LIVING SURVEY**

The Committee assigned the job of conducting Inflation Cost of Living Survey to Ferguson Associates (Private) Limited at a remuneration of Rs. 130,000. The Members who contributed towards the cost were provided a copy of the survey subsequently.

- DATA BASE SURVEY OF OICC&I MEMBERS - YEAR 2000**

A Members Data Survey designed to gather information from member organizations on their operation, remittances, employment contribution to the economy, etc. 121 Members contributed the information. Taseer Hadi Khalid & Company were engaged to conduct the survey which was completed in September, 2001. A copy was circulated to all Managing Committee Members.

- **VISITORS TO THE CHAMBER**

During the period under review following persons visited the Chamber:

**3rd January, 2001                      REPRESENTATIVE OF QASIM INTERNATIONAL  
CONTAINERS LIMITED**

Mr. Ali Hyder Stanhope Managing Director, Qasim International Containers Limited discussed problems relating to the container terminal at Port Qasim with the Secretary General.

**12th January, 2001      DIRECTORS, IRAN CHAMBER OF COMMERCE,  
INDUSTRY & MINES**

Mr. Seyed Hossein Salimi, Head of Delegation & Member of Board of Directors, Iran Chamber of Commerce, Industry & Mines alongwith Mr. M. R. Ketari and Mr. Hasan A. Zarnegar, Commercial Attache, The Consulate General of the Islamic Republic of Iran, Karachi met the Secretary-General. They discussed prospects of investment.

**26th January, 2001      HEAD OF ECONOMIC & DEVELOPMENT  
SECTION, EMBASSY OF JAPAN, ISLAMABAD**

Ms. Asako Okai, Head of Economic & Development Section, Embassy of Japan, Islamabad and Mrs. Noriko Sato, Attache, Economic Section, Consulate General of Japan, Karachi met the Secretary-General. They discussed prospects of investment related matters.

**31st January, 2001      DIRECTOR GENERAL, BOARD OF INVESTMENT**

Mr. Khalid Majeed, Director General, Board of Investment, Karachi met the Secretary-General and discussed areas for future collaboration.

**12th February, 2001      EUROPEAN UNION DELEGATION OF EUROPEAN  
COMMISSION TO PAKISTAN**

Ambassador Juul, European Union Delegation of European Commission to Pakistan, alongwith Mr. Pedro Martinez - Vargas, Counsellor and Ms. Verena Vahland, Attache met the President and Secretary-General. They discussed the changes in the business and investment climate.

**28th February, 2001      EMBASSY OF THE FEDERAL REPUBLIC OF  
GERMANY**

Mr. Peter Muerz, Counsellor, Head of Economic & Commercial Section, Embassy of the Federal Republic of Germany, Islamabad met the Secretary-General and discussed macro issues relating to Pakistan's economy.

**8th March, 2001      BRITISH DEPUTY HIGH COMMISSION**

H. E. Hillary Synott, British High Commissioner and Mr. David Pearey, British Deputy High Commissioner met the President and Secretary-General. They discussed matters of mutual interest.

**16th March, 2001      GERMAN OFFICE OF FOREIGN TRADE**

Mr. Franz Reichwein, German Office of Foreign Trade, Dubai met with the President and discussed matters relating to the investment climate in Pakistan.

**12th April, 2001      AMBASSADOR OF SWITZERLAND**

H. E. Christian Dunant, Ambassador of Switzerland, Mrs. Lise Favre, Ambassador Head of Political Division II, Federal Department of Foreign Affairs, Swiss Ministry and Mr. Roland Fischer, Consul General of Switzerland met the President and Secretary-General. They discussed matters relating to the business environment.

**12th April, 2001****REGISTRAR OF TRADE MARKS**

Mr. Nusrat Jamshed, Registrar of Trade Marks visited the Chamber and met Members of Chamber's Standing Sub Committee on Commercial & Industrial Matters.

**13th April, 2001****SECRETARY GENERAL, MINISTRY OF FINANCE**

Mr. Moin Afzal, Secretary General, Ministry of Finance visited the Chamber and met the Managing Committee and Members of Chamber's Standing Sub Committee on Taxation and discussed / elaborated Government's financial policy

**26th April, 2001****VICE PRESIDENT, ASIAN REGION,  
BRISTOL-MYERS SQUIBB COMPANY**

Mr. Russell J. Bloem, Vice President, Asian Region, Bristol-Myers Squibb Company, Singapore and Mr. Anjum Fasih, Managing Director, Bristol-Myers Squibb Pakistan (Private) Limited met the Secretary-General. They discussed matters relating to the business environment.

**17th May, 2001****BANK OF TOKYO - MITSUBISHI LIMITED**

Mr. Yoshinori Maeda, Deputy General Manager, The Bank of Tokyo-Mitsubishi, Limited met the Secretary-General. They discussed concerns of the Foreign Banks.

**29th May, 2001****JAPAN CENTER FOR INTERNATIONAL FINANCE**

Mr. Tsuyoshi Oba, Principal Economist at Japan Center for International Finance met the Secretary-General. They discussed matters relating to the investment environment.

**19th June, 2001****JAPAN BANK FOR INTERNATIONAL COOPERATION**

Japan Bank for International Cooperation's Country Economic Analysis Department Mission consisting of Mr. Slaheddine Khenissi, Director, Planning & Coordination Department and Mr. Satoshi Nakagawa, Economist, Division 1 (Asia & Oceania) met the President, Mr. Tariq Amin.

**25th June, 2001****WORLD BANK'S INVESTMENT CLIMATE WORK MISSION**

The World Bank's Investment Climate Work Mission consisting of Mmes. Mary Hallward-Drtiemeier, Economist, Asya Akhlaque, Private Sector Development Specialist & Mr. Taye Mengistae, Research Economist met the President, Mr. Tariq Amin.

**9th July, 2001****INTERNATIONAL GROUP TRADE PARTNERS UK**

Mr. Garry Crowley, Deputy Manager, International Group, Trade Partners UK, England and Mr. Richard Hyde, Deputy Head of Mission met the Secretary-General.

**9th August, 2001****INTERNATIONAL CHAMBER OF COMMERCE**

Mr. Tariq M. Rangoonwala, Chairman and Mr. Akram Sultan, Senior Vice Chairman, Pakistan Chapter of the International Chamber of Commerce met President, Mr. Moin M. Fudda, Mr. Arif M. Ali, Mr. Azhar Hamid and Secretary-General.

**16th August, 2001      EMBASSY OF THE FEDERAL REPUBLIC  
OF GERMANY**

Mr. Elmar Eich, Head of Commercial & Economic Affairs, Embassy of the Federal Republic of Germany and Mr. Marcus Haas, Consular Attache, Consulate General of the Federal Republic of Germany met President, Mr. Moin M. Fudda and Secretary-General.

**24th August, 2001      UNCTAD**

Mr. Shanta De Silva, Chief Technical Adviser (CTA) UNCTAD, Captain Irfan Naqvi, The Mariners Institute and Mr. Javaid Mansoor, Executive Secretary, National Trade & Transport Facilitation Committee met the Secretary-General.

**29th August, 2001      KNOLL PHARMACEUTICALS**

Mr. Juergen Koenig, former Managing Director, Knoll Pharmaceuticals Limited, Professor Ali Ahmed Zaidi, Chief Executive and Mr. Khusro Subzwari, Director Marketing, Winson (Private) Limited, Karachi met the President and Secretary-General.

**5th September, 2001      CHAIRMAN, CENTRAL BOARD OF REVENUE**

Mr. Riaz A. Malik, Chairman, Central Board of Revenue met President, Secretary-General and Heads of Firms.

**13th September, 2001      THE WORLD BANK**

Dr. Asya Akhlaque, Senior Private Sector Specialist, Sindh Reforms Mission, The World Bank visited the Chamber at 4 PM met the Secretary-General and Members of the Managing Committee.

**25th October, 2001      BRITISH DEPUTY HIGH COMMISSION**

Mr. Richard Hyde, First Secretary Commercial, British Deputy High Commission, Karachi alongwith Mr. Tariq Ibad, Trade Promotion Advisor met the Secretary-General.

**22nd November, 2001      AMBASSADOR OF THE FEDERAL REPUBLIC  
OF GERMANY**

H. E. Dr. Christoph Bruemmer, Ambassador of The Federal Republic of Germany met Members of the Managing Committee and Heads of German Companies.

**27th November, 2001      CONSUL GENERAL OF ITALY**

Mr. Fabrizio Nicoletti, Consul General of Italy and Dr. Emilio De Matteis, Trade Commissioner, Italian Trade Commission met the President and Secretary-General.

## ➤ CHAMBER'S STANDING SUB COMMITTEES

The incoming Managing Committee on 17th July, 2001 decided to form three new Sub Committees on Energy, Intellectual Property Rights and I. T. & E Commerce matters. It was also decided at this meeting to merge the Standing Committee on Labour with that of Commercial & Industrial Matter. In February, 2002 the Managing Committee decided to form another Standing Sub Committee on UK Matters making the total Sub Committees to Twelve. The following Standing Sub Committees of the Chamber were formed with respective Chairmen & Co-Chairmen

<u>SUB COMMITTEE:</u>	<u>CHAIRMAN:</u>	<u>CO-CHAIRMAN:</u>
BANKING & FINANCE	AZHAR HAMID	ARIF M. ALI
CORPORATE LAW MATTERS	MUSHARAF HAI	CHRISTOPHER WILSON
ENERGY SECTOR	F.RAHMATULLAH	S. MUNSIF RAZA
ENVIRONMENTAL MATTERS	F.RAHMATULLAH	JAVED AKBAR
INDUSTRIES, LABOUR & COMMERCIAL MATTERS	ZAFFAR A. KHAN	ROBERT ZOON
INSURANCE SECTOR	MUJIB KHAN	M. ASLAM
INTELLECTUAL PROPERTY RIGHTS MATTERS	AMEENA SAIYID	HASAN ALI KHAN.
I. T. & E COMMERCE	HUMAYUN BASHIR	NASIM SIDDIQUI
PHARMACEUTICAL SECTOR	M. S. BURNEYDR.	FARID KHAN
PORTS, SHIPPING & COMMUNICATIONS	S. H. A. BUKHARI	F. H. RAHIMTOOLA
TAXATION	ZUBYR SOOMRO	JAVED IQBAL
U. K COMPANIES	VINCE HARRIS	AZHAR MALIK

A detailed list of the Members of each of the Chamber's Standing Sub Committees for the year can be seen in **Appendix 24**.

## ➤ MEETINGS OF STANDING SUB COMMITTEES

### • ADMINISTRATION SUB COMMITTEE

The following Members were appointed to this Sub Committee:

PRESIDENT  
VICE PRESIDENT  
MR. AZHAR HAMID

- **BANKING & FINANCE**

During the period under the review the Committee held its meetings on:

8th February, 24th April, 11th September and 20th December, 2001  
**Appendixes 25, 26, 27 & 28.**

- **CORPORATE LAW**

The following meetings were held during the year 2001

12th March, 3rd September, 9th October, 8th November and 26th November, 2001.  
**Appendixes 29, 30, 31, 32 & 33.**

- **COMMERCIAL, INDUSTRIAL & LABOUR**

The Committee held its meetings on:

11th April, 12th April, 30th April, 10th May, 7th September, 23rd October, and 10th December, 2001. **Appendixes 34, 35, 36, 37, 38, 39 & 40.**

- **ENERGY SECTOR**

A meeting was held on 10th October, 2001. **Appendix 41.**

- **ENVIRONMENT**

Following meetings were held during the year 2001

11th January, 11th April, 28th August and 21st November, 2001. **Appendixes 42, 43, 44 & 45**

- **I. T. & E COMMERCE**

The Committee held its meetings on:

4th October, 8th November and 7th December, 2001. **Appendixes 46, 47 & 48.**

- **INSURANCE**

This Committee held its meetings on:

25th May and 12th September, 2001. **Appendixes 49 & 50.**

- **INTELLECTUAL PROPERTY RIGHTS**

The following meetings were held during the year 2001:

13th September and 5th November, 2001. **Appendixes 51 & 52.**

- **PHARMACEUTICAL**

The following meetings were held during the year 2001

30th January, 17th May, 10th September and 14th December, 2001. **Appendixes 53, 54, 55 & 56**

- **PORTS, SHIPPING & COMMUNICATIONS**

During the year under review the following meetings were held:

16th January, 5th September and 7th November, 2001. **Appendixes 57, 58 & 59.**

- **TAXATION**

The following meetings were held during the year 2001

1st February, 22nd February, 12th March, 28th March, 22nd August and 25th October, 2001. **Appendixes 60, 61, 62, 63, 64 & 65.**

- **ANNUAL GENERAL MEETING**

141st Annual General Meeting of the Chamber was held at 11 AM on 26th June, 2001 in the Chamber's Hall. Mr. Tariq Amin presided the meeting.

- **CHANGE IN CHAMBER'S SUBSCRIPTION RATES**

It was resolved to increase the one time Entrance Fee to Rs. 50,000, effective 1st July, 2001 and revise the annual subscription with effect from 1st July, 2001 as follows:

UPTO 100 EMPLOYEES	RS. 20,000 PER ANNUM
FROM 101 TO 300 EMPLOYEES	RS. 40,000 PER ANNUM
FROM 300 ONWARDS	RS. 60,000 PER ANNUM

- **MEASUREMENT DEPARTMENT'S ACTIVITIES**

In the year 2001 the Measurement Department earned revenue of Rs. 977,866 compared to Rs. 1,067,908 last year. Revenue of the last five years are listed below:

1996	RS. 1,042,000
1997	RS. 1,055,000
1998	RS. 1,323,900
1999	RS. 1,183,365
2000	RS. 1,067,908

- **KARACHI CHAMBER HOSPITAL ASSOCIATION**

The Hospital Association's affairs are overseen 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 2000. 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 27th December, 2000. Copy of the report is available in the Chamber.



## ➤ REMEMBRANCE DAY

Sadly this was the first year since the inception of Pakistan in 1947 that the Chamber did not participate in the ceremony of laying a wreath on Remembrance Day, which the British Ex Services Association (Pakistan) organizes every year. In reaching the untoward decision to cancel the ceremony, the Organizers were guided by the possible security risks associated with the event.

## ➤ MERCHANTS GOLF CUP COMPETITION

Karachi Merchants Golf Cup Competition was held on Sunday 4th February, 2001.

A large number of entries were received. Wife of the President, Mrs. Tariq Amin distributed the prizes to the winners:

### OICC&I CUP

Winner	Mr. Zaffar A. Khan & Mr. Sajid Ahmed	Both from Engro Chemical Pakistan Limited
Runners Up	Mr. Rashid Sufi & Mr. Jahanzeb Khan	Both from ICI Pakistan Limited

### PRESIDENT UP

Winner	Captain Saleem Akhtar Mr. Bilal Nasim	Pakistan Navy Bank Al-Habib
Runners Up	Mr. Mansoor Teli & Mr. Sibtain Haji	-

<u>BOOBY PRIZE</u>	Mr. Tahir Sohail & Mr. Mahmood Quraishi	
--------------------	---	--

Congratulating the winners of the coveted trophies, Mr. Tariq Amin the President of the Chamber thanked the participants and wished better luck for next year to those who came close to winning.



**9th April, 2002.**

Overseas  
Investors  
Chamber of  
Commerce  
& Industry

**COMMITTEE REPORT ON THE ACCOUNTS FOR 2001**

The audited accounts of the Chamber for the year ended 31st December, 2001 together with Auditors Report thereon, are attached.

The current year's working has resulted in excess of income over expenditure amounting to Rs. 3,959,589 as compared to Rs. 5,728,589 for last year. After providing for Income Tax for the year amounting to Rs. 1,200,000 this surplus is reduced to Rs. 2,759,589.

The income of the Chamber decreased by Rs. 380,751 compared to previous year, which was mainly due to reduced foreign currency exchange gains in the current year.

The expenditure for the year compared to previous year increased by Rs. 1,387,944. Increases have been recorded in Electricity & Gas, Municipal Taxes, Repair & Maintenance, General Expenses and Motor Car Repairs. There are also some increases in personnel cost.

**MOIN M. FUDDA  
PRESIDENT**

**ZAHID ZAHHEER  
SECRETARY-GENERAL**

**ARIF M. ALI  
MEMBER - MANAGING  
COMMITTEE**

**AUDITORS' REPORT TO THE MEMBERS**


We have audited the annexed balance sheet of Overseas Investors Chamber of Commerce and Industry as at December 31, 2001 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, 2001 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).

  
Chartered Accountants

 12 APR 2002

OVERSEAS INVESTORS CHAMBER OF COMMERCE AND INDUSTRY

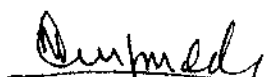
BALANCE SHEET AS AT DECEMBER 31, 2001


	Note	2001 Rupees	2000 Rupees
<b>SURPLUS ACCOUNT</b>			
Balance as at January 1		31,377,743	25,999,459
Surplus for the year		2,759,589	5,378,284
		<u>34,137,332</u>	<u>31,377,743</u>
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>			
	3	1,169,659	1,169,659
<b>DEFERRED LIABILITY</b>			
Provision for staff gratuity		3,144,932	2,782,393
<b>CURRENT LIABILITIES</b>			
Creditors		493,267	102,468
Accrued liabilities		1,265,777	1,324,068
Subscription received in advance		1,219,050	1,720,696
Retention money		-	130,720
Rentals received in advance		4,330,470	4,373,827
Other liabilities		414,805	597,720
Taxation		2,115,255	1,732,637
		9,838,624	9,982,136
<b>COMMITMENTS</b>			
	2		
		<u>48,290,547</u>	<u>45,311,931</u>

UP

	Note	2001 Rupees	2000 Rupees
<b>FIXED ASSETS</b>	3	2,204,459	2,162,138
<b>CAPITAL WORK-IN-PROGRESS</b>			
Civil works		1,164,841	1,164,841
<b>INVESTMENTS</b>	4	23,754,800	19,613,808
<b>LONG-TERM DEPOSITS</b>		649,660	764,460
<b>CURRENT ASSETS</b>			
Stationery - at cost		159,271	145,896
Sundry debtors - considered good		571,503	374,685
Accrued mark up		4,606,669	4,065,042
Advances, short-term deposits and prepayments	5	409,013	234,251
Cash and bank balances	6	14,770,331	16,786,810
		20,516,787	21,606,684
		<u>48,290,547</u>	<u>45,311,931</u>

The annexed notes form an integral part of these accounts

  
President

  
Secretary General

  
Member

**OVERSEAS INVESTORS CHAMBER OF COMMERCE AND INDUSTRY  
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2001**

	Note	2001 Rupees	2000 Rupees
<b>INCOME</b>			
Membership subscription and entrance fee		5,642,558	4,128,658
Fees for measurement etc.		977,866	1,067,908
Secretarial fee		60,000	60,000
Commission on sale of publication		6,300	7,650
Building Fund Contributions		547,756	410,366
Surplus on compilation of COLA index		35,500	99,500
Rent		3,616,586	3,616,586
Airconditioning charges		5,018,103	5,018,103
Return on investments		1,700,313	2,444,238
Return on deposit accounts		1,111,014	931,819
Deferred income		-	12,560
Exchange gain		669,431	1,968,865
Other income		115,675	115,600
		<u>19,501,102</u>	<u>19,881,853</u>
<b>EXPENDITURE</b>			
Salaries and allowances		6,046,813	5,391,118
Contribution to provident fund		280,881	256,676
Contribution to E.O.B.I.		35,250	36,000
Medical expenses		349,678	343,373
Provision for staff gratuity		429,559	359,594
Cost of staff uniforms		56,685	32,385
Entertainment and promotional expenses		222,926	461,208
Insurance [net of recoveries Rs.10,164 ; (2000 Rs.10,111)]		447,534	549,905
Electricity and gas [net of recoveries Rs.178,275 ; (2000 Rs 130,150)]		1,550,341	1,471,774
Municipal taxes and ground rent [net of recoveries Rs. 54,284 ; (2000: Rs.86,778)]		183,517	87,674
Repairs and maintenance		821,638	405,425
Postage, telegram and telephone		541,994	479,261
Printing and stationery		470,200	482,229
Books and periodicals		54,020	66,908
Subscription		42,250	41,300
Travelling expenses		152,035	160,148
Lease rentals		2,051,760	2,137,435
General expenses [net of recoveries Rs.21,976 ; (2000: Rs 62,067)]		709,631	379,311
Motor car maintenance		214,848	105,953
Depreciation		108,962	94,291
Generator running expenses		73,870	55,495
Legal and professional		227,352	49,375
Ex-members' subscription fee considered irrecoverable written off		54,452	-
Donation		176,250	500,800
Auditors' remuneration	7	129,477	98,000
Golf club competition		109,590	108,731
		<u>15,541,513</u>	<u>14,153,569</u>
<b>SURPLUS BEFORE TAXATION FOR THE YEAR</b>		<u>3,959,589</u>	<u>5,728,284</u>
Taxation			
-current		1,200,000	1,850,000
-prior years		-	(1,500,000)
		<u>1,200,000</u>	<u>350,000</u>
<b>SURPLUS AFTER TAXATION FOR THE YEAR</b>		<u>2,759,589</u>	<u>5,378,284</u>

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, 2001**

**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 3.

**(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 recognised 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.

*[Handwritten signature]*

## (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.

## 2. COMMITMENTS

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

Year	2001 Rupees	2000 Rupees
2001	-	2,051,160
2002	1,809,635	1,809,635
2003	849,330	849,330
	<u>2,658,965</u>	<u>4,710,125</u>

## 3. FIXED ASSETS

	Cost or revaluation as at January 1, 2001	Additions/ (disposals)	Cost or revaluation as at December 31, 2001	Accumulated depreciation as at January 1, 2001	Depreciation for the year/ (on disposals)	Accumulated depreciation as at December 31, 2001	Written down value as at December 31, 2001	Rate of depreciation %
Leasehold land	2,406,909	-	2,406,909	1,064,036	24,745	1,088,781	1,318,128	-
Building on leasehold land	457,958	-	457,958	217,532	4,808	222,340	235,618	2
Electrical installations	362,772	-	362,772	274,201	6,642	280,843	81,929	7.5
Office furniture, fittings and equipments	1,156,737	151,283	1,308,020	666,469	72,767	739,236	568,784	5 & 15
	<u>Rupees 4,384,376</u>	<u>151,283</u>	<u>4,535,659</u>	<u>2,222,238</u>	<u>108,962</u>	<u>2,331,200</u>	<u>2,204,459</u>	
2000	<u>Rupees 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>	

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

*Q*



## 4. INVESTMENTS – at cost

	2001 Rupees	2000 Rupees
3 years Special US Dollar Bond [ US\$ 321, 000 ( 2000: US\$ 303,800)]	19,254,800	17,613,808
10 years Defence Savings Certificates	2,000,000	2,000,000
3 years Pakistan Investment Bonds	2,500,000	-
	<u>23,754,800</u>	<u>19,613,808</u>

5. ADVANCES, SHORT-TERM DEPOSITS  
AND PREPAYMENTS

Advances to employees	13,065	40,086
Advances to suppliers	1,404	1,762
Short-term deposits	75,900	-
Short-term prepayments	318,644	192,403
	<u>409,013</u>	<u>234,251</u>

## 6. CASH AND BANK BALANCES

With banks		
- on deposit accounts		
- local currency	12,026,500	12,985,619
- foreign currency [US\$ 26,608 (2000: US\$ 24,728)]	1,599,645	1,426,788
- on current accounts	1,136,616	2,367,259
Cash in hand	7,570	7,144
	<u>14,770,331</u>	<u>16,786,810</u>

## 7. AUDITORS' REMUNERATION

Audit fee	23,000	23,000
Tax services	106,477	75,000
	<u>129,477</u>	<u>98,000</u>



  
President

  
Secretary General

  
Member

# Appendices

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**SUMMARY OF THE FEDERAL BUDGET PROPOSALS 2001-2002****1.0 CORPORATE TAX**

- 1.1 Rate of corporate tax
- 1.2 Advance Tax
- 1.3 Minimum turnover tax
- 1.4 Presumptive tax
- 1.5 Delay in Tax refunds
- 1.6 Appeals
- 1.7 Bad debts & interest thereupon
- 1.8 Depreciation allowance on company cars
- 1.9 Tax on Reserves
- 1.10 Mark-up on Housing Loans
- 1.11 Withholding Taxes
- 1.12 Compensation for Advance Tax
- 1.13 Investment Allowance
- 1.14 Monthly Tax Return
- 1.15 Unrealistic Demands by Income Tax authorities
- 1.16 Unfair burden on manufacturing companies
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**2.0 EXPORT**

- 2.1 Execution of contracts outside Pakistan
- 2.2 Foreign currency proceeds of commission
- 2.3 Export benefits are not applicable for parts (sub-assemblies)

**3.0 SALES & EXCISE TAX**

- 3.1 Sales tax on samples
- 3.2 Period of claiming the input tax credit
- 3.3 Levy of 1.5% extra sales tax on un-registered buyers
- 3.4 Sales Tax on Receipt of Advance
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- 3.7 Revised Return
- 3.8 Sales Tax exemption on Pharma raw and packing material and other related items
- 3.9 Elimination of Excise Duty

**4.0 SALARY TAX**

- 4.1 Salary Tax
- 4.2 Tax on Pension for Employees of small companies
- 4.3 Tax Exemption on Income of pension, Gratuity and pension funds



19th July, 2001.

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

Dear Sir,

**DRAFT INCOME TAX ORDINANCE 2001**

I write to express the Chamber's concerns over the excess burden that will fall upon salaried employees of the corporate sector, if the draft Income Tax Ordinance 2001 is enacted in its present form.

It is our estimate that the draft Ordinance if implemented in its present form will increase the tax liability upto 50%.

This excessive burden is arising due to the following:

- i) The increase in the highest slab rate from 30% to 35%
- ii) The withdrawal of the tax reductions that were available in Clause 1B of Part III of the Second Schedule.
- iii) Taxation of retirement benefits like pension and gratuities
- iv) The withdrawal of the exempt allowances available to employees having income upto Rs. 300,000 per annum
- v) Withdrawal of exemptions that were available to employees with salaries over Rs. 300,000 per annum, examples of which are:
  - a) Use of vehicles provided and maintained by company
  - b) Utilities allowance
  - c) Tax on tax exemption
  - d) Taxation of concessional loans given to employees
  - e) Treatment of accommodation provided by the employer
  - f) Restrictions in respect of entertainment and travel expenses
  - g) Withdrawal of exemption available for medical expenses

We would like to draw your attention to the fact that perquisites in excess of 50% of the base salary are taxed at the employers under Section 24 (i) of the 1979 Income Tax Ordinance.

Taxation of these for a second time at the employees hand tantamounts to double taxation and is inequitable.

Honorable Minister, the measures proposed in respect of salary taxation if enacted will de-motivate professional employees and contribute further to the brain drain.

We seek your support in this matter and request that no decision be taken by the Government till the issues raised, have been thoroughly discussed and evaluated.

Kind regards.

Yours sincerely,

**KAMRAN Y. MIRZA**  
**ACTING PRESIDENT**

**August 10, 2001**

**Mr. Mueen Afzal  
Secretary General Finance  
Ministry of Finance  
Govt. of Pakistan  
Islamabad.  
Draft Income Tax Ordinance , 2001**

Dear Mr. Afzal,

I am writing this letter with reference to the discussions with the Honourable Finance Minister, the CBR officials and your goodself on various occasions in regard to certain provisions contained in the draft IT Ordinance. In our opinion, these amendments will cause grave hardship to the already overburdened salaried class, and would accelerate the "brain drain" of the young professionals. Many of these amendments also adversely impact business, which will discourage investment in a country, which does not demonstrate continuity of its policies. To give you an example in the Federal Budget for the year 1997-98 the tax on salaried class was reduced from 35% to 20% at the highest scale, and now within a span of 3 years raised again to 35%.

I would, therefore like to bring to your kind attention certain salient issues, which need to be addressed before the draft ordinance is finalized.

**SALARY & BENEFITS:**

1. The provisions contained in the IT Ordinance would result in very high increase in taxes. However, in view of discussions with various officials mentioned above, and the newspaper reports (Annex I), it is our understanding that the exemptions allowed under the existing second schedule of IT ordinance 1979 will mainly remain unchanged. As a result, utility allowance, medical allowance, entertainment allowance etc will continue to be accepted as deductible expenses. It is also our understanding that the retirement benefits (gratuity & pension) will continue to remain tax exempt.
2. In the case of motor vehicles, we believe that a charge of 7½% of capital cost would be added to the salaries. Considering the high cost of vehicles in Pakistan due to high taxes, this would still be an unreasonable charge. It is therefore, proposed that Conveyance should continue to be taxed under Rule 18A of the IT Ordinance 1979 as per the valuation given therein.
3. In regard to the loan facility granted by the employer, it is proposed to add to the income of the employee, the differential between the benchmark rate and the interest charged by the employers. These loans are mainly given for the construction of houses. The proposal would cause substantial reduction in the net income of the employees, and would greatly result in

slowing down construction of houses which is in contrast to Govt's declared policies.

4. Under the present law (clause 167c of Part 1 of second schedule) the tax of an employee borne by an employer is exempt from tax in the hands of employee. However the draft Ordinance has removed this clause and has proposed that such amounts be included as income in the hands of employees. This is another example of reversal of government policy. It is recommended that in order to avoid tax burden, the employees should continue to be allowed the above tax exemption.

#### **INCOME FROM BUSINESS:**

5. Clause 26 of the draft ordinance proposes that a deduction will only be allowed for any expenditure incurred by a person in the year to the extent to which the 'expenditure is incurred in deriving income from business' chargeable to tax. This would certainly result in arbitrary disallowances by the Tax authorities. It is therefore recommended that clause xviii of sec 23 (1) of the IT Ord 1979 be maintained, which states that any expenditure incurred wholly and exclusively for the purpose of such business or profession would be allowed.
6. Part of clause 35 stipulates that the amount of deduction allowed to a person under this section for a tax year must not exceed the amount of the debt written off on the accounts of the person in the tax year. Does this mean that the bad debts incurred in the past years will not be allowed? If so, this clause is extremely regressive and needs to be amended.
7. Clause 180 (3) states that business of a non- resident person will be considered as Pakistani source income if it is attributable to other business activities carried on in Pakistan of the same or similar kind as those effected by the non- resident through a permanent establishment.

In Pakistan, as an example, it seems that if a foreign bank located overseas gives a loan to a resident Pakistani Company, then it may well be that the whole or some portion of the interest amount may be construed to be the income of the bank's branch operating in Pakistan and be taxed accordingly. You will appreciate that this will cause hardship for the assessee and will discourage foreign lending in Pakistan. We therefore recommend that the above clause be deleted, and such amounts should not be treated as business income of the assessee in Pakistan.

8. Section 188 of the Draft Ordinance, 2001 gives the Commissioner the power to recharacterise or disregard a transaction that does not have substantial economic effect. This will allow the tax authorities to make arbitrary disallowances of costs, and therefore, we recommend that it should be reviewed.
9. Section 207 of the Draft Ordinance, 2001 gives the Commissioner the power to amend any assessment for a period of five years as he deems fit (i.e. without any evidence of tax evasion) without issuing a show cause notice to the assessee. Also it is unclear if an assessee has a right to appeal against such orders passed. We recommend that period for re-

opening the assessment should be reduced to one year, and the assessee should have a right to appeal.

10. As Annex II we have attached a list of certain issues, which have not been attended to in the draft ordinance inspite of recommendations on several occasions. It is requested that these outstanding issues be addressed.

From the above, it is evident that several areas of the Draft Ordinance, 2001 deserve to be reassessed before it is finalized and law is enacted. Although the text is reasonably clear, ambiguities do exist in certain sections. The final Ordinance should ensure equity, consistency and justice for all segments of tax payers. This, in turn, will ensure speedy, fair assessments and quick resolution of issues.

We look forward to a favorable consideration of these issues, and will be happy to provide any clarification s / elaborations required. It is our understanding from the Press Conference held on 4<sup>th</sup> August 2001 (Annex III) by the Honourable Finance Minister, that **“there is no change in the income tax rate during the current financial year. Any change in the income tax rates will be introduced in the budget for 2002-03”**. Furthermore, all the stakeholders will be consulted before any changes are introduced.

To remove any uncertainties being faced by the tax payers at present, we would be grateful for your earliest confirmation of our understanding of the above.

With kind regards,

Yours sincerely,

**(MOIN M FUDDA)**  
**PRESIDENT**

Copy: Mr. Shaukat Aziz  
Honourable Minister of Finance

Mr. Riaz Malik  
Chairman Central Board of Revenue

Mr. Vakil Ahmed Khan  
Member Income Tax CBR  
**Annex - II**

**ISSUES PRESSED FOR EARLIER BUT UNRESOLVED**

- No change has been brought about in the mechanism of advance tax payable on a quarterly basis, and our recommendation of companies being allowed to file their own estimate of the amount of tax payable has been ignored.
- We had recommended that the change in Finance Ordinance, 2000, pertaining to interest in suspense, be made retrospective, and refunds in the form of long term bonds be issued to those assesses who had been taxed from 1991 onwards.
- No change has been brought in respect of disallowability of bad debts, which continues to be taxed at the discretion of the tax authorities. You would appreciate that bad debts are written off by the Banks under instructions from the State Bank of Pakistan to meet prudential regulations.
- The CBR has also ignored our recommendations to issue instructions to the tax authorities not to treat online banking transactions as a mode of transfer of funds. Unless this issue is addressed, any effort to introduce E. Business will remain in the doldrums.
- Withholding tax under section 50(7D) is applicable to payments by way of profit interest on bonds, certificates, debentures, securities or instruments of any kind issued by any banking company or any company or local authority or finance society. The word " securities or instruments of any kind" have always been interpreted to relate to instruments such as TFCs, Certificates of Investment, WAPDA Bonds and similar instruments issued by the entities referred to in section 50(7D) and not to loan and financing agreements which are bilateral agreements executed between a banking company and its borrowers.

However, the tax authorities have recently held the view that a loan agreement falls within the term "instruments of any kind" referred to in section 50(7D) of the Tax Ordinance, 1979. They have issued show cause notices to banks' customers requiring them to give reasons as to why tax was not deducted whilst making interest payments.

**15th August, 2001**

**Mr. Mueen Afzal,  
Secretary General,  
Ministry of Finance,  
Government of Pakistan,  
ISLAMABAD**

**Dear Mr. Afzal,**

I write to thank you and the Chairman, Central Board of Revenue and other officials for receiving a delegation from this Chamber very courteously at the two meetings held at Islamabad on the 10th August, 2001.

We were greatly relieved to hear from both yourself and Mr. Riaz Malik that although it was expected that the new Income Tax Ordinance would be promulgated in the near future, it would be applicable to income year July, 2002 to June, 2003 and to subsequent years.

Your assurance that the new legislation was intended to be a tax equalizing measure and not a tax raising exercise removed some of our apprehensions. We believe that withdrawal of exemptions on perquisites will cause hardship to the already overburdened salaried class, cause dissatisfaction and aggravate brain drain of experienced and proficient managerial talent.

I hope you will kindly agree that it will not be advisable to expect the corporate sector to share the burden of additional tax imposed on the salaried class. It will, on the one hand, very adversely affect competitiveness in all sectors of economy and, on the other, slow down further the already depressed economic activity of the country and cause massive increase of unemployment.

We are grateful to you for assuring us that the new Income Tax legislation will not be finalized without full thorough and comprehensive consultation with the stakeholders and that it will be applicable across the board to the entire salaried class including government servants. For this purpose, you kindly suggested that a group of experts from CBR and the OICC&I be formed to review the proposed changes, particularly in respect of salaried employees.

We wish to nominate Messers Javed Iqbal, Parvez Ghias and Raymond Kotwal as the OICC&I nominees for this working group, which we expect will start its deliberation shortly.

Finally, we would like to reassure to you of our continuous support towards various initiatives being taken to increase the pace of economy including attracting new foreign investments in the country.

Thanking you.

Yours sincerely,

**(MOIN M FUDDA)  
PRESIDENT**

**cc: Mr. Shaukat Aziz - Minister of Finance  
Mr. Riaz A. Malik - Chairman, Central Board of Revenue**

1ST OCTOBER, 2001.

**SECRETARY GENERAL'S NOTE**  
**ON NEW INCOME TAX ORDINANCE - 2001**

**CHANGES IN RESPECT OF SALARIED EMPLOYEES**

**1. TAX ON TAX**

The previous exemption available under Section 167(c) of the old second schedule to employees where the employer paid the tax has been withdrawn. In the new ordinance therefore this amount shall be treated as income at the hands of the employee.

**2. CONCESSIONAL LOANS**

The treatment of concessional loans received by employees has been clarified in Chapter III, Part II, Section 13(7) and (8) of the new ordinance. The State Bank of Pakistan discount rate has been fixed as the bench mark in Section (14).

Any loans which attract an interest lower than this bench mark rate will be treated as deemed income and shall be taxed at the hands of the employee.

**3. MEDICAL REIMBURSEMENTS**

These will now be subject to a maximum of 10% of basic pay, and anything beyond this amount shall be taxed at employees hand. Clause 139 of Part I of the new Second Schedule imposes this limitation.

**4. UTILITIES ALLOWANCE**

New Clause 38 of Part I of the new Second Schedule limits this amount to 10% of the basic pay. There is no change.

**5. CARS**

Company provided cars will now be taxed at 15% (full private use) and 7.5% (private and office use) of the fair market value of the car. This amount shall be added to the income of the employee. Chapter III Part II Sub Section 13(a) & (b).

Previously the amounts added for Cars above 2000 cc were Rs. 200,000 and Rs. 100,000 under Rule 18B.



4<sup>TH</sup> JANUARY, 2002.

**PRESS RELEASE**

Mr. Vakil Ahmed Khan, Member Direct Taxes, Central Board of Revenue accompanied by Mr. M. S. Lal, Member Policy & Tax Reforms visited the OICC&I on 27th December, 2001.

CBR Members accompanied by Regional Commissioners made a presentation on the Tax Reform programme. This was followed by another presentation on the proposal to have a larger tax payer unit.

The Chamber supports both the above programmes and applauds these initiatives.

At this meeting the Chamber brought out several issues which are a cause of concern to the Chamber's Members, which relate to the new Income Tax Ordinance 2001.

Mr. Vakil Ahmed Khan advised the Chamber that these concerns be addressed to Mr. Mansur Ahmad, Member Coordination in CBR, who is working on the changes and expected to finalize the recommendations by March, 2002.

**CBR Officials assured the Members of the Chamber that their suggestions will receive the Board's consideration.**

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**Presented for publication in the next issue of your esteemed newspaper.**

**ISSUED BY:**

**ZAHID ZAHEER  
SECRETARY-GENERAL**

January 23, 2002

**Mr. Mansoor Ahmed**  
**The Member (Taxes)**  
**Central Board of Revenue**  
**Islamabad.**

Dear Sir,

**Recommendations for amendments to the Income Tax Ordinance, 2001**

**Introduction**

We refer to the meeting held with your Mr. Vakil Ahmed Khan, and Mr. M.S. Lal at the Overseas Investors Chamber of Commerce & Industry on December 27, 2001. As requested by Mr. Vakil Ahmed Khan we are pleased to submit our recommendations with the expectation that these would be considered by the CBR at an early stage.

We have segregated our issues into three broad categories as follows:

- 1) Issues which were present in 1979 Income Tax Ordinance and not addressed in the 2001 Income Tax Ordinance.
- 2) Issues which were not present in the 1979 Income Tax Ordinance, but were introduced in the 2001 Ordinance.
- 3) Issues which have been amended in the new Income Tax Ordinance, 2001, the effect of which has however been given prospectively and not retrospectively as the case should have been.

**1) Issues present in 1979 Ordinance, not addressed in 2001 Ordinance**

**a) Advance tax**

**Problem**

The current taxation law where the assesseees are required to make payment of advance tax on the basis of gross turnover as per the ratio computed in the last finalized assessment is not practical. This mechanism does not take into account the change in profitability from year to year. Also by making payments of advance tax on a quarterly basis, in a loss situation large sums of money are stuck by way of refund awaiting determination by the tax department.

**Solution**

The assesseees should be allowed to file their own estimate of the amount of tax payable under section 53 as was allowed in the past.

**b) Issuance of nil/reduced withholding tax certificates****Problem**

The deputy commissioners should be directed by the Commissioners of Income Tax to issue nil/reduced withholding tax certificates to such assesseees who can demonstrate that the taxes paid by them are far in excess of the actual tax liability. Indeed, a provision in law is already available where such certificates can be issued in genuine cases. However in a practical scenario, such a certificate is rarely issued.

**Solution**

In the event the taxpayer gives sufficient proof that the quantum of the tax already deducted up-front exceeds his tax liability, then the tax authorities should issue the exemption certificates without any further delay.

**c) Withholding tax under section 50****Problem**

The taxpayers obligations to withhold taxes should be made clear, which is not the case at present. The following sub-sections of section 50 of the Income Tax Ordinance, 1979 contain ambiguity and anomalies, which need to be removed.

- 50(1) - On payments relating to golden handshake.
- On exercise of stock options.
- Once the perquisites are treated and taxed as salary, the provisions relating to the excess taxability under section 24(I) should be removed.
- 50(3) - The question of deductibility and chargeability of sums paid to non-residents is a complex issue requiring extensive knowledge of local laws as well as the provisions contained in dozens of tax treaties.

The jurisdiction assigned to the DCIT of the payer to decide the issue of chargeability invariably results in the negative without appreciating the legal position. Moreover, the application for exemption is not expeditiously decided.

It is suggested that there should be a special cell with each Regional Commissioner equipped with specially trained officers who should be able to decide within two weeks.

Moreover this decision should be made appealable for a rational approach.

50(4)(5) - Law permits the tax officers to issue exemption certificates under these two sections if certain criteria are met. However in practical circumstances, such certificates are obtained with great difficulty. Exemption certificates wherever applicable should be issued within 15 days of the request.

#### **d) Depositing of withholding tax**

##### **Problem**

The Income Tax Rules require the tax withheld to be deposited within 7 days of the deduction. Where daily payments are made to suppliers and withholding tax deducted, this implies an almost daily deposition of withholding tax for the previous 7 days. This is too cumbersome and time consuming.

##### **Solution**

We recommend that tax should be required to be deposited on a fixed date during the month. For example, all withholding tax could be deposited on last working day of every month covering deductions upto the 25<sup>th</sup> of that month.

#### **e) Tax credit on bad debts**

##### **Problem**

Under the present law, bad debts are allowed at the discretion of the Deputy Commissioner of Income Tax. It is only when the DCIT determines that all avenues of the recovery have been exhausted and that there is no ray of hope is the time when he allows the tax credit. Our past experience shows that it usually takes 7 to 8 years before the tax authorities allow a debt.

##### **Solution**

An appropriate step towards resolving this issue is to make suitable amendments in law to ensure that there is legal cover for allowability of bad debts. One possibility could be the allowability of all such bad debts which fall under the loss category in accordance with Rule VIII of the Prudential Regulations of the State Bank of Pakistan. In any case, the law provides for the mechanism in section 25 to tax eventual recoveries out of any bad debts allowed to an assessee. Hence the above scenario of allowability should not be a problem.

#### **f) Automatic stay of demand**

##### **Problem**

Up to assessment year 1995-96, the assesseees were required to make payment of 15% of tax demand raised by the tax authorities in order to file an appeal with the Additional Assistant Commissioner (AAC) of income tax. The remaining tax demand was automatically stayed till the decision of the appellate authorities. However from assessment year 1996-97 the automatic stay of demand was

abolished. This resulted in the assesseees having to pay the entire amount of tax raised by the tax authorities at the time of filing an appeal with the AAC. This was highly inequitable as the tax authorities raise unrealistically high tax demands based on arbitrary disallowances to meet their targets. The Finance Ordinance 2000, brought partial relief by reintroducing the concept of assesseees having to pay 15% of the tax assessed if they wished to file an appeal with the (AAC). Furthermore an amendment was also made whereby the AAC has been granted the power to stay the recovery of upto 85% of the demand upto a period of three months or till the decision of the appeal whichever is earlier. This gives the AAC discretionary powers to either accept or refuse an assesseees application for stay of demand. In the event of the appellate order not being received within three months, under the current law, the assesseees may be required to make 100% payment.

### **Solution**

The discretionary powers given to the AAC should be abolished and it is recommended that section 85(2) of the Income Tax Ordinance, 1979 be restored which would ensure that after making the 15% mandatory payment, the assesseees would enjoy an automatic stay of demand upto 85% till the final decision of the appeal.

### **g) Adhoc disallowances**

#### **Problem**

As per the current law, huge amounts in respect of advance tax are paid under section 53 of the Income Tax Ordinance, 1979 every calendar quarter. The result of this is that when an assessee files its return of income under section 55 of the Income Tax Ordinance, 1979 a massive refund situation occurs. In order to curtail or wipe off the refund situation, the DCIT whilst passing the assessment order under section 62 of the Income Tax Ordinance, 1979 in a highly arbitrary fashion resorts to disallowing various expenses in the profit and loss account of the assessee. The frivolous contention usually being that 100% details with supporting vouchers have not been provided to the Assessing Officer.

#### **Solution**

It is recommended that the tax authorities rely on the figures supplied in the audited accounts of the assessee in respect of the profit and loss account expenses. They should take into account the volume involved and not expect the assesseees to furnish 100% details pertaining to profit and loss account which have already been audited.

### **h) Provisions of section 52 and 52A**

#### **Problem**

The payer responsible to withhold tax is treated as an assessee in default and proceedings for recovery of tax are initiated against him at any time whereby the tax together with additional tax is recovered.

The Central Board of Revenue (CBR) in its Circular No. 9 of 1999 dated September 4, 1999 has clarified that once the tax is recovered from the payer, the recipient shall not be responsible to pay such tax again. These instructions are in conformity with the letter and spirit of the statute as Chapter III regulates the charge of tax and Chapter VI (sections 50 to 54) regulates the payments of tax before assessment.

The above proposition clearly suggest that once the recipient has already submitted its tax return and discharged his admitted liability of tax, any procedures to treat the payer in default is patently erroneous.

### **Solution**

It is noted that frequent action invoking the provision of section 52 are source of harassment to tax payers and calls for suitable remedial instructions.

- i) Head office auditors certificate

### **Problem**

In accordance with the provisions of section 24 (e) of the Income Tax Ordinance, 1979 read with Rule 20 of the Income Tax Rules 1982, law allows the Head Office expenditure to be allowed in the ratio of Pakistan turnover to world turnover. In practice, the tax authorities whilst passing the recent assessment orders under section 62 of the Income Tax Ordinance ignore the provisions of Rule 20 and disallow a substantial amount which is added to the income of the assessee.

### **Solution**

It is hereby recommended that the tax authorities follow the law as stipulated in Rule 20 by allowing the legitimate claims of the assessee on the basis of local turnover to world turnover. They should refrain from calculating the amount to be allowed by using other formulae, which are detrimental to the assessee.

### **j) Tax on Bonus Shares**

#### **Problem**

As per the Finance Ordinance 2001, every resident company is required to collect tax from the share holder in the case of bonus shares. This is extremely impractical and unworkable as it will imply that bonus shares can only be distributed to shares holders who deposit the withholding tax in cash. This will also create problems where physical scrips do not exist as CDC will only credit shares in bulk and not on a case to case basis.

#### **Solution**

We would recommend that this provision be withdrawn.

## **2) Issues which were not present in the 1979 Ordinance, but introduced in 2001 Ordinance**

### **a) Determination of the point of time to deduct and deposit tax**

#### **Problem**

The obligation to deduct taxes as contained in various sub-sections of section 50 lies with the payer at the time of making payment.

In a recent decision of the Learned Income Appellate Tribunal the word "paid" has been interpreted to include accruals. Since no tax is deducted at the time of accrual, the accrued expenses are disallowed. Furthermore, the law does not provide any mechanism or remedy to seek the deductions after the payment of tax on actual disbursement at any subsequent point of time. Thus these expenses are not claimable in the subsequent year.

It is alarming to note that this concept is more clearly provided in section 158 of the new Income Tax Ordinance, 2001 which prescribes the point of time to deduct tax at the earlier of accrual or actual payment.

This would create enormous difficulties for large tax payers as the accruals are generally quantified subsequent to the closure of accounting year end.

#### **Solution**

It is suggested that the withholding should be on the basis of the point of actual payment and not on accrual of such expenses. Also the wording of the law should be made user friendly and should be unambiguous and clearly specify that withholding tax needs to be deducted only at the time of actual payment / payout.

### **b) Transaction between associates**

#### **Problem**

Section 108 of the new Income Tax Ordinance, 2001 seems to give wide ranging powers to the Commissioner in respect of any transaction between the associates (previously resident and non-resident) to determine the income and the source of income arising from the transaction. The Commissioner may distribute, apportion or allocate income, allow deductions or tax credits, and may also determine the nature of any payment or loss as revenue, capital or otherwise.

#### **Solution**

We recommend that detailed guidelines are required to be incorporated under this section in order to avoid uncalled for discussions on various issues which may result due to these transactions. Proposed guidelines are included with this paper as annex A.

### **c) Geographical source of income**

**Problem**

Section 101 of the new Income Tax Ordinance, 2001 states that business income of a non-resident person is Pakistani source income if it is attributable to other business activities carried on in Pakistan of the same or similar kind as those effected by the non-resident through a permanent establishment in Pakistan. As an example, it seems that if a foreign bank located overseas gives a loan to a resident Pakistani Company, then it may well be that the whole or some portion of the interest amount may be construed to be the income of the bank's branch operating in Pakistan and be taxed accordingly. You will appreciate the fact that this will cause hardship for the assessee and will discourage foreign lending in Pakistan.

**Solution**

We therefore recommend that the above clause be deleted, and not to treat such amounts as business income of the assessee in Pakistan.

**d) Taxing of interest differential on loans to employees****Problem**

Under the new Income Tax Ordinance, 2001 the difference between the interest rate on loans to employees and the benchmark rate is going to be taxable as a perquisite in the hands of the employees. This was not be taxed under the Income Tax Ordinance, 1979 on the basis of a circular issued by the CBR. As it is quite common practice for large multinationals in general and for banks and financial institutions in particular to grant loans at concessional rate of interest, the taxability of the interest rate differential will cause considerable burden on the employees.

**Solution**

We recommend that taxing of loan differential amount should be excluded from the scope of income of the employees. If the taxation of interest differential is a principle which is being adhered to, then our recommendation to tax interest differential only on loans above a certain threshold. For example interest differential on loans upto 60 basic salaries ( as is the case for Government employees) is tax exempt. Only the interest differential on that amount of the loan which is greater than 60 basic salaries would be taxable.

**e) Reimbursement of medical expenses****Problem**

Under the Income Tax Rules 1982, medical expenses reimbursed to employees were not taxable in the hands of the employees by virtue of Rule 17 of the aforesaid rules. As per the new Income Tax Ordinance, 2001, it is proposed that exemption would be allowed to employees upto 10% of employees basic pay.



**Solution**

We recommend that the above reimbursements should not be taxed and the provision of Rule 17 of the Income Tax Rules 1982 should continue to apply. Also hospitalization should be considered separately and totally allowed as it at present.

**f) Deductions****Problem**

Section 20 of the new Income Tax Ordinance, 2001 proposes that a deduction will only be allowed for any expenditure incurred by a person in the year to the extent to which the expenditure is incurred in deriving income from business chargeable to tax. This is going to lead to the income tax assessing officers making arbitrary disallowances to create income. Although the current version may merely be a restatement of the 1979 Ordinance in "simple English", this could lead to a situation where the tax authorities will be determining which expenses actually resulted in income and which did not. This could lead to gross misapplications of the provisions..

**Solution**

We recommend that Clause xviii of section 23 (1) of the Income Tax Ordinance, 1979 be reinstated which states that any expenditure not being capital or personal expenditure laid out or expended wholly and exclusively for the purpose of such business or profession would be allowed.

**g) Recharacterisation of income and deduction****Problem**

Section 109 of the new Income Tax Ordinance, 2001 gives the Commissioner the power to recharacterise a transaction or an element of transaction, or disregard a transaction that does not have substantial economic effect or recharacterise a transaction where the form of transaction does not reflect the substance. This could lead to the arbitrary disallowances of costs by the Commissioner.

**Solution**

We recommend that the above clause be deleted and not be made a part of law as it will give discretionary powers to the Commissioner of disallowing costs.

**h) Deduction allowed on depreciable assets****Problem**

Section 22 of the new Income Tax Ordinance, 2001 proposes that where a depreciable asset is purchased during the year, and hence is used for only part of a tax year in deriving income from business chargeable to tax, only a proportionate deduction shall be allowed. However, where a person disposes a depreciable asset in a tax year, no depreciation deduction is proposed to be allowed for that year.

While this may be desirable from a revenue generation point of view, it will also discourage investment.

### **Solution**

We recommend that the current practice be continued in respect of depreciation allowance.

### **3) Issues which have been amended in 2001 Ordinance, but whose effects have been given prospectively**

#### **a) Interest in suspense**

##### **Problem**

The issue pertaining to interest income on advances classified as bad debts was addressed in the Finance Ordinance, 2000. However the amendment made is not retrospective and only that portion of the interest will be allowed to the assessee which is credited to suspense account after July 01, 2000. In 1998, the tax authorities had re-opened the assessment proceedings from 1991 onwards and had taxed the banks huge amounts in respect of such interest.

##### **Solution**

We recommend that the change pertaining to interest in suspense be made retrospective. We recognize that this will give rise to large refunds and, to alleviate the immediate cashflow problems the Government of Pakistan should issue bonds to the assesseees similar to those currently under consideration.

#### **b) Withholding tax under section 50(2B)**

##### **Problem**

One of the latest development in the banking sector is the introduction of the on-line system of banking, which has been introduced by many foreign and local banks in Pakistan. An on-line system is a database maintained by a bank for each of its customers, which are in effect the accounting records of the customers. The tax authorities are however interpreting the on-line system of banking in a very narrow manner and are assuming it to be a mode of electronic transfer of funds. Various banks have received notices from the tax authorities asking them to provide details of on-line transactions with a view of taxing such transactions.

The CBR has been requested to look into the matter of on-line transactions. However, no clarifications have been issued by the CBR, with the result that the tax authorities are periodically issuing notices to banks requiring details pertaining to on-line transactions. If this continues, not only will this hamper the current system which has helped to improve productivity, but also hinder the growth of e-commerce and internet banking which the Government is trying to promote.

##### **Solution**

We recommend that necessary instructions be issued by the CBR to the tax authorities clearly stating that on-line transactions fall outside the ambit of section

50(2B) and thus these do not attract withholding tax provisions. We understand from the above meeting held, that section 50(2B) will no longer be in operation from July 01, 2002. This is supported by the fact that under the new Income Tax Ordinance 2001, section 232 which covers 50(2B), is under the heading of "transitional advance tax provisions". If such is the case then this will help banks to adopt advanced banking techniques and computerization which is the need of the day.

**a) Withholding tax under section 50(7D)**

**Problem**

The tax authorities are holding the view that a loan or financing agreement falls within the term "instruments of any kind issued by " referred to in section 50(7D) of the Income Tax Ordinance, 1979 and that withholding tax at 10% should be deducted by borrowers at the time of making interest mark up payment to banks. Show cause notice under section 52 of the Income Tax Ordinance, 1979 have been issued to borrowers for not withholding tax, and such borrowers have been treated as assesseees in default by the tax authorities. Show cause notices under section 52A have also been issued to banks requiring them to pay the applicable tax under section 50(7D).

We would inform you that in August 2001, our representatives had visited the CBR to tackle this issue. They were assured that suitable instructions would be issued to the tax authorities not to take any action to recover this amount under either section 52 or 52A of the Income Tax Ordinance, 1979. However no such instructions or exemptions have been issued.

**Solution**

As the issue is of utmost importance to the banking industry, we recommend that suitable clarifications be issued, by the CBR, exempting such loans and financing agreements from withholding tax under section 50(7D) with retrospective effect. As you are aware the new Income Tax Ordinance, 2001 under section 151 exempts loan and financing agreements from withholding tax under section 50(7D) from July 01, 2002. We also strongly recommend against re-opening cases prior to July 2002 as trying to recover taxes for this period would not only be counter productive but its treatment would also be inconsistent with the law framed for this section in the new Income Tax Ordinance 2001.

We trust you will find these proposals reasonable, and will implement them. If required, we will be willing to travel to Islamabad to meet with you for clarifications.

Kind regards.

Yours truly,

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

Attachments:

c.c.: Mr. Vakil Ahmed Khan,  
Member Direct Taxes,  
Central Board of Revenue  
**ISLAMABAD.**

**DRAFT AMENDMENTS TO BE PROPOSED  
IN THE INCOME TAX ORDINANCE, 2001  
TAXABILITY OF INTERNATIONAL TRANSACTIONS**

**Following Sections are to be inserted after section 108 of the Income Tax Ordinance, 2001:**

108A(I) Any income arising from an international transaction shall be computed having regard to the arm's length price.

(2) In computing income under sub-section (1), the allowance for any expense or interest shall also be determined having regard to the arm's length price.

(3) Where in an international transaction, two or more associated enterprises enter into a mutual agreement or arrangement or arrangement for the allocation or apportionment of, or any contribution to, any cost or expense incurred or to be incurred in connection with a benefit, service or facility provided or to be provided to any one or more of such enterprises, the cost or expense allocated or apportioned to or as the case may be, contributed by, any such enterprise shall be determined having regard to the arm's length price of such benefit, service or facility, as the case may be.

108B(I) For the purposes of this section and sections 108A, 108C, 108D, 108E, 108F and 108G, 'associated enterprise', in relation to another enterprise, means an enterprise

- (a) which participates, directly or indirectly, or through one or more intermediaries, in the management or control or capital of the other enterprise; or
- (b) in respect of which one or more persons who participate, directly or indirectly, or through one or more intermediaries, in its management or control or capital, are the same persons who participate, directly or indirectly, or through one or more intermediaries, in the management or control or capital of the other enterprise.

- (2) Two enterprises shall be deemed to be associated enterprises if, at any time during the tax year;
- (a) one enterprise holds, directly or indirectly, shares carrying not less than twenty-six per cent, of the voting power in the other enterprise; or
  - (b) any person or enterprise holds, directly or indirectly, shares carrying not less than fifty per cent, of the voting power in each of such enterprises; or
  - (c) a loan advanced by one enterprise to the other enterprise constitutes not less than fifty-one per cent of the book value of the total assets of the other enterprise; or
  - (d) one enterprise guarantees not less than ten per cent of the total borrowings of the other enterprise; or
  - (e) more than half of the board of directors or members of the governing board, or one or more executive directors or executive members of the governing board of one enterprise, are appointed by the other enterprise; or
  - (f) more than half of the directors or members of the governing board, or one or more of the executive directors or members of the governing board, of each of the two enterprises are appointed by the same person or persons; or
  - (g) the manufacture or processing of goods or articles or business carried out by one enterprise is wholly dependent on the use of know-how, patents, copyrights, trade-marks, licences, franchises or any other business or commercial rights of similar nature, or any data, documentation, drawing or specification relating to any patent, invention, model, design, secret formula or process, of which the other enterprise is the owner or in respect of which the other enterprise has exclusive rights; or

- (h) ninety per cent, or more of the raw materials and consumables required for the manufacture or processing of goods or articles carried out by one enterprise, are supplied by the other enterprise, or by persons specified by the other enterprise, and the prices and other conditions relating to the supply are influenced by such other enterprise; or
- (i) the goods or articles manufactured or processed by one enterprise, are sold to the other enterprise or to persons specified by the other enterprise, and the prices and other conditions relating thereto are influenced by such other enterprise; or
- (j) where one enterprise is controlled by an individual, the other enterprise is also controlled by such individual or his relative or jointly by such individual and relative of such individual, or
- (k) where one enterprise is a firm, association of persons or body of individuals, the other enterprise holds not less than ten per cent. interest in such firm, association of persons or body of individuals; or
- (1) there exists between the two enterprises, any relationship of mutual interest as may be prescribed.

108C(1) For the purposes of this section and sections 108A, 108D, 108E, and 108F, 'international transaction' means a transaction between two or more associated enterprises, either or both of whom are non-residents, in the nature of purchase, sale or lease of tangible or intangible property, or provision of services, or lending or borrowing money, or any other transaction having a bearing on the profits, income, losses or assets of such enterprises and shall include a mutual agreement or arrangement between two or more associated enterprises for the allocation or apportionment of, any contribution to, any cost or expense incurred or to be

incurred in connection with a benefit, service or facility provided or to be provided to any one or more of such enterprises.

(2) A transaction entered into by an enterprise with a person other than an associated enterprise shall, for the purposes of sub-section (1), be deemed to be a transaction entered into between two associated enterprises if there exists a prior agreement in relation to the relevant transaction between such other person and the associated enterprise; or the terms of the relevant transaction are determined in substance between such other person and the associated enterprise.

108D(l) The arm's length price in relation to an international transaction shall be determined by any of the following methods, being the most appropriate method, having regard to the nature of transaction or class of transaction or class of associated persons or functions performed by such persons or such other relevant factors as the Board may prescribe, namely:-

- (a) comparable uncontrolled price method;
- (b) resale price method;
- (c) cost plus method;
- (d) profit split method;
- (e) transactional net margin method;
- (f) such other method as may be prescribed by the Board.

(2) The most appropriate method referred to in subsection (1) shall be applied, for determination of arm's length price in the manner as may be prescribed.

Provided that where more than one price may be determined by the most appropriate method, the arm's length price shall be taken to be the arithmetical mean of such prices.

(3) Where the Commissioner, on the basis of material or information or document in his possession, is of the opinion that

- (a) the price charged or paid in an international transaction has not been determined in accordance with subsection (1) and (2); or



- (b) any information and document relating to an international transaction have not been kept and maintained by the tax payer in accordance with the provisions contained in sub-section (1) of section 108E and the rules made in this behalf; or
- (c) the information or data used in computation of the arm's length price is not reliable or correct.

The Commissioner may determine the arm's length price in relation to the said international transaction in accordance with sub-sections (1) and (2), on the basis of such material or information or document available with him.

Provided that an opportunity shall be given by the Commissioner by serving a notice calling upon the tax payer to show cause, on a date and time to be specified in the notice, why the arm's length price should not be so determined on the basis of material or information or document in the possession of the Commissioner.

(4) Where an arm's length price, is determined by the Commissioner under sub-section (3), the Commissioner may compute the income of the tax payer having regard to the arm's length price so determined.

Provided that no deduction under section 20 shall be allowed in respect of the amount of income by which the total income of the tax payer is enhanced after computation of income under this sub-section.

108E(1) Every person who has entered in to an international transaction shall keep and maintain such information and document in respect thereof, as may be prescribed.

(2) Without prejudice to the provisions contained in subsection (1), the Board may prescribe the period for which the information and document shall be kept and maintained under that sub-section.

(3) The Commissioner may, in the course of any proceeding under this Ordinance, require any person who has entered into an international transaction to furnish any information or document in respect thereof, as may be prescribed under subsection (1), within a period of thirty days from the date of receipt of a notice issued in this regard.

Provided that the Commissioner may, on an application made by such person, extend the period of thirty days by a further period not exceeding thirty days.

108F(l) Every person who has entered into an international transaction during a previous year shall obtain a report from an accountant and furnish such report on or before the specified date in the prescribed form duly signed and verified in the prescribed manner by such accountant and setting forth such particulars as may be prescribed.

108G(1) In sections 108A, 108B, 108C, 108D, 108E and 108F, unless the context otherwise requires :

(i) 'accountant' shall have the same meaning as in the explanation below sub-section (11) of section 223;

(ii) 'arm's length price' means a price which is applied or proposed to be applied in a transaction between persons other than associated enterprises, in uncontrolled conditions;

(iii) 'enterprise' means a person who is, or has been, or is proposed to be, engaged in any activity, relating to the production, storage, supply, distribution, acquisition or control of articles or goods, or know-how, patents, copyrights, trade-marks, licences, franchises or any other business or commercial rights of similar nature, or any data, documentation, drawing or specification relating to any patent, invention, model, design, secret formula or process, of which the other enterprise is the owner or in respect of which the other enterprise has exclusive rights, or the provision of services of any kind, or in investment, or providing loans or in the business of acquiring, holding, underwriting or dealing with shares, debentures or other securities of any other body corporate, whether such activity or business is carried on directly or through one or more of its units or divisions or subsidiaries, or whether such unit or division or

subsidiary is located at the same place where the enterprise is located or at a different place or places.

(iv) 'Transaction' includes an arrangement, understanding or action in concert:

- (A) whether or not such arrangement, understanding or action is formal or in writing; or
- (B) whether or not such arrangement, understanding or action is intended to be enforceable by legal proceeding.

108H(1) Sections 108 and 109 shall not be applicable for international transactions covered under section 108A.

**U R G E N T**

**FAX NO. 051 - 9205241**

**12th April, 2001.**

**Mr. Munawar Akhtar Islam,  
Deputy Secretary,  
Ministry of Commerce,  
Government of Pakistan,  
ISLAMABAD.**

Dear Sir,

**TRADE POLICY PROPOSALS 2001 - 2002**

Please refer to your letter 8(1)/2001-ADMN.VII dated 27th March, 2001 inviting the President of the Chamber to attend the 52nd Advisory Council Meeting on 14th April, 2001 in Islamabad. We have already informed you about the inability of the President to attend.

As far as the proposals for the Trade Policy are concerned, we are sending you three copies of the Trade Policy Proposals 2000 - 2001 which were submitted in May last year. These proposals were prepared with a two year perspective in mind, and since most of these could not be implemented, we are resubmitting them again for your consideration.

1. We draw your attention to the fact that the protection of local industry continues to be a major concern, especially under the new GATT Code of Valuation which is not being enforced in totality and transactional values are not accepted.

Differential in the rate of duties on raw and packing materials and intermediaries used in the local manufacture of finished goods, and the duties on import of finished goods needs to be more carefully maintained.

Furthermore the countervailing and antidumping legislation has to be effectively implemented to provide protection to local industry.

2. We also recommend that the scope of the Trade Policy be broadened to include fiscal and taxation matters, especially those aspects which can help reduce the cost of locally manufactured goods. Only then will the necessary boost be available to expand exports in the non traditional areas.
3. Activities of agencies like the Engineering Board, Pakistan Engineering Council, the Fiscal Anomalies Committee and the Tariff Commission need to be coordinated more effectively.

We trust you will find these comments of value. It will be our intention to send to you some supplementary comments to support the above suggestions.

Yours truly,

**ZAHID ZAHEER  
SECRETARY-GENERAL**

**Attachments:**

**c.c.: Mr. Sheikh Mohammad Iqbal,  
Joint Secretary,  
Ministry of Commerce,  
Government of Pakistan,  
ISLAMABAD.**

**u.d.c.: Mr. J. M. Delpon De Vaux,  
Vice President,  
OICC&I**

## 1. Duty Drawback rates

### Issue:-

The Drawback system is relatively easier to use and helps local industry move quickly to capture export opportunities. The growth thus achieved is critical to attain required economies of scale to compete in the WTO regime. The limitations to the Drawback system are the actual amount of drawback. Inadequate levels of Drawback will result in:

- A significant reduction in exports reducing foreign exchange earnings.
- Reduction in quantum of exports may lead to industry closure (with a domino affect upstream and downstream) as the local market will not have the capacity to absorb excess capacity.
- Closure of upstream industry will reverse the governments import substitution strategy and result in significant increase in the import bill, thus adversely affecting investment climate and causing a substantial reduction in the tax revenues.

### Proposal:-

The level of the Drawback should be reviewed periodically to provide a level playing field to Pakistan's industry by taking into account locational disadvantages and changing raw material prices and exchange rates. Maintaining parity with Regional competition provides a level playing field to the local direct and indirect exporters and can help ensure that Drawbacks achieve their intended aim of stimulating exports.

### Benefits:-

- Encourage Exports
- Prevents negative repercussions to the local import substitution industry
- Therefore, improves trade deficit

## 2.0

**No Duty No Drawback****Issue:-**

The Government of Pakistan is committed to reducing our trade and budget deficits while promoting efficient industrialisation with judicious application of free market principles. Some schemes for this purpose are NDND and the proposed Duty and tax Remission Rules, 2001. Although these schemes were drafted with the purpose of encouraging exports, misuse by unethical parties could result in:

- Inadequate protection against dumping by Regional competitors
- Reduction in occupancy rates for local industries that are inadequately compensated for locational disadvantages
- Large number of small exporters will not be able benefit from these schemes as they lack the financial strength to import raw material and only the few large export houses will benefit
- Misuse of the scheme will result in duty free products being sold in the local market further affecting occupancy and margin

As a result of the above not only will the trade deficit increase as the local import substitution industry suffers from overcapacity, but also government revenues and employment opportunities will diminish.

**Proposal :-**

Although procedural requirements of these systems can be reviewed and simplified to some degree, the need to prevent leakage of duty free imported raw material into the local market will necessarily require regulatory scrutiny and intervention. Not only should adequate measures be put in place to prevent misuse of these schemes but also, the schemes should only be applicable to those industries for which there are no local manufacturers.

**Benefits :-**

- Reduction in trade deficit through import substitution
- Increased Government revenue
- Support for local industries resulting in strategic growth safeguarding future export opportunities
- More local jobs as local industries growth encouraged

### **3. High Cost of Operations in Pakistan**

#### ***Issue***

The cost of operating in Pakistan is very high compared with other regional countries, as the private sector organizations are forced to build infrastructure costs into their project costs. Moreover, manufacturing companies have to suffer an extra burden 5% of pre tax profit on as WPF and another 2 % pre tax profit as WWF. This is in addition to corporate tax.

The government needs to focus on bringing thr cost of operating in Pakistan down. Some areas that require particular focus are improving the reliability of power supply, improvements in the road network, revamping of the railway freight & seaport service and removal of the levies that the industry has to pay (e. g. WWF & WPF).

#### ***Benefits:-***

Costs in line with regional manufacturers, lead to competitiveness & higher exports. As Industries become competitive on the global front they move into expansion mode, creating more tax revenue and employment.

### **4. Raw material imports by unregistered traders**

#### ***Issue***

Continual sale of imported raw material by traders to industry or third party, who are not registered for sales tax, is a major impediment in documenting the economy.

To promote documentation and bring about transparency in the system, it is suggested that the unregistered traders / importers import raw material at the maximum prevalent duty rate . Subsequently, if the raw material is sold to a registered manufacturer, the trader would be allowed a refund by the government for the duty paid over and above the prevailing tariff rate.

#### ***Benefits:-***

- Implementation of this recommendation would assist in determining the exact production of various finished or intermediate products by individual manufacturers/ industry on the basis of consumption of these raw materials.
- It will discourage unregistered firms to buy from traders due to high cost, as this would make them in competitive on manufacturing cost. Consequently, traders will lose out on selling opportunities and revenue.

The government will also benefit through increased revenue, as unregistered firms would subsequently register



## **5.0 Level playing field**

### ***Issue***

Central Excise Duty on imported finished product is levied on its C & F price, whereas if the product is locally manufactured the central excise duty is levied on the retail price.

### ***Proposal***

Central Excise Duty should be removed. If this is not possible then the Excise duty on imported finished product should be the same level as the locally manufactured product.

### ***Benefits***

Provide level playing field to local industry.

Increase in revenue to Government.

## **6.0 Unreasonable restriction on shelf life of imported raw materials.**

### ***Issue***

The present condition of the import policy that all raw materials and exceptions must have 75% shelf life at the time of arrival in Pakistan. This is an unreasonable and harsh restriction and is contrary to the practice followed in other countries of the world.

### ***Proposal***

All restrictions pertaining to shelf life of Raw materials be removed. If this is not possible then alternately the remaining shelf life be fixed at 50% or one year whichever is lower. The shelf life be calculated from B / L or A W B date and not from the date of IGM.

### ***Benefits***

The whole industry and the country will benefit from this proposal.

## **7.0 Shelf life for import of medicines**

### ***Issue***

The present condition of the import policy not to allow import of medicinal finished product which has less than 75% shelf life on date of arrival is unreasonable.

### ***Proposal***

The condition of 75% shelf life for medicinal finished product be replaced by a less stringent condition that the medicinal finished product upon arrival in Pakistan must have a shelf life of one year or 50% shelf life whichever is lower.

## **8.00 Measures to Boost Exports**

### **8.01 Petroleum products**

#### ***Issue***

Only public sector agencies are permitted to export petroleum products from Pakistan.

#### ***Proposal***

Private sector companies and refineries should be allowed to export surplus petroleum products.

#### ***Benefits***

The country will earn much needed foreign exchange and obtain better prices for exports.

### **8.02 Exports to Central Asian States**

#### ***Issue***

Exports to Afghanistan and from there to Central Asian States are not entitled to duty drawbacks which are available for exports to other countries.

***Proposal***

Full duty drawbacks should be made available for exports to CAS countries through Afghanistan, and for exports to Afghanistan. Sales Tax should also be refundable.

***Benefits***

The country will benefit from higher exports.

**8.03 Temporary importation of locally manufactured goods already exported once for subsequent re-export*****Issue***

Goods which have once been exported are sometimes required to be imported for repairs or a removal of defects under warranty.

The replacement of such goods where removal of defects is not possible is allowed under clause II of Export Policy order 2000 dated 11. 7. 2000. However there is no provision for temporary import of previously exported goods for removal of manufacturing defects through repairs. Approaching the ministry of commerce on a case to case basis is very time consuming.

***Proposal***

The temporary import of previously exported goods should be allowed.

***Benefits***

The exports of goods out of Pakistan will increase.

**8.04 Temporary import of goods which are to be re-exported after test, trial, maintenance and demonstration purposes.*****Issue***

Sometimes goods have to be imported for test, trial, demonstration and maintenance purposes, and these are to be re-exported afterwards. Presently this is only possible under Import Policy Order 2000 [ SRO 489 (1) / 2000 dated 17. 7. 2000 ] if import authorization is obtained from Ministry of Commerce. This can be very time consuming.

***Proposal***

The import of items which are otherwise freely importable should be allowed without reference to Ministry of Commerce on a case to case basis.

***Benefits***

The export of goods out of Pakistan will increase.

**8.05 Execution of contracts outside Pakistan and commissions received in foreign currency**

***Issue***

Proceeds received from abroad in foreign currency against execution of contracts outside Pakistan and not allowed reduced rate of tax as is done for export of goods and technical services. The same applies to commissions received in foreign currency.

***Proposal***

Such proceeds should enjoy the same reduced rate of tax as is applicable to export of goods and technical services.

The commissions received in foreign currency by an export indenting agent or buying house should be charged to reduce rate of tax.

***Benefits***

The foreign exchange income of Pakistan will increase.

## 9.0 Export Oriented investment policy

It is in the interest of the country that Pakistan Government offers a solid, transparent & an export oriented investment policy. Today many global companies are in the midst of making decisions regarding investment on regional sourcing, and Pakistan will miss the boat if it does not aggressively works towards attracting them.

Keeping in view the key objective of the current government i.e.

- a) Increase Foreign Investment,
- b) Increase in Exports, and
- c) Generate Foreign Currency, the proposed "Export Oriented Investment Policy" will deliver all of the above mentioned objectives. The policy states:

Exporting company earns tax credit equal to the local value added portion of the export. The concession caps at 40% of total export C&F.

### How does it work?

Step 1: Invest in Local Packing/Manufacturing operation.

Step 2: Find export market for locally manufactured product.

Step 3: Export product and Receive foreign currency remittance

Step 4: Obtain tax credit equal to "Locally Value Added" portion of exported product.\*

\* The tax credit concession caps at 40% of total export C&F.

### Why is this policy ideal for Pakistan?

- ➔ No up-front risk or concessions given by Government.
- ➔ Companies must first invest and then earn concessions.
- ➔ Encourages existing industries to optimize operation to secure export customers.
- ➔ Attract new foreign/local investment.
- ➔ Help reduce number of Sick Industries.
- ➔ Technology Transfer and employment.

### What are the benefits for Pakistan?

1. Make Pakistan a potential hub for regional sourcing by various global companies.
2. Significantly increase exports and improve balance of payments.
3. Generate incremental foreign currency.
4. Encourage ancillary industries to support local value added portion of exports.
5. Technology transfer and employment.

Pakistan desperately needs an aggressive & transparent export-oriented policy to help it attract investments and build its manufacturing infrastructure.

**10. Import against foreign currency Demand Draft**

***Issue***

Presently the facility to import against foreign currency demand draft is restricted to \$5,000 per fiscal year for small quantities of industrial raw materials, consumables and \$10,000 for spare parts and machinery per fiscal year (clause 10 of Import trade Policy Order 2000)

***Proposal***

These amounts be increased to \$10,000 and \$25,000 per transaction and not per fiscal year

***Benefits***

This will facilitate production and reduce cost of production.



**MOHAMMEDMIAN SOOMRO**

**GOVERNOR SINDH**

D.O.NO:PS/GOV/28(9)/2001/ 327

28<sup>th</sup> September 2001

My dear *Moin Ghace,*

I express my sincere thanks for your letter of 20<sup>th</sup> September 2001 and for the good wishes expressed therein.

I assure you that Government of Sindh is taking measures to ensure implementation of your suggestions for the protection and safety of the assets and prosperities of foreign investors and their employees. I am confident that with our endeavours and with the help of members of OICCI we will be able to attain our cherished goal of prosperity, development and advancement in every walk of life. Your Chamber's cooperation is highly appreciated.

With best wishes and regards,

Yours sincerely,

Mr. Moin M. Fudda  
President  
Overseas Investors Chamber of Commerce & Industry  
Chamber of Commerce Building  
Talpur Road  
P.O.Box: 4833  
Karachi-74000

4<sup>th</sup> October 2001

**Mr. Jameel Yusuf,  
Chief,  
Citizen Police Liaison Committee,  
Central Reporting Cell,  
Sindh Governor's Secretariat,  
KARACHI**

**Dear Mr. Jameel Yusuf,**

Thank you for your letter of 2nd October, 2001 outlining the summary of your proposals for setting up an OICC&I Desk at the CPLC premises in Karachi.

I am pleased to inform you that the Managing Committee of the Chamber has accepted your proposals.

We agree to pay to you for the purchase of two mobile sets a one time capital amount of Rs. 26,000 and another Rs. 175,000 towards upgrading fifteen existing computers at a total cost of Rs. 175,000. We also agree to the monthly expenditure for Rs. 15,000. Please find enclosed a cheque in the amount of Rs. 291,000/- which includes six months advance towards the expenditure. Kindly note that the arrangement will be reviewed at the end of six months period.

Please find enclosed a list providing contact details of our members. We would appreciate the working details of the OICC&I Desk within a couple of days.

With kind regards.

Yours sincerely,

**MOIN M. FUDDA  
PRESIDENT**



3rd December, 2001.

**Mr. Khalid Mirza,  
Chairman,  
Securities & Exchange Commission of Pakistan,  
ISLAMABAD.**

Dear Mr. Mirza,

### **CODE OF CORPORATE GOVERNANCE**

On behalf of the Overseas Investors Chamber of Commerce we would like to congratulate you in engaging in an extensive dialogue with the corporate sector, the accounting profession and other concerned bodies before publishing the Code of Corporate Governance and appreciate the opportunity of meeting you once again to discuss some aspects of it.

At the very outset we would like to say that we entirely support the need for transparency and full disclosure in the corporate sector so as to encourage the growth in business investment and participation in the stock markets.

We submit that the Code should not be mandatory but should provide an ideal standard or guidelines to be followed. We think the best results would be achieved if the working of the Code was reviewed in say two or three years time for further improvement and then on the basis of experience those aspects best codified could be incorporated into the appropriate laws and regulations. To achieve the best results, the Code should concentrate on essentials and should strengthen what is already provided in the existing law or SECP regulations. We also feel that matters primarily concerning details and procedures for external audit should not be included in the Code but should be introduced by the Institute for compliance by its members in discharging their corporate audit responsibility and in the Companies Ordinance where applicable.

There are some provisions which we fully support and there are some which we feel could benefit from simplification. There are also some points on which the Chamber has firm views on which we would like to concentrate our discussion.

The Chamber fully agrees that the Code should apply to all listed public companies (1.1), that the minimum number of elected Directors on the Board should be 7 [(2.1(g))] as this would give a broad-based representation, and that there should be quarterly meetings of the Board [(2.5(g))]. Specifically, the particulars for corporate and financial reporting to be contained in the Directors' report to the shareholders (4.1) is a welcome requirement for full and complete disclosure. Similarly, the prohibition on auditors holding shares (4.5) is necessary but if the auditor is a firm it should also extend to all its partners. The requirement for public companies to have an audit committee (8) is welcomed. However, we think the detailed terms of reference should be left to the Board to determine. It is also a welcome requirement that every company should enforce an internal audit function (9.1).

In support of our submission that the Code should concentrate on essentials, we give instances where some provisions could benefit from deletion or simplification. For example, there is no need for the Board within four months of taking office to adopt a vision statement as set out in great detail [(2.4 (c))], or that the list of items which require a formal resolution of the Board at a meeting under Section 196 of the Companies Ordinance should be extended by including many more further items [(2.4(f))]. Whilst the Chamber certainly agrees that each company should have a chief finance officer and a company secretary, it is not necessary that they should be appointed by the Board who will determine their terms and conditions of employment and their removal, and feels that the entire Clause 3 as well as Clause 2.4(g) should be deleted. We firmly believe that the overall responsibility for management and administration must remain with the Chief Executive Officer to whom all other executives should report and in turn the CEO should be responsible and accountable to the Board. To do otherwise would dilute his responsibility and management capacity. Whilst supporting that unaudited quarterly financial statements should be published [(4.2(b))], the Chamber feels that there is no need to additionally require half-yearly financial statements to be audited [(4.2(c)) as this would needlessly involve more time and cost. Matters concerning external auditors such as their independence, quality and skill, etc. as set out in Clause 10 are matters of detail which we feel should best be introduced and monitored for compliance by the Institute. In any event, we see little point in showing separately local and import purchases [12 (b) and (c)].

There are, however, two points which the Chamber feels should be reconsidered as they are counter productive and a deterrent to potential investors, namely the introduction of a separate constituency for mandatory election of a minority shareholder [2.1(b) – (d)] and the requirement that the sale of a strategic stake of 75% or more should require a mandatory offer at the same price to all other shareholders.

Existing law has prescribed a system of cumulative voting which assures proportional representation to shareholders according to their investment and thereby provides the opportunity for all shareholders whether minority or majority to be properly represented in the Board. For example, in a Board of 10 Directors, 10% votes will guarantee one seat or 14% in a Board of 7, which is the statutory minimum size of a Board. This is a fair and democratic procedure especially when shareholders are at liberty to solicit proxies in their favour. The creation of a separate constituency exclusively meant for "minority" shareholders, goes against the basic principle that the Board must reflect the investment made by the shareholders and will introduce cliqueism and separatist tendencies among shareholders to the detriment of the company. At a time when there is urgent need for economic revival by industrial expansion and encouragement of foreign investment, any attempt to depart from the well understood and accepted principles of Directors' election by creating a separate constituency for minority shareholders who under current law are already assured of election if they have the requisite support, would be seriously prejudicial.

The Code also provides (Clause 6) that the divestiture of a shareholding of 75% or more would envisage an offer at the same price to all other shareholders. We note that the Code also states that this is "desirable and accepted" but nevertheless the principle is unacceptable as it undermines shareholders democracy and limits freedom to take investment decisions. In a transaction of this nature, it is a business decision between a willing buyer and a willing seller at a

price acceptable to both. Where a strategic or controlling shareholding is sold it also usually carries a premium. Any attempt to restrain such a business transaction will be counter-productive as a mandatory offer to other shareholders will necessarily take time and introduce price fluctuation in the market and very likely the deal may fall through for this very reason. Indeed, international corporate transactions are rapidly concluded and may involve the sale of subsidiary companies in different countries. Restraints on timely completion of such transactions will seriously impair the value of foreign investors' shareholding in Pakistan companies.

Once again we would like to record our appreciation of all your efforts to introduce a Code of Corporate Governance in Pakistan which vision and perseverance we fully endorse. However, this will be innovative and to achieve success we would urge you to seriously consider the points we make in this letter. We also suggest that an Implementation Committee should be set up by SECP in which we would be glad to participate to ensure a smooth introduction of the Code and subsequent monitoring of its progress.

Yours truly,

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

December 28, 2001

**Mr. Khalid Mirza**  
**Chairman**  
**Securities and Exchange Commission of Pakistan**  
**Islamabad.**  
**Fax # 051-9204915/ 9205692**

Dear Sir,

**Re: Code of Corporate Governance ("Code")**

Thank you for your letter of 07-12-2001 on the draft code of corporate governance. In view of the fact that you had expressed the need to receive our alternate proposals on a priority basis, I am pleased to inform you that after several brainstorming sessions, the OICC&I committee has crystallised their suggestions for the modifications to be made to the Code in the interest of facilitating good corporate governance while preserving management autonomy and thereby in some measure encouraging private investment.

In this vein we have made a concerted effort to be judicious in identifying the issues that we feel strongly about; other issues we consider to be more in the nature of disclosure issues we will not bother you with at this time as we feel that these can be first discussed with the Mr. Ebrahim Sidat and Mr. Masood Naqvi.

There are two points that we have serious concern with and these are: (i) the creation of separate constituencies for minority shareholders for the election of minority directors; and (ii) the equivalence of share sale price to be paid to minority shareholders by the acquirer of 75% per cent of the shares of a listed company. We have already conveyed our view on these points to the SECP, but as desired we give below certain alternatives for your kind consideration.

**Enhanced Rights for Minority Shareholders:**

Under present law the facility of cumulative voting affords minority shareholders a greater chance of being able to elect a representative on the board of directors than if there were straight voting. We are aware that there is a perception that this provision has not yielded the desired results. We must stress that any creation of a separate constituency of minority shareholders for the purpose of electing the board would be

alien to the concept of shareholder democracy and would operate more like a quota system. This could have an adverse effect of discouraging foreign investment, as foreign investors are already trepiditious about the implications of the cumulative voting issue on the composition of the board, and indeed may also inhibit local investment. We also fear that such a provision may tend to politicise and polarise corporate environments to the detriment of good governance.

If, however, greater participation on the board of a company by minority shareholders is to be encouraged then it may be achieved in any of the following ways:

"Minority shareholders" for the purposes of the ensuing recommendations are those shareholders that enjoy the support of not less than one hundred members holding shares of the face value of not more than Rupees twenty thousand each.

- The facilitation by the company of the candidature of minority shareholders by annexing to the annual report a statement made by such person declaring his candidacy.
- The facilitation of proxy solicitation by requiring the company to provide information to a minority shareholder candidate about the shareholding of the company including copies the register of shareholders with the company and the Central Depository Company.
- At the request of the minority shareholder candidate, the company at its own cost, annexing to the notice of the meeting when directors are to be elected a duly filled (by the candidate) a proxy form.
- Encouraging companies to ensure that the board comprises of at least one independent director. Independent directors (non-management) should be persons who are unconnected on familial or professional levels, they should not have relationships with the company, its related companies or officers therein. This will promote independent decision-making and avoid conflict of interest

There are already companies which have on their board representatives of Development Financial Institutions such as NIT, ICP and SLIC (in their capacity as shareholders and not creditors) and also independent directors representing minority interests. We, therefore, propose that our recommendations for minority representation in the Code not be made applicable to companies that have such representation.

#### **Parity of Minority Share Price with Control Premium:**

If the Code or legislation or Listing Rules are to require that a company ensure that in the event of a buy-out, minority shareholders are offered the same price for their shares as are the majority, then in order to protect and encourage foreign investment, an exception must be made for the situation where the acquirer is a non-resident.

Where for example foreign shareholding changes hands pursuant to an offshore sale, the buyer in such circumstances should not be made to offer minority shareholders in Pakistan the same price as they pay for the controlling shares. Such sale will be an offshore transaction between a willing buyer and a willing seller and will not adversely impact on the rights of minority shareholders. All that will happen on such sale is that the buyer will step into the seller's shoes. As you are aware is permitted under both company law and the Foreign Exchange Regulation Act, 1947.

We trust that you find our suggestions to be both reasonable and useful and will therefore, give them your full consideration.

With kind regards,

Yours sincerely,

**(MOIN M.FUDDA)**  
**PRESIDENT**

30<sup>th</sup> January 2001

**Ms. Moniba Waqas**  
**Assistant Director (Cost)**  
**Securities & Exchange Commission of Pakistan**  
**Islamabad.**

**Draft of Chemical, Fertilizer Industry**  
**(Cost Accounting Records) Order, 2000**

**Dear Madam,**

Thank you for your letter No. 602 (71) RCP / 93 dated 8<sup>th</sup> January 2001.

We have circulated your above letter to our members making for their comments / opinion on the Gazette Notification dated October 21, 2000. Appended below is the consensus opinion of our members:

1. Every fertilizer company who are our members is already maintaining adequate cost records and the information so derived is effective for the purpose of determining manufacturing efficiencies and other management decision making. It is not understood how the Cost Auditor can gauge the performance of the company any better.
2. Annual Report submitted to the share-holders and public is making all the disclosures required under the Companies Ordinance and the international Accounting Standards adopted by Pakistan. The proposed order undermines the annual statutory audit performed by the firm of Chartered Accountants.
3. The requirement of the above order in terms of keeping cost records in the formats proposed and filing of statements given in the "index of Annexes of Schedule III" does not create any benefit or value for the fertilizer industry.
4. The Government does not regulate the fertilizer industry, which means that the business must compete effectively with domestic and worldwide competition. The requirements of the order places unessential burden in terms of increased cost and effort. Furthermore, companies in the industry apprehend that the confidentiality of their privileged information is likely to be compromised.
5. We are not aware of similar parallel available in the developed world.

Thanks and regards,

Yours sincerely,

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

28th May 2001

**Mr. Ejaz Rahim  
Federal Health Secretary  
Ministry of Health  
Government of Pakistan  
Block - C, Pak Secretariat  
ISLAMABAD**

**Dear Mr. Rahim**

On behalf of the Overseas Investors Chamber of Commerce & Industry I would like to bring to your attention a particular issue which is unfair and is seriously impacting on the business of our members, many of whom are significant and long standing investors in this sector in Pakistan.

The issue relates to those 69 products whose prices have remained frozen since 1996, which the Ministry of Health has also subjected to price cuts in 1997 and again in 1999.

“ The stated grounds for such action at that time was that these products were expensive relative to neighbouring markets, following the two price cuts in 1997 and 1999, the prices of these 69 products having remained frozen thereafter in Rupees as you will see from the Annex attached, in international currency terms **these prices have effectively reduced by 50% over their level of 1996.**

Given this substantial erosion and more importantly the fact that each of these products have numerous direct and competitive Generics registered we feel it is unfair that these products should remain arbitrarily subjected to a price freeze. The Government's stated policy is to allow market forces and competition to flourish and in this case the consumer interest is well protected by the availability of generic alternatives at various price levels.

Furthermore it is unfair to apply cross border comparisons, on which this freeze is reportedly based. in a selective one-way manner. There are numerous drugs registered and sold in Pakistan by our member companies where prices are much lower than in neighboring markets. (The Pharma Bureau has supplied data on prices in neighbouring markets to illustrate this fact). In such cases no relief or adjustment has been given to companies even for loss making products.

In other words, while the margins on profitable products are being eroded, no corresponding redress is given on low margin or loss making products.

One of our member companies. Bayer one of the earliest investors in the Health sector in Pakistan, (Manufacturing license: 0003 issued in 1963) initiated in 196 a major upgrade of its manufacturing capacity in Pakistan to set up a new facility with an investment of \$ 5 million. this facility has been cited by inspectors of the Ministry of Health as one of the most upto date plants in Pakistan. In terms of



GMP standards. however, as a result of these arbitrary cuts and subsequent price freeze, (which are contrary to the notified policy framework at the time the investment was made) the company has 70% of its turnover frozen and is now unable to recover its investment.

We sincerely hope that the Ministry will now take a balanced view of the matter and move to end this arbitrary and "penal" price freeze on these 69 products.

Thanking you,

Best Regards,

**Tariq Amin**  
**President**  
**Overseas Investors Chambe of Commerce & Industry**

16th February, 2001.

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

Dear Sir,

### **COUNTERFEITS OF OUR PRODUCTS**

As you may be aware already, the menace of the manufacture and sale of counterfeit products in Pakistan is not only rampant but is also growing.

The negative effect of this phenomenon on the national economy is varied and manifold; for example:

1. The consumer is cheated into buying a substandard or even hazardous counterfeit product believing it to be the real thing. The quality image of the real brand is diminished or destroyed in the consumer's mind.
2. Sales of counterfeits cause a reduction in the sales of the genuine products and a corresponding reduction in Government revenue because counterfeiters do not, as a rule, pay any duties and taxes.
3. A market beset with counterfeit products discourages industrial investment and particularly foreign investment.

To combat the menace of counterfeiting and piracy, various countries of ASEAN including China have re-enacted and strengthened their laws on the subject, and have started to enforce them vigorously. We, in Pakistan could now follow their example with advantage.

In Pakistan, the laws relating to trade marks are at present contained in two enactments. The first is the Pakistan Penal Code, which was promulgated in the year 1860, and which together with the Criminal Procedure Code of 1898, prescribes the criminal liability for any person who counterfeits or wrongfully imitates a mark. The criminal offences defined by these laws are punishable with imprisonment of two to three years or with fine or with both. However, these laws prescribe that they are "non-cognizable" which means that the police cannot arrest the offender or search and seize the counterfeit goods without first obtaining a warrant from a Magistrate. They also prescribe that the offence shall be "bailable" which means that an accused can be granted bail by the police itself without his having to take recourse to a court of law.

The second law is the Trade Marks Act of 1940, which governs the procedures for registration and protection of trade marks and also imposes a civil liability upon any person infringing a trade mark by using a mark deceptively similar to the registered mark. The civil liability takes the form of an order from a court to cease and desist from using the offending mark and for damages in money for having done so.

To combat the menace of counterfeiting, a civil suit for damages is clearly not an effective answer. We must therefore look to criminal justice. The Government has circulated a draft of a new Trade Marks Act to replace the 1940 Act, with a more modern legislation. But the new legislation does not create any criminal liabilities for counterfeiting, in substance it only re-enacts the civil liabilities already available in the 1940 Act.

We in the OICC&I had proposed to the Government in the year 1998 and hereby propose again that the laws pertaining to counterfeiting and piracy should be amended to achieve the following results:

1. The offences of counterfeiting enumerated in the Penal Code in 1880 should be made "cognizable" and "non-bailable".
2. The offence of selling counterfeit products should be made "cognizable" and "non-bailable".
3. The provincial governments should be empowered to make rules whereby the certificate of an independent laboratory certifying the goods to be counterfeit should be sufficient to sustain a conviction.

The fears commonly expressed at that time that if the offence of counterfeiting is made a cognizable one, the police may misuse it to oppress the trade, are unfounded. The Copyright Ordinance was amended in the year 1992 to make the offence of piracy both cognizable and non-bailable and it has not to date lent itself to abuse by the police. Moreover, the laws against counterfeiting as now enforced in some ASEAN countries are apparently as stringent as those proposed by us in the OICC&I.

Yours truly,

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

2nd May, 2001.

**Mr. Khalid Mirza,  
Chairman,  
Securities & Exchange Commission of Pakistan,  
6th Floor, NIC Building,  
Jinnah Avenue,  
ISLAMABAD.**

Dear Sir,

**'CODE OF CORPORATE GOVERNANCE'**

The first draft of the Code of Corporate Governance prepared by ICAP's Committee had been received by the OICC&I for its comments in February, 2000. The draft Code was circulated amongst our members for their comments, and a detailed reply incorporating the recommendations of the OICC&I Members was submitted to ICAP in May, 2000.

Subsequently, when the second draft was issued in October, 2000 by ICAP, we noted that no major changes were made to the original draft to incorporate the suggestions made by OICC&I and other organizations but on the contrary, some new insertions had been made in the external Auditors section.

The third draft of ICAP dated February, 2001 has been recently received by the OICC&I from the Institute. A close review of the draft reveals that further major changes have been made in the Auditors section. However, we are pleased to note that a few of OICC&I's recommendations have been incorporated in the fresh draft. Some of the changes were incorporated in the light of our recommendations made earlier. Despite this, certain issues remain outstanding which we would wish to highlight.

We would also wish to reiterate that the Code proposes to modify or delete some of the provisions of the Companies Ordinance 1984 which are not in conformity with its recommendations and in fact the converse principle should apply, that is the Code should conform to the provisions of the Companies Ordinance (which is the applicable law) and not vice versa. Further any departure from the principles laid down in the Ordinance should be framed as recommendations and they should not be made mandatory.

We attach the suggestions made by us earlier in May, 2000 which have not been accepted in ICAP's current third draft as Annexure 'A'.

We request you to look into this matter and would also suggest that another seminar be held preferably by a neutral body like Management Association of Pakistan (MAP) where the senior members of the MAP and other corporate lawyers should be invited to express their views before the recommendations of ICAP are accepted and the Code of Corporate Governance is implemented.

Yours truly,

**ZAHID ZAHEER  
SECRETARY-GENERAL**

**Attachments:**

**udc: Mr. Tariq Amin**

**Ms. Aameena Saiyid**

**Ms. Nausheen Ahmad**

**Members of Chamber's Standing Sub Committee on  
Corporate Law**

**FAX NO. 051 - 9213780**

**8th June, 2001.**

**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. We have been informed by our Member Companies that even payment of salaries and statutory payment of 5% pre tax profit to Workers Profit Participation Fund has been disallowed as genuine business expense by the Assessing Officer. Presumably this is being done under the new stringent guideline to collect more revenue.

4. Most recently trade discounts given in the normal course of business have been added back to the earnings. For Engineering Companies, it is normal trade practice to offer discounts to business in the Government sector and even otherwise on a regional / area basis. In such cases, the list prices are only a benchmark.

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**

**u.d.c.: Managing Director,**  
**KSB Pumps Company Limited**  
**LAHORE. FAX NO. 042-6368878**

**FAX NO. 051 - 9204915**

**12th November, 2001.**

**Mr. Khalid Mirza,  
Chairman,  
Securities & Exchange Commission of Pakistan,  
ISLAMABAD.**

**Dear Mr. Mirza,**

**QUARTERLY ACCOUNTS**

This refers to the recent SRO dated 5th November, 2001 on the above subject. The said SRO requires all listed Companies, with effect from the quarter ending on or after 31st December, 2001 to:

- I) Prepare a quarterly profit and loss account and balance sheet for circulation to shareholders, the Stock Exchange and the SECP. IAS 34 will also apply to these quarterly accounts.
- II) The distribution must be within one month of the quarter end, though the financial statements need not be audited.

We seek your clarifications on the following points:

- a) Since regulation to produce and circulate half yearly and annual accounts are already in place the new SRO should only apply to first and third quarters of the accounting year.
- b) The directive merely states that a P&L account and balance sheet are required. However, it then goes on to say that IAS 34 also applies. Under IAS 34 listed companies are also required to produce a cash flow statement together with changes in equity and some notes.



While we agree with the concept, in order to make the requirement practicable and meaningful, we would recommend that:

- a. The requirement be restricted to publication of abridged results under the following heads, say:

<u>Profit and Loss Account</u>	31.12.01	31.12.00
Turnover		
Gross profit		
Operating profit		
Profit before tax		
Profit after tax		
 <u>Balance Sheet</u>	 31.12.01	 30.09.01
Net fixed assets		
Working capital		
Shareholders equity		
Long term loans / redeemable capital		
Deferred liabilities		
<b>TOTAL:</b>	<u>                    </u>	<u>                    </u>

- b. The circulation of this information be limited to stock exchange/s on which the company is listed, and simultaneously to the SECP.

We would also suggest that the requirement even in abridged form be made mandatory from periods ending on or after 31st December, 2001. With the holy month of Ramazan on hand it will be unfair to expect such a shift in system in such a short time.

Thanking you.

Yours truly,

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

**udc: Ms. Musharaf Hai**

**FAX NO. 051 - 9204915 / 9205692**

**12th December, 2001.**

**Mr. Khalid Mirza,  
Chairman,  
Securities & Exchange Commission of Pakistan,  
ISLAMABAD.**

**Dear Mr. Mirza,**

**QUARTERLY ACCOUNTS**

Kindly refer to the Press Release No. 2(52)/SE/2001 of 28th November, 2001 of the SECP on the subject.

Although a number of points have been addressed in the aforesaid Press Release, a few other important issues still need to be rectified to facilitate implementation of SRO 746 (1) 2001 of 5th November, 2001.

The issues that still require attention are:

- a) The SECP has been good enough to dispense with this requirement for 2nd quarter. On the same basis, no separate accounts be required for the 4th quarter as the legal regime to prepare / circulate annual accounts is already well in place. There should be no need to prepare / circulate accounts for the 4th quarter.
- b) The requirement as to prepare statements e.g. cash flow and changes in equity for the quarterly accounts be done away with. The requirement to prepare condensed profit and loss account and condensed balance sheet along with selected notes may only be retained.
- c) There should be no need to circulate the quarterly results to shareholders. Submission of these accounts to SECP and Stock Exchanges on which Company is listed be considered sufficient particularly in view of the time and cost involved in this exercise.

- d) To expedite the release of quarterly results, Chief Executive may be authorized to sign and issue them, as convening the Board Meeting for this purpose will again involve longer time. If this cannot be done, then the one month may please be enhanced to two months for publication of quarterly accounts.

We fully support the concept of releasing the quarterly results by listed companies. However, the review as requested above would greatly facilitate implementation of the said SRO.

Thanking you.

Yours truly,

**ZAHID ZAHEER  
SECRETARY-GENERAL**

**udc: Mr. Moin M. Fudda  
Ms. Musharaf Hai  
Mr. M. Aslam**

**President  
Lever Brothers  
BOC**

**8th October, 2001**

**The Chairman  
Central Board of Revenue  
Islamabad**

**War Risk Surcharge**

**Dear Sir,**

We wish to inform you that due to the prevailing situation effective 24th September 2001, all cargo going into Pakistan and out of Pakistan will be subject to additional insurance cover which has been increased from 0.275% to 0.50% of the value of the goods. Without going into the question of whether this is justified or not the trade in Pakistan has had to accept this additional burden.

However surprisingly in addition to this additional insurance premium a further burden is being thrust on to the trade in Pakistan. The London base Joint War committee of underwriters has effective 1st October decided to impose additional premium rates to cover the risk of hull and machinery of ships calling or transiting certain specified ports and areas. Therefore all shipping lines through their respective conference lines have passed on this burden to the trade and levied a war risk surcharge (WRS) ranging from \$100 to \$185 per 20 foot container, depending on the region from where the shipment takes place. This is placing yet another onerous burden on the Pakistan trade. This surcharge we understand has risen to as much as 0.4% of the value of the vessels hull and machine.

We expect the government of Pakistan to take up this matter with Insurance underwriters in the influential London market and we are taking up this matter with the Ministry of Commerce. The Government of Pakistan by providing a guarantee for war risk insurance coverage on all vessels and their cargo calling on Pakistan ports can obviate the need for this war risk surcharge. Such a move will not be unprecedented, as it has been successfully employed by the Israeli Government after the 11th September attacks, and earlier on by the Sri Lankan Government after Tamil Tiger guerilla's sent hull war risk premiums skyrocketing crippling the Colombo port.

As if this situation was not bad enough for the trade regrettably the Karachi customs and income tax authorities have made matters worse, by suggesting and sending notices that the war risk surcharge (WRS) will be treated as additional freight, and will be subject to 8% Income Tax and customs duty.

We seek your intervention in this matter and request the revenue department not to treat the War Risk Surcharge as additional freight and demand that income tax and customs duty be paid on this amount.

Yours truly,

**Zahid Zaheer  
Secretary General**

**cc: Mr. Qamar Baig, Federal Commerce Secretary, Islamabad**

**31st October, 2001.**

**Commissioner (SC),  
Securities & Exchange Commission of Pakistan,  
6th Floor, NIC Building,  
Jinnah Avenue,  
ISLAMABAD.**

**Dear Sir,**

In July this year, a meeting was called in Islamabad to discuss matters relating to the Draft Listed Companies (Substantial Acquisition of Voting Shares and Take-overs) Ordinance, 2001. The meeting could not take place and was postponed.

The proposed Ordinance aims to provide transparency and an even playing field, so that all investors including small shareholders can get an equal chance to benefit from any substantial acquisitions of shares in a company, and we commend the intention.

We have therefore reviewed the Draft Ordinance, and generally are supportive of the provisions. We however feel that certain amendments are required to make it less cumbersome for foreign investors.

- Because of overseas mergers / acquisitions and sometimes other reasons, group companies overseas move their shares from one investment group overseas to another investment group overseas. Therefore, divestment / transfer of shares in a local subsidiary by a non resident company to another non resident company abroad should be exempt from the operation of this Ordinance. This would, in particular, facilitate the multinationals to carry out divestment / transfer of shares amongst group companies outside Pakistan without any hindrance, thus facilitating and encouraging investment in Pakistan.
- We believe that where the control of a target company already vests with the acquirer, no real benefit will result from the proposed disclosure. Accordingly, the Ordinance should not apply to acquisition of additional shares by an acquirer who already, directly or indirectly, holds more than 51% shares in a target company.
- Limiting the right to acquire additional 5% share for twelve months does not serve any purpose and therefore, the limitation of twelve months should be removed. The Ordinance allows that, as long as the aggregate shareholding of an acquirer does not exceed 15%, a person who acquires 10% shares in a listed company can acquire, within a period of twelve months, another 5% shares without making a disclosure to the company and the stock exchange.

In light of the above observations, we would suggest that following amendments be introduced in the Ordinance:

1. Following new Sub Clauses be added in Section 3:

- (i) Divestment / transfer of shares in local subsidiary company by a non resident company to another non resident company abroad.
- (j) Acquisition of additional shares by an acquirer or person who together with its associated companies, holding company, or subsidiary companies holding 51% or more of the shares or voting rights in the target company.

2. In lines 1 and 2 of Section 4 Sub Section 3 following words should be deleted:

**“in any period of twelve months after acquisition of voting shares”**

3. First line of Section 5 Sub Section 1 should be changed to read:

**“No acquirer holding less than 15% of voting shares in a listed company directly or indirectly shall directly or indirectly acquire”**

Also in Section 5 Sub Section 1 (ii) the following words should be deleted:

**“Control of a listed company”**

4. In Section 6 Sub Section 1 the word “control” appearing in first, second and third lines should be deleted.

5. In Section 34, the words “or expedient” should be introduced in the second line after the words “not practicable”.

We trust you will find these comments useful and will be able to incorporate the necessary changes in the Ordinance.

Yours truly,

**ZAHID ZAHEER  
SECRETARY-GENERAL**

**FAX NO. 051 - 9204915**

**28th November, 2001.**

**Mr. Abdul Rehman Qureshi,  
Commissioner (Enforcement),  
Securities & Exchange Commission of Pakistan,  
(Company Law Division),  
NIC Building,  
Jinnah Avenue,  
ISLAMABAD.**

**Dear Sir,**

**REVIEW OF COMPANIES ORDINANCE 1984**

Further to our letter of 8th November, 2001, we take pleasure in forwarding to you our comments on the Draft Companies (Amendment) Ordinance 2001. We regret the delay in submitting these comments and hope that they will receive your favorable consideration.

**1. SECTION 2**

**Definitions**

Existing Sub Section 30-A of Section 2 be substituted as follows:

(30-A) "redeemable capital" includes finance obtained on the basis of:

- (i) Participation Term Certificate (PTC), Musharika Certificate, Term Finance Certificate (TFC), or any other security or obligation not based on interest, other than an ordinary share of a company, representing an instrument or a certificate of specified denomination called the face value or nominal value, evidencing investment of the holder in the capital of the company on terms and conditions of the agreement for the issue of such instrument or certificate or such other certificate or instrument as the Federal Government may by notification in the official Gazette, specify for the purpose;
- (ii) bilateral / multilateral agreement/s etc.,

**2. SECTION 62**

The definition of the term 'management' is not available in the Companies Ordinance, 1984. The term 'management' requires to be defined.

The phrase 'same price' also requires clarifications as to what the 'same price' means.

The sale of shares by any person / shareholder / management (by whatever means described) in a Company should not be restricted as proposed. This is a fundamental right of the citizens / owners of the shares / property as per constitution of Islamic Republic of Pakistan. However, SECP may specify rules to ensure transparency of transaction/s, but this must not be at the cost of compromising the present rights of shareholders. Any provision to the contrary will adversely effect the investment climate both locally and internationally.

**3. SECTIONS 73, 147 & 149**

The requirement for NIC and Passport Number should apply to fresh registrations only, as it is not practicable to get NIC Numbers from existing shareholders.

**4. SECTION 174**

We do not feel that the proposal to reduce the minimum number of Directors from 7 to 3 is desirable. It goes against the broad based representation of shareholders on the Board.

**5. SECTION 182**

We do not feel that imposing such a restriction on financial institution is justified.

**6. SECTION 193**

The quorum for Directors meeting should not be reduced to 1/3rd or 2 Directors. This should remain a minimum of Four Directors.

**7. SECTION 204 (A)**

We feel that the need for a whole time Secretary is not necessary, also the qualifications need not be specified, but these are best left to the judgment of the Board of Directors.

**8. SECTION 492**

Penalty for false statement

In the proposed new Sub Section (I) of Section 492, we propose that after the words 'makes a statement false or incorrect in any material particular,' the words 'knowing it to be false or incorrect' be inserted.



**9. GENERAL**

It is observed that the fines / penalties for violation of various provisions are being increased manifold. We fully support prompt action for violations of the law. In our view, better and more vigilance and stricter enforcement will be a greater deterrent than increasing the quantum of the penalties.

**10. ADDITIONAL CHANGE PROPOSED TO BE INCORPORATED IN THE ORDINANCE**

**FOURTH SCHEDULE**

It is proposed that Clause 1(iv) in Part 1 of the Fourth Schedule to the Companies Ordinance 1984, be substituted with:

**QUOTE:**

'executive' means an employee, other than the Chief Executive and Directors, whose basic salary in a financial year exceeds the limit as may be prescribed by the Commission from time to time.

**UNQUOTE:**

The present limits of salary are unrealistically low and therefore result in inclusion of junior employees within the definition of Executive.

We trust you will find the suggestions useful.

Yours truly,

**ZAHID ZAHEER  
SECRETARY-GENERAL**

c.c.: **Mr. Nazir Ahmed Shaheen,  
Additional Registrar of Companies (HQ),  
Securities & Exchange Commission of Pakistan,  
(Company Law Division),  
NIC Building,  
Jinnah Avenue,  
ISLAMABAD.**

**FAX NO. 051 - 9218591**

**24<sup>th</sup> December 2001**

**Dr. Ishrat Husain  
Governor  
State Bank of Pakistan  
I.I. Chundrigar Road  
Karachi**

**RE : CAP ON FE 25 DEPOSITS EFFECTIVE JANUARY 1, 2002**

**Dear Dr. Husain,**

I write with reference to BSD No.19 dated March 31, 2001 which restricts the amount of FE 25 deposits that can be raised by any institution. This restriction (at 20% of local currency deposits) will be effective January 1, 2002.

At the time of imposition of BSD 19, a number of foreign banks were in breach of the cap on FE 25 deposits. Since then, these banks have worked hard to raise their local currency deposits. It is our understanding that their situation has indeed improved. However, given the market dynamics it has not been possible for all of them to cut their FE 25 deposit base to the level needed for compliance with BSD 19. It is therefore likely that on January 1, 2002, a number of foreign banks will be in breach of the cap on FE 25 deposits set by BSD 19.

In light of the September 11, 2001 events and the macroeconomic developments since then, it is perhaps appropriate to reconsider the desirability of the cap on FE 25 deposits.

Proceeding with the FE 25 cap at this stage will harm the banking system for the following reasons:

1. Given the Government of Pakistan's drive to facilitate inward remittances through banking channels and the official encouragement to overseas Pakistanis to repatriate their funds to Pakistan, the cap on FE 25 deposits is a significant impediment to these efforts.
2. The presence of a healthy portfolio of onshore deposits also helps achieve a key objective of the State Bank – that the foreign exchange / money markets function smoothly. A forced reduction in this portfolio will distort forward pricing and lead to anomalies in the market. This is likely to hurt exporters, particularly.

Due to these above reasons, on behalf of the Overseas Investors Chamber of Commerce and Industry, we propose that the cap on FE 25 deposits imposed through BSD 19 be withdrawn. If the State Bank considers it inappropriate to withdraw the cap then we suggest that alternatively a growth cap be imposed. In

this alternative, there would be a cap imposed on growth of the FE 25 base (say over December 1, 2001 levels). The growth cap can be set at 20% with a review date of June 30, 2002.

We would be happy to further discuss this proposal with you and look forward to a resolution of this issue.

Your sincerely,

**Arif M. Ali**  
**Co-Chairman**  
**Banking & Finance Sub-Committee**  
**Overseas Investors Chamber of Commerce & Industry**

cc: **Mr. Tawfiq Hussain**  
**Deputy Governor**  
**State Bank of Pakistan**

**Mr. Moin Fudda**  
**President – OICCI**

**Mr. Zahid Zaheer**  
**Secretary General - OICCI**

**ADMINISTRATION SUB COMMITTEE**

MR. MOIN M. FUDDA	PRESIDENT	CGU
MR. KAMRAN Y. MIRZA	VICE PRESIDENT	ABBOTT
MR. AZHAR HAMID	MEMBER	S C G

**BANKING & FINANCE**

MR. AZHAR HAMID	CHAIRMAN	S C GRINDLAYS
MR. ARIF M. ALI	CO-CHAIRMAN	DEUTSCHE BANK A. G.
MR. NAVED A. KHAN		ABN AMRO BANK N. V.
MR. AHMED SHUJA KIDWAI		ALBARAKA ISLAMIC BANK
MR. NADEEM KARAMAT		AMERICAN EXPRESS
MR. M. I. PERERA		BANK OF CEYLON
MR. K. ENDO		BANK OF TOKYO-MITSUBISHI
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. ZAHIR ESMAIL		HABIB BANK AG
MR. PETER WATERHOUSE		HONGKONG & SHANGHAI
MR. MOHAMMAD ABDULLAH		I F I C
MR. AZMAT ASHRAF		MASHREQBANK PSC
MR. ASHRAF N. IRSHADUDDIN		OMAN INTERNATIONAL
MR. MD. ABUL HASANAT		RUPALI BANK
MR. CHRISTOPHE GRANIER		SOCIETE GENERALE
MR. AHMED REHMAN		STANDARD CHARTERED
MR. ANEEQ KHAWAR		UNION BANK

**CORPORATE LAW MATTERS**

<b>CHAIRPERSON:</b>	Ms. Musharaf Hai, Lever Brothers Pakistan Limited
<b>CO-CHAIRPERSON:</b>	Mr. Christopher Wilson, Shell Pakistan Limited
<b>MEMBER:</b>	Mr. Muhammad Aslam, BOC Pakistan Limited
<b>MEMBER:</b>	Mr. Andalib Alvi, Engro Chemical Pakistan Limited
<b>MEMBER:</b>	Mr. Shahid M. Qureshi, Glaxo Wellcome Pakistan Limited
<b>MEMBER:</b>	Mr. Arshad Hashmi, The Hub Power Company Limited
<b>MEMBER:</b>	Ms. Nausheen Ahmed, ICI Pakistan Limited
<b>MEMBER:</b>	Mr. T. A. Batlay, Lakson Tobacco Company Limited
<b>MEMBER:</b>	Mr. Shahid Siddiqi, Nestle Milkpak Limited
<b>MEMBER:</b>	Mr. S. Anis Ahmed, Philips Electrical Industries of Pakistan Limited

**ENERGY SECTOR**

- CHAIRMAN:** Mr. Farooq Rahmatullah,  
Shell Pakistan Limited
- CO-CHAIRMAN:** Mr. S. Munsif Raza,  
Pakistan Petroleum Limited
- MEMBER:** Mr. Vincent R. Harris,  
The Hub Power Company Limited
- MEMBER:** Mr. J. S. Butt,  
ICI Pakistan Limited
- MEMBER:** Mr. Mike Buck  
Lasmo Oil Pakistan Limited
- MEMBER:** Dr. Shahid K. Hak,  
Pak-Arab Refinery Limited
- MEMBER:** Mr. Anthony R. Midgley,  
Rousch (Pakistan) Power Limited
- MEMBER:** Mr. Hassan Madani,  
Shell Gas LPG (Pakistan) Limited
- MEMBER:** Ms. Fawzia Kazmi,  
Shell Pakistan Limited
- MEMBER:** Mr. Safdar Ibrahim,  
Siemens Pakistan Engineering Company Limited

**ENVIRONMENTAL MATTERS**

- CHAIRMAN:** Mr. Farooq Rahmatullah,  
Shell Pakistan Limited
- CO-CHAIRMAN:** Mr. Javed Akbar,  
Engro Vopak Terminal Limited
- MEMBER:** Mr. Masood Akhtar,  
Abbott Laboratories (Pakistan) Limited
- MEMBER:** Mr. S. A. Hadi,  
BOC Pakistan Limited
- MEMBER:** Mr. Sahib-e-Iqbal,  
BP Pakistan Exploration & Production Inc.
- MEMBER:** Captain @ N. A. Faruqi,  
Caltex Oil (Pakistan) Limited
- MEMBER:** Dr. Muzaffar Iqbal,  
Glaxo Wellcome Pakistan Limited
- MEMBER:** Mr. S. Shahid Ali,  
The Hub Power Company Limited
- MEMBER:** Mr. M. Asad Rashid,  
ICI Pakistan Limited
- MEMBER:** Mr. Abdul Shakoor  
Pakistan Tobacco Company Limited
- MEMBER:** Mr. Hasan Irfan,  
Philips Electrical Industries of Pakistan Limited
- MEMBER:** Dr. Tahir Barlas,  
Shell Pakistan Limited
- MEMBER:** Major (R) A. A. Zuberi,  
Siemens Pakistan Engineering Company Limited

**I. T. & E COMMERCE**

- CHAIRMAN:** Mr. Humayun Bashir,  
IBM
- CO-CHAIRMAN:** Mr. Nasim Siddiqui,  
Siemens Pakistan Engineering Company Limited
- MEMBER:** Mr. M. R. Haider,  
Abbott Laboratories Pakistan Limited
- MEMBER:** Mr. Iftikhar H. Shirazi,  
Atlas Lease Limited
- MEMBER:** Mr. Iqbal Panjwani,  
Beecham Pakistan (Private) Limited
- MEMBER:** Mr. Tufail Faddoo,  
Citibank N. A.
- MEMBER:** Mr. S. Imranul Haque,  
Engro Chemical Pakistan Limited
- MEMBER:** Mr. M. Naeem Saeed,  
Orix Leasing Pakistan Limited
- MEMBER:** Mr. Javed Faruqi,  
Reuters Limited
- MEMBER:** Ms. Seema Adil,  
Shell Pakistan Limited



**INDUSTRIES, LABOUR & COMMERCIAL MATTERS**

- CHAIRMAN:** Mr. Zaffar A. Khan,  
Engro Chemical Pakistan Limited
- CO-CHAIRMAN:** Mr. Robert Zoon,  
Lever Brothers Pakistan Limited
- MEMBER:** Professor M. Matin Khan,  
Barrett Hodgson Pakistan (Private) Limited
- MEMBER:** Mr. S. A. Hadi,  
BOC Pakistan Limited
- MEMBER:** Mr. Sahib-e-Iqbal  
BP Pakistan Exploration & Production, Inc.
- MEMBER:** Mr. Salim Azhar,  
Engro Chemical Pakistan Limited
- MEMBER:** Mr. Khalid Mahmood,  
Getz Pharma Pakistan (Private) Limited
- MEMBER:** Mr. Shahid M. Qureshi,  
Glaxo Wellcome Pakistan Limited
- MEMBER:** Ms. Lesley Middlecoat,  
The Hub Power Company Limited
- MEMBER:** Mr. S. Imran Agha,  
ICI Pakistan Limited
- MEMBER:** Mr. Tertius Vermeulen,  
Siemens Pakistan Engineering Company Limited

## **INSURANCE SECTOR**

- CHAIRMAN:** Mr. Mujib Khan,  
New Hampshire Insurance Company
- CO-CHAIRMAN:** Mr. Mohammad Aslam,  
BOC Pakistan Limited
- MEMBER:** Ms. Zehra Naqvi,  
ACE Insurance Limited
- MEMBER:** Mr. M. Vaqaruddin,  
CGU International Insurance PLC
- MEMBER:** Mr. K. Moazzam Rehman,  
Engro Chemical Pakistan Limited
- MEMBER:** Mr. Ghulam Mustafa Aziz,  
Glaxo Wellcome Pakistan Limited
- MEMBER:** Mr. Arshad Hashmi,  
The Hub Power Company Limited
- MEMBER:** Mr. Feroz Rizvi,  
ICI Pakistan Limited
- MEMBER:** Mr. Kamran Mirza,  
Philips Electrical Industries of Pakistan Limited
- MEMBER:** Dr. Mumtaz A. Hashmi,  
Royal & Sunalliance Insurance PLC.

**INTELLECTUAL PROPERTY RIGHTS MATTERS**

<b>CHAIRPERSON:</b>	Ms. Aameena Saiyid, Oxford University Press
<b>CO-CHAIRPERSON:</b>	Mr. Hasan Ali Khan, Continental Biscuits Limited
<b>MEMBER:</b>	Mr. Naveed Qazi, American Express Bank Limited
<b>MEMBER:</b>	Mr. Iftikhar H. Shirazi, Atlas Lease Limited
<b>MEMBER:</b>	Mr. Shahid M. Qureshi, Beecham Pakistan (Private) Limited
<b>MEMBER:</b>	Mr. Anjum Fasih, Bristol-Myers Squibb Pakistan (Private) Limited
<b>MEMBER:</b>	Ms. Nausheen Ahmed, ICI Pakistan Limited
<b>MEMBER:</b>	Mr. Amar Naseer, Lever Brothers Pakistan Limited
<b>MEMBER:</b>	Mr. Aslam Khaliq, Pakistan Tobacco Company Limited
<b>MEMBER:</b>	Mr. Mukhtar A. Khan, Shell Pakistan Limited
<b>MEMBER:</b>	Mr. Amin Bandhani, Siemens Pakistan Engineering Company Limited

**PHARMACEUTICAL SECTOR**

MR. M. SALMAN BURNEY	CHAIRMAN	BEECHAM
DR. FARID KHAN	CO-CHAIRMAN	NOVARTIS PHARMA
MR. KAMRAN MIRZA		ABBOTT
MR. TARIQ UMAR		AVENTIS PHARMA
DR. M. S. HABIB		BARRETT HODGSON
MR. MIKE EVANGELISTA		BAYER
MR. JAMIL A. KHWAJA		BECTON DICKINSON
MR. ANJUM FASIH		BRISTOL-MYERS SQUIBB
MR. REHMAN GHANI		BSN MEDICAL
MR. SAEED ASLAM KHOKHAR		CHIESI
MR. REHAN Q. SAGHIR		ELI LILLY
MR. KHALID MAHMOOD		GETZ PHARMA
MR. M. SALMAN BURNEY		GLAXO WELLCOME
MR. AZHAR A. MALIK		ICI
MR. ISMAIL AHMED		JOHNSON & JOHNSON
MR. KAMRAN MIRZA		KNOLL
MR. J. KOENIG		MERCK MARKER
MR. M. TAHIR IQBAL		MERCK SHARP & DOHME
MR. TAREK M. KHAN		ORGANON
MR. ABID HUSSAIN		OTSUKA
MR. RAZI ANSARI		PARKE DAVIS
MR. SARFRAZ-UL-HAQ		PHARMACIA
MR. SHAFQAT H. SHAH		PHARMATEC
MR. SABIR SAMI		RECKITT BENCKISER
MR. TARIQ UMAR		RHONE POULENC RORER
MR. KAMRAN R. IBRAHIM		ROCHE
MR. RENE KLEMM		SCHERING ASIA GMBH
MR. M. SALMAN BURNEY		SMITH KLINE & FRENCH
MR. ARSHAD R. KHAN		WYETH

## **PORTS, SHIPPING & COMMUNICATIONS**

- CHAIRMAN:** Mr. S. H. A. Bukhari,  
Mackinnon, Mackenzie & Company of Pakistan (Pvt) Limited
- CO-CHAIRMAN:** Mr. Farouq H. Rahimtoola,  
Ray Shipping Enterprises Limited
- MEMBER:** Mr. Muhammad Aslam,  
BOC Pakistan Limited
- MEMBER:** Mr. Hamid Ali Khan,  
Continental Biscuits Limited
- MEMBER:** Mr. Javed Akbar,  
Engro Vopak Terminal Limited
- MEMBER:** Mr. Irfan H. A. Vazeer,  
James Finlay Limited
- MEMBER:** Mr. Khurram S. Abbas,  
Karachi International Container Terminal Limited
- MEMBER:** Mr. Abdus Samad,  
Novartis Pharma (Pakistan) Limited
- MEMBER:** Mr. Darayus Divecha,  
Qasim International Container Terminal Pakistan Limited
- MEMBER:** Captain M. A. Siddiqui,  
United Liner Agencies of Pakistan (Private) Limited

## **TAXATION**

- CHAIRMAN:** Mr. Zubyr Soomro,  
Citibank N. A.
- CO-CHAIRMAN:** Mr. Javed Iqbal,  
Tyco Fire & Security Pakistan (Private) Limited
- MEMBER:** Mr. Yameen Kerai,  
ABN AMRO Bank N. V.
- MEMBER:** Mr. Muhammad Aslam,  
BOC Pakistan Limited
- MEMBER:** Mr. Shabbir Jan Mohammad,  
BP Pakistan Exploration & Production, Inc.
- MEMBER:** Mr. Iftekhar Alam,  
CGU International Insurance PLC.
- MEMBER:** Mr. Parvez Ghias,  
Engro Chemical Pakistan Limited
- MEMBER:** Mr. Saeed Haider,  
J & P Coats Pakistan (Private) Limited
- MEMBER:** Mr. Robert Zoon,  
Lever Brothers Pakistan Limited
- MEMBER:** Mr. Saad A. Khan,  
Procter & Gamble Pakistan (Private) Limited

**U. K. COMPANIES**

MR. VINCENT R. HARRIS	CHAIRMAN	HUBCO
MR. AZHAR ALI MALIK	CO-CHAIRMAN	ICI
MR. SHUAIB A. MALIK		ATTOCK OIL
MR. M. RAZI UDDIN		ATTOCK REFINERY
MR. JAWAID YASIN		AVERY SCALES
DR. M. S. HABIB		BARRETT HODGSON
MR. M. SALMAN BURNEY		BEECHAM
DR. MAHMOOD AHMAD		BERGER PAINTS
MR. SHAIKH M. UMER		BLACKWOOD HODGE
MR. JAVAID ANWAR		BOC
MR. REHMAN GHANI		BSN MEDICAL
MR. ROBERT JONES		CADBURY
MR. SHABBIR HASHMI		CDC
MR. MOIN M. FUDDA		CGU
MR. MOIN M. FUDDA		C U LIFE
MR. WALEED S. MALIK		COX & KINGS
MR. RAFIQ RANGONWALLA		CUPOLA
MR. SHAHID M. KHAN		DELPHI DIESEL
MR. ARIF HASHWANI		EXIDE
MR. K. M. AMINULLAH		GESTETNER
MR. M. SALMAN BURNEY		GLAXO WELLCOME
MR. MUNNAWAR HAMID, OBE		ICI PAKISTAN POWERGEN
MR. SHAMIM ZAMAN		INTERNATIONAL HOUSING
MR. PAUL CHAPMAN		INTERNATIONAL POWER
MR. SAEED HAIDER		J&P COATS
MR. IRFAN H. A. VAZEER		JAMES FINLAY
MR. IQBALALI LAKHANI		LAKSON TOBACCO
MR. MIKE BUCK		LASMO
MS. MUSHARAF HAI		LEVER BROTHERS
MR. S. H. A. BUKHARI		MACKINNON, MACKENZIE
MS. AMEENA SAIYID		OXFORD UNIVERSITY
MR. S. H. A. BUKHARI		P & O CONTAINERS
MR. KAMAL A. CHINYOY		PAKISTAN CABLES
MR. JAVED MASUD		PAKISTAN CREDIT RATING
MR. ASAD SIBTAIN		PAKISTAN INT COMPUTERS
MR. ARIF KEMAL		PAKISTAN OILFIELDS
MR. S. MUNSIF RAZA		PAKISTAN PETROLEUM
MR. JOHN R. STONEY		PAKISTAN PTA
MR. GOTTFRIED THOMA		PAKISTAN TOBACCO
MR. JOHN G. TUMELTY		PAKTEL
MR. SABIR SAMI		RECKITT BENCKISER
MR. JAVED FARUQI		REUTERS
DR. MUMTAZ A. HASHMI		ROYAL & SUNALLIANCE
MR. ANIS AHMED		SHEIKHOO SUGAR
MR. HASSAN MADANI		SHELL GAS LPG
MR. FAROOQ RAHMATULLAH		SHELL
MR. AHMED REHMAN		STANDARD CHARTERED

28TH FEBRUARY, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB COMMITTEE FOR  
BANKING & FINANCE HELD ON THURSDAY 8TH FEBRUARY, 2001  
AT 11.30 AM IN THE CHAMBER'S PREMISES**

**PRESENT:**

MR. AZHAR HAMID	CHAIRMAN	STANDARD CHARTERED GRINDLAYS
MR. ARIF M. ALI	CO-CHAIRMAN	DEUTSCHE BANK A. G.
MR. NAVED A. KHAN		ABN AMRO BANK N. V.
MR. AHMED SHUJA KIDWAI		ALBARAKA ISLAMIC BANK
MR. TAWFIQ A. HUSAIN		AMERICAN EXPRESS BANK
MR. M. T. PERERA		BANK OF CEYLON
MR. K. ENDO		BANK OF TOKYO-MITSUBISHI
MR. ZUBYR SOOMRO		CITIBANK N. A
MR. JEAN-PIERRE RAYNAUD		CREDIT AGRICOLE INDOSUEZ
MR. TIMOTHY P. GIBBS		EMIRATES BANK
MR. FAROOK BENGALI		FAYSAL BANK
MR. M. HAROON AHMED		HABIB BANK AG
MR. PETER WATERHOUSE		HONGKONG & SHANGHAI
- REP BY MR. NICK GILMOUR		
MR. MOHAMMAD ABDULLAH		I F I C
MR. AZMAT ASHRAF		MASHREQBANK PSC
MR. ASHRAF N. IRSHADUDDIN		OMAN INTERNATIONAL
- REP BY MR. PARVAIZ AHMAD		
DR. P. H. RUSCH		SOCIETE GENERALE
MR. AHMED REHMAN		STANDARD CHARTERED

**LEAVE OF ABSENCE:**

MR. AHMED HUSSAIN KHAN	DOHA BANK
MR. MD. SELIM KHAN	RUPALI BANK
MR. MUNEER KAMAL	UNION BANK

The Minutes of the last meeting held on 26th October, 2000 were confirmed.

Chairman welcomed Mr. Naved A. Khan to the meeting. He is the successor to Mr. Mohammad Aurangzeb who has been transferred to ABN AMRO Bank in Amsterdam.

The meeting had a single point agenda. The concerns about the elimination of 'RIBA' and the deadline of 30th June, 2001 set by the Supreme Court of Pakistan.



The Shariah Appellate Branch of the Supreme Court of Pakistan in its historic ruling at the end December, 1999 declared the payment of interest as repugnant to the injunctions of Islam, and ruled that all such laws shall cease to have effect from 30th June, 2001, and also observed that the transactions of interest cannot be allowed to continue forever on the basis of necessity.

A general discussion took place in the matter. The consensus was that it is unlikely that the Supreme Court decision will be reversed although the Government of Pakistan through the United Bank has filed a review petition with the Supreme Court of Pakistan, which is lying in abeyance.

The pragmatic solution which is likely to be sought by the Government of Pakistan is extension in the date of implementation and this is likely to be granted. Both Chairman, Mr. Azhar Hamid and Mr. Zubyr Soomro (Chairman, PBA) met the Governor, State Bank of Pakistan recently on this matter. The Finance Minister has recently given assurances in this matter to the Paris Club meeting.

Although the first Islamic Banks opened only 25 years ago, there are today about 170 Islamic Financial Institutions worldwide, managing \$ 150 Billion in funds, most of them use different proxies and nomenclature for interest. Even Sudan where the interest free system has been completely implemented allows a parallel system.

Banks should not take anything for granted and must address this issue on an institutional basis. The direction in which this should be steered is that both systems should be followed in parallel; like in Malaysia.

The Commission for transformation of the economy headed by former State Bank of Pakistan's Governor, Mr. I. A. Hanafi has been meeting regularly to address the issue. The Commission is charged with implementation and structural issues on documentation, and not to oppose the interest free banking system. However, limited progress has been made in the matter.

There is yet another Committee in the Ministry of Finance, Islamabad spearheaded by Mr. Javaid Noel which is charged with the assignment of converting the public debt (now estimated at Rs. 1.6 Trillion) to an interest free mode. This presents the Government its greatest challenge - how to raise money domestically without paying interest. RIBA free bonds are likely to be floated by the Government of Pakistan, but the response is uncertain.

The Economic Advisory Board (EAB) has formed a Sub Committee on Banking and this Sub Committee is likely to recommend that both systems run in parallel.

To conform to the directions of the Supreme Court the Ministry of Law, Justice & Human Rights is working on a law called the 'Prohibition of RIBA Ordinance'. The draft of this Ordinance includes interalia, severe penalties and punishment for any violations.

The Committee agreed that Mr. Haidermota be engaged to write a position paper pinpointing and expressing the concerns on the RIBA issue and the difficulties in implementation. It was agreed that the Chairman, Mr. Zubyr Soomro and Mr. Naved Khan (ABN AMRO) will talk to Mr. Haidermota. It was agreed that the PBA would share the costs of engaging Mr. Haidermota.

Mr. Azhar Hamid, Mr. Tawfiq Husain and Mr. Zubyr Soomro will consider what steps are necessary to mold public opinion that the economy is too fragile, and the path of least disruption should be followed, with full respect for existing contracts.

Chairman informed the meeting that Standard Chartered Bank has decided to join the PBA, some foreign banks are already members. In view of the change in leadership at PBA, he would recommend that all foreign banks join the PBA, the annual fee for which is Rs. 50,000. Central Bank favours self regulation within the industry and the consultative role of PBA is likely to increase.

Bank of Ceylon's Representative raised the issue of minimum capital for banks has to be increased to Rs. 1 Billion. Chairman stated that individual banks should take up this matter with the State Bank of Pakistan.

Another member stated that all banks have to get themselves rated by 30th June, 2001. Chairman explained that this would apply only to banks incorporated in Pakistan, those incorporated outside are already rated.

Next meeting of the Banking & Finance Sub Committee will be held as soon as the Position Paper on concerns on 'RIBA' is obtained.

Meeting closed with a vote of thanks to the Chair.

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

26TH APRIL, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB  
COMMITTEE FOR BANKING & FINANCE HELD ON TUESDAY  
24TH APRIL, 2001 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. NAVED A. KHAN		ABN AMRO BANK N. V.
MR. AHMED SHUJA KIDWAI		ALBARAKA ISLAMIC BANK
MR. TAWFIQ A. HUSAIN		AMERICAN EXPRESS BANK
MR. M. T. PERERA		BANK OF CEYLON
MR. K. ENDO		BANK OF TOKYO-MITSUBISHI
- REP BY MR. M. FAROOQ		
MR. ZUBYR SOOMRO		CITIBANK N. A
MR. JEAN-PIERRE RAYNAUD		CREDIT AGRICOLE INDOSUEZ
- REP BY MR. JEAN-PIERRE FOUNTAINE		
MR. TIMOTHY P. GIBBS		EMIRATES BANK
- REP BY MR. DAVID CORRIN		
MR. FAROOK BENGALI		FAYSAL BANK
MR. M. HAROON AHMED		HABIB BANK AG
MR. PETER WATERHOUSE		HONGKONG & SHANGHAI
- REP BY MR. NICK GILMOUR		
MR. MOHAMMAD ABDULLAH		I F I C
MR. ASHRAF N. IRSHADUDDIN		OMAN INTERNATIONAL
- REP BY MR. PARVAIZ AHMAD		

**LEAVE OF ABSENCE:**

MR. AHMED HUSSAIN KHAN	DOHA BANK
MR. AZMAT ASHRAF	MASHREQBANK PSC
MR. MD. SELIM KHAN	RUPALI BANK
DR. P. H. RUSCH	SOCIETE GENERALE
MR. AHMED REHMAN	STANDARD CHARTERED
MR. MUNEEB KAMAL	UNION BANK

1. The Minutes of the last meeting held on 8th February, 2001 were confirmed.
2. Chairman informed the meeting that two Task Forces were constituted:
  - I) First Task Force was to engage a suitable lawyer to write a Position Paper pinpointing and expressing the concerns on the "RIBA" issue and the difficulties in implementation.
  - II) Second Task Force was to consider and take whatever steps are needed to mold public opinion.

The meeting of the Second Task Force was held in the office of Mr. Tawfiq Husain to consider a media campaign but the matter was dropped.

The meeting was informed that the Friday Times carried an Editorial in this matter and a copy of the Editorial "Duplicity all round" was tabled.

The First Task Force engaged Mr. Haidermota to prepare a 'Position Paper'. At the same time the PBA had also approached Mr. Mahmood Mandviwalla and he too has prepared a report. The total cost amounting to Rs. 900,000 of both the law firms, will be shared equally amongst all Banks in Pakistan.

The Position Paper in the form of a Memorandum on "Issues and Difficulties arising out of the RIBA Judgment and Remedies thereof" has been received by the Task Force. Chairman tabled a copy of the Memorandum at the meeting. At the request of the Members, it was agreed that a copy of this Memorandum be provided to all Banks. Chairman informed the meeting that the Memorandum has been sent to the Ministry of Finance and State Bank of Pakistan.

Chairman also informed the meeting that the next hearing for the UBL review petition in the Supreme Court seeking a stay order will be heard on 26th April, 2001. Meanwhile the Commission headed by former State Bank of Pakistan's Governor, I. A. Hanafi for transformation of the economy is going ahead with its task of implementation and documentation. The Committee on drafting the "Prohibition of RIBA Ordinance" headed by the Federal Minister of Religious Affairs continues its task. (Mr. Ali Muneer of MCB represents Bank's interest on this Committee).

After considerable discussion, it was decided that a joint delegation of OICC&I Banks and PBA will call on the Federal Finance Minister to express their concerns and to invite him to meet the Banking community on this issue.

### **3. FE 25 FOREIGN CURRENCY DEPOSITS**

Members were reminded that the cap imposed on the FE 25 Foreign Currency Deposits not to exceed 20% of total deposits was a cause of concern to most Foreign Banks. The issue has been raised by Foreign Banks and the PBA with State Bank of Pakistan, and an extension in the date of implementation requested.

ABN AMRO and Citibank have written letters to the State Bank of Pakistan, pointing out that this may not reduce total FE 25 deposits, as local Banks may increase such deposits because of their larger deposit base and the State Bank of Pakistan's objective of controlling growth of foreign currency deposits, may not be achieved.

Standard Chartered Grindlays Bank has written to the State Bank of Pakistan on 3rd April on this issue, seeking that there should be no penal action taken by State Bank of Pakistan on non compliance. Chairman informed the meeting that State Bank of Pakistan is revisiting this issue and he will discuss this matter further with Mr. Mansur (SBP), who is dealing with this matter.

Representative of Habib Bank AG Zurich suggested that there should be no cap on NOSTRO placements.

Chairman said he will call on the State Bank to discuss an amicable solution to the issue, failing which a formal letter will be sent to the State Bank on behalf of the Chamber.

**4. LIMITS ON CLEAN O/D / CREDIT CARDS**

The limit on clean O/D affects all Banks. However, the latest State Bank of Pakistan's circular on this issue pertains in the main to Credit Cards and only affects Citibank and Standard Chartered Grindlays. The American Express Cards are issued outside the Country.

**5. FIXATION OF SERVICE CHARGE & CHANGE OF INTEREST RATE**

The recent State Bank of Pakistan's circular is of concern to all banks.

The Chamber and the PBA jointly called on State Bank of Pakistan (Mr. Chughtai) so that a practical approach can be adopted to meet SBP's requirements.

Mr. Chughtai has agreed to constitute a Committee of Bankers to recommend the way forward.

**6. OTHER MATTERS**

- I) A question was raised if Banks could lend in Pakistani Rupees against FE 25 deposits. The meeting was informed that this is so and is not an issue.
- II) Stamp Duty issue is still pending with the Sindh Government. Mr. Zubyr Soomro to follow up the matter.

Chairman stated that he intends meeting the Deputy Governor, State Bank of Pakistan to discuss all pending issues.

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

**ZAHID ZAHEER  
SECRETARY-GENERAL**

4TH OCTOBER, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB COMMITTEE ON  
BANKING & FINANCE HELD ON TUESDAY  
11TH SEPTEMBER, 2001 AT 3.30 PM IN OICC&I**

**PRESENT:**

MR. AZHAR HAMID	CHAIRMAN	STANDARD CHARTERED GRINDLAYS
MR. ARIF M. ALI	CO-CHAIRMAN	DEUTSCHE BANK A. G.
MR. NAVED A. KHAN )		ABN AMRO BANK N. V.
MR. NAIM ABDULLAH )		
MR. AHMED SHUJA KIDWAI		ALBARAKA ISLAMIC BANK
MR. M. T. PERERA		BANK OF CEYLON
MR. TIMOTHY P. GIBBS		EMIRATES BANK
MR. PETER WATERHOUSE		HONGKONG & SHANGHAI
MR. MOHAMMAD ABDULLAH		I F I C
MR. AZMAT ASHRAF		MASHREQBANK PSC
MR. ASHRAF N. IRSHADUDDIN		OMAN INTERNATIONAL
- REP BY MR. PARVAIZ AHMAD		
MR. CHRISTOPHE GRANIER		SOCIETE GENERALE
MR. AHMED REHMAN		STANDARD CHARTERED
MR. MUNEEB KAMAL		UNION BANK

**LEAVE OF ABSENCE:**

MR. NADEEM KARAMAT	AMERICAN EXPRESS BANK
MR. K. ENDO	BANK OF TOKYO-MITSUBISHI
MR. ZUBYR SOOMRO	CITIBANK N. A.
MR. JEAN-PIERRE RAYNAUD	CREDIT AGRICOLE INDOSUEZ
MR. AHMED HUSSAIN KHAN	DOHA BANK
MR. FAROOK BENGALI	FAYSAL BANK
MR. M. HAROON AHMED	HABIB BANK AG
MR. MD. ABUL HASANAT	RUPALI BANK

Chairman welcomed Mr. Christophe Granier who replaces Dr. P. H. Rusch as Country Manager for Societe Generale.

The Minutes of the last meeting held on 24th April, 2001 were confirmed.

**1. MATTERS ARISING FROM THE MINUTES**

**a) RIBA FREE INSTRUMENTS**

The Chairman informed the meeting that the Supreme Court judgment in the United Bank Limited appeal case has deferred the implementation of RIBA free banking instruments for one year. Meanwhile it is expected that a new product range conforming to the Shariat law will be designed and offered as an option for implementation.

**b) FE 25 FOREIGN CURRENCY DEPOSITS**

Some Members had expressed their concern on the ceilings prescribed for these deposits.

The meeting was informed that although the ceiling has been prescribed by State Bank of Pakistan, the Central Bank will take a lenient view with regard to implementation of penalties. They are basically looking for the ratio of FE 25 to total deposits to improve.

A Member raised the point that this regulation tantamounts to discrimination against foreign banks, as generally they have larger F. C. deposits. It was pointed out that State Bank of Pakistan was not particularly concerned about dollarisation and they expect foreign banks to mobilize Rupee deposits.

**c) LIMITS OF CLEAN O/D & CREDIT CARDS**

This is no longer an issue.

**d) FIXATION OF SERVICE CHARGE & CHANGE OF INTEREST RATE**

This issue has been addressed.

Chairman remarked that State Bank of Pakistan is very open for discussions and the regulatory environment is satisfactory.

2. The recovery of Loans Laws are being tightened and a new Ordinance is in the offing. This is a major issue for Nationalized Banks.
3. Withholding Tax on interest payments has been an issue of concern to some Members. The matter has been taken up with Central Board of Revenue and is being addressed.
4. A Member enquired about the status of FE 45 deposits. Chairman said that he expected that 25% will be released as per existing arrangements, starting end 2001.
5. Payment to Messrs. Haidermota & Company for legal service rendered of Rs. 162,500 is being delayed, as four Banks have so far not paid their contribution. These are:

ALBARAKA ISLAMIC BANK B.S.C. (E.C.)	RS. 32,664
AMERICAN EXPRESS BANK LIMITED	RS. 16,664
DOHA BANK	RS. 16,664
RUPALI BANK LIMITED	RS. 32,664

Chairman said that another reminder be sent to these Banks.

Meeting closed with a vote of thanks to the Chair.

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

4TH JANUARY, 2002.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB COMMITTEE ON  
BANKING & FINANCE HELD ON THURSDAY  
20TH DECEMBER, 2001 AT 9.30 AM IN OICC&I**

**PRESENT:**

MR. ARIF M. ALI	CO-CHAIRMAN	DEUTSCHE BANK A. G.
MR. NAVED A. KHAN		ABN AMRO BANK N. V.
MR. TIMOTHY P. GIBBS		EMIRATES BANK
MR. PETER WATERHOUSE		
- REP BY MR. NICK GILMOUR		HONGKONG & SHANGHAI
MR. ASHRAF N. IRSHADUDDIN		OMAN INTERNATIONAL

**LEAVE OF ABSENCE:**

MR. AZHAR HAMID	CHAIRMAN	STANDARD CHARTERED GRINDLAYS
MR. AHMED SHUJA KIDWAI		ALBARAKA ISLAMIC BANK
MR. NADEEM KARAMAT		AMERICAN EXPRESS BANK
MR. M. T. PERERA		BANK OF CEYLON
MR. K. ENDO		BANK OF TOKYO-MITSUBISHI
MR. ZUBYR SOOMRO		CITIBANK N. A.
MR. JEAN-PIERRE RAYNAUD		CREDIT AGRICOLE INDOSUEZ
MR. AHMED HUSSAIN KHAN		DOHA BANK
MR. FAROOK BENGALI		FAYSAL BANK
MR. M. HAROON AHMED		HABIB BANK AG
MR. MOHAMMAD ABDULLAH		IFIC
MR. AZMAT ASHRAF		MASHREQBANK PSC
MR. MD. ABUL HASANAT		RUPALI BANK
MR. CHRISTOPHE GRANIER		SOCIETE GENERALE
MR. AHMED REHMAN		STANDARD CHARTERED
MR. MUNEEB KAMAL		UNION BANK

1. The Minutes of the last meeting held on 11th September, 2001 were confirmed.
2. The ceiling on FE 25 deposits effective 1st January, 2002 came up for discussion. It was agreed that the Chamber would also address State Bank of Pakistan in this matter. Mr. Arif M. Ali offered to send such a letter.
3. Letter received from Pakistan Institute of Development Economics (PIDE) dated 3rd September, 2001 seeking support for their 17th Annual General Meeting was tabled for consideration.

In view of the limited attendance at the meeting, the matter was deferred for consideration.

4. The representative from The Hongkong & Shanghai Banking Corporation Limited raised the issue of delays of reimbursement by State Bank of Pakistan on U. S. \$ Special Bonds. Banks usually pay the customers and expect timely reimbursements. ABN Amro Bank N.V.'s representative said that this was the situation in the past, but it has improved now.

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

**ZAHID ZAHEER  
SECRETARY-GENERAL**



15TH MARCH, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB  
COMMITTEE ON CORPORATE LAW HELD ON MONDAY  
12TH MARCH, 2001 AT 11.30 AM IN OICC&I**

**PRESENT:**

MS. AMEENA SAIYID	CHAIRPERSON	OXFORD
MR. MOIN M. FUDDA	CO-CHAIRPERSON	CGU
MR. S. UMER ALI SHAH		ACE
MR. IFTIKHAR SHIRAZI		ATLAS LEASE
MR. ANDALIB ALVI		ENGRO CHEMICAL
MR. SHAHID M. QURESHI		GLAXO WELLCOME
MS. NAUSHEEN AHMED		ICI
- REP BY MR. ANSAR QURESHI		
MR. T. A. BATLAY		LAKSON TOBACCO
MR. AAMIR AZIZ SAIYID		LEVER BROTHERS
MR. CHRIS WILSON		
- REP BY MR. MAHMOOD DOSSA		SHELL

**LEAVE OF ABSENCE:**

MR. MOIN MOHAJIR	AVENTIS PHARMA
MR. M. ASLAM	BOC
MR. ARSHAD HASHMI	HUBCO
MR. M. ASDAF	PHILIPS

The Minutes of the last meeting of the Sub Committee held on 5th September, 2000 were confirmed.

The Chairperson stated that today's meeting had no fixed agenda, but invited discussions on all outstanding / pertinent issues.

**1. DRAFT OF THE PHARMACEUTICAL INDUSTRY  
(COST ACCOUNTING RECORDS) ORDER 2000**

The meeting was informed that on 18th October, 2000 SRO No. 745(I)/2000 was issued on which comments were invited from the Pharmaceutical Industry. This has caused a lot of concern amongst Pharmaceutical members.

Glaxo's Representative informed the meeting that the last date for the industry to respond has been extended to 15th March, 2001 and the PPMA is preparing a response to the above notification.

Secretary General informed the meeting that under provisions of the Companies Ordinance 1984, the Government of Pakistan has been notifying various industries and has from time to time issued cost accounting records orders to various industries. Under Section 230 Clause (e) of Sub Section (I) the Government of Pakistan can prescribe particulars to be kept in book of accounts and under Section 258 the Government of Pakistan may direct that an audit of the cost accounts be conducted, and under Section 506 have the power to make rules.

The Banaspati industry was first notified under SRO No. 113(I)/90 in the year 1990. But this was not enforced until 1998, when the Companies (Audit of Cost Accounts) Rules were promulgated under SRO No. 846(I)/98. The Banaspati industry has since kept the records and cost auditors have been appointed to perform function.

This matter was taken up with the Chairman, Securities & Exchange Commission of Pakistan, Mr. Khalid Mirza when he visited the Chamber on 7th November, 2000 by a Representative of Lever Brothers Pakistan Limited. It was pointed out to the Chairman that the prescribed records are too onerous and create problems for the industry, which is now maintaining computerized records. The Chairman, SEC responded by saying that if special dispensation was to be sought by anyone so effected, this may be considered.

Secretary-General pointed out that also on 24th October, 2000 the Fertilizer industry has been notified to maintain cost accounting records and to appoint Cost Auditors. SRO No. 755(I)/2000 refers. The Fertilizer companies of the Chamber and the Chamber have approached the SEC pleading that this is not necessary. A copy of this representation is available in the Chamber's record.

Earlier on, the Cement industry was notified vide SRO No. 386(I)/94 dated 1st July, 1994 and Sugar industry vide SRO No. 1103(I)/95 dated 15th May, 1995.

Also under Section 3(4)(a) of the Companies (Audit of Cost Accounting) Rules 1998, the cost auditor may not be a person who has been appointed as auditor of the company under Section 242 of the Companies Ordinance 1984. This situation should be contested and the SEC persuaded to allow the same person to do both the audits. This will simplify matters and will obviate the need to reconcile both the audits.

It was suggested that Members of the Pharma industry should prepare a suitable response to the notification and seek dispensation.

## **2. CORPORATE GOVERNANCE - ICAP OCTOBER 2000 DRAFT**

The Secretary-General informed the meeting that he had circulated on 16th November, 2000 to all Sub Committee members the revised recommendations of the Institute of Chartered Accountants of Pakistan prepared in October, 2000.

The ICAP has not accepted all the reservations expressed by the Chamber in the President's letter dated 15th May, 2000 addressed to Mr. Ebrahim Sidat.

It was agreed to form a Task Force consisting of:

Ms. Aameena Saiyid	Oxford University
Mr. Andalib Alvi	Engro Chemical
Ms. Nausheen Ahmed	ICI
Mr. Aamir Aziz Saiyid	Lever Brothers
Mr. Mahmood Dossa	Shell

to review the October, 2000 ICAP draft and formulate a suitable response for the SEC.

The draft response to be circulated to all Sub Committee members by 30th March, 2001.

4TH SEPTEMBER, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING  
SUB COMMITTEE ON CORPORATE LAW MATTERS  
HELD ON MONDAY 3RD SEPTEMBER, 2001 AT 3.30 PM IN OICC&I**

**PRESENT:**

MS. MUSHARAF HAI	CHAIRMAN	LEVER BROTHERS
MR. CHRISTOPHER WILSON	CO-CHAIRMAN	SHELL
MR. ANDALIB ALVI		ENGRO CHEMICAL
MR. SHAHID M. QURESHI		GLAXO WELLCOME
MR. T. A. BATLAY		LAKSON TOBACCO
MR. AAMER AZIZ SAIYID		LEVER BROTHERS
MR. SHAHID SIDDIQI		NESTLE
MR. S. ANIS AHMED		PHILIPS

**LEAVE OF ABSENCE:**

MR. M. ASLAM	BOC
MR. ARSHAD HASHMI	HUB POWER
MS. NAUSHEEN AHMED	ICI

The Chairman welcomed Members to the first meeting of the reconstituted Committee.

Members were requested to introduce themselves, and their role in the organization they represent.

1. The Minutes of the last Meeting held on 12th March, 2001 which had been circulated earlier, were confirmed.
2. At the request of some Members who expressed their desire to leave the meeting early, Item 4 on the Agenda - Draft Ordinance 2001 on Substantial Acquisition of Voting Shares and Takeovers was brought forward for discussion. Many Members participated in the discussion and some expressed their reservations on certain clauses of the Draft Ordinance.

Chairman after hearing the Members, remarked that the issues require further deliberations. It was agreed to form a small Task Force consisting of:

MS. NAUSHEEN AHMED	
MR. ANDALIB ALVI	
MR. MAHMOOD DOSSA	SHELL
MR. SHAHID M. QURESHI	

to consider the above Legislation in totality but specifically to:

- a) The principle on who it should apply - the exemptions to foreign share holder transfer to another, and to those who already hold majority shares.
- b) The practical difficulties of implementation
- c) The timing

Mr. Shahid M. Qureshi (Glaxo Smith Kline) agreed to host the Task Force meeting and would act as the Task Force Leader. It is expected that the Task Force will arrive at a consensus and submit its recommendation for review before the next Sub Committee meeting which is planned for Monday 24th September, 2001 at 3.30 PM.

3. Matters arising from the last Minutes

The Secretary-General gave an overview of the status on the Pharmaceutical Industry (Cost Accounting Records) Order 2000 and also the Sindh Finance (Amendment) Ordinance 2001 - Sindh Ordinance XII of 2001.

4. The role of the Sub Committee was discussed and it was agreed that the role established earlier would be followed.

5. Other Matters

The Code of Corporate Governance developed by the Institute of Chartered Accountants of Pakistan and the Chamber's response thereto be revisited.

The next meeting was fixed for Monday 24th September, 2001 at 3.30 PM in the Chamber's premises.

**ZAHID ZAHEER  
SECRETARY-GENERAL**

25TH OCTOBER, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING  
SUB COMMITTEE ON CORPORATE LAW MATTERS  
HELD ON TUESDAY 9TH OCTOBER, 2001 AT 4 PM IN OICC&I**

**PRESENT:**

MS. MUSHARAF HAI	CHAIRMAN	LEVER BROTHERS
MR. M. ASLAM		BOC
MR. ANDALIB ALVI		ENGRO CHEMICAL
MR. SHAHID M. QURESHI		GLAXO WELLCOME
MS. NAUSHEEN AHMED		ICI
MR. T. A. BATLAY		LAKSON TOBACCO
MR. AAMER AZIZ SAIYID		LEVER BROTHERS

**LEAVE OF ABSENCE:**

MR. CHRISTOPHER WILSON	CO-CHAIRMAN	SHELL
MR. ARSHAD HASHMI		HUB POWER
MR. SHAHID SIDDIQI		NESTLE
MR. S. ANIS AHMED		PHILIPS

Chairman welcomed the Members to the meeting.

The Minutes of the last meeting held on 3rd September, 2001 were confirmed.

Chairman remarked that today's meeting was a single point agenda, and that was to consider the recommendations of the Task Force on the Draft Ordinance 2001 on Substantial Acquisition of Voting Shares & Takeovers.

The Task Force met twice once on 19th September and then again on 5th October, 2001, and the recommendations of the Task Force were tabled for consideration. The following changes were agreed:

1. That the following new Clauses be added in Chapter I, Section 3

**Sub Section (i)**

Divestment / transfer of shares in a local subsidiary company by a non resident company to another non resident company abroad

**Sub Section (j)**

Acquisition of additional shares by an acquirer or person who together with its associated companies, holding company, or subsidiary companies holding 51% or more of the shares or voting rights in the target company.

2. In Chapter II Section 4 Sub Section (3) the following words be deleted in the first and second lines:

"in any period of twelve months after acquisition of voting shares"

3. In Chapter 3, Section 5, Sub Section (I) the first line be changed to read:  
  
No acquirer holding less than 15% of voting shares in a listed company directly or indirectly shall directly or indirectly acquire  
  
Also Sub Section (ii) in the above Section the following words be deleted  
  
"Control of a listed company"
4. In Chapter III, Section 6, Sub Section (i)  
  
The words "or control" in the second, third and fourth lines be deleted
5. In Chapter V, Section 34, in the second line after the words "not practicable" the following shall be added  
  
"or expedient"

The Secretary-General to write to Securities & Exchange Commission of Pakistan and convey the above views.

The next meeting of the Sub Committee will be held on Thursday 8th November, 2001 at 4 PM.

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

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

22ND NOVEMBER, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING  
SUB COMMITTEE ON CORPORATE LAW MATTERS  
HELD ON THURSDAY 8TH NOVEMBER, 2001 AT 4 PM IN OICC&I**

**PRESENT:**

MS. MUSHARAF HAI	CHAIRMAN	LEVER BROTHERS
MR. CHRISTOPHER WILSON	CO-CHAIRMAN	SHELL
MR. M. ASLAM		BOC
MR. ANDALIB ALVI		ENGRO CHEMICAL
MR. SHAHID M. QURESHI		GLAXO WELLCOME
MR. T. A. BATLAY		LAKSON TOBACCO
MR. AAMER AZIZ SAIYID		LEVER BROTHERS

**LEAVE OF ABSENCE:**

MR. ARSHAD HASHMI	HUB POWER
MS. NAUSHEEN AHMED	ICI
MR. SHAHID SIDDIQI	NESTLE
MR. S. ANIS AHMED	PHILIPS

- Minutes of the last meeting held on 9th October, 2001 were confirmed.
- It was agreed that a follow up be undertaken with the Securities & Exchange Commission of Pakistan on the Draft Ordinance 2001, on Chamber's comments on Substantial Acquisition of Voting Shares & Takeovers. Secretary-General has already written to SEC suggesting amendments in the draft legislation. The matter to be discussed with SEC Chairman in Islamabad on 14th November, 2001.
- Responses to the Draft Companies (Amendment) Ordinance 2001 which were received from BOC, Glaxo Wellcome and Engro Chemical and which had been circulated earlier, came up for discussions. Lever Brothers also tabled a one page sheet of comments for consideration.

After some discussion, Chairman decided to constitute a Task Force led by Mr. M. Aslam (BOC) supported by Mr. Shahid Qureshi (Glaxo Wellcome), Ms. Nausheen Ahmed (ICI), Mr. Aamer Aziz Saiyid (Lever Brothers) and Mr. Andalib Alvi (Engro Chemical) to meet and develop a consensus on the comments, so that a suitable response be sent to the SEC.

The Task Force will be hosted by Mr. M. Aslam (BOC) and will submit its recommendations by 19th November, 2001. These recommendations will be circulated and discussed at the next meeting of the Sub Committee which is fixed for 26th November, 2001.

Meantime the Chamber to write to SEC and seek extension to the last date, for comments as the time allowed is too short.

- Secretary-General informed the Chamber that the President of the Chamber at the request of the Chairman, SEC has agreed that the Chamber would

sponsor a Seminar in Islamabad on 14th November, 2001 to discuss the recommendations for a Code of Corporate Governance for Pakistan.

A tentative programme for the Seminar prepared by Secretary-General was tabled for consideration. At the Chamber's request, Mr. F. A. Vellani, Mr. M. J. Jaffer and Ms. Nausheen Ahmed have agreed to speak at the Seminar in Islamabad. The SEC has recommended that Ms. Uzma Ahmad a Consultant to Proxy Monitor, New York and Mr. Mian Akram, Chairman, Islamabad Stock Exchange be included as speakers.

The programme was approved. Secretary-General offered to discuss with both Mr. Jaffer and Mr. Vellani the Chamber's point of view for this seminar.

5. Chairman informed the meeting that Government of Pakistan has issued SRO No. 764 on 5th November, 2001 requiring Companies to send to the Shareholders and to the Stock Exchanges within one month of the close of every quarter of their year of accounts, a Profit & Loss Account and Balance Sheet for that quarter. These accounts must comply with Sub Section (1) and (2) of Section 241 of the Companies Ordinance and IAS 34.

Members felt that this SRO has been issued without prior consultation and places onerous demands on the listed companies. Mr. Andalib Alvi (Glaxo Wellcome) tabled his letter dated 8th November, 2001 to SEC seeking changes in the matter.

It was agreed that Mr. M. Aslam (BOC) will prepare a draft response to SEC in this matter, and the Chamber would address SEC seeking appropriate clarifications and modifications.

Meeting closed with a vote of thanks to the Chair.

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



12TH DECEMBER, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING  
SUB COMMITTEE ON CORPORATE LAW MATTERS HELD ON MONDAY 26TH  
NOVEMBER, 2001 AT 9 AM IN OICC&I**

**PRESENT:**

MS. MUSHARAF HAI	CHAIRMAN	LEVER BROTHERS
MR. CHRISTOPHER WILSON	CO-CHAIRMAN	SHELL
MR. M. ASLAM		BOC
MR. SHAHID M. QURESHI		GLAXO WELLCOME
MS. NAUSHEEN AHMED		ICI
MR. T. A. BATLAY		LAKSON TOBACCO
MR. AAMER AZIZ SAIYID		LEVER BROTHERS

**LEAVE OF ABSENCE:**

MR. ANDALIB ALVI	ENGRO CHEMICAL
MR. ARSHAD HASHMI	HUB POWER
MR. SHAHID SIDDIQI	NESTLE
MR. S. ANIS AHMED	PHILIPS

**BY INVITATION:**

MR. MAHMOOD DOSSA	SHELL
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Minutes of the last meeting held on 8th November, 2001 at 4 PM in the Chamber's premises were confirmed.

Matters arising out of the Minutes:

1. The Seminar on Code of Corporate Governance under the auspices of the Securities & Exchange Commission of Pakistan was held in Islamabad on 14th November, 2001.

The Seminar was attended amongst others, by the President of the Chamber, Mr. Moin M. Fudda, Chairman of the Chamber's Standing Sub Committee on Corporate Law Matters, Ms. Musharaf Hai and the Secretary-General. The Seminar was chaired by Mr. Khalid Mirza, Chairman, Securities & Exchange Commission of Pakistan.

The Committee was informed that from the Chamber's point of view, the outcome of the Seminar was not satisfactory and despite voices of concern, the Chairman, SEC was inclined to stay with the recommendations of the ICAP.

The meeting was informed that at the request of the Chairman, Mr. Christopher Wilson, Mr. Mahmood Dossa (Shell), Mr. Aamer Aziz Saiyid, Mr. Sher Afzal Mazari (Lever Brothers), Mr. M. J. Jaffer (Orr, Dignam) and Secretary-General met in the Chamber on 19th November, 2001 and reviewed the proceedings of the Seminar. It was agreed that Mr. M. J. Jaffer be requested to prepare a Memorandum for SEC, which should suggest changes in the Code currently being progressed.

As a consequence, Secretary-General wrote to Mr. M. J. Jaffer requesting him to undertake this assignment. A copy of Secretary-General's letter dated 20th

November, 2001 to Mr. M. J. Jaffer is attached. It was agreed that a smaller Group consisting of Mr. Mahmood Dossa, Mr. Aamer Aziz Saiyid and Ms. Nausheen Ahmed would meet in Mr. Jaffer's office on 20th November, 2001 to finalize this matter. Thereafter Mr. Jaffer's letter of 23rd November, 2001 suggesting amendments to the Code was Emailed to all Members of the Sub Committee for comments.

Mr. Jaffer's second letter also of 23rd November, 2001 explaining the changes in the Code was tabled at the meeting for consideration. After detailed discussion, it was agreed that Mr. Jaffer be requested to modify the approach and prepare a one pager for the Chairman, SEC. For this purpose, Ms. Nausheen Ahmed and Mr. Mahmood Dossa would meet Mr. Jaffer immediately after today's meeting to brief him on the requirements. It was expected that this would be accomplished latest by 29th November, 2001.

Any Member of the Sub Committee who wished to comment on Mr. Jaffer's version of the revised Code may contact Ms. Nausheen Ahmed before 29th November, 2001.

It was agreed that a further meeting be solicited with Mr. Khalid Mirza, Chairman, SEC on 3rd December, 2001 to express the Chamber's concerns and discuss this matter. Apart from Chairman and Co-Chairman, Mr. T. A. Batlay (Lakson Tobacco), Mr. Aamer Aziz Saiyid (Lever Brothers) and Ms. Nausheen Ahmed (ICI) agreed to travel to Islamabad for this purpose. The President of the Chamber be requested to join this meeting. Secretary-General to seek such an appointment.

Furthermore the President be requested to bring the concerns of OICC&I to the attention of the Federal Finance Minister.

2. A copy of Chamber's Task Force's recommendations dated 14th November, 2001 for changes in the Draft Companies (Amendments) Ordinance 2001 was tabled for discussion.

Although this was a consensus draft prepared by the Task Force (led by Mr. M. Aslam, Mr. Shahid Qureshi, Ms. Nausheen Ahmed, Mr. Aamer Aziz Saiyid and Mr. Andalib Alvi), the Chairman invited further discussions on these proposed changes. Comments from Shell were considered, as these could not be presented to the Task Force earlier.

After considering all points of view, agreement was reached on the Chamber's response to this draft. Secretary-General to write to SEC on behalf of the Chamber pointing out the need for such changes. The response to SEC was already delayed and must go within the shortest possible time.

No date was set for the next meeting, which will be sometime in January, 2002.

Meeting closed with a vote of thanks to the Chair.

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

17TH APRIL, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB COMMITTEE FOR  
LABOUR HELD ON WEDNESDAY 11TH APRIL, 2001 AT 2 PM IN OICC&I**

**PRESENT:**

MR. SOHAIL W. H. SIDDIQUI	CHAIRMAN	SIEMENS
MR. K. B. OSMANY	CO-CHAIRMAN	ICI
PROFESSOR M. MATIN KHAN		BARRETT HODGSON
MR. SALIM AZHAR		ENGRO CHEMICAL
MR. SHAHID M. QURESHI		GLAXO WELLCOME
MR. RASHID AHMED		SHELL
MAJOR (R ) A. A. ZUBERI		SIEMENS

**LEAVE OF ABSENCE:**

MR. ISHAQUE H. HASHMI	ABBOTT
MR. M. ASLAM	BOC
MR. JALEES A. SIDDIQUI	PHILIPS

**1. LAST MINUTES**

Minutes of the last meeting held on 22nd August, 2000 were confirmed.

**2. MATTERS ARISING OUT OF THE LAST MINUTES**

The Committee discussed how to pursue the recommendation of the Committee as mentioned in 1(b) of the Minutes of the Meeting held on 22nd August, 2000. It was unanimously agreed to form a Task Force consisting of following Members:

MR. SOHAIL W. H. SIDDIQUI	CONVENOR
MR. K. B. OSMANY	MEMBER
PROFESSOR M. MATIN KHAN	MEMBER
MAJOR (R ) A. A. ZUBERI	MEMBER

Parameter of the Task Force will be:

- a) To determine the priority of the following matters which, in the opinion of the Task Force, the Chamber should pursue accordingly with the Government for implementation:
  - i) Overprotective labour laws that have reduced productivity and frightened away much needed investment, need to be rationalized.
  - ii) Multiple tiers of workers participation in management, to be rationalized.

- iii) Four different stages of profit sharing, bonus, workers participation fund and workers welfare fund should be rationalized and preferably replaced by one single source of profit sharing.
  - iv) Termination simplicator to be restored in the labour legislation
  - v) Outside leadership in collective bargaining agents to be eliminated. The need for second audit be challenged.
  - vi) Rules relating to the hire of the contract services should be clarified. This refers to the Supreme Court's judgment dated 2nd December, 1980.
  - vii) Recent notification granting COLA @ Rs. 100 per month apparently has no provision for set-off. In the opinion of few Members, the agreement with the CBA over-rides.
- b) The Chairman, NIRC meanwhile may be approached and invited to the Chamber for discussion and one to one dialogue with the Members.
  - c) The Task Force also to follow up the matter with the Ministry of Labour at Islamabad and determine the current status of the Government's policy in this respect.

### **3. ANY OTHER MATTERS:**

- I) The Chairman once again reaffirmed the necessity of calling meeting of the Industrial Relation Managers (IRM) of Member Companies to discuss the prevailing issues jointly. The exchange of information and highlighting labour related problems will go a long way to resolve the issues.

Mr. Shahid M. Qureshi of Glaxo Wellcome was asked by the Committee to organize the meeting.

- II) Reference Circular No. 1994 dated 22nd March, 2001 received from the Employers' Federation on the issue of nominating name's of members who could attend the ILO's meeting of Experts on Labour Statistics, scheduled to be held at Geneva on 22 - 31 October, 2001. The Committee decided that since the matter is not directly concerned with the activities of the Chamber members, no nomination can be suggested for this purpose.

The meeting ended with a vote of thanks to the Chair as there was no further point to discuss.

**MOHAMMAD ASLAM  
DEPUTY SECRETARY**

13TH APRIL, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB COMMITTEE ON  
COMMERCIAL & INDUSTRIAL MATTERS HELD ON THURSDAY 12TH APRIL,  
2001 AT 3 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. HASAN ALI KHAN		CONTINENTAL BISCUITS
DR. MUZAFFAR IQBAL		GLAXO WELLCOME
MR. RASHIQ SUFI		ICI
- REP BY MR. JEHANGIR B. NAWAZ		
MR. HANS-PETER HEISSEN		PROCTER & GAMBLE

**LEAVE OF ABSENCE:**

MR. ROBERT JONES	CADBURY
MR. KAMAL CHINOY	PAKISTAN CABLES
MR. QUENTIN D'SILVA	SHELL

**BY INVITATION:**

MR. NUSRAT IQBAL JAMSHED	REGISTRAR OF TRADE MARKS
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- Chairman welcomed Mr. Nusrat Iqbal Jamshed, Registrar of Trade Marks, Government of Pakistan to the meeting. The Chamber's concerns on the infringement of Trade Marks and counterfeit products were highlighted. These have been highlighted in letter dated 16th February, 2001 addressed to the Secretary, Ministry of Commerce. In this letter suggestions have been made by the Chamber to make the penalties for infringement more stringent. Subsequently the Chamber has also provided to Mr. Nusrat Jamshed copies of legislation pertaining to infringement of six east Asian countries.

Mr. Nusrat Jamshed informed the meeting that the new Trade Mark Act (1999 draft) has already been sent to the Government of Pakistan for enactment. He went through the salient features of the new Trade Mark Act drawing comparisons with the 1940 trade mark act, and said that the new Act was considerably better than the 1940 Act and will result in better enforcement of infringements. It however did not propose that the infringements be made a criminal offense.

The Registrar Trade Marks also informed the meeting that he had already recommended to the Federal Secretary Commerce about the changes in the Pakistan Penal Code (1860) regarding punishments for infringements and counterfeit products. In these proposals enhanced maximum penalties have been proposed.

Upon enquiry if minimum penalties have been proposed in this legislation, he informed the meeting that this had not been done, but he would be prepared to reconsider his recommendations in this respect. Mr. Nusrat Jamshed said that he would like to reflect over this proposal and consult his colleagues about the legal aspects of the concept of legislating minimum penalties. He expects to do this within a week's time. Thereafter the Chamber could formally approach him to make such recommendations.

Mr. Nusrat Jamshed said that he does not support the Chamber's suggestion that the counterfeit offense be made cognizable and non-bailable, because of likely misuse and abuse by the Police. Mr. Nusrat Jamshed suggests that an alternate punishment clause be drafted for counterfeit products, and he would recommend that the Chamber acquires the services of Mr. Zulfiqar a Trade Mark Attorney. It was agreed that a task force consisting of representatives of Lever / ICI and Procter & Gamble be formed to coordinate with Mr. Nusrat Jamshed to develop alternate penal clauses for counterfeit products.

2. The Minutes of the last meeting of the sub committee held on 24th November were confirmed. Matters arising out of the minutes related to counterfeit products and need for stringent regulations, and these have been discussed earlier.
3. Chamber's recommendations for the Trade Policy 2001 - 2002 were considered.

Ten proposals received from various companies had been previously circulated.

An eleventh proposal from Indus Motor Company Limited received late was tabled.

It was agreed that the Secretary-General should send to the Ministry of Commerce last year's proposals stating that these were prepared on a two year perspective and are still valid as many of them remain unimplemented. In the transmittal letter, we should also suggest that the scope of the trade policy be broadened to include taxation and fiscal matters.

Next meeting fixed for Thursday 10th May, 2001 at 2 PM which will consider what supplementary proposals if any for the Trade Policy 2001 - 2002 need to be sent to the Ministry of Commerce.

Meeting closed with a vote of thanks to the Chair.

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

14TH MAY, 2001.

**MINUTES OF THE MEETING OF HEADS OF INDUSTRIAL  
RELATION DEPARTMENTS OF THE CHAMBER'S STANDING  
SUB COMMITTEE FOR LABOUR HELD ON MONDAY 30TH  
APRIL, 2001 AT 3.30 PM IN OICC&I**

**PRESENT:**

MR. SHAHID M. QURESHI	CHAIR	GLAXO WELLCOME
MR. AQIL NAQVI		ABBOTT
MR. NAZIR AHMED		BOC
MR. PERVEZ RAHIM		ICI
MR. FAZLUR REHMAN		SHELL
MAJOR (R ) A. A. ZUBERI		SIEMENS

In compliance with the Minute No. 3 of the Chamber's Standing Sub Committee on Labour held on Wednesday 11th April, 2001, Mr. Shahid M. Qureshi of Glaxo Wellcome invited Industrial Relation Managers of member Companies to jointly discuss and exchange views related to labour. The meeting was held in the Chamber's premises on Monday 30th April, 2001 at 3.30 PM, chaired by Mr. Qureshi.

The Chairman welcomed the gentlemen present in the meeting and briefed them about the purpose of calling this meeting. He said that such frequent meetings of the Industrial Relation Managers of the Chamber's Members would go a long way in understanding each others problems in correct perspective.

Major Zuberi of Siemens suggested that management should, in practice, raise their demands to settle prior to the CBA's demands are tabled for discussion.

Mr. Pervez Rahim of ICI informed that lately out of six Trade Unions in their Company, ICI have signed agreements with five of them. Sixth, and the last is at the final stage of settlement.

With the courtesy of Mr. Pervez Rahim, a copy of ICI's latest agreement (2nd April, 2001) with ICI Employees Union was passed on to the Members for information.

Mr. Fazlur Rehman of Shell also distributed a copy of their agreement recently held with their CBA.

Other Members agreed that copies of agreements with respective CBAs, as and when they take place, should be circulated to Industrial Relation Managers of the Member Companies for information, preferably through the Chamber.

Other matters which were discussed related to:

- a) Payment of COLAs as per frequent directions of the Government:
  - ambiguity arising in calculating different COLAS from time to time
  - their adjustment in process of collective bargaining

- b) Interference of outside labour leadership; in collective bargaining.
- c) The need for second audit be challenged.
- d) Contract labour and their hiring. Siemens engage temporary labour on project to project basis, which should be followed by others wherever possible.
- e) Availing facilities extended by Social Security against the medical facilities provided by the employers. What are the alternative methods one has to adopt if any company desires to avoid following the Social Security Scheme of the Government, so far medical facilities are concerned.
- f) As compared to the past years, termination of employees now has become relatively easier due to political and economic conditions prevailing in the Country these days. Employers should therefore not to take any undue advantage of the situation prevailing now.

Members thanked and appreciated the initiative of Chamber's Standing Sub Committee for Labour for providing the opportunity to discuss common problems and exchange views. Such useful meetings at IRM level should be called once in every two or three months.

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

**MOHAMMAD ASLAM  
DEPUTY SECRETARY**



16TH MAY, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB COMMITTEE ON  
COMMERCIAL & INDUSTRIAL MATTERS HELD ON THURSDAY 10TH MAY, 2001  
AT 2 PM IN OICC&I**

**PRESENT:**

MR. J. M. DELPON DE VAUX	CHAIRMAN	LEVER BROTHERS
MR. S. A. HADI		BOC
MR. HASAN ALI KHAN		CONTINENTAL BISCUITS
DR. SAIFUL MALOOK		GLAXO WELLCOME
MR. RASHIQ SUFI		ICI
- REP BY MR. JEHANGIR B. NAWAZ		
MR. HANS-PETER HEISSEN		PROCTER & GAMBLE

**LEAVE OF ABSENCE:**

MR. SOHAIL W. H. SIDDIQUI	CO-CHAIRMAN	SIEMENS
MR. ATHAR NOMAN KHAN		ABBOTT
MR. ROBERT JONES		CADBURY
MR. KAMAL CHINOY		PAKISTAN CABLES
MR. QUENTIN D'SILVA		SHELL

1. Minutes of the last Sub Committee meeting held on Thursday 12th April, 2001 were confirmed.

2. **MATTERS ARISING OUT OF THESE MINUTES**

**i) COUNTERFEITS**

Secretary-General informed the meeting that the Trade Marks Ordinance 2001 has been promulgated by the President of Pakistan on 13th April, 2001. The new Trade Marks Ordinance 2001 does not make infringements a criminal offense. A copy is available in the Chamber.

In the last meeting with the Registrar of Trade Marks, OICC&I proposed minimum penalties be prescribed for infringements and counterfeit products. Mr. Nusrat Jamshed had requested one week to think over the matter, if minimum penalties could be prescribed in the Pakistan Penal Code. Mr. Jamshed was contacted after one week only to be informed that he had been transferred and is no longer holding the office of Registrar of Trade Marks. Secretary-General informed the meeting that at the behest of Mr. Nusrat Jamshed he had received a telephone call from Mr. Zulfiqar (a Trade Mark Attorney) enquiring if he could be of any help to OICC&I.

Under the circumstances it was agreed that the Federal Secretary Commerce be contacted in Islamabad for an appointment, so that the issue of minimum penalties for infringement can be pursued further.

Lever Brothers letter dated 10th May, 2001 suggesting an alternate approach to the counterfeit legislation was tabled for discussion. It was agreed that the preferred option was to pursue with the Government of Pakistan to make the offense of counterfeiting cognizable and non bailable. Should this approach fail, then the above alternate proposal be advocated.

## **ii) TRADE POLICY PROPOSALS - 2001 / 2002**

Secretary-General informed the meeting that as agreed, he had forwarded the Chamber's Trade Policy proposals to the Ministry of Commerce in Islamabad on 12th April, 2001. The Ministry was also informed that supplementary proposals would follow.

The proposals received from 11 companies were scrutinized in detail. Many of these proposals were already included in the earlier submission while quite a few related to taxation and tariff issues. After scrutiny the Committee approved fourteen supplementary proposals. Secretary-General was authorized to send supplementary proposals to the Ministry of Commerce.

The Trade Policy is not expected till the end of June, 2001 after the announcement of the Federal Budget.

3. Letter dated 17th February, 2001 received from Civil Investigation Agency (Private) Limited offering their services was tabled for discussion.

It was agreed that representatives of Lever Brothers and Procter & Gamble would meet this company to evaluate and assess their capabilities as investigators.

4. Letter dated 27th February, 2001 from Engro Chemical Pakistan Limited suggesting that an Ebusiness forum be established under the aegis of OICC&I was tabled for discussion.

It was agreed that the Chamber would send a Circular to all Members to seek their interest in the matter.

Next meeting fixed for early August, 2001.

Meeting closed with a vote of thanks to the Chair.

**ZAHID ZAHEER  
SECRETARY-GENERAL**

12TH SEPTEMBER, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB COMMITTEE ON  
INDUSTRIES, LABOUR & COMMERCIAL MATTERS HELD ON FRIDAY 7TH  
SEPTEMBER, 2001 AT 3.30 PM IN OICC&I**

**PRESENT:**

MR. ZAFFAR A. KHAN	CHAIRMAN	ENGRO CHEMICAL
PROF. M. MATIN KHAN		BARRETT HODGSON
MR. S. A. HADI		BOC
MR. SAHIB-E-IQBAL		BP PAKISTAN
MR. SALIM AZHAR		ENGRO CHEMICAL
MR. SHAHID M. QURESHI		GLAXO WELLCOME
MS. LESLEY MIDDLECOAT		HUB POWER
MR. RASHIQ SUFI		ICI
MR. TERTIUS VERMEULEN		SIEMENS

**LEAVE OF ABSENCE:**

MR. ROBERT ZOON CO-CHAIRMAN	LEVER BROTHERS
MR. KHALID MAHMOOD	GETZ PHARMA

The Chairman welcomed Members to the first meeting of the reconstituted Sub Committee. Members were requested to introduce themselves, their Company's affiliation and their job responsibilities. Chairman discussed the enlarged role of the Sub Committee, which included Labour matters.

The Minutes of the last meeting of the Sub Committee on Commercial & Industrial Matters held on 10th May, 2001 were confirmed.

The Minutes of the last meeting of the Sub Committee on Labour held on 11th April, 2001 were also confirmed.

**MATTERS ARISING OUT OF THE MINUTES**

The Chairman explained that a new Standing Sub Committee had been formed to cover the Intellectual Property Rights area, and the elimination of counterfeits would fall within the ambit of this Sub Committee. He also informed the meeting that another new Sub Committee had been formed for I. T. & E Commerce Matters.

The enlarged role of the Sub Committee was discussed. It was agreed that the Sub Committee would meet on the first Friday of every month at 3.30 PM in the Chamber.

Mr. Zaffar Khan informed the participants that he had been called upon to address the Economic Advisory Board in Islamabad on 15th September, 2001 on Industrial and Investment Matters. In his capacity as a Member of the EAB, he would make a presentation.

Chairman invited suggestions on five things that the Government of Pakistan must do, and the five things the Private Sector must do, towards achieving better economic results. A general discussion took place on the above matters. Chairman requested that if members have an other suggestions, they may send them to him.

#### **ADDITIONAL ITEMS ON THE AGENDA**

- (I) Letter dated 27th June, 2001 received from the Ministry of Education seeking a list of trades / vocational courses to be introduced at secondary school level was considered.

Professor Matin Khan agreed to provide the necessary inputs based on the earlier work done by the Employers Federation of Pakistan.

- (II) Letter dated 27th August, received on 4th September, 2001 from Ministry of Labour, Manpower & Overseas Pakistanis Division, Islamabad forwarding the recommendations of the Pakistan Tripartite Labour Conference was tabled for consideration.

The Ministry has also invited the Chamber to discuss the above recommendations and the report of the Task Force on Labour Welfare, the draft Labour Policy - 2001, and Labour Laws at a meeting in Islamabad on 8th September, 2001.

Mr. Shahid Qureshi at the request of the Chairman had earlier agreed to represent the Chamber at this meeting, but this has now been postponed indefinitely.

It was agreed that Members of the Sub Committee would send to the Chamber written responses to the PTLC recommendations.

- (III) Letter dated 15th August, 2001 from the Board of Investment, Karachi, seeking information on cost of investment and incentives offered for investment in neighboring countries was tabled for consideration.

It was agreed that any members having information and wishing to contribute would send this to the Chamber.

Meeting closed with a vote of thanks to the Chair.

**ZAHID ZAHEER  
SECRETARY-GENERAL**

30TH OCTOBER, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB COMMITTEE ON INDUSTRIES, LABOUR & COMMERCIAL MATTERS HELD ON TUESDAY 23RD OCTOBER, 2001 AT 3.30 PM IN OICC&I**

**PRESENT:**

MR. ZAFFAR A. KHAN	CHAIRMAN	ENGRO CHEMICAL
PROF. M. MATIN KHAN		BARRETT HODGSON
MR. S. A. HADI		BOC
MR. SHAHID M. QURESHI		GLAXO WELLCOME
MS. LESLEY MIDDLECOAT		HUB POWER

**LEAVE OF ABSENCE:**

MR. ROBERT ZOON	CO-CHAIRMAN	LEVER BROTHERS
MR. SAHIB-E-IQBAL		BP PAKISTAN
MR. SALIM AZHAR		ENGRO CHEMICAL
MR. KHALID MAHMOOD		GETZ PHARMA
MR. RASHIQ SUFI		ICI
MR. TERTIUS VERMEULEN		SIEMENS

The Chairman welcomed Members to the meeting.

The Minutes of the last meeting held on 7th September, 2001 were confirmed.

**MATTERS ARISING FROM THE MINUTES**

- (a) Chamber has already replied on 26th September, 2001 to the Ministry of Education regarding the introduction of technical stream at Secondary School level. Professor Matin Khan provided the inputs.
- (b) The Chamber could not respond to the recommendations of the Pakistan Tripartite Labour Conference (PTLC), as the meeting planned in Islamabad on 8th September, 2001 was postponed and not reconvened as expected.

Mr. Parvez Rahim (ICI) letter dated 17th September, 2001 on the above subject was tabled (PTLC recommendations). It was observed that the events have now overtaken and the Labour Laws (Amendment) Ordinance 2001 has been promulgated on 7th October, 2001, but is to be made effective from 1st July, 2001.

Seven Labour Laws have been amended. These are:

1. Workmen's Compensation Act 1923
2. The Payment of Wages Act 1936
3. Mines Maturity Benefit Act 1941
4. Provincial Employees Social Security Ordinance 1965
5. The Companies Profit (Workers Participation) Act 1968
6. The Workers Welfare Fund Ordinance 1971
7. The Employees Old Age Benefit Act 1976

The various implications of the above amendments were discussed. Note prepared by Messrs. S. M. Yaqoob, Advocates dated 9th October, 2001 outlining the above changes was tabled.

The meeting was informed that the West Pakistan Minimum Wages for Unskilled Workers Ordinance 1969 has been amended on 22nd October, 2001, providing Rs. 2,500 as the minimum wages for unskilled workers. It has been made effective from 1st August, 2001, and therefore arrears of difference if any have to be paid.

Note prepared by Messrs. S. M. Yaqoob dated 23rd October, 2001 which outlines the implications of these amendments was also tabled. Professor Matin Khan tabled a Note at the meeting which demonstrated that the cost to the employer for a worker drawing minimum wage of Rs. 2,500 per month works out to Rs. 4,492 per month, and therefore there is a hidden additional cost of Rs. 1,992 per month. The existing minimum wage of a worker before the change is Rs. 2,150 per month.

- (c) Board of Investment's letter dated 15th August, 2001 seeking information from members on costs of investment and incentives offered in neighboring countries was circulated to members for voluntary compliance. No replies were received. The Committee agreed that no further action was warranted.

### **OTHER MATTERS**

Secretary-General informed the meeting that due to additional insurance cover for all cargo coming into Pakistan and War Risk Surcharge imposed by Shipping Companies, manufacturers are going to be burdened with additional costs. He has written to the Ministry of Commerce and Central Board of Revenue seeking relief. Copy of Chamber's letter dated 8th October, 2001 was tabled for information.

Next meeting fixed for Monday 3rd December, 2001 at 12 Noon.

Meeting closed with a vote of thanks to the Chair.

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

12TH DECEMBER, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB COMMITTEE ON INDUSTRIES, LABOUR & COMMERCIAL MATTERS HELD ON MONDAY 10TH DECEMBER, 2001 AT 12 NOON IN OICC&I**

**PRESENT:**

MR. ZAFFAR A. KHAN	CHAIRMAN	ENGRO CHEMICAL
PROF. M. MATIN KHAN		BARRETT HODGSON
MR. SAHIB-E-IQBAL		BP PAKISTAN
MR. SALIM AZHAR		ENGRO CHEMICAL
MR. SHAHID M. QURESHI		GLAXO WELLCOME
MR. RASHIQ SUFI )		
MR. PERVAZ RAHIM )		ICI

**LEAVE OF ABSENCE:**

MR. ROBERT ZOON	CO-CHAIRMAN	LEVER BROTHERS
MR. S. A. HADI		BOC
MR. KHALID MAHMOOD		GETZ PHARMA
MS. LESLEY MIDDLECOAT		HUB POWER
MR. TERTIUS VERMEULEN		SIEMENS

Minutes of the last meeting held on Tuesday 23rd October, 2001 were confirmed.

- Chairman informed the meeting that the Sub Committee meeting fixed for 3rd December, 2001 had to be postponed for today, as the Standing Labour Committee of the Ministry of Labour had called a meeting in Islamabad on the same day.

This meeting was called to discuss the Draft Labour Policy 2001 and the Draft Industrial Relations Ordinance 2001. As the Chairman could not go to Islamabad on this date, he had nominated Mr. Salim Azhar (Engro Chemical) to represent the Chamber at this meeting. However, the meeting was postponed at the last minute and did not take place. Chairman suggested that anyone wishing to join Mr. Salim Azhar to this meeting in Islamabad whenever it is held, should contact Mr. Azhar.

- ICI letter dated 29th November, 2001 in response to Chamber's letter dated 20th November seeking comments on the revised recommendations of the Pakistan Tripartite Labour Conference (PTLC) was tabled for discussion.

Considerable discussion took place in the matter of restoration of terminator simplicitor clause in the standing orders. Mr. Pervaz Rahim (ICI) offered to do a Position Paper for the next meeting of the Sub Committee.

The revised recommendation of PTLC forwarded to Members on 20th November was discussed, and it was agreed that no written response be sent in the matter.

In response to question on contract labour raised by Mr. Salim Azhar (Engro Chemical), it was agreed that the relevant clause as document in the Draft Labour Policy 2001 Section 44 is satisfactory and should be supported by the Chamber.

3. Siemens letter dated 22nd October, 2001 regarding exclusion of OICC&I in the Advisory Board of the Ministry of Labour was tabled for discussion.

It was noted that the Government of Pakistan has reconstituted the Advisory Board in the Ministry of Labour, Overseas Pakistanis, in which multinational companies have been offered no representation, although Employees Federation of Pakistan and other Chambers are well represented.

The Chamber to write to the Ministry of Labour, Government of Pakistan and seek representation on the Advisory Board.

Since there were no other matters, the meeting closed with a vote of thanks to the Chair.

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



30TH OCTOBER, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING  
SUB COMMITTEE ON ENERGY SECTOR HELD ON WEDNESDAY 10TH  
OCTOBER, 2001 AT 3 PM IN OICC&I**

**PRESENT:**

MR. FAROOQ RAHMATULLAH	CHAIRMAN	SHELL
MR. S. MUNSIF RAZA	CO-CHAIRMAN	PAKISTAN PETROLEUM
MR. NEIL BOOTH		LASMO
DR. SHAHID K. HAK		PAK-ARAB REFINERY
MR. ANTHONY R. MIDGLEY		
- REP BY MR. NASEEM AKHTAR		ROUSCH
MR. HASSAN MADANI		SHELL GAS LPG
MS. FAWZIA KAZMI		SHELL
MR. SAFDAR IBRAHIM		SIEMENS
<b><u>LEAVE OF ABSENCE:</u></b>		
MR. VINCENT R. HARRIS		HUB POWER
MR. J. S. BUTT		ICI

Chairman welcomed the Members to the first meeting of the new Sub Committee. He requested the Members present to introduce themselves and their functional responsibilities in their respective organizations.

Dr. Shahid K. Hak informed the meeting that Government of Pakistan has written letters to certain companies asking them to invite expatriate employees to return to Pakistan. Chairman to persuade the Managing Committee the need for an advisory letter encouraging expatriates to return to Pakistan.

The Chairman informed the meeting that the following two Trade Bodes already exist for the downstream and upstream sector:

1. O C A C  
Chairman, Mr. Tariq Kirmani, Pakistan State Oil
2. P E P C A  
Chairman, Mr. Arif Kemal, Pakistan Oilfields Limited

As far as exploration is concerned, the agreements are usually concluded between the prospecting company and the Government of Pakistan and Trade Bodes have little role to play.

Although the Government of Pakistan advocates deregulation, the road map so far is not a level playing field. The allocation of Natural Gas still seems to be the regime of the day. The conversion of Furnace Oil power Plants to Natural Gas, although approved as a policy, is implemented poorly.

The Government of Pakistan is about to form an Oil & Gas Regulatory Body (OGRA) on the lines of "NEPRA", which is already in existence.

The Chamber should seek representation on both these Regulatory Bodies, and the Ministry of Petroleum & Natural Resources should be informed about the formation of the Chamber's Standing Sub Committee on the Energy Sector.

Mr. Munsif Raza suggested that many exploration companies which are located in Islamabad and are not presently Members of the Chamber, should be informed and encouraged to seek Membership of the Chamber.

Secretary-General suggested that the Energy Sector be broken down into Sub Groups:

1. OIL & GAS
  - a) Upstream (Exploration)
  - b) Midstream (Refining)
  - c) Downstream (Marketing)
2. LIQUEFIED PETROLEUM GAS (LPG)
3. ELECTRICITY GENERATION
  - a) Thermal
  - b) Hydroelectric
  - c) Nuclear
  - d) Coal
4. RENEWABLE ENERGY
  - a) Solar
  - b) Wind

It was agreed that for each Sub Group, a list of issues needs to be prepared. The following agreed to prepare the list of issues:

- SUB GROUP 1 (a) MR. MUNSIF RAZA (PPL)  
&  
MR. NEIL BOOTH (LASMO)
- SUB GROUP 1 (b) DR. SHAHID HAK (PARCO)
- SUB GROUP 1 (c) MS. FAWZIA KAZMI (SHELL)
- SUB GROUP 2 MR. HASSAN MADANI (SHELL GAS LPG)
- SUB GROUP 3 (a) MR. NASEEM AKHTAR (ROUSCH)  
&  
MR. SAFDAR IBRAHIM (SIEMENS)
- SUB GROUP 3 (b) DR. SHAHID HAK (PARCO)
- SUB GROUP 4 REPRESENTATIVE OF B P PAKISTAN  
EXPLORATION & PRODUCTION, INC.  
TO BE INVITED TO COVER SOLAR

Chairman suggested that the list of issues be prepared in the next two weeks and circulated before the next meeting, which will probably be held after the Eid & Christmas Holidays in early January, 2002.

Meeting closed with a vote of thanks to the Chair.

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

22ND JANUARY, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB COMMITTEE ON ENVIRONMENT HELD ON THURSDAY 11TH JANUARY, 2001 AT 4 PM IN OICC&I**

**PRESENT:**

MR. DAVID WESTON	CHAIRMAN	SHELL
MR. SOHAIL WAJAHAT H. SIDDIQUI	CO-CHAIRMAN	SIEMENS
MR. A. R. TAHIR		AVENTIS PHARMA
MR. QAZI MUJEEB AHMAD		BOC
CAPTAIN @ N. A. FARUQI		CALTEX
- REP BY MR. ATIQUEUR REHMAN		
MR. JAVED AKBAR		ENGRO VOPAK
MR. S. MUIED AHMAD		GLAXO WELLCOME
MR. IQTIDAR SIDDIQUI		SHELL
<b><u>LEAVE OF ABSENCE:</u></b>		
MR. MASOOD AKHTAR		ABBOTT
MR. SHAHID ALI		HUB POWER
MR. J. S. BUTT		ICI
MR. MUHAMMAD ASHRAF		PAKISTAN PETROLEUM

Minutes of the last meeting held on 23rd November, 2000 were confirmed.

**MATTERS ARISING OUT OF THE LAST MINUTES**

- a) The Chamber addressed Mr. Asif Shuja Khan on 5th December, 2000 seeking the Environmental Protection Agency's views on the pilot self monitoring scheme.
- b) The Chamber also wrote to the Sind Environmental Protection Agency pointing out the role of municipal agencies in solid waste management.
- c) An invitation has been sent to the Federal Minister, Mr. Omar Asghar Khan to visit the Chamber. A reply is awaited.

Mr. Iqtidar Siddiqui (Shell) informed the meeting that he attended a Consultative Roundtable meeting in Islamabad on 30th October, 2000 organized by the SDPI. Copies of the Minutes of this meeting were tabled for review.

It was agreed that the Chamber should support the imposition of the self monitoring scheme, with penalty for those who default by not participating in the scheme. When the participation level has reached 85%, the self monitoring returns to be subject to detail scrutiny on a sampling basis and only thereafter a pollution charge be applied to those who do not meet NEQS standards.

Schedule for Environment Impact Assessment (EIA) and Initial Environment Examination (IEE) for new projects were tabled for information, these were received from Sind EPA through a Member of the Sub Committee.

Secretary General informed that the meeting of the PEPC will be held in Islamabad on 3rd February, 2001 and an invitation for the Chairman and the agenda is expected shortly.

Date of the next meeting of the Standing Sub Committee to be Thursday 15th March, 2001 at 4.30 PM in OICC&I.

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

26TH APRIL, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB  
COMMITTEE ON ENVIRONMENT HELD ON WEDNESDAY  
11TH APRIL, 2001 AT 3.30 PM IN OICC&I**

**PRESENT:**

MR. SOHAIL W. H. SIDDIQUI	CO-CHAIRMAN	SIEMENS
MR. MASOOD AKHTAR		ABBOTT
MR. QAZI MUJEEB AHMAD		BOC
CAPTAIN @ N. A. FARUQI		CALTEX
- REP BY MR. ATIQUEUR REHMAN		
MR. JAVED AKBAR		ENGRO VOPAK
DR. SAIFUL MALOOK		GLAXO WELLCOME
MR. IQTIDAR SIDDIQUI		SHELL
- REP BY MR. KHALID A. AZIZ FATTANI		

**LEAVE OF ABSENCE:**

MR. A. R. TAHIR	AVENTIS PHARMA
MR. SHAHID ALI	HUB POWER
MR. J. S. BUTT	ICI
MR. OBAID-UR-RAHMAN	PAKISTAN PETROLEUM

1. Minutes of the last meeting held on 11th January, 2001 were confirmed.

2. **MATTERS ARISING FROM THE LAST MINUTES**

Mr. Omar Asghar Khan, Federal Minister for Environment, visited the Chamber on 22nd February, 2001, and very fruitful discussions were held. Many Members participated in the discussion.

3. The Committee was informed that Mr. David Weston, Chairman of the Sub Committee, upon his transfer from Pakistan has resigned from the Committee, and Mr. Sohail Wajahat H. Siddiqui, Co-Chairman of the Sub Committee will perform the functions of the Chairman of the Sub Committee, till another Chairman is appointed.

The Ninth meeting of the Pakistan Environmental Protection Council (PEPC) was held in Islamabad on 3rd February, 2001. Mr. David Weston, Chairman of this Sub Committee attended the meeting. Minutes of this meeting have been received in the Chamber and a copy forwarded to the Co-Chairman.

4. Letter dated 15th March, 2001 received from the Federal Secretary, Ministry of Environment was tabled for discussions.

In this letter the Federal Secretary had requested that the OICC&I take action on the proposals made by FPCC&I in the PEPC meeting held in Islamabad on 3rd February, 2001. The proposals are outlined in the Minutes of the PEPC meeting. The Federal Secretary's letter of 15th March, 2001 enlists these decisions.

After discussions, it was decided that the Chamber will not respond to this letter until FPCC&I takes an initiative in this matter.

Meanwhile, awaiting FPCC&I's response, Mr. Javed Akbar (Engro Vopak) offered to prepare a draft response to the Federal Secretary's letter of 15th March, 2001.

**5. OTHER MATTERS**

The Siemen's representative informed the meeting that in a Siemens Conference in Kuala Lumpur recently, the following issues were discussed at length.

- I) Water conservation in factories
- II) Paper recycling
- III) Garbage collection

The next meeting will be fixed sometime in the middle of June. or if needed earlier.

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

**ZAHID ZAHEER  
SECRETARY-GENERAL**

4TH SEPTEMBER, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING  
SUB COMMITTEE ON ENVIRONMENTAL MATTERS  
HELD ON TUESDAY 28TH AUGUST, 2001 AT 3 PM IN OICC&I**

**PRESENT:**

MR. FAROOQ RAHMATULLAH	CHAIRMAN	SHELL
MR. JAVED AKBAR	CO-CHAIRMAN	ENGRO VOPAK
MR. MASOOD AKHTAR		ABBOTT
MR. SAHIB-E-IQBAL		BP PAKISTAN
CAPTAIN @ N. A. FARUQUI		CALTEX
MR. S. SHAHID ALI		HUB POWER
DR. TAHIR BARLAS		SHELL

**LEAVE OF ABSENCE:**

MR. S. A. HADI	BOC
DR. MUZAFFAR IQBAL	GLAXO WELLCOME
MR. J. S. BUTT	ICI
MR. HASAN IRFAN	PHILIPS

The Chairman welcomed Members to the first meeting of the recently reconstituted Committee.

Members were requested to introduce themselves, and their role in the organization they represent.

1. Minutes of the last meeting held on 11th April, 2001 which had been circulated earlier, were confirmed.

**2. Matters arising from the Minutes**

Secretary-General gave an overview of the Environmental Protection Legislation and its current status of implementation. The voluntary pilot self monitoring programme in which many of the Chamber's Members participated was discussed. Although the Government of Pakistan had intended that after the voluntary participation, this self monitoring would be made compulsory, but no progress has been made in the matter. As a consequence thereof, the application of the pollution charge stands deferred.

The meeting was informed that the Chamber had not responded to the Federal Secretary's letter dated 15th March, 2001, as it was agreed earlier to await the FPCC&I's response in this matter.

3. The Chairman stated that the role of the Sub Committee as developed last year would be followed and narrated the role. He further stated that a road map needs to be developed.

Some introspection was also required amongst Members, and the need to identify problems and issues on Industry sector basis, as these tend to vary in different industries.

For this purpose, he suggested the formation of three Sub Groups:

Oil Sector	Caltex & Shell
Chemicals Sector	Engro Chemical & ICI
Pharma Sector	Glaxo Wellcome & Abbott

Each Sub Group to prepare a 'Position Paper' and at the next meeting of the Sub Committee, a presentation be made on what each Sector has achieved and the future direction.

4. Mr. Javed Akbar gave an overview of the meeting of the Environmental Protection Agency held in Islamabad on 17th August, 2001, at which meeting he represented the Chamber.

**5. Other Matters**

No date was fixed for the next meeting, but it is expected to be held in early October, 2001.

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

12TH DECEMBER, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING  
SUB COMMITTEE ON ENVIRONMENTAL MATTERS HELD ON WEDNESDAY  
21ST NOVEMBER, 2001 AT 12 NOON IN OICC&I**

**PRESENT:**

MR. FAROOQ RAHMATULLAH	CHAIRMAN	SHELL
MR. JAVED AKBAR	CO-CHAIRMAN	ENGRO VOPAK
MR. S. A. HADI		BOC
MR. SAHIB-E-IQBAL		BP PAKISTAN
CAPTAIN @ N. A. FARUQUI	}	CALTEX
DR. HUMA ABBASI	}	CALTEX
DR. MUZAFFAR IQBAL		GLAXO WELLCOME
MR. M. ASAD RASHID		ICI
MR. TAHIR BARLAS	}	SHELL
MR. IRFAN DOSSA	}	SHELL

**LEAVE OF ABSENCE:**

MR. MASOOD AKHTAR	ABBOTT
MR. S. SHAHID ALI	HUB POWER
MR. HASAN IRFAN	PHILIPS
MAJOR @ A. A. ZUBERI	SIEMENS

Minutes of the meetings held on 28th August, 2001 were confirmed.

1. Dr. Tahir Barlas (Shell) and Captain @ N. A. Faruqui (Caltex) gave a presentation on the achievements of the Oil sector in respect of Environmental Matters. It was agreed that a copy of the Shell presentation would be circulated to all Members of the Sub Committee. Caltex representative agreed to circulate / share ETPI Voluntary Audit report amongst the Members.

Caltex also informed the Members that Government of Pakistan does not subscribe to the International Fund Convention, which is type of insurance for sea disaster relief. Maritime Pollution Control Board (MCB) and the Maritime Security Agency (MSA) have done some contingency planning and a draft plan was developed. Caltex has obtained a small oil spill boom which can handle small spillages in the water. Both KPT and PQA have a lot of oil spill equipment like oil booms, but these have not been put to use.

- a) The absence of national oil spill response plan and country-wide oil spill at sea disaster measures should be taken up with the Government of Pakistan.
- b) It was agreed that OGRA will be approached for across the board safety standards to ensure a level playing field.



- c) Caltex representative also identified service station effluent as a challenge for the industry. The malpractice of undercarriage oil spray during car wash is the main source of pollution. There is need for customer awareness in this matter. It is not feasible to install oil / water separators at twelve hundred different locations.
2. Mr. M. Asad Rashid (ICI Pakistan) then gave a presentation on behalf of the Chemical sector, which covered liquid effluents, gaseous emissions and solid waste disposal. The need for development of legislation for solid waste was highlighted, which should be a consultative process, after making risk / benefit assessments through various forums.
  - a) It was agreed that the Chamber will take up with the Federal Environmental Protection Agency the need to beef up compliance of voluntary monitoring (SMART documentation). Thereafter mandatory compliance of monitoring should be enforced, before a pollution charge is implemented.
  - b) The solid waste issue also needs to be taken up with the Federal EPA, highlighting the role and responsibility of the Municipal Corporations and the Provincial Government.
3. Chairman suggested that at the next meeting, Dr. Muzaffar Iqbal or Dr. Saiful Malook (Glaxo Wellcome) make a presentation on behalf of the Pharma Industry.

The next meeting of the Sub Committee will be held in mid January, 2002.

Meeting closed with a vote of thanks to the Chair.

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

**5TH OCTOBER, 2001.**

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB COMMITTEE ON I.  
T. & E COMMERCE HELD ON THURSDAY  
4TH OCTOBER, 2001 AT 10 AM IN OICC&I**

**PRESENT:**

MR. HUMAYUN BASHIR	CHAIRMAN	IBM
MR. NASIM SIDDIQUI	CO-CHAIRMAN	SIEMENS
MR. M. R. HAIDER		ABBOTT
MR. IQBAL PANJWANI		BEECHAM
MR. TUFAIL FADDOO		CITIBANK N.A.
MR. S. IMRANUL HAQUE		ENGRO CHEMICAL
MR. M. NAEEM SAEED		ORIX LEASING
MR. JAVED FARUQI		REUTERS
MS. SEEMA ADIL		SHELL

**LEAVE OF ABSENCE:**

MR. IFTIKHAR H. SHIRAZI	ATLAS LEASE
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Chairman welcomed the Members to the first meeting of the new Committee.

At the Chairman's request each Member introduced himself / herself and their functional responsibility in their respective employment.

Chairman then gave an overview of the Chamber's origin, its main functions and its organizational structure.

Chairman invited discussions on the role and objectives of the Sub Committee, and the following were agreed:

- (a) Understand efforts of Government of Pakistan in promoting E-business with regard to:
  - Infrastructure development including telecommunications
  - Laws relating to privacy, taxation and State Bank of Pakistan's regulations.
  - Documentation of E-business and finalization of standards.
- (b) Encourage intracommunication amongst Member Companies on E-business initiatives.
- (c) Formulate issues of common interest to Members and take up issues which are of general applicability to the Members, specially where inequity and principles of law are involved.

- (d) Keep abreast and monitor all impending changes in policy and regulations
- (e) Ensure that such impending changes do not compromise the interest of Members, and interact with relevant authorities in brining about the changes.
- (f) On a proactive basis formulate and make suggestions for changes in regulations, policies and laws, which are in the interest of the Members.
- (g) Identify and take up with the relevant authorities cases of mal-administration of the law or the rules.

The following specific issues were touched upon:

1. Need for regulatory environment to be friendly e. g. PTA laws relating to encryption
2. State Bank of Pakistan to approve electronic clearing house.
  - Infrastructure insufficient and costly.
  - Tariff laws are vague and lack clarity
  - Disparity in tariff particularly bandwidth.
3. Need for awareness
  - There is a general aversion to technology and fear of documentation
4. Need to enhance awareness
5. Need for collaboration between Members and share information on activities with others.

It was agreed that a small 15 minute presentation will be made by each Member about their respective activities at each Meeting. The first presentation will be made by Citibank N. A. on E-Commerce at the next meeting.

It was also agreed that two Task Forces be formed:

#### FIRST GROUP

To consist of Mr. S. Imranul Haque (Engro Chemical), Mr. Javed Faruqi (Reuters) and Mr. M. Naeem Saeed (Orix Leasing). This Group will prepare conceptual plan for Chamber's Website in the next four weeks, and will be presented at the next meeting.

#### SECOND GROUP

To consist of Mr. Javed Faruqi (Reuters), Mr. Humayun Bashir (IBM) and Mr. Tufail Faddoo (Citibank N. A.). This Group will make recommendations for the regulatory framework.

It was agreed that the Chamber would circulate by Email second draft of the Electronic transactions and Governance Ordinance 2001 for comments.

In order to increase awareness, it was agreed that a one page nugget on current practice be appended to the Minutes of the Meeting. Abbott Laboratories offered to do the first of such nuggets.

The Committee to consider organizing an event for Heads of Firms. Chairman and Co-Chairman offered to explore the possibility of making available through the Chamber, an on-line course for awareness of top Executives.

Chairman informed the Members that the Government of Pakistan, Cabinet Division has issued a Circular on 2nd May, 2001 directing Government, Semi-Government and Autonomous Bodies from giving out work to Pakistani I. T. Companies only.

This is an attempt to keep solution providers from introducing "packages" into Pakistan. It appears to be inspired by PASHA and Computer Society of Pakistan (CSP). This matter needs to be addressed.

Letter received from Export Promotion Bureau requesting participation in a survey on E-Trade and the effectiveness of E-Market place and National Portals being conducted by the International Trade Centre UNCTAD General, was tabled for discussion.

It was agreed that the Questionnaire be circulated by Email to all members of the Sub Committee, with the request that the filled Questionnaire be sent by Email to the Export Promotion Bureau.

It was agreed that the Committee would meet six times a year or more frequently on need basis.

Next meeting of the Committee fixed for Thursday 8th November, 2001 at 4 PM.

Meeting closed with a vote of thanks to the Chair.

**ZAHID ZAHEER  
SECRETARY-GENERAL**

22ND NOVEMBER, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB COMMITTEE ON I.  
T. & E COMMERCE HELD ON THURSDAY  
8TH NOVEMBER, 2001 AT 9.30 AM IN OICC&I**

**PRESENT:**

MR. HUMAYUN BASHIR	CHAIRMAN	IBM
MR. M. R. HAIDER		ABBOTT
MR. TUFAIL FADDOO		CITIBANK N.A.
MR. S. IMRANUL HAQUE		ENGRO CHEMICAL
MR. M. NAEEM SAEED		ORIX LEASING
MR. JAVED FARUQI		REUTERS

**LEAVE OF ABSENCE:**

MR. NASIM SIDDIQUI	CO-CHAIRMAN	SIEMENS
MR. IFTIKHAR H. SHIRAZI		ATLAS LEASE
MR. IQBAL PANJWANI		BEECHAM
MS. SEEMA ADIL		SHELL

Minutes of the last meeting held on 4th October, 2001 already circulated, were confirmed.

The report of the Task Force for development of a Website for the Chamber was tabled for consideration. It was noted that the total cost of the project would be around Rs. 250,000. It was agreed to support the recommendations and to obtain the approval of the President of OICC&I to proceed with the project. It was also agreed that the offer of EfroTech Services as outlined in their proposal of 30th October, 2001 be accepted at a total fee of Rs. 100,000. The project is to be completed by end December, 2001 as detailed in their proposal.

With regard to the procurement of the hardware and software, the Task Force's recommendations were accepted. These are:

BRANDED PC PENTIUM IV  
MS OFFICE XP  
ADOBE ACROBAT 5.0  
MCAFFEE ANTIVIRUS (5 YEARS DURATION)

Chairman offered to arrange the procurement of these items at cost through IBM business partners. The Task Force to continue their work of supervision till the project is completed.

The Second Group on recommendations for regulatory frame could not make a formal presentation, which was deferred to the next meeting. Mr. Tufail Faddoo (Citibank N. A.) agreed to lead such a presentation.

The meeting was informed that State Bank of Pakistan has constituted an E Commerce Sub Committee, the Convenor of which is Mr. Amir Usmani. Mr. Faddoo offered to do a draft letter to State Bank of Pakistan seeking representation of the Chamber on this Committee.

Chamber has so far not sent any comments on Electronic Transactions and Governance Ordinance 2001. The text of this Ordinance is available at the MOST Website. Chamber has circulated this by Email to all Sub Committee Members.

Mr. Faddoo described to the Members what his Bank was doing and the products launched on Electronic Banking.

To increase awareness it was agreed that Citibank N. A. would do a one page nugget on current practices in Electronic Banking.

Government of Pakistan's Circular dated 2nd May, 2001 came up for discussion. Chairman offered to provide a draft for a letter addressed to the Ministry explaining the Chamber's point of view in his matter, and highlighting that the Pakistani Software Houses do not have CMM Certification.

Chairman said that both he and the Co-Chairman are still working on the possibility of an on-line course for awareness of Senior Executives. A programme of presentation to the CEO's to be considered for the future.

Next meeting fixed for 8.30 AM on Friday 7th December, 2001, at which EfrogTech Services will make a presentation on the status of development of Chamber's Website. Mr. Faddoo to do a presentation on regulatory framework.

Meeting closed with a vote of thanks to the Chair.

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

12TH DECEMBER, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB COMMITTEE ON I. T. & E COMMERCE HELD ON FRIDAY 7TH DECEMBER, 2001 AT 8.30 AM IN OICC&I**

**PRESENT:**

MR. HUMAYUN BASHIR	CHAIRMAN	IBM
MR. M. R. HAIDER		ABBOTT
MR. S. IMRANUL HAQUE		ENGRO CHEMICAL
MR. M. NAEEM SAEED		ORIX LEASING
MR. JAVED FARUQI		REUTERS

**LEAVE OF ABSENCE:**

MR. NASIM SIDDIQUI	CO-CHAIRMAN	SIEMENS
MR. IFTIKHAR H. SHIRAZI		ATLAS LEASE
MR. IQBAL PANJWANI		BEECHAM
MR. TUFAIL FADDOO		CITIBANK N.A.
MS. SEEMA ADIL		SHELL

Minutes of the last meeting held on 8th November, 2001 at 9.30 AM in the Chamber's premises were confirmed.

1. The meeting was informed that the Task Force for Website development for the Chamber had continued the supervision of the work and Efro Tech Services have been invited today to make a presentation of the work done so far.

A visual presentation was made on the screen by Efro Tech. It was reviewed and suggestions made for improvement and readability. There were several mistakes in the data that had been incorporated. Efro Tech was requested to provide hard copy of the input data to the Chamber for proof reading and correction.

It was agreed that on the 20th December, 2001 the next presentation will be made by Efro Tech, at which meeting the President of the Chamber will be invited to review the progress.

2. Two quotations both dated 6th December, 2001 received from IBM business partners, SBS Computers for the supply of hardware and software were tabled for consideration of the Sub Committee.

Chairman requested Mr. Javed Faruqi (Reuters) and Mr. M. Naeem Saeed (Orix Leasing) to finalize this matter and place an order.

3. Due to the absence of Mr. Tufail Faddoo (Citibank N. A.), the presentation on Electronic Banking was postponed. Mr. Faddoo's Email informing the Sub Committee of his inability to attend the meeting was tabled.

Although Mr. Faddoo offered to do the presentation next week, Chairman however suggested that it should be postponed for the next meeting.

One page nugget on current practices in Electronic Banking received from Mr. Faddoo is being circulated with these Minutes.

4. Chairman informed the meeting that although he had offered to do a letter to the Government of Pakistan on the Chamber's concerns on Circular dated 2nd May, 2001, certain positive developments have taken place in this matter. The Government of Pakistan seems to have modified its stand in this matter. The letter has therefore not been sent and the need will be examined in the light of developments.

The next meeting was fixed for Tuesday 8th January, 2002 at 3 30 PM in OICC&I.

Meeting closed with a vote of thanks to the Chair.

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



6TH JULY, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB  
COMMITTEE ON INSURANCE HELD ON FRIDAY 25TH MAY, 2001 AT 3 PM IN  
THE CHAMBER'S PREMISES**

**PRESENT:**

MR. MOIN M. FUDDA	CHAIRMAN	CGU
MR. JAVED IQBAL	CO-CHAIRMAN	PHILIPS
MR. M. ASLAM		BOC
MR. FERAZ RIZVI		ICI
- REP BY MR. M. HANEEF SHAIKH		
MR. MUJIB KHAN		NEW HAMPSHIRE

**LEAVE OF ABSENCE:**

MS. ZEHRA NAQVI	ACE
MR. K. MOAZZAM RAHMAN	ENGRO CHEMICAL
MR. GHULAM MUSTAFA	GLAXO WELLCOME
MR. ARSHAD HASHMI	HUB POWER
DR. MUMTAZ A. HASHMI	ROYAL & SUN ALLIANCE
MR. TARIQ HOODBHOY	SHELL

Minutes of the last meeting of the Sub Committee held on 8th September, 2000 and circulated to the members were approved.

The Committee was informed about increase in the Statutory Deposit from 0.35 Million to Rs. 10 Million. Since Licences of the Insurance Companies are generally renewable on 1st of January, 2001, it has to be seen whether Companies will make the enhanced Statutory Deposit and whether the Security & Exchange Commission of Pakistan enforces this requirement or relaxes it.

Previously Agents had to obtain Licences from the Controller of Insurance. According to the new Ordinance, brokerage has been provided for, through Licensing of Brokers who have to fulfill the requisite qualification prescribed by the Security & Exchange Commission of Pakistan. The new rules need to be clarified more explicitly.

Compulsory cession has been reduced from 20% to 15% and by the year 2004 it will be nil.

Insurance Ordinance does not make any reference to tariff. Insurance Association of Pakistan has asked for the views of its Members on tariff.

The Chairman requested Mr. Mujib Khan to draft a letter (to be issued by OICC&I) to the Secretary, Ministry of Commerce about the problems Insurance Industry is facing with reference to:

Removal of discrimination against Insurance Companies with respect to tax on dividends and capital gains

Management Expense limitation will cause difficulties.

Appreciation for Commerce Minister's decision on phasing out of compulsory cessation of insurance.

Delay in finalization of rules.

The Chairman agreed to draft the letter to be sent by OICC&I to nationalized Banks in Pakistan, asking them to provide even playing field to Foreign Insurance Companies in fixing the Bank limits.

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

**MOHAMMAD ASLAM  
DEPUTY SECRETARY**

18TH SEPTEMBER, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB COMMITTEE ON  
INSURANCE SECTOR HELD ON WEDNESDAY 12TH SEPTEMBER, 2001 AT 3.30  
PM IN OICC&I**

**PRESENT:**

MR. MUJIB KHAN	CHAIRMAN	NEW HAMPSHIRE
MR. MOHAMMAD ASLAM	CO-CHAIRMAN	BOC
MS. ZEHRA NAQVI		ACE
MR. M. VAQARUDDIN		CGU

**LEAVE OF ABSENCE:**

MR. K. MOAZZAM REHMAN	ENGRO CHEMICAL
MR. GHULAM MUSTAFA AZIZ	GLAXO WELLCOME
MR. ARSHAD HASHMI	HUB POWER
MR. FERAZ RIZVI	ICI
MR. KAMRAN MIRZA	PHILIPS
DR. MUMTAZ A. HASHMI	ROYAL & SUNALLIANCE

Chairman welcomed the new Members to the Committee.

The Minutes of the last meeting held under the Chairmanship of Mr. Moin Fudda on 25th May, 2001 were confirmed.

**MATTERS ARISING FROM THE MINUTES**

The meeting was informed that Mr. Shafaat Rasool, Executive Director, Securities & Exchange Commission of Pakistan has clarified that status quo will persist insofar as Statutory Deposits are concerned. It was agreed that the Chairman would address the Securities & Exchange Commission of Pakistan on delay in finalization of rules, and the discrimination against Insurance Companies, in respect of tax on capital gains, and limitations on management expenses in respect of taxation.

The role of the Sub Committee for the forthcoming year was discussed. The Members present did not foresee a change in the role and expected it to be the same as the previous year. However, the issue may be taken up again at the next meeting when larger participation is expected.

It was agreed that the Sub Committee would meet once every two months, or earlier on a need basis.

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

**ZAHID ZAHEER  
SECRETARY-GENERAL**

24TH SEPTEMBER, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING  
SUB COMMITTEE ON INTELLECTUAL PROPERTY RIGHTS MATTERS HELD ON  
THURSDAY 13TH SEPTEMBER, 2001  
AT 3 PM IN OICC&I**

**PRESENT:**

MS. AMEENA SAIYID	CHAIRPERSON	OXFORD UNIVERSITY
MR. HASAN ALI KHAN	CO-CHAIRPERSON	CONTINENTAL BISCUITS
MR. NAVEED QAZI		AMERICAN EXPRESS
MR. SHAHID M. QURESHI		BEECHAM
MR. ANJUM FASIH		BRISTOL-MYERS SQUIBB
MR. AMIN BANDHANI		SIEMENS

**LEAVE OF ABSENCE:**

MR. IFTIKHAR H. SHIRAZI	ATLAS LEASE
MS. NAUSHEEN AHMED	ICI
MR. AMAR NASEER	LEVER BROTHERS
MR. ASLAM KHALIQ	PAKISTAN TOBACCO

Chairman welcomed the Members to the new Committee. It was clarified that until 30th June, 2001, Intellectual Property Rights came under the purview of the Chamber's Standing Sub Committee on Commercial & Industrial Matters, and the focus of this Committee all of last year has been the elimination of counterfeit products in Pakistan.

Due to the significance of strengthening IPR implementation in Pakistan, the new Managing Committee in its first meeting, decided to create a special Committee for IPR's.

In constituting this Sub Committee, we have tried to broad base the representation, but many of the Companies who have suffered from counterfeit products like Procter & Gamble, Bata, Reckitt Benckiser, Pakistan Cables, Pepsi Cola and Caltex did not send us any nominations.

The Chairman requested each Member to introduce themselves and their Company, and their functional responsibilities in the Company.

Thereafter the role of the Sub Committee was discussed, and it was agreed that the Committee would:

- a) Formulate issues of common and / or general interest to Members.
- b) Monitor all changes in Government's policies and existing rules, regulations, etc.
- c) Formulate proactive suggestions for reforms in regulations, policies and laws, at variance with the interest of Members.

- d) Identify cases of non-observance or misapplication of rules, regulations and laws that are noticed from time to time.

Chairman commented that a good starting point would be to review all of Pakistan's legislations pertaining to IPR's.

Secretary-General clarified that the following legislation governs the IPR area in Pakistan:

1. Copyright Act 1962 and Copyright (Amendment) Act 1992
2. Trade Marks Act 1940 (The Act) replaced by Trade Marks Ordinance 2001 dated 13th April, 2001.
3. Trade Marks Rules 1963 (the Rules)
4. Pakistan Names and Emblems (Prevention of unauthorized use) Act 1957
5. Merchandise Marks Act 1889
6. Pakistan Penal Code 1860
7. Criminal Procedure Code 1898
8. Pakistan Patens & Designs Act 1911

Chairman then led the discussion on Copyright Act 1992. It was explained that the Copyright Act 1962 which was modelled on the English Act of 1914 was amended in 1992.

Salient changes were:

- i) Inclusion of Section 2 (p) to cover Computer programmes
- ii) Addition of Section 74 (3) which makes all offenses under the Ordinance cognizable and non-bailable
- iii) Section 65 provides for the suit or other civil proceedings regarding infringement be tried in the Court of District Judge, at the discretion of the applicant.
- iv) Section 74 (l) now gives additional powers to the Police to seize infringed copies (without warrant) and produce before a Magistrate.
- v) Section 66 as amended provides for punishment which may extend upto 3 years of imprisonment or a fine upto Rs. 1,000 or with both and for a fine of upto Rs. 2,000 for conviction of the same offense again.

The Chairman expressed the view that although the Amended Act had been made quite stringent and provides for maximum punishment, there is no stipulation for minimum punishment for infringement.

It was agreed that a legal view would be obtained to ascertain which Countries prescribe minimum punishments for infringements.

It was also suggested that the Federal Ministry of Law be approached to see if special benches can be set up to hear Copyright infringement cases. It was also agreed that the Managing Committee of the Chamber be requested to invite the Federal Law Minister to the Chamber.

#### **TRADE MARKS ACT 1940**

The Secretary-General informed the meeting that the Trade Marks Act 1940 has been repealed and Trade Marks Ordinance 2001 has been promulgated on 13th April, 2001. Under this Ordinance, new Trade Marks Rules are being framed.

The Chamber's position on this legislation is documented in its letter dated 16th February, 201 to the Federal Secretary of Commerce. Despite the Chamber's advocacy for creating a criminal liability for infringement, the new Trade Marks Ordinance 2001 does not make a criminal liability for counterfeiting - it only re-enacts the civil liabilities already available in the 1940 Act.

The Chamber seeks that the offense of Trade Marks infringement be made both cognizable and non-bailable, as has been done in the Copyright (Amendment) Act 1992.

It was suggested that Mr. Hasan Irfan Khan be invited to come to the next meeting of the Sub Committee to brief the Committee. Next meeting is programmed for Friday 26th October, 2001 at 4 PM in OICC&I.

Meeting closed with a vote of thanks to the Chair.

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

20TH NOVEMBER, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING  
SUB COMMITTEE ON INTELLECTUAL PROPERTY RIGHTS MATTERS HELD ON  
MONDAY 5TH NOVEMBER, 2001 AT 4 PM IN OICC&I**

**PRESENT:**

MS. AMEENA SAIYID	CHAIRPERSON	OXFORD UNIVERSITY
MR. HASAN ALI KHAN	CO-CHAIRPERSON	CONTINENTAL BISCUITS
MR. NAVEED QAZI		AMERICAN EXPRESS
MR. SHAHID M. QURESHI		BEECHAM
MR. ANJUM FASIH		BRISTOL-MYERS SQUIBB
MR. MUKHTAR A. KHAN		SHELL
MR. AMIN BANDHANI		SIEMENS

**LEAVE OF ABSENCE:**

MR. IFTIKHAR H. SHIRAZI	ATLAS LEASE
MS. NAUSHEEN AHMED	ICI
MR. AMAR NASEER	LEVER BROTHERS
MR. ASLAM KHALIQ	PAKISTAN TOBACCO

Minutes of the last meeting held on 13th September, 2001 were confirmed, with following addition in the last line on Page 2:

"repealed by Patents Ordinance 2000".

The Committee invited Mr. Badruddin Valliani to apprise the Members about the Patents Ordinance 2000, and also if there are any laws in Pakistan that specify minimum punishments. The Chairperson welcomed Mr. Badruddin Valliani to the meeting.

Giving a general overview of the Patent Ordinance 2000 in its present form, Mr. Valliani informed the Committee that old rules are being used for the Patent Ordinance 2000, as new rules have yet to be framed.

The 1911 Patent Act has been repealed by the Patent Ordinance 2000. The term for the Patent has been extended to 16 years for Patent registered after year 2000. Older Patents will continue until the end of the term. Patent term starts from the date of first registration in the original Country.

For the time being only process Patent applications can be registered. Applications for product per se registration will be considered after the year 2005. Meanwhile they are being put in a black box. However, exclusive marketing licence may be issued by Ministry of Health for the Pharmaceutical products.

The new Trade Mark Act now includes service marks also. However, no designated rules of the Trade Mark has been made as yet. Passing off occurs when there is no registered Trade Mark. At present it takes more than 3 years to register a Trade Mark. However combined action is possible for both passing off and infringement.

Patent, Trade Mark and Copyright Offices need to be strengthened and be given financial and organizational support. They should all be under one roof and controlled centrally through Ministry of Commerce. The Department should be manned with more educated staff. Executive and judicial powers given to the staff be specified in clear terms. Head Quarters should remain at Karachi which is the hub of commercial and industrial activities in the Country, with branch offices in other Cities.

Elaborating the punishment under Copyright Act of India, Mr. Valliani explained that India has a minimum punishment of Rs. 50,000 and maximum Rs. 100,000, and imprisonment period of six months minimum to 3 years maximum, for first offenses but for subsequent offenses punishments are higher. Where there is no gain, there are lower punishments for infringement in India.

Mr. Valliani suggested that the Government of Pakistan should be persuaded for the early completion of:

Designated rules under Trade Mark and Copyright Ordinances.

The Committee decided following line of action:

- a) Awareness programmes to be supported. Seminars to be organized. Services of The Mediators Conferences to be acquired in this respect. The cost to be ascertained before hand and shared by the Members of Consumer Product multinationals and Pharmaceutical firms.
- b) Mr. Waseem Haqqie, Chairman, Board of Investment be invited to visit the Chamber. His assistance be sought to advocate the cause more effectively at different levels of the Government.
- c) Chamber to write necessary letter to the Ministry of Commerce. Chairperson offered to draft the letter on Copyright and Mr. Anjum Fasih on Patent issues.

#### **OTHER MATTERS**

- i) The Chairperson and the Committee expressed their thanks to Mr. Badruddin Valliani for the time he gave to the Committee.
- ii) The Committee noted with concern that some Members have not attended any Sub Committee meetings so far this year. Few Members are irregular. Such Members be encouraged to attend the meetings of the Committee.
- iii) Next meeting of the Committee to be held at an appropriate date immediately after Idd holidays.

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



7TH FEBRUARY, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB  
COMMITTEE ON PHARMACEUTICAL MATTERS HELD ON  
TUESDAY 30TH JANUARY, 2001 AT 3 PM IN OICC&I**

**PRESENT:**

MR. KAMRAN MIRZA	CHAIRMAN	ABBOTT
MR. M. SALMAN BURNEY	CO-CHAIRMAN	BEECHAM / GLAXO WELLCOME / SMITH KLINE & FRENCH
MR. MIKE EVANGELISTA		BAYER (M. D. DESIGNATE)
MR. ANJUM FASIH		BRISTOL-MYERS SQUIBB
MR. KHALID MAHMOOD		GETZ PHARMA
MR. JUERGEN KOENIG		KNOLL
DR. FARID KHAN		NOVARTIS PHARMA
MR. TAREK M. KHAN		ORGANON
MR. RAZI ANSARI		PARKE DAVIS / PFIZER
MR. RENE KLEMM		SCHERING ASIA GMBH
MR. REHMAN GHANI		SMITH & NEPHEW

**LEAVE OF ABSENCE:**

MR. TARIQ UMAR	AVENTIS PHARMA
DR. M. S. HABIB	BARRETT HODGSON
MR. AKBER SAIFI	BECTON DICKINSON
MR. ARSHAD R. KHAN	CYANAMID
MR. REHAN Q. SAGHIR	ELI LILLY
MR. MUNNAWAR HAMID, OBE	ICI PAKISTAN LIMITED
MR. ISMAIL AHMED	JOHNSON & JOHNSON
MR. SARFRAZ-UL-HAQ	PHARMACIA & UPJOHN
MR. SHAFQAT H. SHAH	PHARMATEC
MR. SABIR SAMI	RECKITT BENCKISER
MR. TARIQ AMIN	RHONE POULENC RORER

The Chairman welcomed the Members to the first meeting of Chamber's Standing Sub Committee on Pharmaceutical Matters.

He explained that for the meeting today only Heads of Pharmaceutical Companies have been invited as it was not intended that substitutes should participate. The Chamber had received requests for substitution from a few companies, but had informed them that for this meeting this was not considered appropriate.

However, the following four persons who had arrived at the meeting were allowed to attend the same as observers:

MR. S. SHAUKAT ALI	MERCK MARKER
MR. ASLAM SHAIKH	MERCK SHARP & DOHME
MR. HANIF SATTAR	OTSUKA
MR. JAVED MIRZA	ROCHE

Chairman informed the meeting that the Pharma Bureau of Information & Statistics shall be the operating arm of the Standing Sub Committee of the Chamber on Pharmaceutical Matters, and this Bureau shall work under the supervision and guidance of the Standing Sub Committee. The Chairman also stated that over the years, the Pharma Bureau had established its position and is an accepted brand name in Government of Pakistan's circles, and this is the reason for continuing with the Pharma Bureau.

Mr. Razi Ansari (Parke Davis / Pfizer) stated that the PPMA has better recognition in Government of Pakistan's circles and there is not much to be gained by using Pharma Bureau as a brand name. The OICC&I name should be used.

Mr. Khalid Mahmood (Getz Pharma) also raised the issue of what benefits are derived by using the Pharma Bureau forum. He further stated that he as Vice Chairman of PPMA observed that despite the interaction and vigorous efforts the Pharma Bureau was not given representation on the Drug Registration Board, and the Bureau failed in this respect.

Mr. Rehman Ghani (Smith & Nephew) stated that his Company had opted out of the Pharma Bureau as they did not wish to bear the additional costs, as his Company did not get value for their money.

Mr. Salman Burney stated that the Pharma Bureau is an established forum and has gained access and entry into the Ministry of Health circles and should be used. The value for money is another question, and this is for each Company to decide.

Chairman stated that to keep the Pharma Bureau functioning, it will be necessary to contribute funds on a voluntary basis to recover the operating expenses. He suggested that an initial fixed contribution of Rs. 200,000 be paid by each Company. In addition to this amount, a variable contribution will be required to cover the additional costs over and above the amount collected from fixed subscriptions and this amount would be based on the agreed formula, and will be called for as and when required.

Mr. Rehman Ghani (Smith & Nephew) requested that the amount of Rs. 200,000 be reconsidered to enable smaller companies to join in. He also said that resources raised, need to be put to better use.

Mr. Anjum Fasih (Bristol-Myers Squibb) supported this point of view and said that the operating expenses of the Bureau need to be brought down. The cost of running the Bureau is around Rs. 5.8 Million and apart from the Executive Director, there are Nine other employees whose annual cost is around Rs. 2.0 Million. Mr. Anjum Fasih also said that a large amount of money collected last year remains unspent. He suggested that the optimum operating expenses for running the Bureau be established and agreed first, only then should the fixed contributions from the Members be requested. The past practice has always been to collect an initial fixed contribution of Rs. 100,000 from each Company and this should be followed.

Mr. Juergen Koenig (Knoll) supported the Chairman's suggestion that Rs. 200,000 be the initial fixed contribution payable by each Company.

Chairman stated that he does not have the information of the residual balance of last year, but he will form a smaller Task Force to work out the optimum expenditure for running the Pharma Bureau, and will revert back to the Standing Sub Committee for approval.

After considerable discussion on this subject, the Chairman ruled that Rs. 200,000 be the initial fixed contribution payable by each Company and the Bureau would raise invoices for this amount.

Chairman also proposed that the payments be made to the present account of "Bureau of Information & Statistics" - Pharmaceutical Group Account No. 01 1060333 01 which account is maintained at the Standard Chartered Bank.

With regard to the authorized signatories to the above account, the Chairman proposed that he and / or the Co-Chairman must be a signatory to the cheques and the second signatory could be the Executive Director of the Pharma Bureau.

Several Members participated in the discussion, and stated that in the past the Executive Director was not a signatory to these accounts and this practice should continue. Chairman said that in view of the logistic difficulties involved in obtaining two signatories to these cheques, it was necessary to have the Executive Director of the Pharma Bureau as one of the signatories. In view of the difference of opinion, the Chairman called for a show of hands, and the majority voted in favor of the Executive Director being a signatory.

Chairman suggested that the Standing Sub Committee may consider requesting the President and Vice President of the Chamber to be additional signatories to this account.

It was agreed that all the accounts of the Pharma Bureau for the year ending December, 2000 and all previous years be audited as soon as possible. Chairman stated that the Executive Director has already requested A. F. Ferguson & Company to audit the accounts of the Pharma Bureau.

### **EXTERNAL ISSUES**

The Chairman stated that there are many issues that need to be followed up.

The Bureau had circulated earlier to all its Members Annexure consisting of two pages. Page 1 which is a check list of all issues to be raised with Ministry of Health and Page 2 which lists issues to be raised with other Government of Pakistan's officials.

Chairman informed the meeting that he expects to arrange a meeting with the Federal Finance Minister in the near future and invited suggestions.

The following suggestions were made:

- 01 Sales Tax paid on import stage cannot be passed on to the retail price and hence adjustments are not available to the Pharma Industry. Central Board of Revenue is expected to be supportive of Sales Tax on finished product as it documents the economy.

Chairman stated that he had consulted Mr. Zaffar Khan (Engro Chemical), as the

Fertilizer Industry has a similar problem, and there to the Sales Tax paid on inputs cannot be adjusted, as there is no Sales Tax on the end product. Engro has obtained a legal opinion in this matter and Chairman expects that they will share a copy. The PPMA also has legal consultation on its agenda.

02 There appears to be discrimination when registering new products.

Less than 5% of the new products that get registered are granted to MNC's. The anti WTO stance of the Ministry of Health need to be addressed.

03 Unrealistic shelf life restriction on imported raw materials and finished products need to be taken up.

Dr. Farid Khan (Novartis Pharma) offered to take up this matter.

WTO has in its regime the concept of re-testing after 3 years, and this can be done twice for each product, re-test certificates should be accepted.

04 Prosecution of CEO's / Directors and Offshore Directors by Drug Inspectors is being misused and needs to be taken up. The law may need to be changed. The Law Reforms Commission may be approached in this matter. Mr. Razi Ansari (Parke Davis / Pfizer) was requested to do a suitable draft in this matter.

Mr. Salman Burney remarked that there is a Supreme Court Judgment on this issue and he offered to share this information.

05 Registration of Vitamin products has been stopped. This needs to be taken up again.

06 Products registered but not marketed is yet another issue that needs to be taken up

07 There is a misconception in the Ministry of Health that the ECC meeting recently turned down the grant of price increases. What was turned down was a request to increase prices for hardship cases.

08 Merck Marker pointed out that there has been no Assistant Drug Controller in Quetta for sometime and this is creating problems for the Industry.

09 Problems on IRR are to be taken up at a meeting in Miami. About 1-1/2 hour is allocated to South Asia's problems. There may be an earlier door knock meeting Mr. Samir Khalifa (Merck) who was based in New Jersey (now in Egypt) attended the earlier meeting. Mr. Razi Ansari (Parke Davis / Pfizer) and Mr. Tahir Iqbal (Merck Sharp & Dohme) to address the issue.

10 The meeting was informed that the new Patent Law has been promulgated. The data exclusivity issues needs to be examined.

11 Dr. Farid Khan (Novartis Pharma) informed the meeting that the Director General Health wants to establish a Centre of Excellence in Islamabad to do 'Bio availability tests' which they feel should be done locally. A list of products has been prepared where Bio equivalence is required. Director General Health wants this to be done on every product.

Mr. Khalid Mahmood (Getz) suggested that a technical presentation be done for Director General Health to cover this issue. He also said that the Pharma Bureau should do everything possible to get representation on the Registration Board. Bad mouthing by PPMA needs to be stopped, who have been opposing Pharma Bureau's representation on the Registration Board.

#### **OTHER MATTERS**

Mr. Razi Ansari (Parke Davis / Pfizer) raised the issue of recent exchange of letters between the Executive Director and the Chairman, Pharma Bureau which was copied to everyone. The letter was uncalled for and in bad taste.

Mr. Kamran Mirza expressed similar views and he said he was shocked and agreed that this should never have happened.

Upon Mr. Razi Ansari's request that the Chairman should ask the Executive Director to withdraw the letter, Mr. Kamran Mirza agreed that he will request the Executive Director to do so.

**ZAHID ZAHEER  
SECRETARY GENERAL**

31ST MAY, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB  
COMMITTEE ON PHARMACEUTICAL MATTERS HELD ON THURSDAY  
17TH MAY, 2001 AT 3 PM IN OICC&I**

**PRESENT:**

MR. KAMRAN MIRZA	CHAIRMAN	ABBOTT
MR. M. SALMAN BURNEY	CO-CHAIRMAN	BEECHAM / GLAXO WELLCOME / SMITH KLINE & FRENCH BARRETT HODGSON
DR. M. S. HABIB		
- REP BY MR. M. H. MANSURI		
MR. FRITZ KOHLER		BAYER
- REP BY MR. MIKE EVANGELISTA		
MR. ANJUM FASIH		BRISTOL-MYERS SQUIBB
MR. REHAN Q. SAGHIR		ELI LILLY
MR. KHALID MAHMOOD		GETZ PHARMA
MR. ISMAIL AHMED		JOHNSON & JOHNSON
MR. JUERGEN KOENIG		KNOLL
MR. J. B. MAUDE		MERCK MARKER
- REP BY MR. SHAUKAT ALI		
DR. FARID KHAN		NOVARTIS PHARMA
MR. ABID HUSSAIN		OTSUKA
MR. RAZI ANSARI		PARKE DAVIS / PFIZER
MR. SHAFQAT H. SHAH		PHARMATEC
MR. SABIR SAMI		RECKITT BENCKISER
MR. KAMRAN R. IBRAHIM		ROCHE

**LEAVE OF ABSENCE:**

MR. TARIQ UMAR	AVENTIS PHARMA
MR. AKBER SAIFI	BECTON DICKINSON
MR. ARSHAD R. KHAN	CYANAMID
MR. MUNNAWAR HAMID, OBE	ICI PAKISTAN LIMITED
MR. M. TAHIR IQBAL	MERCK SHARP & DOHME
MR. TAREK M. KHAN	ORGANON
MR. SARFRAZ-UL-HAQ	PHARMACIA & UPJOHN
MR. TARIQ AMIN	RHONE POULENC RORER
MR. RENE KLEMM	SCHERING ASIA GMBH
MR. REHMAN GHANI	SMITH & NEPHEW

The Chairman welcomed the Members to the second meeting of Chamber's Standing Sub Committee on Pharmaceutical Matters.

Chairman informed the meeting that Mr. Salman Burney and Mr. Zafar Mooraj had meetings in Islamabad with the Executive Director, Securities & Exchange Commission of Pakistan, Ms. Sadia Khan on the matter of notification of the Pharma Industry for the purpose of manufacturing cost accounting records.

The meeting was informed that there was no nexus between the initiative taken by SEC and the Ministry of Health. In all probability, this matter is being driven by the Accountants who have recently joined the SEC.!

At the meeting in Islamabad, the Industry was requested to draw out specimen rules.

Dr. Farid Khan has prepared a draft. Three Members, Chairman, Mr. Anjum Fasih and Mr. Razi Ansari again met the Executive Director, SEC at a meeting under the auspices of American Business Council.

The present position is that the Industry has committed to the SEC to come forward with a draft of a least exacting model for a generic cost accounting system before 15th June, 2001.

Chairman informed the meeting that he had several meetings with Government of Pakistan Officials on the price increase issue. The issue of 69 products, the prices of which were rolled back in 1997 and 1998 has also been discussed at these meetings. On the issue of hardship cases, he was made to understand that there will be no one to one increase .

Chairman said that there was need to lobby in Islamabad and build up pressure, and any Members who travel to Islamabad should avail of the opportunity.

Mr. Kamran Ibrahim (Roche) suggested that President of OICC&I be requested to write to the Government of Pakistan about discrimination to foreign companies on 69 products.

On other regulatory issues, the Chairman stated that the Pharma Bureau has already circulated a check list. The Bureau is trying to organize an inter ministerial meeting to pursue matters further.

Mr. Khalid Mahmood (Getz) pointed out that the Government of Pakistan had constituted a Committee for Monitoring the Drugs Sector (CMDS) last June. This Committee has not been constituted equitably and Dr. Khokhar and Dr. Mudashir are the only two Industry representatives. Dr. Farzana represents the Ministry of Health on this Committee.

The CMDS has met twice since it was last formed. The multinational Pharma Industry is not represented on this Committee and efforts should be made to seek representation.

On the question of cost effectiveness of the Pharma Bureau, the Chairman reported that he had assigned this task to a two Member Working Group consisting of Mr. Juergen Koenig (Knoll) and Mr. Ismail Ahmed (Johnson & Johnson). He requested Mr. Ismail Ahmed to present the recommendation of the Working Group.

The operating budget for the Pharma Bureau was tabled for discussion. The head count would be reduced once the present office is vacated and moved to a Member Company's plant site. Chairman tabled a list of those who had not paid their contributions so far and requested them to pay their contributions. Five companies have only made 1/2 contribution and eight companies have not paid any contributions.

Mr. Sabir Sami (Reckitt Benckiser) suggested that the office of the Pharma Bureau should be in Islamabad and it will be more cost effective.

**OTHER MATTERS:**

Chairman pointed out the deteriorating law and order situation. Recently trucks carrying company products have been hijacked. Both Glaxo and Abbott have had similar experiences.

Dr. Farid Khan whose company does self distribution, stated that their vehicles too have been robbed at gun point. The company now puts an armed guard on each truck.

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

**ZAHID ZAHEER  
SECRETARY-GENERAL**



14TH SEPTEMBER, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB COMMITTEE ON  
PHARMACEUTICAL SECTOR HELD ON  
MONDAY 10TH SEPTEMBER, 2001 AT 9.30 AM IN OICC&I**

**PRESENT:**

MR. M. SALMAN BURNEY	CHAIRMAN	BEECHAM
DR. FARID KHAN	CO-CHAIRMAN	NOVARTIS PHARMA
DR. M. S. HABIB		BARRETT HODGSON
- REP BY MR. M. H. MANSURI		
MR. MIKE EVANGELISTA		BAYER PAKISTAN
MR. ANJUM FASIH		BRISTOL-MYERS SQUIBB
MR. REHAN Q. SAGHIR		ELI LILLY
MR. KHALID MAHMOOD		GETZ PHARMA
MR. M. SALMAN BURNEY		GLAXO WELLCOME
MR. ISMAIL AHMED		JOHNSON & JOHNSON
MR. SHAFQAT H. SHAH		PHARMATEC
MR. KAMRAN R. IBRAHIM		ROCHE
MR. M. SALMAN BURNEY		SMITH KLINE & FRENCH
MR. ARSHAD R. KHAN		WYETH

**LEAVE OF ABSENCE:**

MR. KAMRAN MIRZA	ABBOTT
MR. TARIQ UMAR	AVENTIS PHARMA
MR. AKBER SAIFI	BECTON DICKINSON
MR. MUNNAWAR HAMID, OBE	ICI
MR. KAMRAN MIRZA	KNOLL
MR. J. B. MAUDE	MERCK MARKER
MR. M. TAHIR IQBAL	MERCK SHARP & DOHME
MR. TAREK M. KHAN	ORGANON
MR. ABID HUSSAIN	OTSUKA
MR. RAZI ANSARI	PARKE DAVIS
MR. SARFRAZ-UL-HAQ	PHARMACIA & UPJOHN
MR. SABIR SAMI	RECKITT BENCKISER
MR. TARIQ AMIN	RHONE POULENC RORER
MR. RENE KLEMM	SCHERING ASIA GMBH
MR. REHMAN GHANI	SMITH & NEPHEW

The Chairman welcomed Members to the meeting.

Minutes of the meeting held on 17th May, 2001 chaired by Mr. Kamran Mirza were confirmed.

**MATTERS ARISING FROM THE MINUTES**

**1. PRICE INCREASE ISSUE**

The Chairman gave an overview of the various efforts and discussions that have taken place in this matter. Dr. Farid Khan and President,

Mr. Moin Fudda called on Mr. Abdul Razzak Dawood, Minister for Commerce, Industries & Production and the Chairman, Privatization Commission in Islamabad on 10th August, 2001. Earlier on the same day, in a meeting with Mr. Mueen Afzal, Secretary General, Ministry of Finance, the need to resolve this matter quickly was taken up by Dr. Farid Khan and the President of the Chamber. This matter was to be considered by the Federal Cabinet in its last meeting, but was taken off the agenda due to the unavailability of key officials at this meeting.

The President of the Chamber has written to Mr. Shaukat Aziz, Finance Minister on 6th September, 2001 highlighting the need to address this issue soon, and seeking his support in the matter.

The Chairman mentioned an Indian Pharmaceutical Company had been trying to influence important ministers about the high prices of drugs and raw materials in Pakistan. Efforts were being made to try to counter this factually incorrect position.

## **2. PRICE INCREASE FOR 69 PRODUCTS WHERE PRICES WERE ROLLED BACK**

The President of the Chamber has written to Mr. Ejaz Rahim, Federal Health Secretary, Ministry of Health in this matter on 28th May, 2001. This letter was tabled at the meeting for information purposes. The present summary for decision before cabinet does not recommend an increase for these products.

## **3. COST ACCOUNTING RECORDS**

The meeting was informed that a suggested revised draft for the Cost Accounting Records was developed and presented to the Securities & Exchange Commission of Pakistan. This draft was the least exacting for the industry, whilst meeting the SEC's requirements. In a subsequent meeting with the Executive Director, SEC, some issues were raised on this draft, which is being revised for re-submission.

## **4. PHARMA BUREAU : WAYS OF WORKING**

The Chairman informed the meeting that the operating cost base of the Pharma Bureau has been reduced by Rs.1 Million a year by reducing staff numbers from 10 to 2-1/2. The office of the Pharma Bureau will also be given up, and now be based in two rooms which have been made available at the "Aventis" premises in Korangi. Some discussions took place on the need to keep an expensive Assistant to the Director of the Pharma Bureau in Karachi.

Some Members present expressed the view that the performance of the Pharma Bureau needs to be reviewed against defined objectives and questioned its cost efficacy. It was mentioned that the image of the industry is poor and the attitude / mind set of the Ministry of Health needs to be changed for the better. Furthermore objectives for the Executive Director needs to be developed and monitored.

After considerable debate the role /objectives of the Pharma Bureau were decided (see below)

Chairman had to remind Mr. Anjum Fasih that since BMS had not contributed at all to the funding for the Bureau, he had surrendered his right to debate on the performance and expenses of the Pharma Bureau.

The representation of the Pharma Bureau in Islamabad came up for discussion. Dr. Farid Khan said that this matter could be considered, and invited Members to suggest suitable names for this position. He pointed out that this would entail an element of additional cost.

**5. AGREED ROLE OF THE SUB COMMITTEE & PHARMA BUREAU FOR THE FORTHCOMING YEAR**

- I) Seek maximum deregulation - present regulatory environment is tough. Task Force to be formed to develop proposals for deregulation. Chairman, Co-Chairman, Mr. Rehan Saghir and Mr. Arshad Khan to be part of the Task Force.
- II) Focus on problems relating to pricing, registration and IPR's.
- III) Change of perception in public and Ministry of Health required. Presently this is negative.

**6. INTELLECTUAL PROPERTY RIGHTS**

Mr. Rehan Saghir said that he had held discussions with a group of companies on TRIPS matters. There is need for alignment of various legislations. A smaller working group is looking into this matter.

An apprehension was expressed that registration data submitted to Ministry of Health, Islamabad is likely to be misused and passed on to competitors.

A local company had applied to the Ministry of Health for various patented products in finished form and also for semi basic manufacturing. Following a collective protest by the bureau, and also some individual companies opposing the grant of this licence, on grounds that they were patented, the MOH has deferred a decision on those licences which had not already been issued and sought further information on patents. The Ministry of Health has not rescinded the licences already issued for products in violation of patents.

It was felt that there was a need to create more awareness of the Patent Laws. There has been a change in the Ministry of Commerce in Islamabad and a new Joint Secretary is looking after the work on WTO / TRIPS matters, earlier done by Mr. Gulrez Yazdani. The sub committee needs to seek his support in sensitizing the MOH on Pakistan's obligations under the new Patent law and the TRIPS agreement.

**7. OTHER MATTERS**

- a) The ECC has set up a special Review Committee for the regulation of the Pharma Sector, headed by Mr. Abdul Razzak Dawood, Minister for Commerce, Industries & Production to review the regulatory framework.

The Chairman said that this was a window of opportunity. The Industry must supply data on the pricing and registration systems in other Countries of the region to the Review Committee.

A Member expressed concerns about confidentiality of financial data being solicited from private companies, and he had reason to believe that the Pharma Bureau may have breached the confidentiality. The Chairman assured him categorically on the record that this was not the case, and all member companies, including himself and the Co-Chairman only had sight of the pooled data.

- b) A Member stated that the Indian Industry is trying very hard to open up the Pakistan market for pharma products using the SARC platform.
- c) A suggestion was made that there was a need to improve the relationship with Ministry of Health officials. The need for engagement was emphasized. It was agreed that Director General Health and Federal Health Secretary be invited to the Chamber.

Meeting closed with a vote of thanks to the Chair.

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

7TH JANUARY, 2002.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB COMMITTEE ON  
PHARMACEUTICAL SECTOR HELD ON  
FRIDAY 14TH DECEMBER, 2001 AT 8.30 AM IN OICC&I**

**PRESENT:**

MR. M. SALMAN BURNEY	CHAIRMAN	BEECHAM
DR. FARID KHAN	CO-CHAIRMAN	NOVARTIS PHARMA
MR. KAMRAN MIRZA		ABBOTT
DR. M. S. HABIB		BARRETT HODGSON
- REP BY MR. M. H. MANSURI		
MR. TARIQ HAMID		BECTON DICKINSON
- REP BY MR. A. J. BILAL		
MR. M. SALMAN BURNEY		GLAXO WELLCOME
MR. ISMAIL AHMED		JOHNSON & JOHNSON
- REP BY M. ANWAR GHANI		
MR. KAMRAN MIRZA		KNOLL
MR. J. KOENIG		MERCK MARKER
MR. ABID HUSSAIN		OTSUKA
MR. M. SALMAN BURNEY		SMITH KLINE & FRENCH

**LEAVE OF ABSENCE:**

MR. TARIQ UMAR	AVENTIS PHARMA
MR. MIKE EVANGELISTA	BAYER PAKISTAN
MR. ANJUM FASIH	BRISTOL-MYERS SQUIBB
MR. REHMAN GHANI	BSN
MR. SAEED ASLAM KHOKHAR	CHIESI
MR. REHAN Q. SAGHIR	ELI LILLY
MR. KHALID MAHMOOD	GETZ PHARMA
MR. MUNNAWAR HAMID, OBE	ICI PAKISTAN LIMITED
MR. M. TAHIR IQBAL	MERCK SHARP & DOHME
MR. TAREK M. KHAN	ORGANON
MR. RAZI ANSARI	PARKE DAVIS
MR. SARFRAZ-UL-HAQ	PHARMACIA & UPJOHN
MR. SHAFQAT H. SHAH	PHARMATEC
MR. SABIR SAMI	RECKITT BENCKISER
MR. TARIQ UMAR	RHONE POULENC RORER
MR. KAMRAN R. IBRAHIM	ROCHE
MR. RENE KLEMM	SCHERING ASIA GMBH
MR. ARSHAD R. KHAN	WYETH

1. Minutes of the meeting held on Monday 10th September, 2001 at 9.30 AM in OICC&I were confirmed.
2. The meeting was informed that on 10th December, 2001 the Director General health, Islamabad has issued the official notification on increase in the prices of drugs and medicines.

The increases allowed are upto 3% for the controlled category and 4% for the decontrolled category, which are to be calculated on the leader prices. The price increases may be implemented anytime in the future after 10th December, 2001. No price increases have been allowed for stocks sold by the manufacturers / importers before this date.

The above increases have not been allowed on the 65 drugs enlisted in the schedule.

3. Dr. Farid Khan informed that he attended the meeting called by Ministry of Health in Islamabad on 13th December, 2001. Mr. Tariq Umar of Aventis Pharma also attended the same.

The PPMA was also represented by Mr. Abdullah Feroze (South), Dr. Khokhar (North) and Dr. Khalid Chaudhry (Chairman).

The following issues came up for discussion at this meeting:

#### **ISSUES RAISED BY MINISTRY OF HEALTH**

- a) Applications for renewal of drug licences to be made well in advance of due date.
- b) Change in technical staff by companies to be informed to the Licensing Board immediately and frequent changes should be avoided.
- c) Challan fee deposited in the Treasury should bear the name of the product and the purpose for which the fee is paid.
- d) Application for drug manufacturing licences and registration are not always complete, and Companies / Firms do not respond in time to Notices for incomplete information.
- e) The labels should show with equal prominence the generic name of the Drug.
- f) Insufficient emphasis given to stability dates and validation of the manufacturing and quality control procedures of drugs when registration applications are made.
- g) PPMA should do self monitoring of its Member Companies.

#### **INDUSTRY ISSUES RAISED BY OICC&I PHARMA COMPANIES & PPMA**

##### **PRICING ISSUE**

- A. After 1996 leader prices are not allowed for new registration, only 60% of the leader price is being allowed. Matter needs reconsideration.
- B. Some of the prices of the 65 products on which no increase has been allowed are now lower than India. The need for reconsideration was emphasized.

C. Need for decontrol of prices and deregulation

Bangladesh has only 117 drugs which are controlled and India 79, which is likely to be brought down to 36 only.

D. Discounts to retailers are controlled. There is no need for this.

4. It was agreed that Companies which have products which are loss making and prices are lower than India, should write and send details to the Ministry of Health.

It is believed that Mr. Azhar, Cost Accountant, Ministry of Health is preparing a memorandum for the higher authorities on this subject.

5. It was suggested that a meeting be called for those Companies who are hit by the price freeze on 65 products. This issue needs to be taken up with the Government of Pakistan urgently.

A meeting should be held in January, 2002 to discuss the line of action for 65 products price review.

The Government of Pakistan has made two indications to Industry:

I) Exemption of Sales Tax may be withdrawn

II) Deregulation to be considered.

6. **REGISTRATION OF PRODUCTS**

There are delays in product registration and sometimes it can take five years.

OICC&I Members are interested in getting chemical entities registered. PPMA wants generic products registered.

PPMA should support new chemical entities being registered, because if they are not, there will be no new generic products in future.

7. **NEED FOR ONGOING INTERACTION BETWEEN THE MINISTRY & PHARMA INDUSTRY**

A liaison committee is being suggested by PPMA.

8. **NEW DRUG POLICY**

It is believed that a new drug policy is being drafted by Ministry of Health. Comments have been sent. Thinking going around in the Ministry of Health circles is that if raw material prices reduce, then this will have to be reflected in reduction in end prices.

9. Now that a price increase has been obtained, the approach should be to lobby for decontrol of prices.

P. R. and media support is required and negative articles against the Industry needs to be challenged. So far this has been done by three Companies on their own. There is need to budget for this activity, so far only three Companies have been funding this activity.

10. Mr. Kamran Mirza praised the efforts of the Phamra Bureau in the context of price increases, and suggested that the Bureau needs to be supported further.

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

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



23RD JANUARY, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB  
COMMITTEE FOR PORTS, SHIPPING & COMMUNICATIONS  
HELD ON TUESDAY 16TH JANUARY, 2001 AT 3 PM IN OICC&I**

**PRESENT:**

MR. M. MOONIS	CHAIRMAN	UNITED LINER
MR. S. H. A. BUKHARI	CO-CHAIRMAN	MACKINNON, MACKENZIE
MR. KHAWAJA S. MAHMOOD		ICI
MR. FAROOQ RAHMATULLAH		SHELL
- REP BY MR. SYED MUNIR AHMAD		

**LEAVE OF ABSENCE:**

MR. S. A. HADI	BOC
MR. JAVED AKBER	ENGRO VOPAK
MR. CHANGEZ H. NIAZI	KICT
COMM. SHARIFUL HASAN	PHILIPS
MR. ALI HYDER STANHOPE	QICT

Minutes of the last meeting held on 25th October, 2000 were approved.

Matters arising out of the aforesaid Minutes:

Chairman gave a brief review of progress meanwhile taken place in KPT area. He informed that the road work is expected to be completed soon. Work on repairs of secondary road shall be taken up shortly. Although repairs and maintenance of roads is KMC's responsibility, yet Brigadier Javed, General Manager, Civil Construction, KPT is taking interest in improving conditions of roads and oil trenches in the KPT area.

The Members were informed that OCAC have agreed to pay land rent at enhanced rate to KPT. Arrears of last 12 years aggregating to Rs. 242 Million due against oil companies, have since been reimbursed to KPT by the six major oil companies of OCAC. The six companies own 60% of the total KPT land area.

It has been decided to dismantle Oil Pier II and a contract in this respect is to be awarded soon. Pipelines have been laid at Berth No. 1 to handle molasses and chemicals in addition to general cargo.

Secretary General gave an overview of recent activities of Port Qasim. Dredging work in PQA has started. The draft will be restored by March, 2001.

Night navigation which was expected to commence by the end of December has been further delayed, as PQA has not taken delivery of the navigational facilities from QICT.

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

**MOHAMMAD ASLAM  
DEPUTY SECRETARY**

13TH SEPTEMBER, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB  
COMMITTEE FOR PORTS, SHIPPING & COMMUNICATIONS  
HELD ON WEDNESDAY 5TH SEPTEMBER, 2001  
AT 3.30 PM IN OICC&I**

**PRESENT:**

MR. S. H. A. BUKHARI	CHAIRMAN	MACKINNON, MACKENZIE
MR. HAMID ALI KHAN		CONTINENTAL BISCUITS
MR. IRFAN H. A. VAZEER		JAMES FINLAY
MR. KHURRAM S. ABBAS		KICT
MR. ABDUS SAMAD		NOVARTIS PHARMA
CAPTAIN M. A. SIDDIQUI		UNITED LINER

**LEAVE OF ABSENCE:**

MR. FAROUQ RAHIMTOOLA CO-CHAIRMAN	RAY SHIPPING
MR. M. ASLAM	BOC
MR. JAVED AKBAR	ENGRO VOPAK
MR. DARAYUS P. DIVECHA	QICT

The Chairman welcomed the Members to the first meeting of the reconstituted Committee. He requested the Members present to introduce themselves, their company's affiliation and their functional responsibilities.

Minutes of the last meeting held on 16th January, 2001 under the Chairmanship of Mr. M. Moonis were confirmed.

The Chairman informed the meeting that Mr. M. Moonis continues to be a Trustee and is Vice Chairman of the Karachi Port Trust, and represents the Chamber's interest. He is also the Chamber's representative on the Karachi Dock Labour Board, where he is the Chairman.

The role of the Sub Committee for the ensuing year was discussed.

Secretary-General informed the meeting that apart from Ports and Shipping, the Committee's agenda is to include Communications.

Communications in the general accepted sense includes road and rail also. In the past Telecommunication was also under the purview of this Sub Committee, and the Mobile Telephone Companies were represented.

However, now that the Chamber has formed a separate Sub Committee on Information Technology & E. Commerce, the Telecommunications part would be better placed under their purview.

The Sub Committee approved the following role to be adopted for the year 2001 - 2002:

- 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 maladministration 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.

The Committee would meet at least six times a year, and more frequently on a need basis.

The Chairman invited discussions on other common issues of general interest to members.

The following issues were identified:

- (I) Novartis Pharma raised the issue of Airport storage charges being too high. They will provide details.
- (II) Cost of berthing, pilotage and wharfage are high, and the KDLB charge adds to this cost. Details to be provided.
- (III) Freight rates for shipping containers have generally gone down, and this puts pressure on Shipping Companies.
- (IV) Harassment to personnel going on board vessels by Dock Security (DNI). Stringent requirements especially for those vessels which have Indian crew.

The next meeting of the Sub Committee will be held on Wednesday 7th November, 2001 at 3.30 PM in the Chamber.

Meeting closed with a vote of thanks to the Chair.

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

22ND NOVEMBER, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB  
COMMITTEE FOR PORTS, SHIPPING & COMMUNICATIONS  
HELD ON WEDNESDAY 7TH NOVEMBER, 2001  
AT 3.30 PM IN OICC&I**

**PRESENT:**

MR. S. H. A. BUKHARI MACKENZIE	CHAIRMAN	MACKINNON,
MR. FAROUQ H. RAHIMTOOLA MR. M. ASLAM	CO-CHAIRMAN	RAY SHIPPING BOC
MR. HAMID ALI KHAN BISCUITS		CONTINENTAL
MR. IRFAN H. A. VAZEER		JAMES FINLAY
MR. KHURRAM S. ABBAS		KICT
MR. ABDUS SAMAD		NOVARTIS PHARMA
MR. DARAYUS P. DIVECHA		QICT
CAPTAIN M. A. SIDDIQUI		UNITED LINER

**LEAVE OF ABSENCE:**

MR. JAVED AKBAR ENGRO VOPAK

1. Minutes of the last meeting held on 5th September, 2001 were confirmed.

**2. MATTERS ARISING OUT OF LAST MINUTES**

- i) The issue of Airport storage charges was dropped. Novartis Pharma said this was a non issue.
- ii) Details on berthing, pilotage and wharf charges could not be provided. Karachi International Container Terminal have engaged a Consultant to study Port charges, and it is expected that this will compare costs encountered in the regional Ports. Karachi International Container Terminal agreed to share this report at the next meeting.
- iii) The meeting was informed that freight rates for Containers continue to go down. The War Risk Insurance on Hull and Machinery applied as an additional freight charge by Shipping Companies is expected to go down. The War Risk Insurance on cargo has already gone down.
- iv) Representative of United Liner provided details of the stringent requirements of Dock Security Agencies.

**3. OTHER MATTERS**

- a) Land rates for lease renewals by KPT have been increased excessively. BOC to provide details. Chamber to obtain / seek from KPT policy details in this matter.
- b) Qasim International Container Terminal informed the meeting that they

have not been paid for night navigation equipment which they have installed in PQA. They also informed the meeting that the closure of their CFS Station has been held in abeyance, due to a Court stay order.

- c) Karachi International Container Terminal tabled an issues paper relating to KPT for discussion. Secretary-General was requested to pass this on to KPT Trustee, Mr. M. Moonis.
- d) Ray Shipping pointed out that although the Merchants Shipping Ordinance 2001 has been promulgated, the rules have yet to be framed. A Sub Committee has been formed for this purpose under the aegis of Director General Shipping. ABSA is working on a response to the new Ordinance. Chamber to write and seek circulation of the Draft Rules for comments.

Next meeting planned for the 2nd week in January, 2002 either on Tuesday or Wednesday.

Meeting closed with a vote of thanks to the Chair.

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

2ND FEBRUARY, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB COMMITTEE  
FOR TAXATION HELD ON THURSDAY 1ST FEBRUARY, 2001  
AT 3 PM IN OICC&I**

**PRESENT:**

MR. JAVED IQBAL	CHAIRMAN	PHILIPS
MR. PARVEZ GHAS	CO-CHAIRMAN	ENGRO CHEMICAL
MR. IFTEKHAR ALAM		CGU
MR. ROB ZOON		LEVER BROTHERS

**LEAVE OF ABSENCE:**

MR. MOIN MOHAJIR	AVENTIS PHARMA
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
MR. G. C. WILSON	SHELL

Minutes of the last Meeting held on 11th October, 2000 were confirmed.

With regard to the industry's specific proposals for the Federal Budget 2001 - 2002, it was agreed to divide the Chamber's Member Companies into eight different sectoral groups.

For each group, a Task Force Leader was nominated to contact the various Member Companies to elicit sector specific proposals.

The eight Task Force Leaders to complete their submissions by 15th February, 2001. Mr. Saad Khan (Procter & Gamble) to act as coordinator for all the eight Task Force reports and to compile into one consolidated form. This is expected to be done by the end of February when it will be circulated to all Members of the Sub Committee.

The consolidated recommendations to be discussed at a Sub Committee meeting scheduled for **Monday 12th March, 2001 at 3 PM in OICC&I.**

Letter dated 15th January, 2001 received from Berger Paints Pakistan Limited on Sales Tax matters was tabled for discussion. Chairman agreed to send to the company a legal opinion obtained from Mr. S. U. Mirza by Philips Electrical Industries of Pakistan Limited. It was also agreed that the Chamber would lodge a representation to the Member Sales Tax, Central Board of Revenue. Chairman offered to prepare an appropriate draft for this appeal.

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

**ZAHID ZAHEER  
SECRETARY GENERAL**

28TH FEBRUARY, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB  
COMMITTEE FOR TAXATION HELD ON THURSDAY  
22ND FEBRUARY, 2001 AT 11.30 AM IN OICC&I**

**PRESENT:**

MR. JAVED IQBAL	CHAIRMAN	PHILIPS
MR. PARVEZ GHIAS	) CO-CHAIRMAN	ENGRO CHEMICAL
MR. K. MOAZZAM REHMAN	)	
MR. M. ASLAM		BOC
MR. T. A. BATLAY		LAKSON TOBACCO
MR. ROB ZOON		LEVER BROTHERS
MR. SAAD A. KHAN		PROCTER & GAMBLE
- REP BY MR. IRFAN SHEIKH		
MR. G. C. WILSON		SHELL
- REP BY MR. PAUL THOMPSON		

**LEAVE OF ABSENCE:**

MR. MOIN MOHAJIR	AVENTIS PHARMA
MR. IFTEKHAR ALAM	CGU
MR. JALIL ANJUM	GLAXO WELLCOME
MR. AZHAR MALIK	ICI
MR. SAEED HAIDER	J&P COATS

Minutes of the meeting held on 1st February, 2001 were confirmed.

The meeting were informed that the following Task Force Leaders have sent in the inputs that have been received from the Members of the respective Groups:

- |                      |         |
|----------------------|---------|
| 1. Mr. Iftekhar Alam | GROUP 2 |
| 2. Mr. M. Aslam      | GROUP 7 |

These were sent to the Chamber and have been passed on to the Coordinator, Mr. Saad Khan of Procter & Gamble.

The following Task Force Leaders:

- |                         |         |
|-------------------------|---------|
| 1. Mr. Rob Zoon         | GROUP 4 |
| 2. Mr. S. H. A. Bukhari | GROUP 5 |

have sent their inputs directly to the Coordinator, Mr. Saad Khan at Procter & Gamble.

The Task Force Leaders who have so far been unable to submit recommendations are:

- |                      |         |
|----------------------|---------|
| 1. Mr. Parvez Ghias  | GROUP 1 |
| 2. Mr. Paul Thompson | GROUP 6 |
| 3. Mr. Moin Mohajir  | GROUP 3 |
| 4. Mr. Saeed Haider  | GROUP 8 |

and have offered to do so in the next few days.

In the absence of Mr. Saeed Haider from Karachi, Mr. T. A. Batlay offered to take on the Group 8 recommendations. Mr. Saeed Haider's Secretary to be contacted to ascertain if she has received any replies.

Chairman suggested that the date for receiving the replies be extended upto 28th February, 2001. Thereafter Coordinator, Mr. Saad Khan will consolidate and circulate the information to all Sub Committee Members by 5th March, 2001.

The Ombudsman's visit on 27th February, 2001 was discussed. It was agreed that Mr. Parvez Ghias and Mr. M. Aslam would collect examples to elucidate mal-administration by tax authorities.

Abbott Laboratories (Pakistan) Limited's letter dated 20th February, 2001 addressed to the Chairman, Central Board of Revenue was tabled for discussion. Another letter from Abbott Laboratories dated 22nd February, 2001 addressed to the Commissioner, Income Tax was also tabled for discussion. Both letters complain of harassment, arising out of second audit.

Letter dated 19th February, 2001 from Smith Kline & French of Pakistan Limited nominating Mr. Ghulam Mustafa Aziz to the Chamber's Standing Sub Committee on Taxation in place of Mr. Jalil Anjum who has retired from the Company was tabled. Chairman agreed to the change.

The next meeting of the Sub Committee will be held on **Monday 12th March, 2001 at 3 PM in OICC&I.**

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



**14TH MARCH, 2001.**

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB  
COMMITTEE FOR TAXATION HELD ON MONDAY  
12TH MARCH, 2001 AT 3 PM IN OICC&I**

**PRESENT:**

MR. JAVED IQBAL	CHAIRMAN	PHILIPS
MR. M. ASLAM		BOC
MR. SAAD A. KHAN		PROCTER & GAMBLE
- REP BY MR. IRFAN SHEIKH		

**LEAVE OF ABSENCE:**

MR. PARVEZ GHIAS	CO-CHAIRMAN	ENGRO CHEMICAL
MR. MOIN MOHAJIR		AVENTIS PHARMA
MR. IFTEKHAR ALAM		CGU
MR. GHULAM MUSTAFA AZIZ		GLAXO WELLCOME
MR. AZHAR MALIK		ICI
MR. SAEED HAIDER		J&P COATS
MR. T. A. BATLAY		LAKSON TOBACCO
MR. ROB ZOON		LEVER BROTHERS
MR. G. C. WILSON		SHELL

The Minutes of the last meeting held on 22nd February, 2001 were confirmed.

Chairman expressed his disappointment at the poor attendance in the meeting. Mr. Irfan Sheikh (Procter & Gamble) informed the meeting that he had consolidated all the proposals received from the Group Leaders and emailed a first draft to the Chamber on 9th March, 2001.

The Chamber had emailed to all Sub Committee Members the first draft of the Federal Budget 2001- 2002 proposals on the morning of 12th March, 2001.

It was agreed that Mr. Irfan Sheikh (Procter & Gamble) will contact all the Group Leaders and ask them to review the first draft and send in comments to him as soon as possible, but not later than 24th March, 2001. Mr. Irfan Sheikh will incorporate these and the second draft will be discussed at the next meeting of the Sub Committee.

**The next meeting of the Sub Committee has been fixed for Wednesday 28th March, 2001 at 3.30 PM in OICC&I.**

**ZAHID ZAHEER  
SECRETARY GENERAL**

28TH MARCH, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB  
COMMITTEE FOR TAXATION HELD ON WEDNESDAY  
28TH MARCH, 2001 AT 10 AM IN OICC&I**

**PRESENT:**

MR. JAVED IQBAL	CHAIRMAN	PHILIPS
MR. PARVEZ GHIAS	CO-CHAIRMAN	ENGRO CHEMICAL
- REP BY MR. K. MOAZZAM REHMAN		
MR. M. ASLAM		BOC
MR. T. A. BATLAY		LAKSON TOBACCO
MR. ROB ZOON		LEVER BROTHERS
MR. SAAD A. KHAN		PROCTER & GAMBLE
- REP BY MR. IRFAN SHEIKH		

**LEAVE OF ABSENCE:**

MR. MOIN MOHAJIR	AVENTIS PHARMA
MR. IFTEKHAR ALAM	CGU
MR. GHULAM MUSTAFA AZIZ	GLAXO WELLCOME
MR. AZHAR MALIK	ICI
MR. SAEED HAIDER	J&P COATS
MR. G. C. WILSON	SHELL

The Minutes of the last meeting held on 12th March, 2001 were confirmed.

The representative of Procter & Gamble, Mr. Irfan Sheikh informed the meeting that he had received comments from Sub Committee Members on the first draft of Chamber's proposals for the Federal Budget 2001 - 2002, which was circulated on 14th March, 2001.

Based on the comments received, he has incorporated the changes and a second draft was tabled for discussion at the meeting.

Written comments were tabled by Mr. Rob Zoon of Lever Brothers. Abbott Laboratories letter dated 19th March, 2001 was also tabled for consideration.

Detailed discussions took place on an item-wise basis on the second draft.

Several amendments and changes were suggested to the second draft.

Mr. Irfan Sheikh was requested to incorporate all the changes discussed and prepare a third draft, which will be e-mailed to the Chairman, Co-Chairman and Mr. M. Aslam for final review, as soon as possible. Based on this review, a final draft will be developed.

The final draft of the Chamber's Budget Proposals to be sent by Mr. Irfan Sheikh to the **Chamber by noon on Friday 30th March, 2001.**

Secretary-General explained that the Central Board of Revenue in its letter of 13th March, 2001 which was tabled at the meeting had requested that proposals be furnished latest by Monday 26th March, 2001 and this deadline has already passed.

There is need to expedite the matter, and he would like to place the final proposals at the next Managing Committee meeting scheduled for Tuesday 3rd April, 2001. It is therefore necessary to circulate the final draft proposal to the Managing Committee members in the afternoon of Friday 30th March, 2001 along with the Agenda for the meeting.

The need to meet the 30th March, 2001 12 noon deadline of the final draft was emphasized.

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

**ZAHID ZAHEER  
SECRETARY GENERAL**

23RD AUGUST, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB  
COMMITTEE FOR TAXATION HELD ON WEDNESDAY  
22ND AUGUST, 2001 AT 3.30 PM IN OICC&I**

**PRESENT:**

MR. ZUBYR SOOMRO	CHAIRMAN	CITIBANK
MR. YAMEEN KERALI		ABN AMRO
MR. PARVEZ GHIAI		ENGRO CHEMICAL
MR. SAEED HAIDER		J & P COATS
MR. SAAD A. KHAN		PROCTER & GAMBLE

**LEAVE OF ABSENCE:**

MR. JAVED IQBAL	CO-CHAIRMAN	PHILIPS
MR. M. ASLAM		BOC
MR. SHABBIR JAN MOHAMMAD		BP PAKISTAN
MR. IFTEKHAR ALAM		CGU
MR. ROBERT ZOON		LEVER BROTHERS

Chairman welcomed the Members to the first meeting of the new Sub Committee.

The Minutes of the meeting held on 28th March, 2001 were confirmed. Matters arising out of the Minutes relate to the Federal Budget. It was noted that although some of the Chamber's proposals were accepted by the Federal Government, there were others which were not, and these need to be followed up during the year.

The Chairman observed that although the objectives of the Committee remain the same, the Standing Sub Committee would continue to interact at all the four levels:

Ministry of Finance	Mr. Mueen Afzal Mr. Younus Khan
Central Board of Revenue	Chairman and Members
Regional Commissioners	Concerned
World Bank Consultant / Specialist	Mr. Toobani

The meetings of the Sub Committee would be held on the 2nd Wednesday of every alternate month, or more frequently on a need basis. However the next meeting was scheduled for Thursday 27th September, 2001 at 3.30 PM in OICC&I.

**1. DRAFT INCOME TAX ORDINANCE - 2001**

The Chairman gave an overview of the developments in this matter. He stated that the President's Circular letter dated 13th August, 2001 and its enclosures gives a detailed review of the matters.

The Chairman also informed the meeting that he had recently met the Federal Finance Minister over an informal lunch at the Sind Club in Karachi, in which a few other CEO's were also present, and the issue of salary taxation came up for discussion.

The Central Board of Revenue has agreed for comprehensive consultation with the Chamber before finalizing the draft Ordinance. For this purpose a Specialist Group has been nominated by the Chamber consisting of:

1. MR. JAVED IQBAL CO-CHAIRMAN
  2. MR. PARVEZ GHIAS ENGRO CHEMICAL
  3. MR. RAYMOND KOTWAL CITIBANK N. A.
- (supported by Mr. Liaquat Ali of Union Bank Limited)

who will be interacting with CBR officials. The first meeting of this Group is expected to be held in Karachi on 3rd September, 2001.

In the meantime, an informal meeting has been called in Islamabad on 23rd August, 2001 by Mr. H. U. Baig, a Member of the Task Force on Reform in Income Tax Law. Mr. Parvez Ghias will represent the Chamber. Mr. Masud Naqvi of Taseer Hadi Khalid & Company will represent The Institute of Chartered Accountants of Pakistan and Management Association of Pakistan at this meeting. The Leasing Association has also been invited to this meeting.

## **2. MATTERS OTHER THAN INCOME TAX**

Mr. Saeed Haider and Mr. Saad Khan pointed out that there were several matters in the Finance Act, 2001 which were adversely effecting Trade & Industry.

It was agreed that Mr. Saeed Haider would prepare a Position Paper on all Sales Tax issues (including those raised by Berger Paints Pakistan Limited in their letters dated 22nd June and 4th July, 2001) before the next meeting of the Sub Committee.

It was also agreed that Mr. Saad Khan would do a Position Paper on all Excise Duty related matters, such as double payment of Excise Duty and the requirement to print retail prices of the packing of imported goods, and any other irritants relating to Excise Duties.

Mr. Saeed Haider pointed out the need to interface with the Regional Commissioners of Income Tax in Karachi. The Secretary-General informed the meeting that the Regional Commissioner of Income Tax Corporate Region has formed an Advisory Committee, in which the Chamber is represented, and a meeting is likely to be called in the near future.

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

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

31ST OCTOBER, 2001.

**MINUTES OF THE MEETING OF CHAMBER'S STANDING SUB  
COMMITTEE FOR TAXATION HELD ON THURSDAY 25TH OCTOBER, 2001 AT  
3.30 PM IN OICC&I**

**PRESENT:**

MR. JAVED IQBAL	CO-CHAIRMAN	TYCO
MR. YAMEEN KERAJ		ABN AMRO
MR. M. ASLAM		BOC
MR. IFTEKHAR ALAM		CGU
MR. SAEED HAIDER		J & P COATS

**LEAVE OF ABSENCE:**

MR. ZUBYR SOOMRO	CHAIRMAN	CITIBANK
MR. SHABBIR JAN MOHAMMAD		BP PAKISTAN
MR. PARVEZ GHIAS		ENGRO CHEMICAL
MR. ROBERT ZOON		LEVER BROTHERS
MR. SAAD A. KHAN		PROCTER & GAMBLE

In the absence of Mr. Zubyr Soomro, the Co-Chairman, Mr. Javed Iqbal chaired the meeting.

1. Minutes of the meeting held on 22nd August, 2001 were confirmed.

2. INCOME TAX ORDINANCE 2001

Members were informed that a meeting was called at a short notice by the Central Board of Revenue in Islamabad. Mr. Raymond Kotwal (Citibank N. A.) attended this meeting on 31st August, 2001 on behalf of the Chamber. Soon after the Chairman, Central Board of Revenue, Mr. Riaz Malik visited the Chamber in Karachi, and participated in a well attended meeting on 5th September, 2001 wherein the proposed changes in the Draft Income Tax Ordinance 2001 were discussed.

The Income Tax Ordinance, 2001 was promulgated on 14th September, a copy of which is available on the CBR Website, and was Emailed to all Sub Committee members.

A Note prepared by Mr. Kotwal outlining the comparison between the Draft Ordinance and the Ordinance as promulgated was tabled for discussion, and another Note prepared by the Secretary-General dated 1st October, 2001 was also tabled for discussion. This outlines the changes in respect of salaried employees.

A further meeting was held in Karachi on 5th October, 2001 with the Member Taxes, CBR, Mr. Vakil Ahmed Khan, in which Mr. Javed Iqbal, Mr. Kotwal and Mr. Parvez

Ghias represented the Chamber. Record of discussions at this meeting is also attached to these Minutes.

At this Sub Committee meeting, a general discussion took place on the changes in the Income Tax Ordinance as promulgated, particularly in respect to Section 50 (7D) of the Income Tax Ordinance, 1979. Section 151 of the new Ordinance corrects the situation as far as future transactions are concerned (after 1st July, 2002), but the confusion still prevails on the treatment of earlier transactions.

Mr. M. Aslam (BOC) pointed out that Sections 108 and 109 of the new Ordinance which relate to transactions between associate companies and disallowance of some transactions, is a cause of some concern.

Co-Chairman suggested that as he is going out of Pakistan, the two Members of the Task Force:

MR. RAYMOND KOTWAL (CITIBANK N. A.)  
MR. PARVEZ GHIAS

will meet after the 15th November to review the changes in the new Ordinance and prepare an "issues list" which needs to be taken up with the CBR. Meantime Members of the Sub Committee to send inputs to the above two Task Force Members.

Mr. Saeed Haider tabled his recommendations regarding Sales Tax matters. The matter was deferred to the next meeting. Mr. Saeed Haider agreed to look into the issues raised by Berger Paints Pakistan Limited in their letters of 3rd, 12th September and 5th October, 2001.

At the next meeting the recommendations on Excise Matters to be presented by Mr. Saad Khan.

Letter from Delphi Diesel Systems Pakistan (Private) Limited dated 11th September and 3M Pakistan (Private) Limited letter dated 27th August were considered. Secretary-General was advised to inform the two companies that these were company specific matters, and they should take them up with CBR.

Next meeting planned for Tuesday 11th December, 2001 at 9 AM.

Meeting closed with a vote of thanks to the Chair.

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