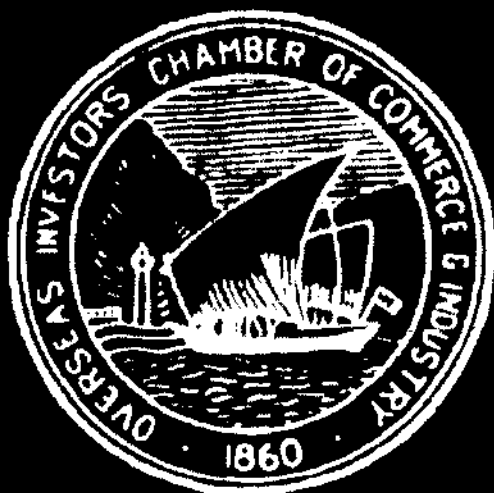




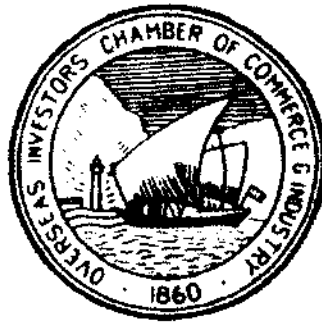
Mr.R.L. Coghlan, Chairman, welcoming Quaid-e-Azam Mohammad Ali Jinnah at Chamber's annual conference in 1948

Overseas Investors' Chamber of Commerce and Industry

Annual Report 2005



'Serving investor needs since 1860'



Overseas Investors' Chamber of Commerce and Industry

Annual Report 2005

Chamber of Commerce Building, Talpur Road, Karachi 74000
Phone 241 0814--15 Fax 242 7315 E-mail info@oicci.org Website www.oicci.org



Energy	85
Industrial, Commercial & Environment	86
Intellectual Property Rights	89
Investment, Infrastructure, Law & Order and Security	90
Pharmaceutical	93
Programmes and Events	96
Taxation	97
Administration and Other Matters	99





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people of all ages.
Making just that little bit of
difference, adding just that little
touch of care.

Touching lives, improving life. *P&G*

OICCI Annual Report 2005

Organization Profile

Origin

Established in 1860 as the Karachi Chamber of Commerce and having adopted the present name, Overseas Investors' Chamber of Commerce and Industry (OICCI) in 1968, the Chamber serves as the national point of reference for foreign investors in Pakistan.

1. Legal Form of the Organization

A Company limited by guarantee incorporated on 25th May 1925 under Section 26 of the Indian Companies Act, 1913.

2. Functions

The Chamber's main function is to promote the commercial, industrial and financial interests of foreign investors engaged in commerce and industry in Pakistan, primarily to develop trade and industry and to ensure that government and society as a whole understand the need for foreign investors and the contribution they make to the economic prosperity of the country. The Chamber is heard and respected because of its unbiased independent views.

3. Areas of Action

Information

Advisory

Problem solving

Representation

Investment promotion

Policy reform

4. Activities Carried Out on a Regular Basis

Disseminating information

Representation on various councils and committees

Dialogue with government concerning

Policy formulation and procedure rationalization

Reform in trade regulations

Reform in investment regulations

Responses to legislative changes

Business group meetings

Consumer price surveys

Identification of opportunities in business

Consultation and advice to potential investors

Arbitration

Trade certification

Participation in trade fairs

Participation in international forums, seminars and conferences

Publishing reports

Vision

To be the premier body for promoting new and existing overseas investment in Pakistan by leveraging the world-class expertise of OICCI members for the benefit of the investor and the country.

Mission

To assist in fostering a conducive, open and equitable business environment in Pakistan

To facilitate the transfer of best global practices to Pakistan

To enhance the image of overseas investors in Pakistan and the image of Pakistan in overseas business communities



Our global quest is to improve
the quality of human life by
enabling people to do more,
feel better and live longer.



GlaxoSmithKline

Disease does not wait.
Neither will we.

GlaxoSmithKline Pakistan Limited
35, Dockyard Road, West Wharf
Karachi 74000

Managing Committee of the Chamber for 2005



President
Sohail Wajahat H. Siddiqui
Siemens Pakistan Engineering
Company Limited



Musharaf Hai
Unilever Pakistan Limited



Vice President
Salman Burney
GlaxoSmithKline
Pakistan Limited



Nadeem Jafarey
Caltex Oil Pakistan Limited



Badar Kazmi
Standard Chartered Bank

Members



S. H. A. Bukhari
Mackinnon, Mackenzie and
Company of Pakistan
Private Limited



Juergen Koenig
Merck Marker Private Limited



Ameena Saiyid, OBE
Oxford University Press



Hasan Ali Khan
Continental Biscuits Limited



Hans Dewaele
Procter and Gamble
Pakistan Private Limited



Waqar A. Malik*
ICI Pakistan Limited

*Elected from Pakistan PTA Limited



Zubyr Soomro
Citibank N. A.



Zohair Khaliq
Pakistan Mobile
Communications
(Pvt) Ltd.



Chairmen of the Chamber

D. McIver	1860/61	James Currie	1893/94
W. Nichol	1861/62	James Currie	1894/95
A. Stewart	1862/63	T. R. McLellan	1895/96
A. Stewart	1863/64	T. R. McLellan	1896/97
A. E. Denso	1864/65	T. R. McLellan	1897/98
A. E. Denso	1865/66	T. R. McLellan	1898/99
W. G. Hall	1866/67	T. L. F. Beaumont	1899/1900
W. G. Hall	1867/68	D. McIver	1900/01
J. G. Tindal	1868/69	D. McIver	1901/02
J.G. Tindal	1869/70	D. McIver	1902/03
Max Denso	1870/71	Hon. W. T. O' Brien	1903/04
Max Denso	1871/72	M. De P. Webb, CIE	1904/05
F. Masotti	1872/73	M. De P. Webb, CIE	1905/06
W. Thorburn	1873/74	M. De P. Webb, CIE	1906/07
W. M. Macaulay	1874/75	M. De P. Webb, CIE	1907/08
W. Thorburn	1875/76	M. De P. Webb, CIE	1908/09
Max Denso	1876/77	M. De P. Webb, CIE	1909/10
James Grant	1877/78	M. De P. Webb, CIE	1910/11
A. McHinch	1878/79	M. De P. Webb, CIE	1911/12
A. McHinch	1879/80	M. De P. Webb, CIE	1912/13
Max Denso	1880/81	M. De P. Webb, CIE	1913/14
Max Denso	1881/82	M. De P. Webb, CIE	1914/15
James Grant	1882/83	M. De P. Webb, CIE	1915/16
James Grant	1883/84	W. U. Nicholas	1916/17
Max Denso	1884/85	M. De P. Webb, CIE	1917/18
Max Denso	1885/86	M. De P. Webb, CIE	1918/19
A. Thole	1886/87	H. G. Jaughton	1919/20
A. McHinch	1887/88	Sir Montague Webb, KT, CIE, CBE, MLC	1920/21
A. McHinch	1888/89	Sir Montague Webb, KT, CIE, CBE, MLC	1921/22
A. McHinch	1889/90	F. Clayton, CIE, MLC	1922/23
James Currie	1890/91	F. Clayton, CIE, MLC	1923/24
James Currie	1891/92	F. Clayton, CIE, MLC	1924/25
James Currie	1892/93	R. D. England	1925/26

F. Clayton, CIE, MLC	1926/27
F. Clayton, CIE, MLC	1927/28
J. R. N. Graham, VC	1928/29
E. A. Pearson	1929/30
H. G. Cooper, MCDGM	1930/31
H. S. Bigg-Wither, OBE	1931/32
J. R. N. Graham, VC	1932/33
R. H. Martin	1933/34
H. S. Bigg-Wither, OBE	1934/35
H. S. Bigg-Wither, OBE	1935/36
G. H. Raschen, CBE	1936/37
G. H. Raschen, CBE	1937/38
R. H. Martin	1938/39
J. H. Blackwell, CBE, MC	1939/40
J. Humphrey, OBE	1940/41
J. Humphrey, OBE	1941/42
A. T. Orr Deas, MC	1942/43
J. H. Blackwell, CBE, MC	1943/44
J. Humphrey, CBE, JP	1944/45
Lt. Col W.b. Hossack, MLA	1945/46
B. R. Graham	1946/47
R. L. Coghlan	1947/48
B. R. Graham, OBE	1948/49
B. R. Graham, OBE	1949/50
J. N. Kerr	1950/51
B. R. Graham, CBE	1951/52
B. R. Graham, CBE	1952/53
T. W. Cree	1953/54
B. Fane Saunders, CBE	1954/55
T. W. Cree	1955/56
W. E. Wilkie – Brown	1956/57
Mirza A. Raza	1957/58



Presidents of the Chamber

T. W. Cree, CBE	1958/59	Dr M. S. Habib	1990/91
T. W. Cree, CBE	1959/60	Dr M. S. Habib	1991/92
W. N. Banks	1960/61	C. T. Dullaert	1992
W. B. Banks	1961/62	M. Younas Khan	1992/93
S. R. Stephens	1962/63	M. Younas Khan	1993/94
H. C. G. Brown, DSC	1963/64	Nisar A. Memon	1994/95
I. Habibullah	1964/65	Tariq Ikram	1995/96
J. F. C. Gallaher, CBE, DSO, DFC	1965/66	T. V. Higgins, OBE	1996/97
R. A. M. Henson	1966/67	S. Naseem Ahmad	1997/98
J. F. C. Gallaher, CBE, DSO, DFC	1967/68	I. S. Sangster, OBE	1998/99
J. D. Le Valliant	1968/69	Munnawar Hamid, OBE	1999/2000
J. D. Le Valliant	1969/70	Tariq Amin	2000/01
D. Jongeneel	1970/71	Moin M. Fudda	2001/02
Masud Karim	1971/72	Kamran Y. Mirza	2002/03
Masud Karim	1972/73	Zaffar A Khan	2003/04
Masud Karim	1973/74	Farooq Rahmatullah	2004/05
J. H. A. Midwood	1974/75	Sohail Wajahat H. Siddiqui	2005/06
K. Z. Hassan	1975/76		
W. R. A. Kimber	1976/77		
W. R. A. Kimber	1976/78		
Saleem Majidullah	1978/79		
Saleem Majidullah	1979/80		
R. Stokell	1980		
N. A. Shah	1980/81		
N. A. Shah	1981/82		
N. A. Shah	1982/83		
D. M. Keith, OBE	1983/84		
D. M. Keith, OBE	1984/85		
Dr M. S. Habib	1985/86		
Dr M. S. Habib	1986/87		
Naseem S. Mirza	1987/88		
Naseem S. Mirza	1988/89		
Dr M. S. Habib	1989/90		





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Pakistan PTA Limited

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Karachi 74200

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Facsimile +92 (021) 4750279

City Office

3rd Floor, Bahria Complex II
M.T. Khan Road, PO Box No 723
Karachi 74200

Telephone +92 (021) 5610596-98
Facsimile +92 (021) 5610519
www.pakistanpta.com



Secretaries of the Chamber

R. Bell	
R. Stewart	
W. Nicol	1860–64
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
M. Nazir Mohiyuddin (acting)	1964/65
P. T. Ensor	1966–78
Salamat R. Rizvi	1978–90



Secretaries-General of the Chamber

Zahid Zaheer

1991–2005



Syed Viqar Salahuddin
2005 to date

Deputy Secretaries of the Chamber

J. S. Lobo

1946–53

M. Nazir Mohiyuddin

1959–70

B. H. Naqvi

1971–83

I. H. Khan

1983–90

Mohammed Aslam

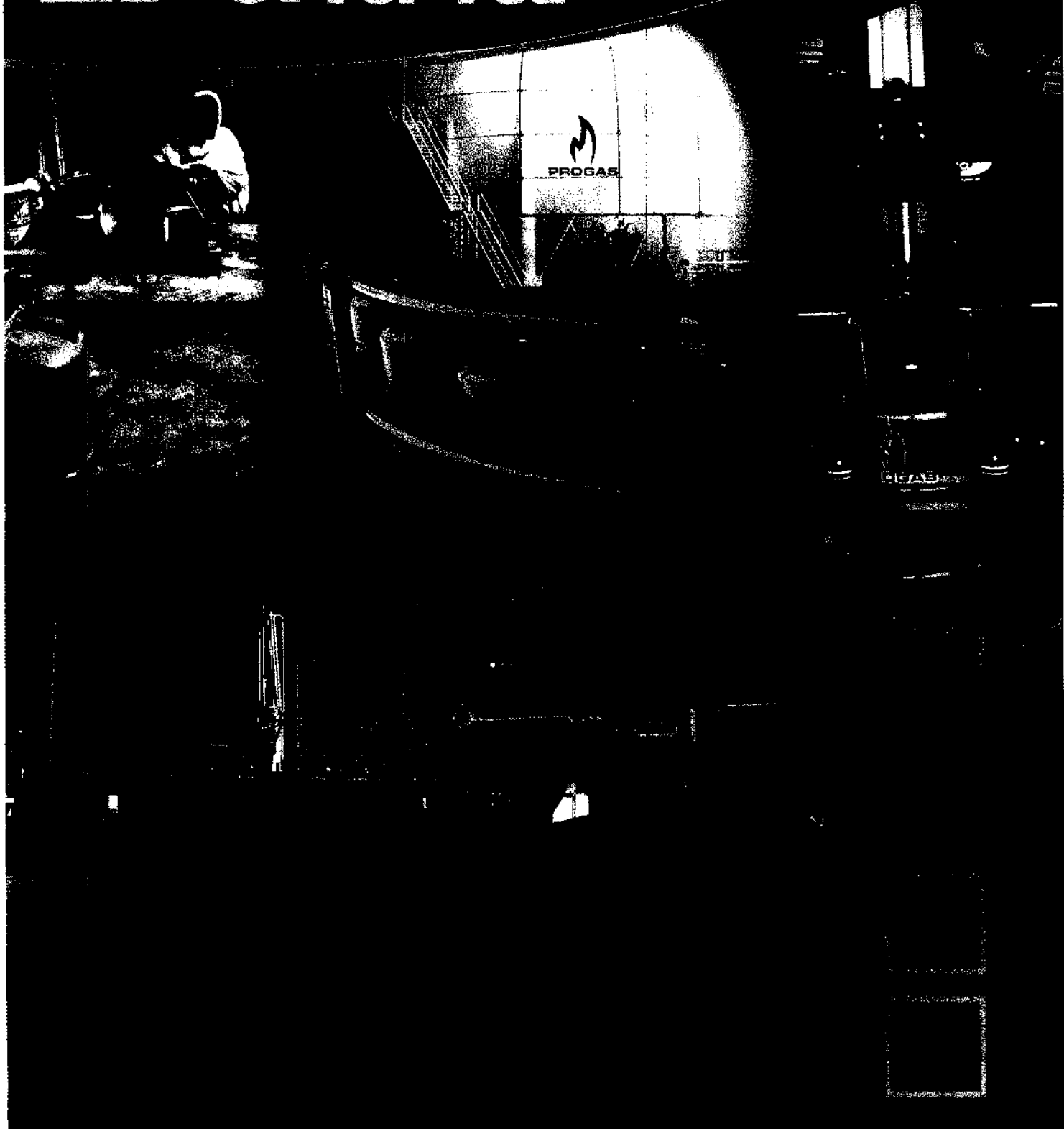
1991–2003



Major (Retired)
Owais Hasan
2003 to date



LPG For You



President's Review for 2005

The year that has gone by has posed many challenges for Pakistan. First and foremost was the massive loss of life and property in the earthquake which hit the northern areas of the country. I am proud to say that our member companies came forward readily and responded generously both in cash and kind to this national tragedy. To date, the OICCI membership has contributed over Rs. 3.6 billion to the relief and reconstruction efforts, which demonstrates a high degree of commitment to good corporate citizenship by their companies.

The second biggest challenge the country faced during the year was the significant rise in oil prices. This, coupled with the enormous cost of rebuilding and rehabilitation of the earthquake victims, is likely to impact GDP growth compared with last year. The State Bank sees a GDP growth rate of 6.3 to 6.8 percent against the target of 7 percent for the year. The continuation of fiscal discipline, prudent monetary policy and focusing attention on bettering the infrastructure and social sector indicators clearly indicate the possibility that the economy will maintain a long term growth trajectory.

All through the years, your Chamber has played its role in promoting investment by organizing meetings and events to enable members to interact with the government and the media. These contacts have served to identify issues and to make recommendations to address them.

In the pre-budget period January – June 2005, extensive parleys were held with the Ministry of Commerce and the Central Board of Revenue. In these meetings, the Chamber submitted recommendations both for the budget and trade policy. The issues of the Pharma Industry were also pursued relentlessly.

In the post-budget period, meetings were held with important government functionaries which included the Prime Minister, Mr Shaukat Aziz, Mr Humayun Akhtar Khan, Minister of Commerce, the Governor of the State Bank of Pakistan, the Governor of Sindh, the Advisor to the Prime Minister on Energy, Mr Mukhtar Ahmed, the Home Secretary and the Inspector General of Police, Sindh, the Minister of State for the Environment, Malik Amin Aslam Khan, the Chairman of the Central Board of Revenue, the Advisor to the Ministry of Commerce on Trade and Policy, Dr Nadeem-ul-Haque and the Vice Chairman of the Oil and Gas Regulatory Authority.

The meeting with the Home Secretary and senior police officials resulted in the appointment of two police officers in Karachi dedicated to the OICCI on security and intellectual property rights issues.

Many of the activities have also been covered in detail in the Committee's report which has been sent to you. Amongst them was the holding of an IPR seminar in Islamabad, which was well attended. Detailed presentations were made by four members as well as by Mr Yasin Tahir, Director General, Intellectual Property Organization. The seminar was widely reported in the press, which went a long way in highlighting the IPR related issues to the government. Two other seminars on the subject were held in Karachi for the Director General and officers of the Sindh Judicial Academy and for a twenty member delegation of European Union Counsellors which was led by the British Deputy High Commissioner in Karachi. All three seminars served to promote strategic interaction between the participants and the OICCI members on the IPR issues.

During the year, as a result of close interaction with the Central Board of Revenue officials, the Presumptive Tax issue was resolved. The positive outcome has benefited the industry and our members.

The visit by Mr Mukhtar Ahmed, Advisor to the Prime Minister on Energy and the Vice Chairman of the Oil and Gas Regulatory Authority was productive in addressing a number of energy related issues. The interaction also served to bring about a significant reduction in the outstanding amounts owed by the government to the oil companies.

The Governor of Sindh, Dr Ishrat-ul-Ebad's visit to the Chamber has served to promote and increase interaction between the Governor's Secretariat and the OICCI. The Governor has put into effect a programme to meet the members of the Managing Committee on a regular basis and to include a delegation of the OICCI whenever the President or the Prime Minister visits the city.

The emphasis over the last year has also been to bring human excellence to the Chamber and to upgrade and update the working environment and practices. In this context, the first ever OICCI Newsletter was published in November and was launched by copies being presented by OICCI Managing Committee members to the



Prime Minister, Governor of Sindh and the Chief Minister of Sindh at the Governor's House. With the launch of this publication, we will be in a better position not only to inform our audiences about our activities, but also communicate our problems and achievements. It will prove an effective medium of communication amongst all stakeholders.

I am also pleased to report that the offices of the Chamber, including this council hall, were revamped after a gap of many years. It is an example of excellent team work between the members and staff of the Overseas Chamber.

I am also happy to say that the offices of the Pharma Bureau have been shifted back and are once again under the same roof as the OICCI. This is a positive development which will serve to provide a common and an effective platform for addressing the pharmaceutical industry's issues. The fact that this happened on my watch gives me immense satisfaction.

In the end, I would like to thank the Secretary General and his staff for their support. I would also like to take this opportunity to thank the outgoing Committee for its cooperation and support.

Mr Salman Burney will succeed me soon after the Annual General Meeting. I welcome him and all the members of the new Committee as they commence their terms of office.

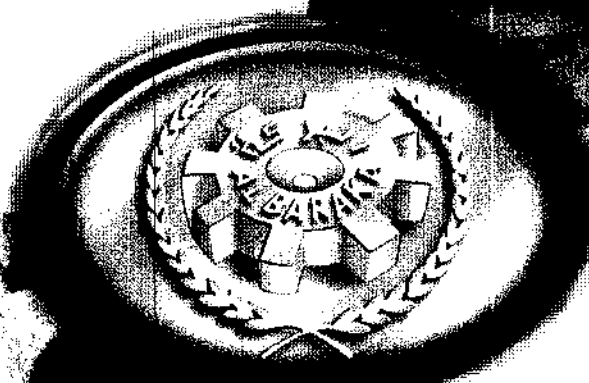
Sohail Wajahat H. Siddiqui
President



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We share your beliefs.

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Membership of the Chamber

Membership of the Chamber

New Members

During the period January to December 2005, the following members were elected:

1. **DHA Cogen Limited**
D – 35, Block 5, Clifton
Karachi
Telephone 021-5869787 - 8
Fax 021-5869789

Mr M. Waqas Mohsin
Chief Executive Officer
2. **Telenor Pakistan (Private) Limited**
13 – K, Jinnah Super Market
F – 7 Markaz
Islamabad
Telephone 051-111 345 700
Fax 051-2652832

Mr Stefan Carlsson
Chief Financial Officer

Changes in Names of Members

At the request of the following members, the Committee approved changes to their names, which have been recorded in the Chamber's register:

	Previous name	Present name
1.	Getz Pharma Pakistan (Private) Limited	Getz Pharma (Private) Limited
2.	Nestle Milkpak Limited	Nestle Pakistan Limited
3.	Ondeo Nalco Gulf Limited	Nalco Pakistan (Private) Limited
4.	IFIC Bank Limited	NDLC-IFIC Bank Limited
5.	Alstom Pakistan (Private) Limited	Areva T&D Pakistan (Private) Limited

Classification of Members

The membership of the Chamber as on 31st December 2005 stood at 166. A list of members, in alphabetical order, follows.

Classification of membership as per country and industry segment is as follows:

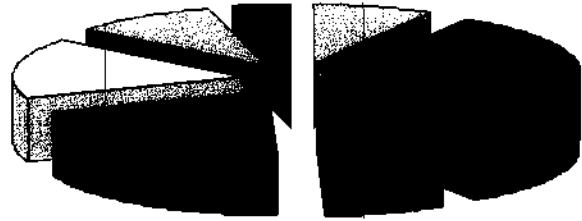
Members by Country of Origin

■	USA	44
□	Europe	44
■	UK	42
■	Japan	11
■	Others	25



Members by Industry Segment

Shipping/Airlines/Trading	33
Banking/Finance/Leasing/Insurance	30
Oil/Gas/Energy	27
Pharmaceuticals	24
Engineering/Industrial Products	17
Chemicals/Pesticides/Fertilizers/Paints	14
Foods	14
Tobacco/Other Manufacturing	7



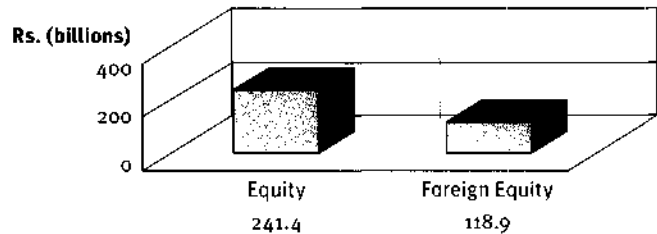
Note: Forty-eight member companies were quoted on the Karachi Stock Exchange during the year.

Survey Details

A survey of member companies was conducted recently in which 114 members participated and data of 8 further members was extracted from their published financial statements.

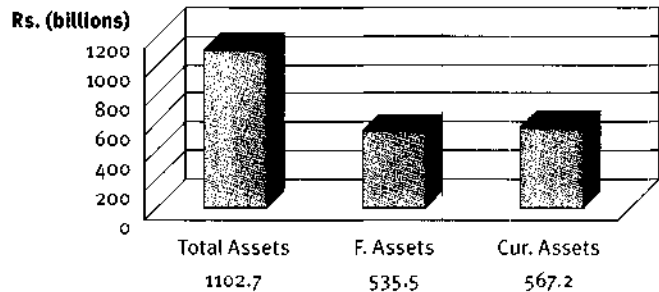
Equity and Capital Structure

The 122 member companies had equity of approximately Rs. 241 billion, of which Rs. 119 billion is foreign equity.



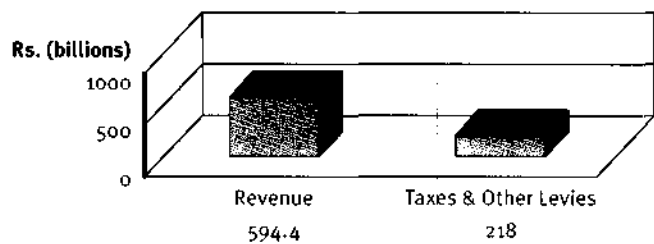
Asset Base

The 122 member companies had an asset base of Rs. 1,103 billion in the year 2004.



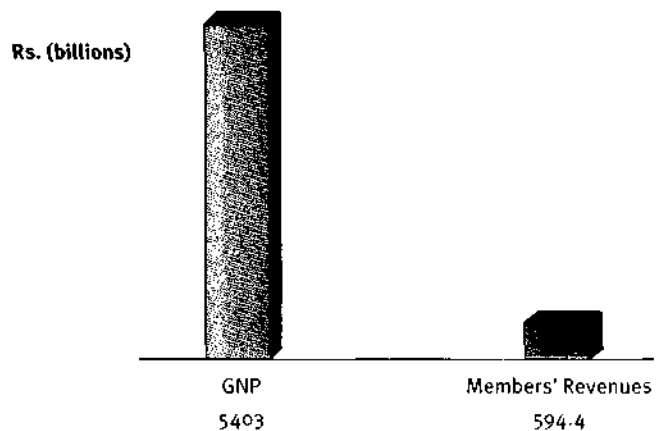
Revenue Generation

The revenue of 122 member companies in the year 2004, was Rs. 594 billion of which Rs. 218 billion was paid to the government in the form of taxes and other levies.



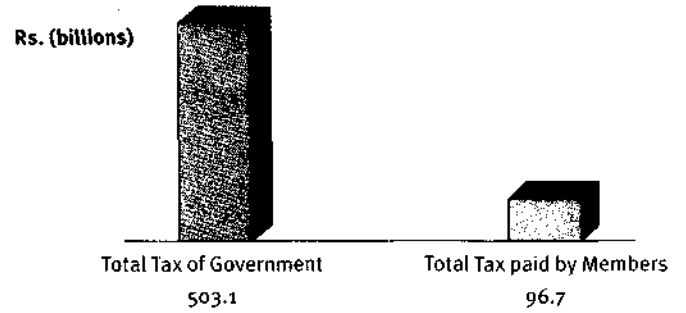
Contribution to GNP

The 122 member companies' revenues constitute 11% of the total GNP of the country.



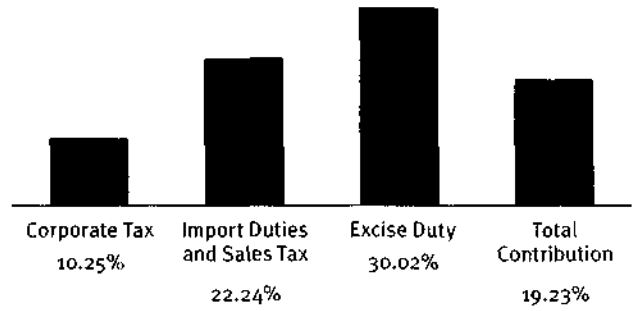
Contribution to the Government Exchequer

The 122 members contribute nearly one fifth of the total tax revenue of the government.

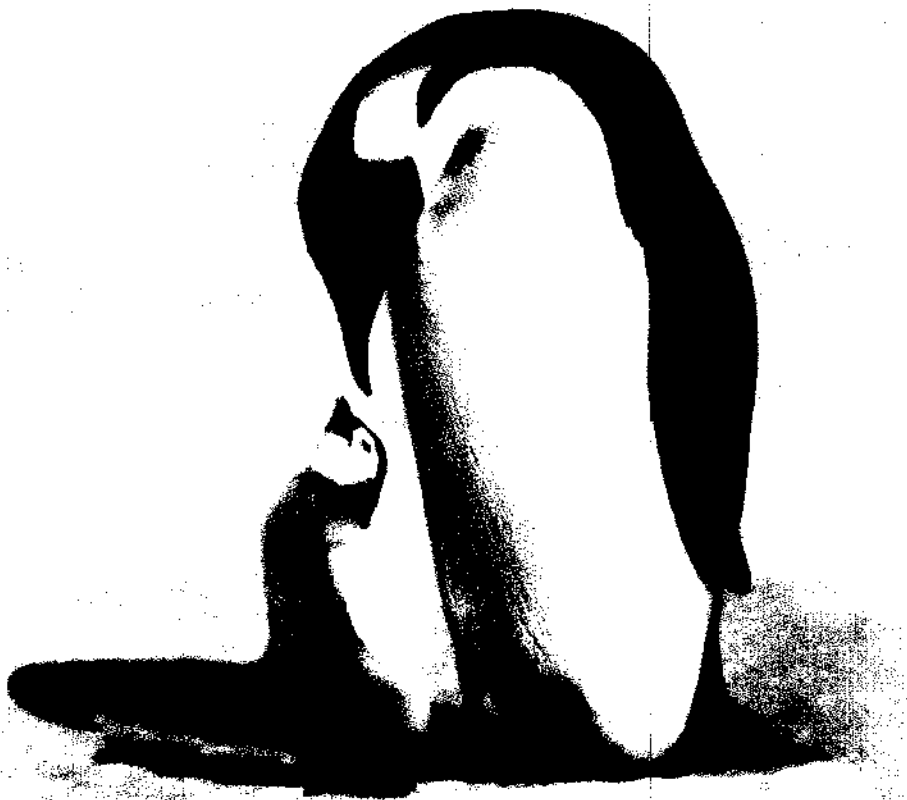
**Comparative contribution to the National Exchequer**

The contribution of member companies to the National Exchequer as a percentage of the total economy in the year 2004 was:

	(% of economy)
Corporate Tax	10.25
Import Duties and Sales Tax	22.24
Excise Duty	30.02
Total Contribution to National Exchequer	19.23



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- Backing of world's largest re-insurance companies
- A network of 35 branches in 24 cities
- Highest ratio of customer loyalty

NJI

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List of Members

1. ABB (Private) Limited
2. Abbott Laboratories (Pakistan) Limited
3. ABN Amro Bank N.V.
4. ACE Insurance Limited
5. Actis Assets Limited
6. AES Lal Pir Limited
7. AIG New Hampshire Insurance Company
8. Albaraka Islamic Bank B.S.C. (E.C.)
9. Alcatel Pakistan Limited
10. American Express Bank Limited
11. Arabian Sea Enterprises Limited
12. Areva T&D Pakistan (Private) Limited
13. Asia Petroleum Limited
14. Atlas Investment Bank Limited
15. Attock Cement Pakistan Limited
16. Attock Oil Company Limited (THE)
17. Attock Refinery Limited
18. Aventis Limited
19. Avery Scales (Private) Limited
20. Bank of Tokyo - Mitsubishi Limited (THE)
21. Barrett Hodgson Pakistan (Private) Limited
22. BASF Pakistan (Private) Limited
23. Bata Pakistan Limited
24. Bayer Cropscience (Private) Limited
25. Bayer Pakistan (Private) Limited
26. Becton Dickinson Pakistan (Private) Limited
27. Berger Paints Pakistan Limited
28. Blackwood Hodge Pakistan (Private) Limited
29. BOC Pakistan Limited
30. Bosicor Pakistan Limited
31. BP Pakistan Exploration and Production, Inc.
32. Bristol-Myers Squibb Pakistan (Private) Limited
33. BSN Medical (Private) Limited
34. Cadbury Pakistan Limited
35. Caltex Oil (Pakistan) Limited
36. Chiesi Pharmaceuticals (Private) Limited
37. Citibank N.A.
38. Clariant Pakistan Limited
39. Coca-Cola Beverages Pakistan Limited
40. Coca-Cola Export Corporation (THE)
41. Continental Biscuits Limited
42. Cox and Kings (Agents) Limited
43. Dadex Eternit Limited
44. Dawood Hercules Chemicals Limited
45. Delphi Diesel Systems Pakistan (Private) Limited
46. Deutsche Bank AG
47. DHA Cogen Limited
48. Dupont Pakistan Operations (Private) Limited
49. El Paso Technology Pakistan (Private) Limited
50. Eli Lilly Pakistan (Private) Limited
51. Engro Asahi Polymer and Chemicals Limited
52. Engro Chemical Pakistan Limited
53. Engro Vopak Terminal Limited
54. ENI Pakistan Limited
55. Equity International (Private) Limited
56. Exide Pakistan Limited
57. Fauji Oil Terminal & Distribution Company Limited
58. Faysal Bank Limited
59. General Tyre & Rubber Company of Pakistan Limited (THE)
60. Gestetner (Private) Limited
61. Getz Pharma (Private) Limited
62. Gillette Pakistan Limited
63. GlaxoSmithKline Pakistan Limited
64. Global Securities Pakistan Limited
65. Habib Bank AG Zurich
66. Hinopak Motors Limited
67. Hongkong & Shanghai Banking Co. Limited (THE)
68. Hub Power Company Limited (THE)
69. IBM Italia S.p.A
70. ICI Pakistan Limited
71. ICI Pakistan Powergen Limited
72. Indus Motor Company Limited
73. Industrial Promotion Services (Pakistan) Limited
74. International Housing Finance Limited
75. International Power Global Developments Limited
76. Itochu Corporation
77. JandP Coats Pakistan (Private) Limited
78. James Finlay Limited
79. Johnson and Johnson Pakistan (Private) Limited
80. Johnson and Phillips (Pakistan) Limited
81. J. P. Morgan Pakistan (Private) Limited
82. Karachi International Container Terminal Limited
83. Kasb Securities (Private) Limited
84. KLM Royal Dutch Airlines



85. Kodak Limited
86. KSB Pumps Company Limited
87. Lakson Tobacco Company Limited
88. Lundbeck Pakistan Private Limited
89. 3M Pakistan (Private) Limited
90. M-I Overseas Limited
91. Mackinnon, Mackenzie and Company of Pakistan (Private) Limited
92. Meezan Bank Limited
93. Merck Marker (Private) Limited
94. Merck Sharp and Dohme of Pakistan Limited
95. Mitsubishi Corporation
96. Mitsui and Company Limited
97. Muller and Phipps Pakistan (Private) Limited
98. Nalco Pakistan (Private) Limited
99. NCR Corporation
100. NDIC – IFIC Bank Limited
101. Nestle Pakistan Limited
102. New Jubilee Life Insurance Company Limited
103. Nimir Chemicals Pakistan Limited
104. Novartis Pharma (Pakistan) Limited
105. Oerlikon-Welding Limited – Zurich
106. Oman International Bank S. A. O. G.
107. Organon Pakistan (Private) Limited
108. Orix Leasing Pakistan Limited
109. Otsuka Pakistan Limited
110. Oxford University Press
111. PandO Containers Pakistan (Private) Limited
112. Pak - Arab Refinery Limited
113. Pakcom Limited
114. Pak Oman Investment Co. (Private) Limited
115. Pakistan Cables Limited
116. Pakistan Gum and Chemicals Limited
117. Pakistan Gum Industries (Private) Limited
118. Pakistan International Computers Limited
119. Pakistan Mobile Communications (Private) Limited
120. Pakistan Oilfields Limited
121. Pakistan Petroleum Limited
122. Pakistan PTA Limited
123. Pakistan Tobacco Company Limited
124. Paktel Limited
125. Parke Davis and Company Limited
126. Pepsi-Cola International (Private) Limited
127. Pharmatec Pakistan (Private) Limited
128. Philips Electrical Industries of Pakistan Limited
129. Phoenix Armour (Private) Limited
130. Premier-Kufpec Pakistan B.V.
131. Procter and Gamble Pakistan (Private) Limited
132. Progas Pakistan Limited
133. Qasim International Container Terminal Pakistan Limited
134. Rafhan Best Foods Limited
135. Rafhan Maize Products Company Limited
136. Ray Shipping Enterprises Limited
137. Reckitt Benckiser Pakistan Limited
138. Reuters Limited
139. Rhodia Pakistan (Private) Limited
140. Roche Pakistan Limited
141. Rousch (Pakistan) Power Limited
142. Saudi Pak Industrial and Agricultural Investment Company (Private) Limited
143. S. C. Johnson and Son of Pakistan (Private) Limited
144. Schering Asia GmbH
145. Security Leasing Corporation Limited
146. SGS Pakistan (Private) Limited
147. Sheikho Sugar Mills Limited
148. Shell Gas LPG (Pakistan) Limited
149. Shell Pakistan Limited
150. Siemens Pakistan Engineering Company Limited
151. Singer Pakistan Limited
152. Standard Chartered Bank
153. Stork - IBI Prints Pakistan (Private) Limited
154. Syngenta Pakistan Limited
155. Tapal Energy (Private) Limited
156. Telenor Pakistan (Private) Limited
157. Tethyan Copper Co. Pakistan (Private)
158. Tetra Pak Pakistan Limited
159. Total Atlas Lubricants Pakistan (Private) Limited
160. Tyco Fire and Security Pakistan (Private) Limited
161. Unilever Pakistan Limited
162. Union Bank Limited
163. Unisys Pakistan (Private) Limited
164. United Bank Limited
165. United Liner Agencies Of Pakistan (Private) Limited
166. Wyeth Pakistan Limited



The Chamber's Representations on Various Bodies

Body	Representation	Alternate
1. Managing Committee of the Federation of Pakistan Chambers of Commerce and Industry	President	Vice President
2. Board of Governors—Foreign Trade Institute of Pakistan, Islamabad	President	Vice President
3. Advisory Council for the Ministry of Finance	President	Vice President
4. Advisory Council for the Ministry of Commerce	President	Vice President
5. Advisory Council for the Ministry of Industries	President	Vice President
6. Board of Investment, Islamabad	President	Vice President
7. Board of Investment, Karachi Investment Facilitation Board	Vice President	Chairman of Standing Sub-committee on Investment, Infrastructure, Law & Order and Security
8. Board of Investment and Trade Promotion Punjab	Chairman of Standing Sub-committee on Investment, Infrastructure, Law & Order and Security	Secretary-General
9. Board of Trustees—Karachi Port Trust	Mr S. H. A. Bukhari	
10. Shipping Rates Advisory Board (SRAB) Ports and Shipping Wing Ministry of Communications	Secretary-General	
11. Standing Committee on International Maritime Organization (IMO) Ministry of Communications	Secretary-General	
12. National Engineering Manufacturers Export Council	Chairman of Standing Sub-committee on Industrial, Commercial and Environmental Matters	Co-Chairman of Standing Sub-committee on Industrial, Commercial and Environmental Matters
13. Sindh Industries' Facilities Board	Chairman of Standing Sub-committee on Investment, Infrastructure, Law & Order and Security	Co-Chairman of Standing Sub-committee on Investment, Infrastructure, Law & Order and Security
14. Sindh Social Securities Board	To be nominated by the Chairman of Standing Sub-committee on Corporate Law, Labour and Employee Relations	Co-Chairman of Standing Sub-committee on Corporate Law, Labour and Employee Relations
15. Advisory Committee for the Regional Commissioner of Income Tax and Wealth Tax	Chairman of Standing Sub-committee on Taxation	Co-Chairman of the Sub-committee on Taxation
16. Karachi Port Trust—Port Council	United Liner Agencies of Pakistan (Private) Limited	
17. Karachi Dock Labour Board	Mr S. H. A. Bukhari	
18. Managing Committee of the Employers' Federation of Pakistan	To be nominated by the Chairman of Standing Sub-committee on Corporate Law, Labour and Employee Relations	

Body	Representation	Alternate
19. Member of Governing Body—Workers' Welfare Fund	To be nominated by the Chairman of Standing Sub-committee on Corporate Law, Labour and Employee Relations	
20. Advisory Committee on Customs and Sales Tax	Chairman of Standing Sub-committee on Taxation	Co-Chairman of Standing Sub-committee on Industrial, Commercial and Environmental Matters
21. Consultative Committee on Industrial Research	Dr Farid Khan of Novartis Pharma (Pakistan) Limited	
22. Export Processing Zone Authority	Chairman of Standing Sub-committee on Industrial, Commercial and Environmental Matters	Co-Chairman of Standing Sub-Committee on Industrial, Commercial and Environmental Matters
23. Valuation Advisory Committee (ITP) of Collector of Customs Valuation	Chairman of Standing Sub-committee on Industrial, Commercial and Environmental Matters	
24. Government of Sindh Labour Advisory Board	To be nominated by the Chairman of Standing Sub-committee on Corporate Law, Labour and Employee Relations	
25. National Credit Consultative Council (NCCC)	President	Chairman of Standing Sub-committee on Banking, Leasing, Insurance and I. T. and E-commerce
26. Pakistan Environmental Protection Council (PEPC)	President	Chairman of Standing Sub-committee on Industrial, Commercial and Environmental Matters
27. Technical Experts Committee of the Ministry of Environment	Co-Chairman of Standing Sub-committee on Industrial, Commercial and Environmental Matters	
28. Committee of Investment (Sindh)	Chairman of Standing Sub-committee on Investment, Infrastructure, Law & Order and Security	
29. Provincial Environment Monitoring Committee on NEQS	Co-Chairman of Standing Sub-committee on Industrial, Commercial and Environmental Matters	

Nominations of Chamber's Representatives to FPCC&I

Managing Committee and General Body for the Next Two Years' Term Beginning 1st January 2005

Representing Trade:

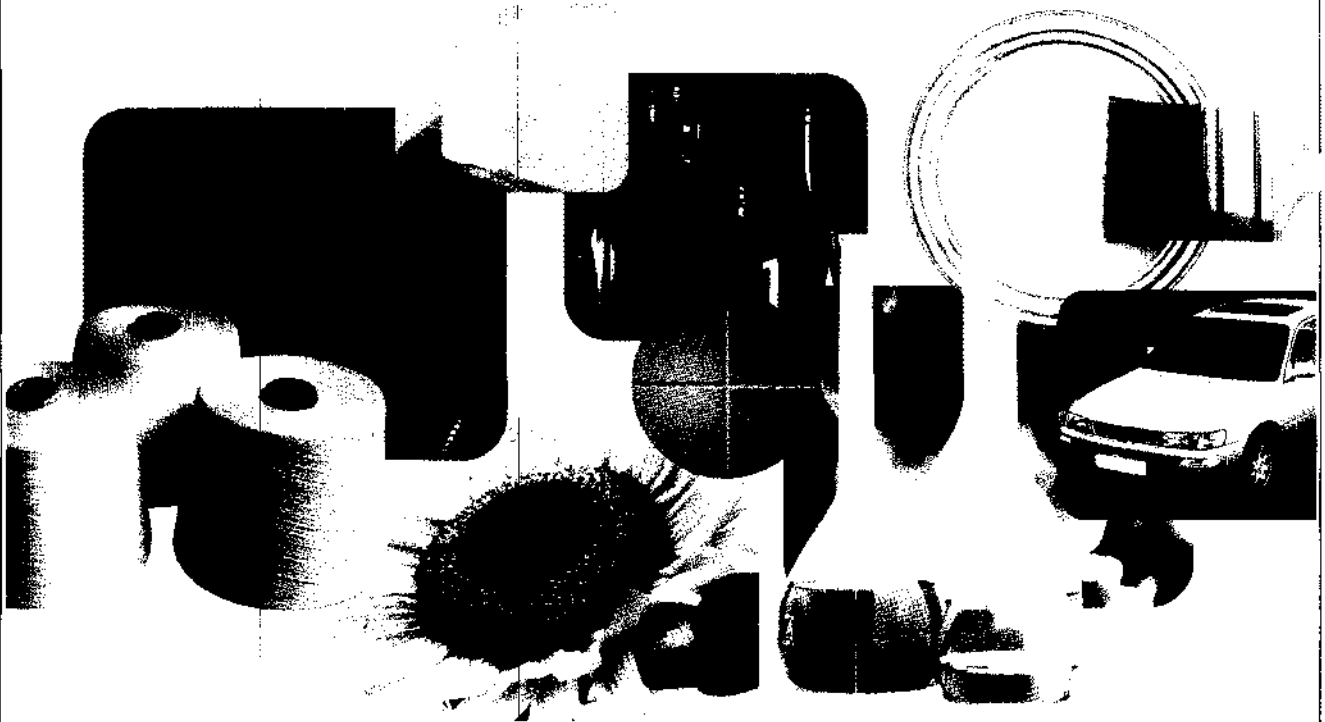
Mr Hasan Ali Khan
Mr S. H. A. Bukhari

Representing Industry:

Mr Waqar A. Malik
Ms Musharaf Hai



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Managing Committee

Managing Committee

Mr Farooq Rahmatullah of Shell Pakistan Limited completed his tenure as President. He was succeeded by Vice President Mr Sohail Wajahat H. Siddiqui on 19th April 2005.

Meetings of The Managing Committee

During the year under review, the Managing Committee held its meetings on 4th January, 8th February, 15th March and 12th April 2005.

At the 145th Annual General Meeting held on 19th April 2005, the following members were elected to the Managing Committee for the year 2005—2006:

President	Organization
Mr Sohail Wajahat H. Siddiqui	Siemens Pakistan Engineering Company Limited
Vice President	
Mr Salman Burney	GlaxoSmithKline Pakistan Limited
Members (in alphabetical order)	
1. Mr S. H. A. Bukhari	Mackinnon, Mackenzie and Company of Pakistan (Pvt.) Limited
2. Mr Hans Dewaele	Procter and Gamble Pakistan (Private) Limited
3. Ms Musharaf Hai	Unilever Pakistan Limited
4. Mr Badar Kazmi	Standard Chartered Bank
5. Mr Hasan Ali Khan	Continental Biscuits Limited
6. Mr Waqar A. Malik	Pakistan PTA Limited
7. Mrs Ameena Saiyid, oae	Oxford University Press
8. Mr Zubyr Soomro	Citibank N. A.

Managing Committee Co-option

The following three additional members were co-opted to the Managing Committee.

Name	Organization
Mr Nadeem Jafarey	Caltex Oil (Pakistan) Limited
Mr Juergen Koenig	Merck Marker (Private) Limited
Mr Jeremy Pike	Pakistan Tobacco Company Limited

Further Meetings of the Managing Committee

The incoming Managing Committee held meetings on 26th April, 11th May, 8th June, 13th July, 10th August, 14th September, 19th October, 10th November and 21st December 2005.

Activities of the Managing Committee

Meeting with the Federal Minister of Commerce

Mr Humayun A. Khan, Federal Minister of Commerce, was invited to the Chamber on 6th January 2005 for a dinner meeting which members of the Managing Committee and heads of member companies attended.

Welcome Address

Mr Humayun Akhtar Khan, Federal Minister of Commerce,

Welcome to this Chamber, which is the oldest Chamber of Commerce in Pakistan, formed in 1860 (144 years ago).

The current membership is 166, of which 102 are industrial undertakings, 23 trading, 27 banking and financial services and 14 insurance, shipping and airlines.

The sales of member companies constitute 9% of the GDP and nearly 15% of the GDP of the manufacturing sector. They contribute nearly one fifth of the total tax revenue of the Government of Pakistan and employ around 50,000 people.

The Chamber focuses on a number of areas through ten Sub-committees:

- Banking, Leasing, Insurance and IT & E-commerce
- Corporate Law, Labour and Employee Relations
- Corporate Social Responsibility and Corporate Communications
- Energy
- Industrial, Commercial & Environment
- Intellectual Property Rights
- Investment, Infrastructure, Law & Order and Security
- Pharmaceutical
- Programmes and Events
- Taxation

Our members take pride in being good corporate citizens and are confident that our business objectives are in line with the economic aspirations of the people of Pakistan.

We wish to acknowledge the economic achievements of the government, to name a few: reduction in the interest rate, build up of significant foreign exchange reserve, rise in the stock market, lowering of the national debt, improvement in corporate governance and the unprecedented access allowed to the members of the business community to policy makers at the highest level.

Sir, I would like to draw your attention to certain issues which urgently need to be addressed:

1. **Electricity** The electricity rate (ranging from USD 0.06/Kwh to USD 0.08/Kwh) is one of the highest in the region, that is, Malaysia (\$0.06Kwh), Singapore (\$0.05 Kwh), Indonesia and Philippines (\$0.04Kwh). Electricity in Pakistan is 40% more expensive than in Indonesia and the Philippines. Lack of reliable electric supply also causes production losses.

The Chamber recently conducted a study on the cost of doing business in Pakistan and looked at 2 sectors only, namely electricity and road infrastructure and established that in these two areas alone trade and industry is paying the cost equivalent of \$2.6bn/annum due to electricity shortages, breakdowns and poor infrastructure.

2. **Sea Port Facilities** Port charges need to be aligned with regional port charges for example: KPT costs per TEU (Twenty Equivalent Unit) are USD 29, whereas Colombo and Chahbahar are USD 3.99 and 17.23



respectively and Oman and Dubai range between USD 2.2 to 2.4. Moreover, our current port infrastructure is incapable of handling oil vessels bigger than 60-70,000 MT, whereas annual savings of approximately USD 24m could be generated by bringing in vessels of up to 150,000 MT.

3. **Inland Transportation** The road/rail network needs to be made safer, cheaper and faster. If transport operated efficiently, there could be an 18% saving on freight costs.
4. **Taxation** Concessionary/deferred taxation should be considered for start-up industries. Tax should be imposed on production and not investment. The 7% levy on pre-tax profits that makes manufactured goods uncompetitive should also be reconsidered.
5. **Rationalisation of Tariffs** Ensure that manufacturing in Pakistan does not attract levies in excess of those levied on the import of the same product.
6. **Industry Protection** There is an urgent need for stronger implementation of IPR laws and curbing of smuggling. (The smuggling of POL and spurious lubricants from Iran and Afghanistan causes about Rs.7bn annual loss to the government). Similarly smuggling and counterfeiting in the tobacco industry causes a loss of Rs.6bn to the government. Poor implementation of IPR laws has affected most of the companies, particularly lubricants, consumer goods and paint manufacturing companies.
Therefore it is recommended that PIPRO should be made more effective for better implementation of IPR laws. Also there should be some representation on PIPRO from the Overseas Chamber including representation from key affected industries, that is, pharmaceuticals, consumer goods, lubricants and cables.

Also we humbly recommend counterfeiting be made a cognizable and non-bailable offence to deter such practices. In this regard we would also like to draw your attention to the Patent Ordinance 2002 which is not compliant with TRIPS (Trade Related Aspects of Intellectual Property Rights).

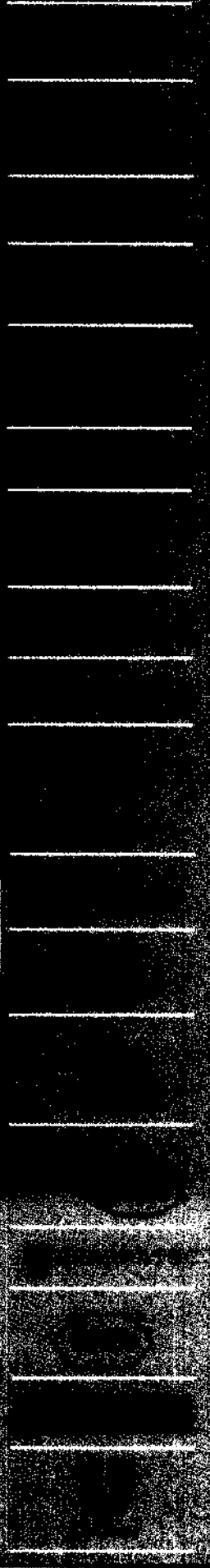
7. **Encourage Market-driven Pricing** Anti-competition laws need to be strictly enforced for higher efficiencies and customer benefit, and state-owned monopolies should be broken up and the government protection and guarantees withdrawn, for example: PSO's monopoly on fuel oil supplies to IPP's and on the hydrant system at Allama Iqbal Airport, Lahore.
8. **Corporate Tax** In Pakistan, corporate tax is 42% which is inclusive of the statutory labour contribution (compared with India 35%, Sri Lanka 30%, the Philippines 32%, Singapore 22%, UAE 0%). Infrastructure costs such as Workers' Welfare Fund and Workers' Profit Participation Fund are too high. It is critical that organized business and industry must not be over-burdened with taxes.
9. **Transparency** Levies collected by the government for specific purposes must be utilised for the purpose for which they are collected. For example the 1% fee charged for R&D for all pharmaceutical companies.
10. **Consistency of Policy** The government should ensure that it does not deviate from its stated policies, for example, petroleum pricing which had been delegated to the Oil Companies Advisory Committee under a notified mechanism as part of the government's stated policy on deregulation of the petroleum sector. However, there is continued involvement in pricing by the government for political considerations to the cost of the industry. As of 1st January 2005, the industry had incurred a deficit of Rs. 6.9bn, due to the government's desire to stabilize the price.
11. **Regulatory Authorities** The current set-up of the regulatory authorities lacks private sector representation. For example OGRA, NEPRA.
12. **Regional Trading** Global trade within regional blocs constitutes nearly 50% of global trade, however we are presently not benefiting from this trend. The Chamber would also like to recommend liberalization of trade with India as this would lead to cost efficiencies for local industries and improve Pakistani businesses' export competitiveness.

I hope that you find these recommendations useful and that they will receive your favourable consideration.





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MARDAN - D.I.KHAN - SAHIWAL

Visit of Mr Douglas Alexander MP, Minister for Trade Investment and Foreign Affairs of the UK

Mr Douglas Alexander MP, Minister for Trade, Investment and Foreign Affairs, UK, along with Mr Hamish Daniel, British Deputy High Commissioner, and their entourage visited the Chamber for a luncheon meeting on 10th January 2005. Members of the Managing Committee, members of the Pakistan Business Trade and Investment Forum (PBTIF) and the Pakistan British Business advisory group (PBBAG) also attended. Issues were discussed during the luncheon meeting with emphasis on Pakistan and its business environment.



Mr Douglas Alexander at the luncheon

Proposals on the National Environment Policy

President OICCI attended a meeting of the Pakistan Environmental Protection Council (PEPC) in Islamabad on 27th December 2004. The Chamber's comments on the National Environment Policy were forwarded (vide Chamber's letter dated 14th February 2005).

14 February, 05

The Director General (Environment)
Government of Pakistan
Ministry of Environment
(PEPC Section)
Islamabad

Dear Abdul Waheed Sb,

Comments on the National Environment Policy

Thank you for the above policy accompanied by the minutes of the meeting of the PEPC held under the chairmanship of the honorable Prime Minister in Islamabad on 27 December 2004.

The policy framework is a good start and the ministry needs to be congratulated for the initiative taken and the effort in preparing the policy. However, we feel that the following amendments should be incorporated:

1. There is a need to have specific recommendations for industry incentives for self compliance such as:
 - Corporations which are self compliant should receive a 10% income tax credit
 - Initiate an award scheme similar to The Top 25 Companies Award, based on the following criteria:
 - a. Capex spent on environmental upgrading
 - b. Number of environmental projects.
2. Implementation of National Environment Policy should also lay specific emphasis on:
 - a. Legislation and enforcement of NEQS
 - b. Incentivization, for example: import duty-free CNG engines for city buses
 - c. A government program on deforestation should be initiated, for example, subsidized gas or LPG should be provided in the affected areas.
3. Ban on the manufacture and sale of plastic bags to be imposed.
4. Empowerment to the local bodies and local government environmental agencies for imposing fines and penalties on effluent discharge and solid waste, dumping of garbage outside residences, open areas etc. It should also be made mandatory for all housing societies and cantonment boards to ensure that a proper system of collection and disposal of waste matter is in place.

Yours sincerely,

Farooq Rahmatullah
President OICCI



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Intellectual Property Rights Issues

Justice @ Ghous Muhammad, Director General, Sindh Judicial Academy accompanied by judicial officers under training at the Judicial Academy had a meeting with the Intellectual Property Rights Sub-committee on 23rd February in the Chamber, followed by lunch. A presentation was made covering the following aspects on IPR:

Overview on IPR

Trade marks, patent and resulting issues around counterfeits.

Issues of current legislation in Pakistan



Justice Ghous Muhammad at the luncheon

Federal Budget Proposals 2005-2006

The process of formulating budget proposals started in February 2005. Suggestions for the budget proposals were discussed in detail. Specific proposals which did not have general applicability were excluded. It was agreed to identify top priority items. Budget proposals including proposals submitted to the government in the previous year and not agreed upon were added to the summary. The proposals were finalised and submitted to the government on 13th April 2005. The proposals were grouped under:

1. Top priority items
2. Detailed proposals on income tax
3. Detailed proposals relating to sales tax, excise duty and customs.

Detailed proposals can be seen on our web site at www.oicci.org

The budget proposals were subsequently discussed with CBR officials on 18th May 2005. A presentation was made by Mr Parvez Ghas and Mr Waqar A. Malik. The President OICCI and members of the Managing Committee were also present. The issues discussed were:

Excessive tax rate

Corporate tax

Elimination of WPPF – WFF

Tax exemption on inter-company dividends

Specific projects of CSR where full tax exemption was required.

GST on advance

Elimination of excise duty on luxury items

Sales tax

IPR issues

Trade Policy Proposal 2005-2006

Members' suggestions were invited for trade policy proposals for the year 2004—2005. The Chamber's trade policy proposals were forwarded to the Ministry of Commerce on 26th April 2005. Detailed proposals can be seen on our web site at www.oicci.org

Summary of Trade Policy Proposals 2005—2006

1. Tariff Rationalization
 - a. Duties on raw materials and finished products
 - b. RBD palm kernel oil and crude coconut oil
 - c. Sodium lauryl ethyl sulphate



- d. Duty on palm stearin imported for soaps
- e. Higher custom duty on raw material used in
 - i. paints
 - ii. food grade dyes
- 2. Excise Duty
 - a. Removal of excise duty on non-luxury items
- 3. Import and Export
 - a. Import – Re-export of leftover mud chemicals / drilling fluids
 - b. Shelf life requirements of pharmaceutical raw materials, drugs and medicines
 - c. Advance payments against imports
 - d. Freight subsidy scheme for exports
 - e. Imports of goods from India

Visit of Chairman National Tariff Commission

Mr Faizullah Khilji, Chairman National Tariff Commission visited the Chamber on 8th June 2005 and met members of the Managing Committee and heads of member companies. Various issues were discussed with the main emphasis on the general misconception that prevailed amongst trade and industry about the liberalization of trade under WTO region.



Mr Faizullah Khilji at the luncheon

Anomalies in the Federal Budget 2005–2006

On the announcement of the Federal Budget 2005–2006 the members of the Standing Sub-committee on Taxation identified certain irritants/anomalies in the Budget. Representation was made to Dr Salman Shah, Advisor to the Prime Minister on Finance (vide Chamber's letter dated 25th July 2005). Details can be seen on our website at www.oicci.org

25th July 2005

Dr Salman Shah
Advisor to Prime Minister on Finance
Pakistan Secretariat
Islamabad

Dear Sir,

Anomalies in Federal Budget 2005–2006

Members of the Chamber have identified certain irritants / anomalies in the 2005–2006 budget. The anomalies relate to the following:

1. Inclusion of raw materials under Serial No. 41 in SRO 565(1)/2005
2. Withdrawal of excise duty on perfumes and cosmetics and placing them in 3rd schedule of sales tax
3. Duty on import of raw material under HIS code 8544.5910 is higher than the duty on import of finished products
4. Retention of records and documents under Section 24 has been reduced from 5 to 3 years but amendments in Section 36(1) have not been made

Details are attached. In view of the above you are requested to consider the above anomalies in the forthcoming meetings of the said committee.



A favourable response is requested please.

Thank you

Truly yours,

Syed Viqar Salahuddin
Secretary General

Visit of Mr Mukhtar Ahmed, Advisor to the Prime Minister on Energy

Mr Mukhtar Ahmed, Advisor to the Prime Minister on Energy, Ministry of Petroleum visited the Chamber on 1st August 2005 and met members of the Managing Committee, Energy Sub-committee and heads of member companies from the energy sector.



Mr Mukhtar Ahmed at the luncheon

Speech by the President, OICCI on the Occasion of the Visit of Mr Mukhtar Ahmed, Advisor to the Prime Minister on Energy on Monday 1st August 2005 at 11 am at OICCI

Asalam-o-jaikum and welcome to the Chamber.

I welcome Mr Mukhtar Ahmed to the Chamber. Mr Ahmed is a chemical engineer from the University of Edinburgh, U. K. He started his professional career with Shell Chemicals (UK) Limited, England in 1970. For a period of 18 years he worked in various professional capacities in the downstream oil and gas sector in Pakistan including oil refining, and gas processing and transmission. Later, for a period of 10 years, Mr Ahmed was with the Asian Development Bank (ADB) where his responsibilities included the processing and administration of energy sector projects in various ADB member countries. Mr Ahmed also served as the managing director / chief executive officer of Sui Southern Gas Company Limited (SSGC). He is presently the Advisor to the Prime Minister on Energy.

Mr Ahmed to brief you on the Chamber:

It is the oldest Chamber in Pakistan, founded in 1860 by British businessmen.

The current membership is 164, of which:

102	Industrial undertaking	30	Banking, finance, leasing and insurance
23	Trading	09	Shipping and airlines

Several members are listed in the Fortune 500 companies. Country-wise, the representation is as follows:

42	British	11	Japanese
44	European	11	Middle East
44	American	12	Others

The sales of member companies constitute 9% of the total GNP of the country and nearly 15% of the GDP of the manufacturing sector. They contribute nearly one fifth of the total tax revenue of the Government of Pakistan and employ around 42,000 people.

The Chamber's primary function is to protect and promote the commercial, industrial and financial interests of existing as well as potential foreign investors in Pakistan. It would not be out of place to mention here that our members take pride in being good corporate citizens and are confident that their business objectives are in line with the economic aspirations of the people of Pakistan.

Sir, the energy industry in Pakistan is presently the fastest growing sector of our economy. It faces a number of issues and challenges which require the attention of the government to further facilitate its growth. The issues which have a significant impact on the foreign investors in this sector are:

1. Monopoly in fuel supplies to IPP to the detriment of foreign oil companies
2. Threats to the ongoing deregulation process
3. OGRA's role in resolving issues
4. Deregulation of IPG pricing
5. Smuggling and its adverse impact on the oil industry



6. Gas pricing
7. Implementation of standards in the oil industry

While we acknowledge the economic achievements of the present government, we believe more needs to be done if the government's commendable goal of accelerated foreign direct investment and economic growth rates are to be sustained.

I will now invite Mr Mukhtar Ahmed to speak to you.

Para-wise Responses in Reply to the Advisor to the Prime Minister on Energy

Issue by OICCI

Eroding financial viability of E&P projects in Pakistan due to gas pricing cap at US\$36 in a US\$ 60 world and increasing development costs.

Response of Advisor

MPNR is in the process of appointing consultants to review the terms and conditions applicable to the upstream oil and gas industry.

Proposed Response by OICCI

You will appreciate that the progress to date on this issue has been slow. It has been several months since the ToR's were finalized by the E&P industry and given to the MPNR but the consultant is yet to be appointed. We fear that any further delay will result in a loss of confidence of the foreign investors in the current government's commitment to progress, the issue thus resulting in diversion of funds from the parent companies to other countries in preference to Pakistan. We would appreciate it if the process was expedited and a firm date was communicated which would help settle this key issue.

Issue by OICCI

Local pressure groups and communities are disrupting E&P operations, political and monitory agendas.

Response of Advisor

MPNR, in consultation with the upstream oil and gas industry, is developing an appropriate mechanism for the formulation and implementation of community welfare programmes, so that E&P operations can be undertaken without disruption.

Proposed Response by OICCI

This recommendation was submitted by the E&P industry almost a year ago and then a revised version was submitted on the request of MPNR in August this year, but no progress has been made on the issue in concluding and or implementing the recommendations, nor has the industry been advised on progress, if any, on the issue. Foreign investors are getting increasingly concerned about the delayed response on this matter and parent companies are constantly asking for feedback on this issue from their local offices. As you are aware, at the parent company level any investment in the E&P sector in Pakistan has to compete with other investments in other countries. We fear that any further delays in bringing clarity to this issue may severely disadvantage Pakistan for further investment at the parent company level. We would appreciate it if a firm timeline could be established and communicated to all concerned.

Issue by OICCI

Open/third party access to gas infrastructure is currently not available which is a deterrent for the development of the gas market.

Response of Advisor

There are provisions in the OGRA ordinance 'Party Access to Gas Infrastructure'. Natural gas requires licensees to provide such access. OGRA is formulating detailed rules in this regard for allowing open/third (Licensing) Rules; 2002 has initiated the process.

Proposed Response by OICCI

This issue was raised by the E&P companies with OGRA almost 18-24 months ago. However, no concrete progress has taken place on the issue. We would appreciate it if OGRA could advise us as to a time frame within which detailed rules would be finalized.

Issue by OICCI

Participation of private pipeline companies in the development of a gas transmission and/or distribution network is currently problematic.



Response of Advisor

The two integrated gas companies (SNGPL and SSGC) have been granted non-exclusive licenses by OGRA. The government has also notified Natural Gas Tariff Rules, 2002 which contain a market-based tariff mechanism applicable to investment in the gas infrastructure.

Proposed Response by OICCI

Technically it is a free market but in reality there cannot be any direct gas sales to customers. For existing gas, there are exclusive zones for both gas utilities and, in the case of power plants' direct sales, the issue of guarantees / liabilities comes in. The gas is sold at GOP notified prices involving GDS. It may be prudent if GOP makes it clear as to how and where it is explicitly, given that the market driven prices are available for investment in new gas T&D infrastructure.

Issue by OICCI

Price differential claims of the oil industry of over Rs 8 billion due to price freezes are pending with the government. This is impacting on the credibility of the government. The principal amount and its interest need urgent reimbursement.

Response of Advisor

Payments are being released against the price differential claims of the oil marketing companies. However, in MPNR's view, there is no justification for payment of interest on the principal amount and this matter has been referred to the Finance Division.

Proposed Response by OICCI

The oil industry is still owed Rs 6.2 billion by the government on account of price differential claims (down from Rs 8.2 billion as a Rs 2 billion payment was made a few days ago). With the recent decrease in international prices, the expectation was that the government would quickly settle the industry's outstandings, but this has not happened. We do however appreciate your very active and keen role in having the outstanding PDC released.

Issue by OICCI

The current freight pool mechanism for oil products is subject to gross inefficiency and misuse, leading to higher costs for the consumer.

Response of Advisor

In MPNR's view, the proposed reduction of depots from 29 to 8 could impact on the availability and prices of petroleum products in remote areas. Further, MPNR has suggested that this matter should also be reviewed with the Ministry of Defence.

Proposed Response by OICCI

Firstly we would like to point out that the Reduced (8-depot) Depot Model has been designed to provide benefit to the consumer from the commissioning of the new white-oil pipeline, by reducing the overall IFEM (primary freight) impact on the consumer by about Rs 1.46 billion per year. The model is able to bring about this significant saving by reducing double handling of the product that has become unnecessary due to the operation of the new white-oil pipeline. This saving will be over and above the saving of approximately Rs 926 million per year that is already being obtained by the commissioning of the new white-oil pipeline.

In addition, the Reduced Depot Model will increase transport efficiencies in the industry by maximizing pipeline and rail use for primary transport and by increasing competition in the secondary road transport. The new model will also remove the anomalies in the current 29-location model that allow misuse of IFEM. Such misuse has resulted in allegations against the industry of irregularities.

The Reduced Depot Model is also designed to create a level playing field by allowing all OMCs to maintain product stocks at the 8 proposed depot locations either via their own infrastructures or through hospitality. This will encourage future investment in the industry by both the existing and new OMCs. The current 29-location freight pool model does not cater for this as is evident from the fact that a number of new OMCs are operating in the country with little or no product stocks.

It may also be noted that the 8 depot locations in the Reduced Depot Model are in major locations that contain 85% of all petroleum storage in the country and offer ample storage cover. The government may further increase this storage cover by formulating a "strategic stocks policy" based on appropriate charges to be paid to the store/handler and differentiating this from commercial stocks. Furthermore the 8 depot locations provide a sufficient spread all over the country. If, however, the defence authorities require any of the small depots that are proposed to be de-equalized to be operated, then these can be transferred to their custody through agreements with the concerned OMCs.



The 8 depot locations also directly cover a bulk of the agri-markets and will provide price equality of petroleum products in all provinces of the country. The concern regarding price disparity to smaller markets is unfounded since the price differential is minor i.e less than 2%. This differential already exists in a large number of areas in the country that are distant from the 29 current locations and the customer has accepted this as the actual cost of supply. Moreover, far-flung areas in the north and Baluchistan will have equalized pricing as these are covered in the new model.

In view of the above, it is requested that the Reduced Depot Model be approved for implementation at the earliest so that the country can fully benefit from the commissioning of the new white-oil pipeline. In the changed circumstances, the 29-location freight pool model is no longer optimal and is leading to unnecessarily high costs for the consumer as well as allowing rampant misuse.

Issue by OICCI

Criteria for new entrants in oil marketing are not robust. Most of the new companies given marketing licences are not reputable marketing companies and this is destabilizing the Industry.

Response of Advisor

MPNR is reviewing the present criteria for the licensing of oil marketing companies and has also sought the industry's recommendations in this regard. MPNR will seek government approval of the revised criteria.

Proposed Response by OICCI

While discussions on criteria are on-going with the government, the concern is that oil marketing licences continue to be issued to companies with inadequate background and experience. In addition, the criteria are not being enforced for those companies that have already been issued licences. It is imperative that we follow the example of India where only reputable companies, which have already invested heavily in infrastructure in the country, are considered for marketing licences.

Issue by OICCI

Inspection mechanism of oil and LPG technical and safety industry standards by government agencies is unsatisfactory.

Response of Advisor

The transfer of responsibility for the technical regulation of the downstream oil industry from MPNR to OGRA is under active consideration. Technical standards in respect of downstream oil infrastructure/facilities have been developed by OGRA in consultation with industry and third-party inspection is envisaged to ensure compliance. With regard to LPG, the relevant technical standards have been prescribed in the LPG (Production and Marketing) Rules, 2001, and Enar Petrotech has now been appointed by OGRA to undertake third-party inspection.

Proposed Response by OICCI

We welcome the on-going dialogue between OGRA and the oil industry for finalizing the Rules for the oil sector, which should lead to modernized technical/safety standards for the oil sector and to a robust third-party inspection mechanism. It is imperative however to legally ensure that as soon as a third-party inspection mechanism is in place, existing government agencies are no longer responsible for technical inspections of the oil industry.

Issue by OICCI

The large number of LPG licences means less control over critical safety issues and less investment in quality infrastructure leading to the probability of accidents.

Response of Advisor

MPNR is formulating a policy framework for LPG which will, inter alia, provide guidelines for the issuance of licences by OGRA.

Proposed Response by OICCI

The industry's view is that MPNR needs to bear in mind the large number of licences that have been issued making monitoring of HSE and security standards a major issue. The basis for the issuance of licences should be more in line with the rules for oil marketing companies.

There must be clear investment benchmarks and clear HSE standards must be achieved. These benchmarks were clearly defined in the Oil Marketing Licence. However, these important benchmarks have been ignored in current LPG policy.

In our view, a large number of the licences have been issued to people who are merely fronting for LPG producers thereby creating a second tier of companies that have not invested significantly and yet are jointly milking the market for premiums.



This leads us to the issue of MPNR's capping LPG supplier prices. This means that the above practice is rampant which really does not benefit the consumer but has inhibited the ability of companies to economically import LPG. With the GOP's agreement to allow usage of LPG as an autogas, our fear is that by the end of 2006, serious shortages of LPG will be evident which could be obviated by bringing the LPG suppliers' prices to the ARAMCO CP as per the LPG Rules of 2001. These rules, which espoused the deregulation of the market, allowed for major inward investment in the LPG sector.

Under the current fixed price regime, predatory pricing by certain LPG suppliers in cahoots with related companies has allowed for a cosy situation which will result in the possibility of legal challenges to the GOP.

It is in the interest of the GOP and the LPG industry to come out with a sensible solution which will help the right consumer rather than allowing companies to artificially create pricing anomalies. These targeted subsidies could be underwritten by the GOP, LPG Marketing Companies and LPG suppliers. However this requires some thought, discussion and debate. A lot has been accomplished internationally and we must benefit from this experience to help our consumers move away from biomass to modern fuels.

Issue by OICCI

PPIB is unable to play its due role as a one-window facility.

Response of Advisor

Various measures for the strengthening of PPIB, with a view to making it an effective one-window facility, are under consideration.

Proposed Response by OICCI

We are surprised to note that various measures for strengthening of PPIB are still under consideration, whereas PPIB is already provided as a one-window facility. At this stage when the GOP is making all its efforts to attract foreign investment in the power sector, PPIB being an effective one-window facility should have been in place by now. IPPs and the investors have to run from pillar to post for their required clarification and/or to resolve issues. This creates a bad image to foreign investors.

Visit of Home Secretary, IG Sindh and Senior Law Enforcing Officers of Sindh Government.

Brigadier © Ghulam Mohtarem, Home Secretary, Government of Sindh accompanied by Mr Asad Jahangir, IG Police Sindh, Mr Mushtaq Shah, DIG Operations, Mr Tariq Jameel, Capital City Police Officer, Mr M. Akbar, DIG Investigation, visited the Chamber on 3rd August 2005 and had a luncheon meeting with the Managing Committee and members of the Investment Infrastructure Law & Order and Security Sub-committee and heads of member firms.



Mr. Asad Jahangir, IG Police Sindh at the luncheon

Speech by the President on the Occasion of the Visit of Brigadier © Ghulam Mohammad Mohtarem, Home Secretary, Mr Asad Jahangir Khan, I G Police Sindh, Mr Tariq Jameel, Capital City Police Officer, Mr Mushtaq Shah, DIG Operations and Mr M. Akbar, DIG Investigation, on Wednesday 3rd August 2005 at 1.30 pm at OICCI

Asalam-o-laikum and welcome to the Chamber.

We are delighted with your visit and with it the opportunity to share with you our views and concerns on the prevalent law and order situation in the country.

I welcome you most heartily to this Chamber, which is the oldest chamber of commerce in Pakistan formed in 1860.

The current membership is 164, of which 102 are industrial undertaking, 23 trading, 30 banking, finance, leasing & insurance and 9 shipping & airlines. Several members are listed in the Fortune 500 companies. The sales of member companies constitute 9% of the total GNP of the country and nearly 15% of the GDP of the manufacturing sector. They contribute nearly one fifth of the total tax revenue of the Government of Pakistan, and employ around 55,000.

The Chamber exemplifies the success of business investment in Pakistan. This forum has also been proactive in highlighting issues to the government and the government has been receptive to the recommendations presented by the Chamber.



In this regard, we would like to draw your attention to the unfortunate incidents which took place recently. These events have raised significant amount of concern and doubt in the minds of foreign investors in our country.

As you know, the recent news to hit the media was the assault, on June 21 2005, on the life of Mr M. Iftikar, General Manager Human Resources of our member company, Pakistan Petroleum Limited. The assailants opened fire on Mr Iftikar and seriously injured him. Earlier, in identical circumstances, Mr Salim Azim, Sales Director of Continental Biscuits was assassinated on the morning of April 1 2005.

In addition, again in the month of June, a KFC restaurant was burned down following a blast in a nearby mosque. It is common knowledge that the restaurant was first looted and then the employees were locked inside and after this the restaurant was set on fire. This barbaric act has done little to improve our country's image and the media had a field day, which not only makes potential investors reluctant, but also left our current investors worried for their employees' and properties' safety.

We trust the government is committed and will take the necessary steps to see that foreign investors can work in the country without fearing for their employees' lives and the safety of their assets.

I thank you once again, on behalf of all members, for your visit to the Chamber and the opportunity you have provided to share our thoughts and concerns with you.

Letter to Home Secretary Regarding the Security Issues Discussed During the Meeting

4th August 2005

Brigadier @ Ghulam Mohtarem,
Home Secretary,
Government of Sindh,
Sindh Secretariat,
Karachi.

Dear Brigadier Mohtarem,

I write to thank you for taking time out from your busy schedule to visit the Chamber on 3rd August 2005. I enclose a few photographs taken on the occasion.

During the meeting, we requested you and the Inspector General Police Sindh to dedicate a police officer of SP level, who will be available to the Chamber to meet security requirements of MNCs. You very kindly agreed to our proposal.

The second point discussed at the meeting was deputing another officer who will be a focal point for Intellectual Property Rights issues. The IG Police Sindh kindly agreed to provide support in this regard.

We have noted your suggestions on the Chamber's role in improving the image and perceptions of Pakistan, as an investment-friendly country. We intend to invite foreign diplomats to the Chamber and at that time, in coordination with the Police Department, a presentation shall be made highlighting the performance of the law enforcement agencies.

We have also taken your suggestions on board to make the Chamber more proactive in terms of establishing contact with the law enforcement agencies and having regular meetings with you and the police authorities in future. In this regard, we intend to invite you again in six months time to review the improvements made.

I am enclosing a copy of the presentation made by Lt. Colonel @ Masood Siddiqui for your information.

With warm regards.

Yours sincerely,

Sohail Wajahat H. Siddiqui
President



Visit of Dr Ishrat Hussain, Governor, State Bank of Pakistan

Dr Ishrat Hussain, Governor, State Bank of Pakistan visited the Chamber on 8th August and met members of the Managing Committee, members of the Standing Sub-committee on Banking, Leasing, Insurance and IT & E-commerce and heads of firms, foreign banks and SBP.



Dr. Ishrat Hussain at the meeting

Discussion Points from OICCI Meeting with Governor SBP, Karachi on 8th August 2005

FCY Loans and ECA Backed Facilities: Support required from SBP to streamline the approval process.

FE 25 Loans: Forwards cannot be booked against FE 25 loans.

FE 25 and PKR Deposit Ratio: Some relaxation requested. It is suggested that an umbrella exemption is granted to development organizations, embassies, consulates, infrastructure projects, corporate entities where the account is funded with inward FCY remittances.

Airline Remittances: Encashment certificate requirement should be relaxed. Requirement for ticket coupon copies should be streamlined—this process adds excessive paper work.

Coordination between Board of Investment (BoI) and State Bank of Pakistan (SBP): BoI imposes restrictions on establishment of branch offices which are contrary to policies laid out in the SBP Foreign Exchange Manual.

Open Ended Guarantee Formats: Open Ended Guarantee Formats need to be standardized, for example, cases relating to freight subsidy and 6% rebate to the knitwear industry.

CIB Reporting: SBP should impose a penalty on mis-reporting of data. Mis-reporting on CIB delays transaction processing since approval conditions state clean CIB.

Inland LC / Guarantees: SBP needs to streamline the process for transmission of inland LC and guarantees through SWIFT.

Visit of Dr Ishrat-ul-Ebad Khan, Governor Sindh

Dr Ishrat-ul-Ebad Khan, Governor Sindh visited the Chamber on 7th September 2005 and met the Managing Committee and heads of member firms.



Letter Addressed to the Governor Sindh Regarding Suggestions Made During the Meeting

8th September 2005

Dr Ishrat-ul-Ebad,
Governor Sindh,
Governor's House,
Karachi.



Dr Ishrat-ul-Ebad at the meeting

Honorable Governor,

On behalf of the Overseas Investors' Chamber of Commerce and Industry, I thank you once again for the time you took out from your busy schedule to visit the Chamber on September 7 2005. This gave us an opportunity not only to share our concerns, but also to make suggestions which would help attract foreign investment in the province.

In this regard, one of the suggestions that was made, and which you very kindly supported, was a meeting once a month between yourself and the members of the Managing Committee of the OICCI. As required by you, we are providing in the attachment a list of Managing Committee members for the year 2005—2006 who may be invited to the monthly meetings. The date and time of these meetings may be set at your convenience. We propose the following agenda for the first meeting:





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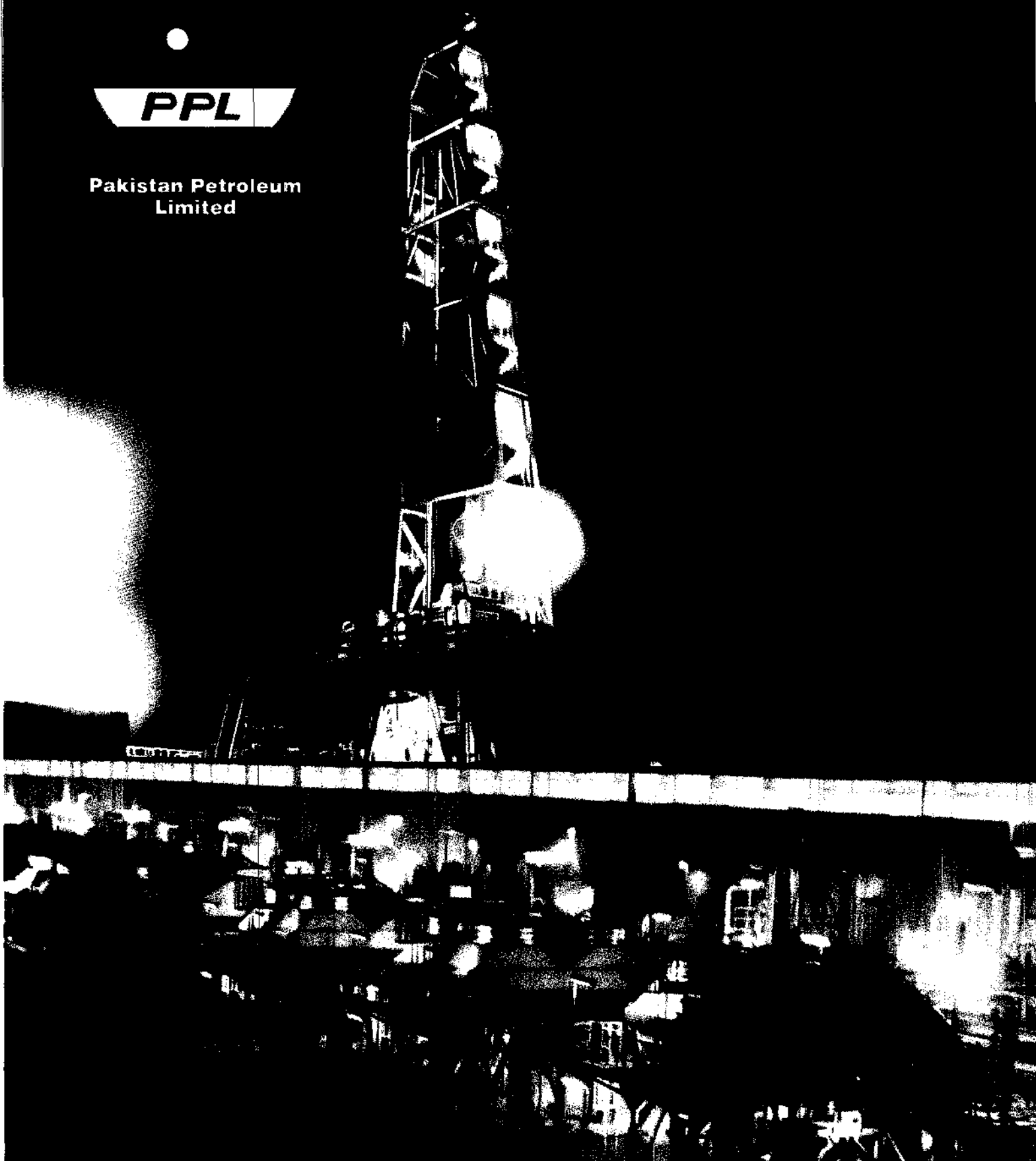
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1. Infrastructure Cess – Sindh

We propose that the Provincial Government should abolish those anomalies as they:

- hinder inter provincial trade
- discourage investment in the province
- are unfair and discriminating.

2. Intellectual Property Rights Violations

The government needs to ensure protection of copyrights, patents, trade marks and prevent counterfeiting in line with international trade treaties in the province.

3. Pharmaceutical Sector

It is suggested that the Government of Sindh should aggressively engage the federal government in changing the policies in the pharmaceutical sector to bring them in line with current global and regional trends and to provide a level playing field across the nation.

We shall be grateful if you will kindly let us know the date and time for the first meeting.

With kind regards,

Yours sincerely,

Sohail Wajahat H. Siddiqui
President

Trade Issues of Existing Foreign Companies Discussed with Minister of Commerce

A delegation lead by Ms Musharaf Hai, Chairman, Standing Sub-committee on Industrial, Commercial & Environment met Mr Humayun Akhtar Khan, Minister of Commerce in Islamabad on 2nd September 2005. A presentation given to the Commerce Minister mainly focused on key areas impacting on overseas investors. Issues on the strategy elements identified in trade policy for promoting and developing commerce in Pakistan were also discussed.

Subsequently, a summary of the issues discussed during the meeting along with the Minister's responses was sent to the Minister (vide Chambers letter dated 12th September 2005).

12th September 2005

Mr Humayun A. Khan,
Minister of Commerce,
Ministry of Commerce,
Government of Pakistan,
Islamabad.

Honorable Minister,

I would like to thank you once again for meeting the delegation from the Overseas Investors' Chamber of Commerce and Industry on September 2 2005. This gave us an opportunity to highlight the concerns on trade issues of the existing foreign companies. During the meeting, you responded to the issues presented by Ms Musharaf Hai, Chairperson of the OICCI sub-committee on industrial, commercial and environmental matters. A summary of the issues presented and your responses to each of these is attached for your reference and record.

With kind regards,

Yours sincerely,

Sohail Wajahat H. Siddiqui
President



OICCI Proposals to the Ministry of Commerce

OICCI Industrial and Commercial Subcommittee Issues

Long Term Trade Policy

A long term trade policy will boost investor confidence and provide a sustainable framework for planning and investment.

Response by the Minister of Commerce

The Minister agreed that trade policy has to be long term for planning strategic investment. He said trade encompasses many areas of economy for example, tariff, deregulation, liberalization, reducing cost of doing business and focus on infrastructure. The MOC does a review of the trade policy annually. Changes, if any, are done at budget time to ensure the competitiveness of the industry. He cited the example of tariff rationalization of the synthetic fibre sector in the last budget.

Level Playing Field amongst Provinces

Key anomalies are:

- Infrastructure Cess – Sindh
- Tobacco Cess – NWFP

Response by the Minister of Commerce

The Minister said the solution of this issue is to work through the NFC. The problem can be best resolved at the time of the NFC award. He suggested that the OICCI write directly to the Prime Minister to get the provinces to remove this levy.

Overall he agreed that this duty discourages investment and creates an uneven playing field.

Intellectual Property Rights Violations

Counterfeiting is having a serious negative impact on:

- Brand image
- Business profitability
- Revenues for the Exchequer
- Country image
- Overall investment climate.

The Government needs to ensure protection of copyrights, patents, trademarks and prevent counterfeiting in line with international trade treaties.

Response by the Minister of Commerce

The Minister said he was glad he was put in the picture. He said it is important that we are seen to be making progress and not just soft pedaling. He said, while the initial hurdles had been removed, there was still a long way to go. The Chairman, DG and other functionaries are in place and it is now up to them to put the systems in place. A bill is likely to be tabled in Parliament soon. He agreed that the perception of Pakistan in the world trade community can be negatively impacted by lack of compliance with the rules and regulations.

Trade with India

Trade with India needs to be opened up for specific production inputs that is, raw materials and machinery. This will allow our local industry to be more competitive on a world-scale.

Response by the Minister of Commerce

The Minister said that he fully supported the concept of trade with India. What is needed is political will to move forward which unfortunately is lacking. He said a study group has been formed under SAFTA to evaluate trade between the two countries. This group will study tariff and non tariff barriers. He said while India is keen to sign an agreement, they expect us to expand our trade list. He said OICCI and other Chambers can influence public and political opinion through the media as well as holding seminars on the subject.

Improvement of Pakistan's Image

Need for an overall improvement in the external and internal image of Pakistan and its brands / products.

Response by the Minister of Commerce

The Minister agreed that the country needs to do more than just take part in foreign exhibitions. He said the Ministry is working on the concept of hiring a trade lobbyist to do image-building particularly in the US. He



said unfortunately we have a geographical paradox which does not help to improve the country's perception. He agreed that our embassies and trade offices need to do more to raise the bar and promote Pakistan's image appropriately.

Value-Added Products

More focus required for raising the bar on Pakistan's value-added products both for export and domestic consumption.

Response by the Minister of Commerce

The Minister agreed that incentives have played a part in value addition. He cited the examples of zero rated duties on machinery and a higher depreciation allowance in the initial years as incentives. However, the Advisor on Trade Policy, Dr Nadeem-ul-Haque was of the opinion that there was a need to understand why there was no meaningful value addition (with the exception of textiles) despite these incentives. He said he would like to interact with the Chamber and business enterprise to understand and clarify this anomaly.

Afghan Transit Trade (ATT) Misuse

Afghan Transit Trade (ATT) is being misused and goods imported under ATT are sold within Pakistan.

Response by the Minister of Commerce

The Minister said that while we are talking to the Afghan Government there is little chance of Afghanistan harmonizing their tariff regime, essentially due lack of human resources / expertise. As it is, he said, there are now only two items left in the ATT list.

Cost of Business

The cost of doing business in Pakistan is not internationally competitive.

Response by the Minister of Commerce

The Minister asked his Trade Policy Advisor, Dr Nadeem-ul-Haque to work with OICCI and other chambers to determine the cost of doing business in the country.

Colouration

The Trade Policy 2005—06, has allowed distinct colouration with only blue colour to prevent misuse of RBD palm stearin in the edible oil business. However, this requirement hampers the quality consistency of the end product.

Response by the Minister of Commerce

The Minister said that the use of blue colouration was to prevent abuse by the ghee industry. Nevertheless he asked the Commerce Secretary to liaise with Unilever in the use of Levibond Tintometer to prevent misuse of palm stearin.

Restricted Items

Toluene and MEK have been added to restricted items in 2005. This raises the input cost of users who are now forced to import in drums, as opposed to buying locally from suppliers who import bulk quantities at lower prices.

Response by the Minister of Commerce

The Minister said Toluene and MEK are also used in the manufacture of explosives, hence the restriction.

Tobacco Prices

The tobacco prices, governed by the Pakistan Tobacco Board, pose two key challenges to the tobacco industry:

- Forced purchases of surplus tobacco crop at minimum price (protected under MLO 487)
- New crop purchases to be over and above last year's weighted average prices

Response by the Minister of Commerce

The Minister said the Pakistan Tobacco Board has now been reconstituted. The issue may be addressed to the Board.

Tax-evaded Products

Growth in tax-evaded products that:

- Restrict legitimate price increases
- Provide undue advantage to the illicit sector
- Adversely affect the government's revenue generation.



Response by the Minister of Commerce

The Minister said the issue relates to smuggling and needs to be taken up with CBR. MOC however should be kept informed.

The Minister closed the extended meeting by appreciating the quality of the presentation.

Seminar on IPR and Their Enforcement

A seminar on "IPR and Their Enforcement" was arranged by the Chamber in Islamabad on 28th September 2005. It was well attended and included attendees from the IPO, diplomats, US Pharma Delegations, DG (FIA) and heads of member companies of OICCI. The topics presented were as follows:

1. Overview on IPR
2. Trade mark infringement and counterfeit.
3. Copyright issues.
4. Issues relating to pharmaceutical industry pertaining to IPR patents, data exclusivity and counterfeit.
5. Legal framework of IPR in Pakistan – weaknesses in legislation and its enforcement.

The panelists included Mr Yasin Tahir, Director General, IPO. The presentations were made by Mr Hans Dewaele, Mr Naveed Aftab Ahmed, Ms Faryal Hussain, Mr Shahid Qureshi and Mr Hassan Irfan. These were well received by the visitors. Emphasis was also laid on the recently promulgated new IPR laws which incorporated the requisite amendments in the light of TRIPS Agreement of which Pakistan was also a signatory.

Visit of EU Commercial / Economic Counselors to OICCI

EU Commercial / Economic Counsellors headed by Mr Hamish Daniel, British Deputy High Commissioner, visited the Chamber on 3rd October and met the members of the Managing Committee and Standing Sub-committee on Intellectual Property Rights. All presentees highlighted that enforcement of IPR continues to be a weak area in Pakistan. Mr Hans Dewaele, Chairman of the IPR Sub-committee, emphasized compliance with the TRIPS Agreement. The EU Counsellors offered to provide assistance on technical and financial cooperation which may also include assistance in the preparation of laws and regulation on the protection and enforcement of Intellectual Property Rights.



Mr Hamish Daniel at the luncheon

Visit to CPLC Office by Managing Committee Members and Chief Executives of Member Firms

Mr Sharfuddin Memon, Chief, City Police Liaison Committee, Karachi invited the members of the Managing Committee and Chief Executives of member firms to visit CPLC Office on 23rd November 2005 for a briefing on the role of CPLC in combating and assisting victims of crime.

Minutes of Meeting held in CPLC Office on Wednesday 23rd November 2005 at 3 pm

Present:

Mr Sohail Wajahat H. Siddiqui
Managing Director and Chief Executive Officer,
Siemens Pakistan Engineering Company Limited
President, Overseas Investors' Chamber of
Commerce and Industry

Mr Hasan Ali Khan
Managing Director, Continental Biscuits Limited
Chairman, Chamber's Standing Sub-committee on
Investment, Infrastructure, Law & Order
and Security

Mr S. Viqar Salahuddin
Secretary General, Overseas Investors' Chamber
of Commerce and Industry

Major @ Owais Hasan
Deputy Secretary, Overseas Investors' Chamber of
Commerce and Industry

Ms Zehra Naqvi
Chief Executive Officer, ACE Insurance Limited

Mr Shabbir Hashmi
Representative Pakistan, Actis Assets Limited



Mr Faisal Ahmed
Financial Controller, Arabian Sea Enterprises Ltd.

Dr Pervaiz Ahmed
Chief Executive, Bristol-Myers Squibb Pakistan
(Private) Limited

Mr Abdul Azeem
Finance Manager, Delphi Diesel Systems Pakistan
(Private) Limited

Mr Hussain Adenwala
Director Human Resources, Eli Lilly Pakistan
(Private) Limited

Mr Javed Akbar
Chief Executive and Director, Engro Vopak
Terminal Limited

Mr Haroon Ahmed Zuberi
Chief Executive, General Tyre and Rubber
Company of Pakistan Limited

Mr Aftab A. Khan
Chief Executive, Gestetner (Private) Limited

Mr Mirza Najam Sehar
Chief of Security, Habib Bank AG Zurich

Mr M. R. Monem
Area Operations Manager - Middle East,
M-I Overseas Limited

Mr Javed Ahmed
Managing Director and Chief Executive, New
Jubilee Life Insurance Company Limited

Mrs Ameena Saiyid
Managing Director, Oxford University Press

Mr S. Munsif Raza
Chief Executive and Managing Director, Pakistan
Petroleum Limited

Mr Ali Ahmed Khan
Chief Executive, Reckitt Benckiser Pakistan Ltd.

Mr Sohail Farookhi
Chief Executive, Total Atlas Lubricants Pakistan
(Private) Limited

Lt. Colonel @ Masood Siddiq
Corporate Security Manager, ICI Pakistan Limited

Lt. Colonel @ Iftikhar-uddin
Security Manager, Shell Pakistan Limited

Briefing by Mr Sharfuddin Memon, Chief, CPLC

Mr Sharfuddin Memon welcomed the Managing Committee members and the chief executives. He informed them that CPLC was established at the Sindh Secretariat in 1990 by two businessmen who were given the powers of an honorary magistrate for the entire division of Karachi. Immediately after the establishment, CPLC introduced a more effective police response system, the Emergency Police Control 15. In 1993, expansion took place at the district level to cater to the needs of a much larger section of the community. In 2003 CPLC was further strengthened with CRC (Central Reporting Cell) which is headed by a chief assisted by two deputies and three assistant chiefs.

Mr Memon then gave a detailed presentation covering the following aspects:

1. Notified functions of CPLC
2. Central Command Computer System for easy and quick access to information
3. Computer Identity Kit for effective sketch making of criminals
4. Geographic Information System for crime analysis
5. Kidnapping for ransom by assisting city police and law enforcing agencies
6. Maintaining a record of vehicles snatched / theft / recovery
7. Spatial Crime Analysis System for rapidly enhancing existing information management capabilities through the above system
8. CPLC Central Vehicles Pool (CVP) (NAZARTH) effective supervision of recovered vehicles and their release to their legal owners
9. Charged parking projects
10. Neighbourhood care for facilitating provision of security, civic amenities and living conditions of the area residents on a self help basis
11. Future proposals with the Government for establishing:
 - a. Witness Protection
 - b. Victims Assistance Programme
 - c. National Vehicles Registration / Theft / Recovering Authority
 - d. Alien Registration Authority



12. Security measures for the family
13. Registration of FIR at CPLC Office

Question and Answer Session

The following incidents and future line of action were discussed during the question and answer session:

1. The recent bomb explosion at PIDC House was discussed. Mr Memon informed the members that a leaflet on this had been prepared by CPLC to be distributed among the public to take the necessary precautions.
2. Member firms to find ways and means through the Law & Order Sub-committee to support CPLC and to create better understanding and cooperation between CPLC and OICCI.
3. Chairman, Security, Law & Order was requested by the President to put up proposals for initiating projects with CPLC and seek funding from member companies
4. Telecommunication companies like Telenor, Mobilink and others may be approached to join hands and support CPLC with communication technologies to combat crime and in tracking criminals.
5. Members to be informed about the 24 hours CPLC Help Line Numbers 136 and 568-2222

In the end the President Mr Sohail Wajahat H. Siddiqui expressed appreciation of the work done by CPLC and thanked Mr Sharfuddin Memon for a very informative presentation.

Major @ Owais Hasan
Deputy Secretary

Meeting with Judicial Officers from Sindh Judicial Academy

A luncheon meeting was held in the Chamber on 15th December 2005 with judicial officers from Sindh Judicial Academy. This was attended by the Managing Committee and members of Intellectual Property Rights Sub-committee. Presentations were made by members of IPR Sub-committee. It was a good opportunity to present the IPR issues and create higher awareness of IPR amongst the newly inducted judicial officers.

Visit of Dr Nadeem-ul-Haque, Advisor on Trade and Policy Matters, Ministry of Commerce

Dr Nadeem-ul-Haque, Advisor on Trade and Policy Matters, Ministry of Commerce, visited the Chamber on 16th December 2005 and met the members of the Managing Committee and Sub-committee on Industrial, Commercial and Environmental Matters. The discussion was focused on the emerging needs of local commerce.

Minutes of Meeting with Dr Nadeem-ul-Haque, Advisor on Trade and Policy Matters, Ministry of Commerce on Friday 16th December, 2005 at 9.30 am at OICCI

List of Attendees

Mr M. Salman Burney, GlaxoSmithKline
Ms Musharaf Hai, Unilever
Mr Waqar Malik, ICI
Mr Javed Akbar, Engro Vopak
Mr T. A. Batlay, Lakson Tobacco
Dr Tahir Barlas, Shell
Mr Sher Afzal Mazari, Unilever
Mr Amin Razzak, Unilever
Mr Asif Jooma, ICI



Mr Nadeem-ul-Haque at the meeting

Mr Ashraf Bawany, BOC
Mr Ali Naseer, Pakistan Tobacco
Mr Mukhtar Khan, Shell
Ms Nazish Mavalvala, ACE Insurance
Mr Qazi Sajid, BASF
Mr Basim Salim, Orix Leasing
Mr Imran Rauf, Orix Leasing
Mr Faisal Ahmed, Arabian Sea
Ms Fathema Zuberi, ICI

Mr Nadeem Rashid, Unilever

Mr Danish Hamid, Orix Leasing

Dr S. Shaikh, Merck Sharp and Dohme

Mr Rashid Baluch, Orix Leasing

Mr Muhammad Akhtar, Progas

Lt. Col. © Masood Siddiq, ICI

Mr M. Raheel Siddiqui, Orix Leasing

Dr Nadeem-ul-Haque, Advisor on Trade and Policy Matters, Ministry of Commerce visited the Overseas Investors' Chamber of Commerce and Industry on 16th December 2005 at 9.30 am for a dialogue with heads of firms. The discussion was focused on the emerging needs of local commerce. During the meeting, Dr Haque said that the Ministry of Commerce is committed to producing a report on the state of commerce on an annual basis. He said this report will highlight the following points:

1. Develop data and information on a systematic basis on key commercial activities and their determinants. Useful information for development of economic governance and economic analysis.
2. Allow development of trade and commercial policy proposals on a systematic basis. Dissemination will allow a public debate on these issues, thereby improving economic governance.
3. Develop a market based read on economic developments to compliment the macroeconomic information developed in the economic survey of the ministry of finance.
4. This report will become an important input into the budgetary process. The Ministry of Commerce can negotiate tax and tariff policies with the CBR and Ministry of Finance that are market promoting.

Dr Haque stated that these reports will be made available by mid 2006.

On trade, Dr Haque stressed on the need for developing competitiveness. He said that to develop an appropriate trade framework with a facilitating stance, the Ministry of Commerce intends to develop competitiveness indicators and keep them under constant review. Broadly speaking, these indicators will quantify and internationally benchmark the cost of doing business in Pakistan. Other areas of interest will be:

Financial and Economic (interest rate and exchange rate, etc)

Regulatory (burden imposed by regulation)

Public Service Provision (electricity, roads, railways, legal framework, set up costs, etc)

Business Environment (security, law & order, social and economic amenities)

Dr Haque further informed the meeting that the Ministry of Commerce will need the support of the Chamber to develop these indicators. Through the development of these indicators the stakeholders will be able to identify the impediments to commerce in the country. This can be followed by public dissemination to develop a dialogue for change.

Meeting with the Prime Minister at Governor House, Karachi

An OICCI delegation led by Mr Salman Burney, Vice President met the Prime Minister, Mr Shaukat Aziz on 17th December 2005 at Governor House. The Sindh Governor, Dr Ishrat-ul-Ebad and the Chief Minister Dr Arbab Ghulam Rahim Khan were also present. Members of the American Business Council were also present at this meeting. The Prime Minister was pleased with the generous response of the OICCI members' contributions towards the Earthquake Relief Fund. Issues discussed during the meeting were:

Costs of doing business in Pakistan

Concerns on the law and order situation

IPR problems being faced by the corporate sector

State of affairs at Port Qasim

Visit of OGRA Officials

Mr Javed Inam, Vice Chairman, Mr Rashid Farooq, Member (Oil) and Mr M. Asif, Member (Finance), Oil and Gas Regulatory Authority visited the Chamber on 30th December 2005. The meeting was attended by members of the Managing Committee and Energy Sub-committee. Issues discussed during the meeting were:

Monopoly on gas sales to customers

Gas price notifications by OGRA for Kadanwari gas field

Third-party inspection mechanism



Downstream regulation process
 Smuggling and counterfeiting of petroleum products
 Criteria for new entrants
 Auto gas minimum standards
 Price and industry de-regulation
 LPG allocation criteria by government owned corporations
 Policy with regard to grant new licences
 LPG Rules 1971 updating



OGRA officials at the meeting

Significant Correspondence

OICCI Proposals on Corporate Tax Policy

The Chamber sent a letter dated 26th January 2005 to Chairman SECP Task Force on corporate tax policy, the proposals of which can be seen on our website at www.oicci.org

Contribution Towards the Pakistan Institute of Corporate Governance

The Chamber's letter dated 21st March 2005 addressed to SECP, Karachi regarding the contribution made towards the establishment of the Pakistan Institute of Corporate Governance.

21st March 2005

Mr Taher Mahmood,
 Additional Registrar,
 Securities and Exchange Commission of Pakistan,
 Karachi.

Dear Sir,

Contribution Towards the Pakistan Institute of Corporate Governance

We are pleased to attach herewith our Cheque No. KC 0241428 dated 17th March 2005 for Rs. 500,000 (Rupees Five Hundred Thousand only) being our contribution towards the establishment of PICG.

Kindly acknowledge receipt.

Yours truly,

S. E. Rahman
 Chief Accountant

Letter to the Prime Minister Regarding Patents (Amendment) Ordinance 2002 TRIPS Compliant

The Chamber's letter dated 12th April 2005 to Mr Shaukat Aziz, Prime Minister of Pakistan submitting a position paper prepared by Vellani and Vellani on behalf of the Chamber and Pharma Bureau along with recommendations on the subject. Position paper and detailed recommendations can be seen on our website at www.oicci.org

12 April 2005

H. E. Mr Shaukat Aziz,
 Prime Minister of Pakistan,
 Prime Minister's House,
 Islamabad.

Your Excellency,

We take the liberty to share with you, on behalf of the Karachi Overseas Investors' Chamber of Commerce and Industry (OICCI) and its members, a position paper on the recommendations we would like to make to the Government of Pakistan to make the Patents (Amendment) Ordinance 2002 TRIPS compliant



This position paper, prepared by Vellani and Vellani on behalf of the OICCI and the Pharma Bureau, is the result of a meeting on March 8 with M Humayun Akhtar, the Minister of Commerce, who had taken the initiative to invite industry representatives to review the current status of IPR legislation in Pakistan in general and the Patents Ordinance in particular. We found this a very productive platform to share the points of view of our members.

We take the liberty of sharing this with you as we know the Government of Pakistan is taking a keen interest in improving the IPR legislation and its enforcement and because we have learned that the Pakistan Intellectual Property Rights Organization (PIPPO) Ordinance 2005 was promulgated on April 8 2005 by the President of Pakistan and by which PIPPO has been assigned to the Cabinet Division.

The strength of this document lies in its clarity in outlining how the Patents Ordinance can be made TRIPS compliant also in comparing the current legislation with that of other countries. Making the Patents Ordinance TRIPS compliant could certainly be one of the first priorities for PIPPO to deal with.

We hope you find the attached helpful, and in the meantime, Your Excellency, we remain,

Yours sincerely,

Farooq Rahmatullah
President

Hans Dewaele
Chairman, IPR Sub-committee

Labour Laws Related Issues

The Chamber approached the Provincial Labour Secretary, Ministry of Labour, Government of Sindh (vide letter dated 13th April 2005) concerning issues related to provincial labour laws causing industrial relations problems to the member companies.

13 April 2005

Mr Nasar Hayat,
Provincial Labour Secretary,
Ministry of Labour,
Government of Sindh,
Karachi.

Dear Sir,

Labour Laws Related Issues

We have been asked by our member companies to raise the following issues of Provincial Labour Laws with your good self as these issues are causing unnecessary loss of time and money to the foreign investors in the Province of Sindh. Apart from the financial implications, they are also causing industrial relations problems for our member companies.

We give below the following points for your consideration please:

1. The penalty of imprisonment under section 66 of the Employees Social Security Ordinance, 1965 be removed as the similar penalties of imprisonment have already been removed under IRO 2002.
2. In the presence of excellent available medical facilities by the companies, application of Social Security Ordinance to be exempted to those companies who provide such medical facilities to their employees, therefore, companies end up making double payments in connection with medical facilities.
3. Sudden declaration of holidays (local holidays) by the provincial government causes industrial disruption and economic loss, therefore, such sudden declarations should be avoided.

We shall be grateful if a meeting is held in order to discuss the above very important and urgent issues.

Yours truly,

Zahid Zaheer
Secretary General



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Security Concerns of Multinational Companies

Chamber's letter dated 14th June 2005 addressed to the Chief Secretary, Government of Sindh drawing his attention towards the security concerns and harassment of employees of member firms, with a request to take necessary steps for safety of the employees' lives and the safety of their assets.

14th June 2005

Mr Fazal-ur-Rehman,
Chief Secretary,
Sindh

Dear Sir,

We would like to draw your attention on behalf of our members to the unfortunate events which took place recently. These events have raised a significant amount of concern and doubt in the minds of foreign investors in our country.

As you know, the recent news to hit the media was that of a KFC restaurant being burned down following the bomb blast in a nearby mosque. It is common knowledge that the restaurant was first looted, then the restaurant employees were locked inside and after this, the restaurant was set on fire. This barbaric act has done little to improve our country's image and the media had a field day which not only makes potential investors reluctant but also left our current investors worried for their employees' and properties' safety.

We give you another example of how our members are being harassed. One of our members, the Managing Director of Atlas Investment Bank, was asked to 'donate' funds for the upcoming Local Bodies Elections. The Managing Director approached OICCI for help. We anticipate that with the Local Bodies Election approaching, the situation could further deteriorate if necessary actions are not taken to stop these illegal activities. Such unlawful acts will have a detrimental impact on foreign investment in the country.

We trust that the government is committed and will take necessary steps to see that foreign investors can work in the country without fearing for their employees' lives and the safety of their assets. We will appreciate it if you will also give us an opportunity to meet you in person, at any date convenient to you, to present our case.

Javed Akbar

Co-chairman, Sub-committee on Investment, Infrastructure, Law & Order and Security

Sohail Wajahat H. Siddiqui
President OICCI

Blueprint for Regulation and Development of Corporate and Financial (Non-Banking) Sectors

The Chamber submitted to the Securities and Exchange Commission of Pakistan (vide letter dated 14th June 2005) comments on a blueprint for regulation and development of the corporate and financial (non-banking) sector.

14th June 2005

Mr Wasay Majid,
Assistant Manager—Projects, (Chairman's Secretariat),
Securities and Exchange Commission of Pakistan,
Blue Area,
Islamabad.

Dear Sir,

Blueprint for Regulation and Development of Corporate and Financial (Non-Banking) Sectors

This refers to your letter of 2nd June 2005 on the above subject.

Our comments on various topics are as follows:

1. Task Force to be set up with the CBR to study and rationalize the tax structure for corporate sector.

Whilst this is a good idea, the skill and expertise required for this really lie with the CBR or expert tax accountant firms who should draft proposals and present these to the corporate sector for their input.

2. Delegation of approval of laws and regulations

to the SECP to reduce time of implementation.

Agree but the implementation should also be with the SECP with the provision to delegate core procedure.

3. Conduct Regulatory Assessment impact (RAI) on any new regulations to ensure it is necessary, aimed at the right target and in proportion to the problem / issue being addressed.



- Agree.
4. Get stakeholder participation through institutional forums and launch an awareness programme for corporates on the dynamics of issues affecting them.
- Agree.
5. Appropriate laws for corporate rehabilitation and insolvency.
- Agree.
6. Develop a corporate scorecard to assess level of compliance - linked to establishing Institute of Corporate Governance.
- Agree.
7. Institute specialized benches in the High Courts for dealing with corporate matters.
- Agree.
8. Regulatory audits and formulate standards and codes for self regulated organizations (such as accountancy firms, brokerage firms, etc).
- Agree.
9. Code of Corporate Governance to apply to public institutions and those raising funds from such institutions.
- Agree.
10. Demutualisation of stock exchanges (get ownership away from brokers) and phase out of COT / Badla.
- Agree.
11. Rules for development and regulation of private pensions.
- Agree.
- Yours truly,
- Viqar Salahuddin
Secretary-General (Designate)

Attack on Senior Corporate Manager of One of Our Member Firms

The Chamber's letter dated 22nd June 2005, addressed to Governor of Sindh, Federal Secretary Interior and Inspector General of Police Sindh drawing their attention to this unfortunate incident.

22nd June 2005

Dr Ishrat-ul-Ebad,
Governor Sindh,
Karachi.

Dear Sir,

Attempt on the Life of Mr M. Iftikar, General Manager Human Resources, Pakistan Petroleum Limited

This is to bring to your knowledge that on the morning of 21st June 2005, at about 08:30 hours, two assailants intercepted the car of Mr M. Iftikar, General Manager Human Resources of our member company, Pakistan Petroleum Limited. The assailants opened fire on Mr Iftikar and injured him seriously.

This is the second incident of its kind in the last two months involving members of our Chamber. The last one, as you will recall, took place in identical circumstances when Mr Salim Azim, Sales Director of Continental Biscuits, was assassinated on the morning of Friday 1st April 2005, also at 08:30 hours, in Defence Housing Authority. Coincidentally, the offices of both Pakistan Petroleum Limited and Continental Biscuits are located in the same building—PIDC House at M. T. Khan Road.

In view of the similarities in both incidents, the following questions need to be answered:

1. Was it an attack on an individual?
2. Was it an attack on the respective companies and their management / employees?

Sirs, the above questions need to be answered as a very high priority and we would urge you to use your influence on the authorities in Sindh to ensure that the investigation is carried out as promptly as possible, so that the reasons for the incidents are known, to prevent future incidents, and the attackers are brought to justice.

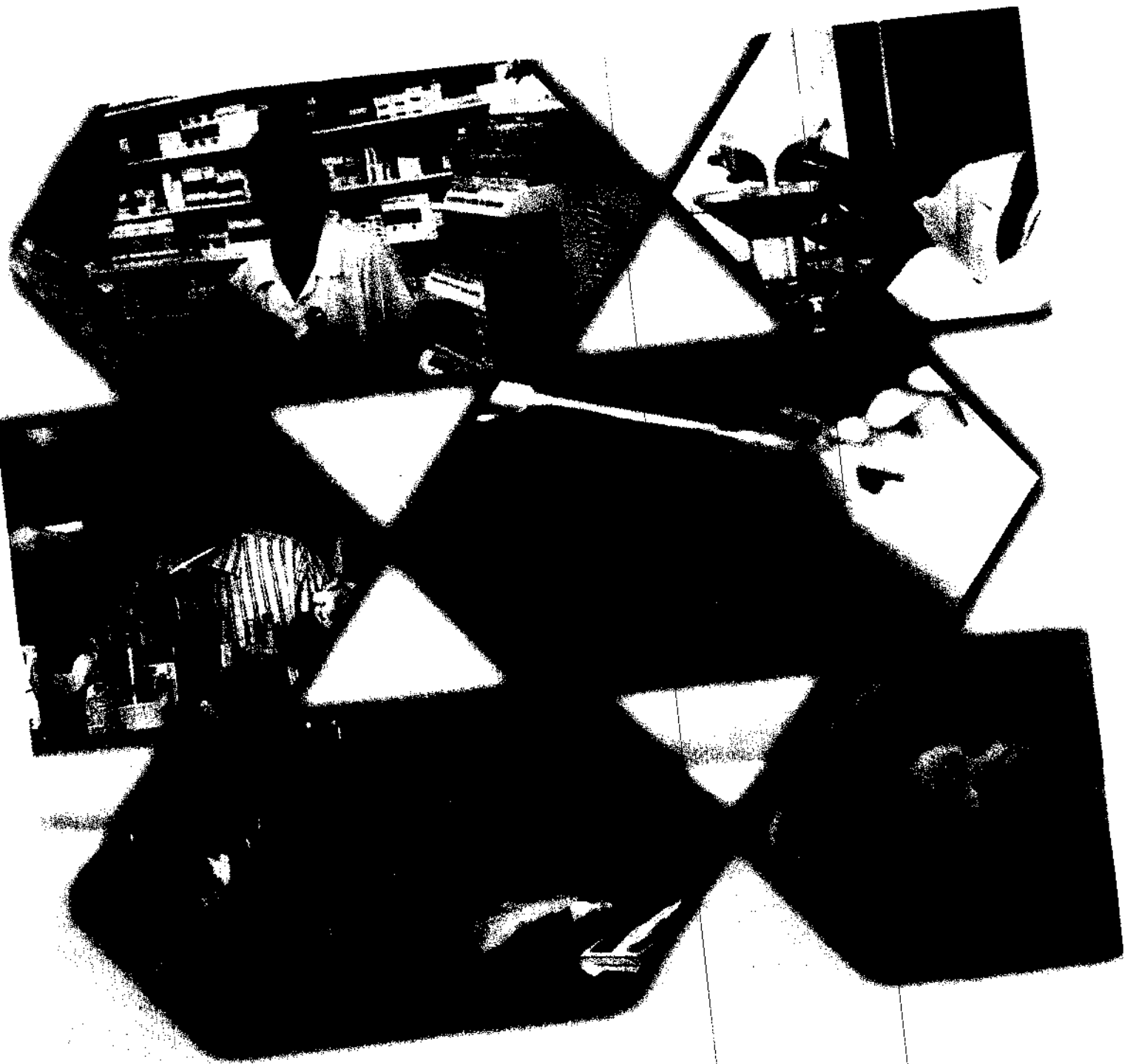
The attacks on senior corporate professionals is definitely an obstacle to promoting a conducive environment for retaining and inviting the most needed foreign investment.

Thank you.

Yours truly,

Sohail Wajahat H. Siddiqui
President





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Letter to Corps Commander Regarding Security Concerns of Member Companies

The Chamber's letter dated 1st July 2005 addressed to Commander 5 Corps Karachi, drawing his attention to the unfortunate incidents which took place over a three month period.

1st July 2005

Lt. General Sayed Athar Ali,
Commander 5 Corps,
Karachi Cantt,
Karachi.

Dear Sir,

I write to you on behalf of the Overseas Investors' Chamber of Commerce and Industry representing 164 multinational companies.

We would like to draw your attention, on behalf our members, to the unfortunate incidents which took place during the last three months. These events have raised significant amounts of concern and doubt in the minds of foreign investors in our country.

It is with deep regret and concern that I would like to bring to your knowledge that Mr Salim Aziz, Director of Continental Biscuits, was assassinated on 1st April 2005 at 08:30 hours in Defence Housing Authority. The second incident took place on 21st June 2005 in identical circumstances, when Mr M. Iftikhar, General Manager Human Resources of Pakistan Petroleum Limited, while going to his office by car, was intercepted by two assailants who opened fire on Mr Iftikhar and injured him seriously. Coincidentally, the offices of both the companies to which these individuals belong are located in the same building; that is, PIDC House.

You will appreciate that the damage to the image of the country and foreign investors' confidence will be considerable if such acts of violence are not checked.

In this regard the undersigned, along with the Chairman and Co-Chairman of our Sub-committee on Law & Order, would like to meet you in person to discuss our concerns. We will appreciate it if a suitable time and date is conveyed to us for this meeting.

With kind regards.

Yours truly,

Syed Viqar Salahuddin
Secretary-General

Destruction of Grown Trees on Maulvi Tamizuddin Khan Road

The Chamber's letter dated 4th July 2005, addressed to the Chief Minister, Sindh, requesting him to take necessary measures to stop the cutting of old trees while widening Maulvi Tamizuddin Khan Road.

4th July 2005

Dr Ghulam Arbab Rahim,
Chief Minister,
Government of Sindh,
Karachi.

Honorable Chief Minister,

This is to bring to your attention the wanton destruction of grown trees in the process of road building in the city. In this regard we would particularly like to draw your attention to the cutting of trees on M. T. Khan Road. The trees are perhaps over thirty years old and are an adornment, as well as serving to improve the quality of air in this polluted city.

Trees take a long time to grow in the arid environment of Karachi and preserving them is our duty. While we appreciate that roads are being widened, there is a need to accommodate the existing trees in your plans.

Your personal interest in the matter would be greatly appreciated.

With kind regards.

Yours sincerely,

S. Viqar Salahuddin
Secretary-General



Implications of the Finance Act 2005 with Respect to Final Tax Regime (FTR) / Presumptive Tax Regime (PTR)

The Chamber's letter dated 12th July 2005, addressed to the Chairman, Central Board of Revenue, Government of Pakistan, requesting him to consider retrospective withdrawal of the Presumptive Tax Regime.

12th July 2005

Mr M. Abdullah Yusuf,
Chairman,
Central Board of Revenue,
Government of Pakistan,
Islamabad.

Implications of Finance Act 2005 with Respect to Final Tax Regime (FTR) / Presumptive Tax Regime (PTR)

Dear Sir,

We refer to amendments through the Finance Act 2005—06 relating to taxation of manufacturers. You are aware that it has resulted in serious consequences for companies who, in previous years, had opted for Final Tax Regime (FTR), also known as Presumptive Tax Regime (PTR). The Finance Act 2005 has brought significant amendments with respect to FTR. Clause (40), Part IV of the Second Schedule has been deleted altogether specifically providing further that this deletion shall have effect notwithstanding any judgment, order or decision of any court, tribunal or authority (including income tax authority) and shall have effect as if the same was never available on the statute book for manufacturers-cum-suppliers.

The intention of the legislature as can be inferred from the above proposed amendments is that the manufacturers would no longer be entitled to be taxed under the FTR. Although the option exercised by the company is irrevocable under FTR, it has been withdrawn with retrospective effect in a widely pervasive manner and it is possible that, as a result, the income tax department may seek to disturb the past assessments. This has put many companies including multinational companies in precarious positions. Companies that are affected have closed accounts and dividends have also been distributed from past profits. Moreover, the income tax department would also infer that the option exercised in the past by the company was not valid, particularly for those companies who have closed their year end / published accounts but whose related income tax returns are yet to be filed.

It is fully appreciated that as a 'policy measure', the presumptive basis of taxation has to be abolished and all persons have to discharge the tax liability on their net income. This concept is all the more relevant for enterprises engaged in the industrial sector. Nevertheless, the issue under consideration relates to the 'transition' for the implementation of the aforesaid government policy.

There is no dispute that the presumptive basis of taxation has to be abolished. Nevertheless it is our view that a proper transition has to be provided to the companies / enterprises who have already filed options to be assessed on a presumptive basis. Appropriate results to this effect can be achieved by amending the Second Schedule to the Income Tax Ordinance 2001, which does not require any special legislation by the Assembly. It is also our view that such an output could be achieved by the issue of a 'Beneficial Circular' by the CBR to the effect that option for being assessed under the presumptive tax regime will remain applicable for the valid option period.

We consider that an immediate action is required on this important aspect. We shall be happy to present our case personally to you, at your convenience.

Yours truly,

Waqar A. Malik
Chairman, Chamber's Standing Sub-committee on Taxation

Subsequently letters addressed to the Chairman, Central Board of Revenue were sent dated 27th July, 9th August, 1st September and 21st November, on the subject. These are available in the Chamber.



Amendments in the Employees' Old Age Benefits Act 1976

The Chamber's letter dated 11th August 2005 to the Chairman, Employees' Old Age Benefits Institution seeking certain clarifications regarding amendments carried out in Employees' Old Age Benefit through the Finance Act.

11th August 2005

The Chairman
Employees' Old-Age Benefits Institution
EOBI House
Karachi.

Dear Sir,

Amendments in the Employees' Old Age Benefits Act, 1976

We write to inform you that the Chamber's Sub-committee on Corporate Law, Labour and Employee Relations during its recent meeting held on 21 July 2005, after having discussed in detail the recent amendments in the Employees' Old-Age Benefits Act 1976 (the Act), carried out through the Finance Act 2005, unanimously agreed to raise the following issues with your good self for your kind consideration:

1. Although the definition of "wages" under the Act has been simplified, yet the language of Section 9(1) specifically when the first proviso thereto has also been omitted altogether, leaves sufficient room for misinterpretation of the words "of his wages in the prescribed manner" appearing after the words "six percent". It would therefore be appropriate that for the purposes of clarity, the Federal Government be requested to restore the first proviso to Section 9(1) and in the meanwhile, necessary directions may please be issued by your office to all the Regional Directorates of the Institution to send out necessary circulars to the employers in their respective areas clarifying that no contributions shall be payable on so much of an insured person's wages as is in excess of three thousand rupees.
2. Sections 2(0a) and 12-A have been omitted and Section 12(2) has been substituted with a new proviso, demolishing the whole concept of the self-assessment scheme introduced in 2002. However, the Chamber's Sub-committee, without going into the merits or demerits of that issue, has raised serious concerns regarding the newly added proviso to Section 12(2) which in fact has eroded the basic edifice of the Act which otherwise, over a period of time, had been accepted by all as a truly contributory scheme. Under these circumstances, placing any condition of enhancing the number of employees by an employer every two years, specifically in this age of privatization, right-sizing and outsourcing, is clearly uncalled for and also against the aims and objectives of the Act itself. Therefore in order to alleviate the concerns of the employers in this regard, it is requested that Rule 5 of the Employees' Old Age Benefits (General) Regulations, 1980 (framed by the Board of Trustees), be amended so as to delete sub-rule (iv) of Rule 5(1) as well as Rule 5(2) and pending such amendments, a circular may kindly be issued by your office or the Regional Directorates of the Institution to the effect that, in view of the recent amendments in the Act, all officials of the Institution, while checking the records of any employer in terms of Section 12 of the Act, shall confine themselves to the pay roll only and shall not call for or make any assessments based on any other books or records.

We shall be grateful and highly obliged if the above requested circulars are issued by the Institution at the earliest. If desired by you, we can also arrange a meeting to discuss both issues in detail at your convenience.

Yours truly,

Syed Hasan Ali Bukhari
Chairman, Standing Sub-committee on Corporate Law, Labour and Employee Relations

Net Content / Weight Regulations Under Pure Food Ordinance

The Chamber's letter dated 23rd August 2005 to the Food Ministers of the Four Provinces, Chief Secretaries and Law Ministers to express the concerns of member companies over the reviewing of the Pakistan Pure Food Ordinance.

23rd August 2005

Net Content / Weight Regulations Under the Pure Food Ordinance

Dear Sir,

I write to you on behalf of the Overseas Investors' Chamber of Commerce and Industry which represents the interests of foreign owned companies in Pakistan, working in all sectors of the economy.



I am writing to you to express the concern of four of our member companies, namely: Nestle, Unilever, Pepsi Cola and Coca Cola.

They have collectively conveyed their observations regarding the net content / weight issue and seek your help to address the above mentioned issue and to ensure that Pakistan's food legislation is in line with international legislative practices. With WTO enforcement from the current year and the average net content / weight principle already in use globally, it would not be out of place to mention here that Rule 13 (1) of Pakistan Pure Food Ordinance requires amendment in line with international legislative practices.

May I therefore suggest that you kindly consider initiating a case for reviewing the Pakistan Pure Food Law. This would provide an impetus in attracting foreign investment in Pakistan. It will also safeguard the rights of the consumers on net content / weight reflecting the current international practices amongst the food and beverage industries.

With best wishes.

Yours sincerely,

S. Viqar Salahuddin
Secretary-General

Earthquake in Northern Areas of the Country

The Chamber's letter dated 13th October 2005 to the President, Prime Minister, Chairman, Board of Investment, and various ministers expressing deep sympathies for the victims of the recent earthquake in the northern areas of the country.

13 October 2005

His Excellency General Pervez Musharraf,
President of Pakistan,
Islamic Republic of Pakistan,
Islamabad.

Dear Sir,

On behalf of the members of the Overseas Investors' Chamber of Commerce and Industries we would like to express our deepest sympathies for the victims of the recent earthquake in the northern areas of our country.

This tragedy has united our members in grief and in resolve to play their part in this hour of national need. Since the 8th of October, our member companies have been working fervently to mobilize resources both locally and internationally to contribute to the urgently needed relief effort.

We would like to state that as of today, our member companies have directly and collectively registered a contribution of over Rs. 810 million in donations in the form of cash donations, medicines, funds for the purchase of tents, blankets, first aid, bandages and other supplies. This includes international commitments of support from parent companies which are constantly increasing.

Many employees of our member companies are donating up to three days' salary, and are also helping out as volunteers in the affected areas directly and in medical and relief teams.

Additionally, many of our member companies and staff internationally are supporting global charity partners, NGOs and other organizations that are participating in the relief effort.

We are humbled by the scale of the tragedy and the mammoth task ahead. We can only assure you that we will not be found wanting in doing what we can to help in these difficult times.

Assuring you of our highest regard.

We remain,

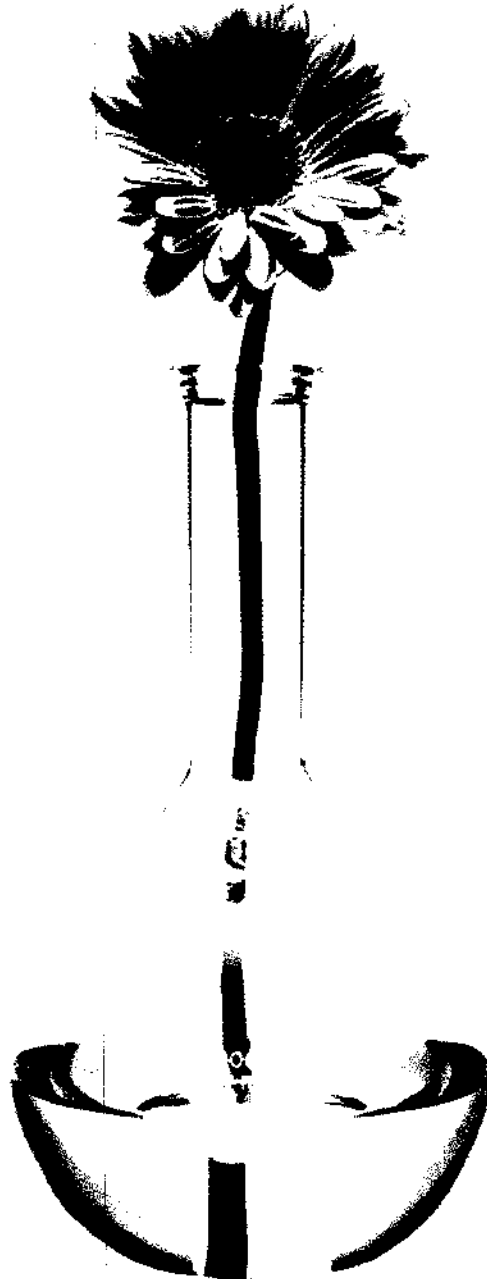
Yours sincerely,

Salman Bumey
Vice President



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Levy of Infrastructure Cess

The Chamber addressed Mr Shaukat Aziz, Prime Minister of Pakistan (vide their letter dated 22nd September 2005), drawing his attention towards the issue of the levy of Infrastructure Cess on the movement of goods in Sindh and NWFP Provinces.

22nd September 2005

Mr Shaukat Aziz,
Prime Minister of Pakistan,
Islamabad.

Levy of Infrastructure Cess

Honorable Prime Minister,

The Overseas Investors' Chamber of Commerce and Industry would like to bring to your attention the issue of the levy of Infrastructure Cess on the movement of goods both in Sindh and NWFP Provinces. This levy is not only unfair and discriminating, but also distorts the market and creates an uneven playing field. The total financial burden on our members in the year 2004 – 05 in the Provinces of Sindh and NWFP is in excess of Rs. 250 million per annum. The said levy has been challenged by a number of companies through a constitutional petition in the High Court of Sindh. Since then, the clearance of goods is being allowed against bank guarantees issued by companies in favor of customs authorities. Since court process normally takes a long time, we fear that the amount of guarantees will increase even further and put an unbearable burden on associated costs besides unnecessarily blocking working capital.

Similarly, the current structure of Federal Tobacco Cess and Tobacco Development Cess collected by the Pakistan Tobacco Board and NWFP Government burdens the Industry with multiple taxation. This also hinders day to day operations of tobacco companies owing to coercive measures employed by private contractors hired by the government.

Sir, we understand that the levy of Cess is an inter-provincial tax subject. Nevertheless we request that the levy is either waived or alternatively a mechanism is developed within the NFC Award for provinces to alleviate this tax. A summary of the Cess paid by some of our prominent member companies during the year 2004–05 is attached for your reference.

We look forward to a sympathetic response.

Yours sincerely,

Sohail Wajahat H. Siddiqui
President

A Summary of the Cess Paid by Some of OICCI's Prominent Member Companies During the Year 2004–05

Company	Total Cess Paid in Rs.	Paid in the Year	Province
Pakistan PTA Limited	149,600,000	2004-05	Sindh
Pakistan Tobacco Company Limited	47,700,000	2004-05	NWFP
Unilever Pakistan Limited	30,000,000	2004-05	Sindh
GlaxoSmithKline Pakistan Limited	22,129,100	2004-05	Sindh
	249,429,100		

Election of Directors, Pakistan Institute of Corporate Governance

The Chamber approached the Secretary, Pakistan Institute of Corporate Governance (vide their letter dated 24th October 2005) for reviewing their decision and allowing independent representation to OICCI on the Pakistan Institute of Corporate Governance Board of Directors.

24th October 2005

Mr Shakil Akhtar Qureshi
Secretary
Pakistan Institute of Corporate Governance
Institute of Business Administration
Garden / Kiyani Shaheed Road
Karachi.



Dear Sir,

Election of Directors

This refers to your letter of 17th October 2005 wherein you have informed us that the Overseas Investors' Chamber of Commerce and Industry and FPCC&I have been clustered together and consequently entitled to one seat on the Board of Directors of the Pakistan Institute of Corporate Governance.

The Managing Committee of OICCI did not agree to your contention as it is in conflict with the understanding given to OICCI as the founder member of PICG. In this context, please refer to SECP Chairman's Secretariat note No: FMGP-PMU/12/ICG/2004 dated April 14, 2004. Therefore this abrupt change of restricting the directors from 2 to 1 is not acceptable to us.

You are therefore requested to review your decision and allow independent representation to OICCI on PICG Board of Directors.

Yours sincerely,

S.H.A. Bukhari

Chairman, Chamber's Standing Sub-committee on Corporate Law, Labour and Employee Relations

Draft on Medium Term Plan/Strategy for the Corporate Sector

Comments forwarded by the Chamber (vide their letter dated 14th November 2005) on the subject to the Securities and Exchange Commission of Pakistan.

14th November 2005

Ms Sarah Parvez,
Assistant Director,
Chairman's Secretariat,
Securities and Exchange Commission of Pakistan,
Islamabad.

Dear Madam,

Medium Term Plan/Strategy for the Corporate Sector

Thank you for your letter of 27th September 2005.

The following comments are offered on the subject draft:

The draft Medium Term Plan / Strategy has been reviewed by our chief executives and business managers. At the outset, we would wish to compliment the efforts of the SECP in producing this well written and comprehensive policy.

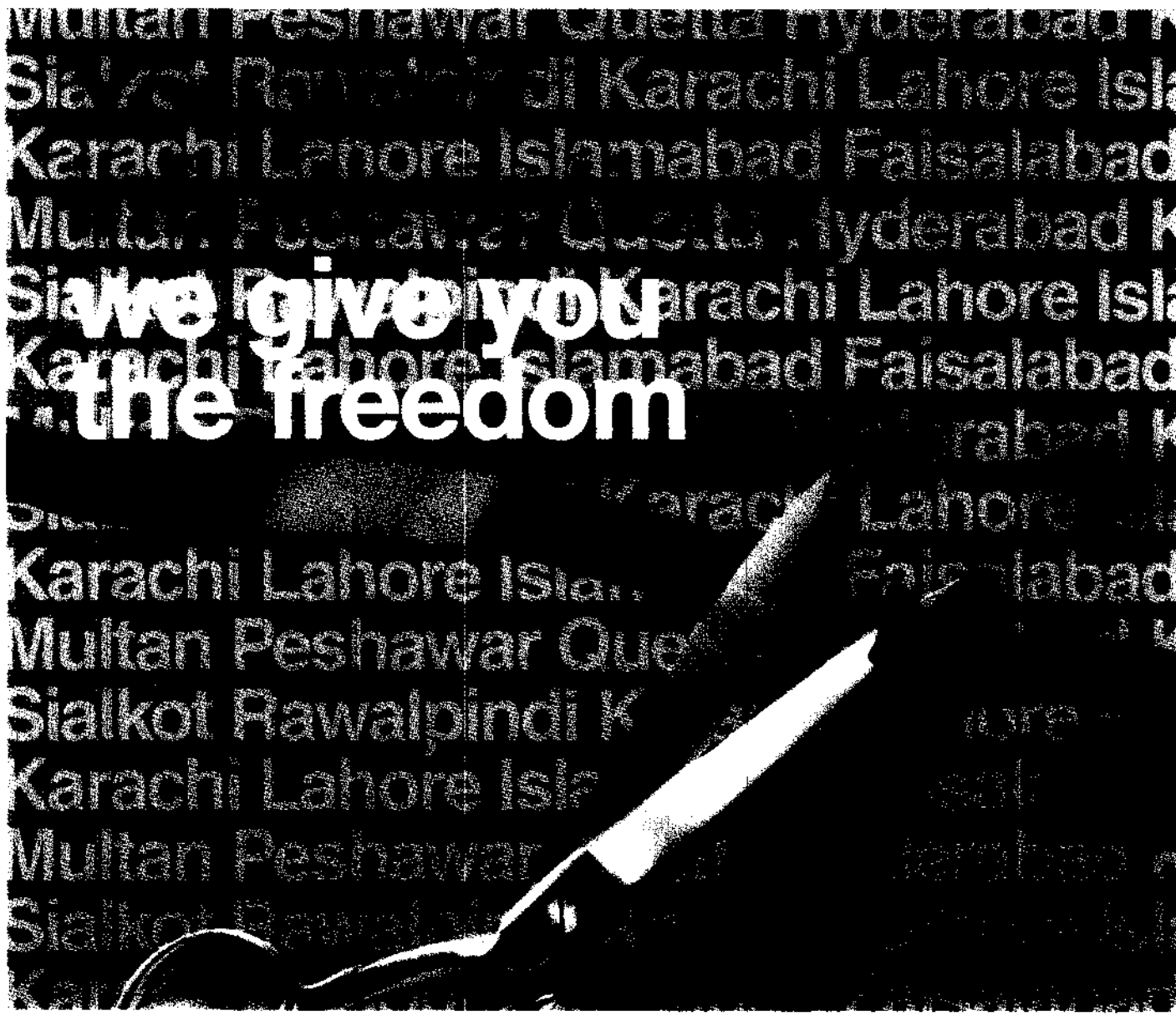
As a leading Chamber in Pakistan, we have always been in the forefront of supporting and complying with government policies. Our experience has been that in a number of cases even though government policy is dynamic, its implementation is either lacking or made difficult. We therefore also look forward to positive implementation of this policy.

The proposals for establishment of commercial courts is significant and should be encouraged. We would suggest that dealing with the State Bank of Pakistan should be streamlined through a one-window operation, especially with regard to registration of contracts for foreign payments and obtaining forward cover on contracts.

We hope you will find the above proposals / suggestions useful.

Yours truly,

S. Viqar Salahuddin
Secretary-General



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Investments and Margins in the Midstream and Downstream Oil Sector

On 23rd November 2005, the Chamber addressed the Prime Minister of Pakistan inviting his attention to a news item appearing in one of the newspapers, that ECC was to review the margin of refineries and oil marketing companies.

23rd November 2005

Mr Shaukat Aziz
Honorable Prime Minister of the Islamic Republic of Pakistan
Islamabad

Honorable Prime Minister,

Investments and Margins in the Midstream and Downstream Oil Sector

Your kind attention is drawn to the various news items appearing in the leading newspapers of the country that a summary has been moved to the ECC to review the margins of refineries and oil marketing companies. This news item has caused deep concern to both local and international investors.

Sir, it is with the present government's forward and investor friendly policies that the country has achieved a GDP growth rate of over 8%. The oil industry in particular has attracted over Rs 11 bn in FDI—one of the highest in all the sectors—and continues to have ambitious plans to invest in refineries, pipelines and storages, as well as in standards and services. Any downward revision of the margins or changes in the pricing structure would be retrogressive and will also adversely affect the investor confidence in the country.

Sir, we request that the government continues with its commitment to 'continuity of policy' as stated by you and the honorable President

Thanking you and with kind regards,

Sohail Wajahat H. Siddiqui
President

Related Party Transactions and Transfer Pricing Regulations

The Chamber wrote to the Chairman, Securities and Exchange Commission of Pakistan on 20th December 2005, highlighting the practical difficulties encountered in calculating the price of transactions with related parties on an arm's length price basis with a request to review the amendments to the Fourth Schedule (inserted vide SRO 66 / 2003).

20 December 2005

The Chairman,
Securities and Exchange Commission of Pakistan
Islamabad

Dear Sir

Related Party Transactions and Transfer Pricing Regulations

On behalf of the Overseas Investors' Chamber of Commerce and Industry, I place below the following comments and suggestions in respect of the Related Party Transactions and Transfer Pricing Circulars issued by the SECP which are part of the Listing Regulations of the stock exchanges (currently under suspension till 31.12.2005) and the relevant amendments in the Fourth Schedule to the Companies Ordinance 1984.

The above regulations require all listed companies to use an arm's length price for transactions with related parties and to use one of the following bases for calculating the arm's length price:

1. The comparable uncontrolled price method
2. Cost plus method
3. Resale price method
4. Profit split method
5. Transactional net margin method
6. Any other method or basis with the SECP's approval.

First of all, there is a conflict between the two regulations. Chapter VI of the Income Tax Rules 2002 allows only four methods for determining the transfer price; they are the comparable uncontrolled price method, cost plus method,



resale price method and profit split method (to be used only if the other three methods cannot be reliably applied).

Secondly, many transactions by multinational companies with related parties involve goods and services for which there is no exact comparable with an unrelated independent party. This is particularly true in industries where products involve extensive research and development and are protected through patent rights and are sold only within the group and not to outside independent parties. In the absence of such information the only alternative will be to search for and identify a nearest comparable, though not an exactly identical, product. This will be an extremely difficult task.

Companies will face issues in verification of the cost of production for purposes of audit in applying the Cost Plus method. How will this be done? As stated before, multinationals may purchase their raw materials from group companies. The cost records of such materials are located outside Pakistan. To verify these costs, companies will either have to engage the services of their own auditors who will have to visit the locations from which the purchases are made or engage the services of other firms of auditors in those locations acceptable to their own auditors. Such locations could be several. This will be an extremely time consuming and costly exercise.

These difficulties are considerably enhanced if transactions between related parties involve the provision of services such as technical advice, global strategy, management and coordination of business planning processes, training and staff performance management, and also the provision of shared services such as the design and maintenance of integrated IT systems. For such services it is very difficult to imagine how comparisons could be done given the specific nature of these services to each organization.

Difficulties of one kind or another are also encountered while calculating the arm's length price under the other methods, which is why the relevant IAS 24 does not make it mandatory for related party transactions to be carried out on an arm's length basis, it rather lays down certain disclosure requirements, namely:

- An indication of the volume of transactions, either as an amount or as an appropriate proportion;
- Amounts or appropriate proportions of outstanding items, and
- Pricing policies.

A review of regulations of various developing and developed countries indicates that those regulations only require various forms of disclosure in financial statements, but do not prescribe methods under which these transactions must take place.

In view of the practical difficulties encountered in calculating the price of transactions with related parties on an arm's length price basis, it is requested that SECP may consider reviewing the amendments to the Fourth Schedule (inserted vide S.R.O.66[1]/2003 dated 22.01.2003).

It is further requested that a review of the sub-regulations (10) and (11) of Regulation 83 (which deal with the publication of a statement of compliance and auditors' certification thereof and which are presently under suspension till 31.12.2005) of the KSE Listing Regulations be also carried out as there have been issues with regard to these particular requirements of the Transfer Pricing Regulations.

Yours truly,

S. H. A. Bukhari

Chairman, Chamber's Sub-committee on Corporate Law, Labour and Employee Relations



Activities Including Seminars, Conferences and Workshops

Workshop on the Finalization of Industrial Strategy

13th January 2005

The President of the Chamber participated in a workshop organized by the Ministry of Industries, Production and Special Initiatives in Islamabad.

Conference on Corporate Governance

28th January 2005

A conference was organized by Institute of Business Administration in Karachi. The Secretary General participated as a speaker and spoke on corporate social responsibilities.

3rd Eco Seminar on Trade and Investment

31st January 2005

The Board of Investment, Karachi organized a seminar on trade and investment. The Secretary General participated.

Expo Pakistan 2005 Conference

3rd February 2005

The President of the Chamber participated in the EXPO Pakistan 2005 conference on investment and trade opportunities in Pakistan. The President read a paper on infrastructure impediments in Pakistan.

Conference on Pakistan Tax Strategy Forum 2005

2nd April 2005

A conference on the subject was organized by Nutshell Corporate Think Tank in Karachi. The Secretary General participated.

Budget Seminar

16th April 2005

The Management Association of Pakistan in Karachi organized a budget seminar in Karachi. The Secretary General participated.

International Islamic Economic and Cultural Conference

25th April 2005

The subject conference was organized by the Islamic Chamber of Commerce and Industry in cooperation with the Ministry of Industries, Production and Special Initiatives in Lahore. The conference was attended by the Secretary General.



Significant Meetings held in the Chamber

Meeting with a Delegation of the Confederation of Indian Industries

3rd February 2005

A delegation, led by Mr S. Sen, Deputy Director General, Confederation of Indian Industries, visited the Chamber and met the members of the Managing Committee followed by lunch. The delegation

highlighted the need for a major push to the bilateral economic and trade issues. The Managing Committee underlined the need for an easy visa regime. The meeting covered a range of issues including trade, investment and imports from Pakistan to India.



Indian delegates at the luncheon

Meeting with World Bank Mission

4th February 2005

A World Bank Mission, consisting of Ms Mierta Capaul, Senior PSD Specialist, Mr Alexander Berg, Senior Corporate Governance Specialist, USA and Mr Isfandyar Zaman, Financial Analyst, visited the Chamber and had a meeting with Mr S H A Bukhari, Chairman, Mr Hasnain Moochhala, member, Corporate Law Sub-committee and the Secretary General. Discussions took place on matters of mutual interest.

Intellectual Property Rights

21st February 2005

Ms Liew Won Yin, WIPO International Expert, Ms Rose H. Ramli, Director, Mr Christopher Chow, Deputy Director, of Intellectual Property Office of Singapore and Mr Inayet Syed, Director WIP Switzerland had a meeting with Mr Hans Dewaele, Chairman Mr M. Tahir Iqbal, Co-Chairman, Intellectual Property Rights Sub-committee and Secretary General. Discussions took place on issues related to IPR.

Labour Market Study

25th February 2005

A World Bank Mission consisting of Dr Dave Fretwell, President Scarcliffe Associates, USA and Mr Naveed Hasan Naqvi, Education Economist, had a meeting on labour market study with Mr Munsif Raza, Chairman, Standing Sub-committee on Labour and Employee Relations. Mr Leon Menezes and the Secretary General also participated in the meeting.



Significant Meetings held outside the Chamber

20th AGM of the Pakistan Institute of Development Economics

10-12th January 2005

The above meeting was organized during the 20th Annual General Meeting of the above Institute in Islamabad. The Secretary General participated as a discussant on the paper on economic growth in South Asia.

Task Force Set Up by SECP on Corporate Tax Policy

11th February 2005

Mr Nadeem Karamat Chairman, Mr Parvez Ghias Co-chairman of the Taxation Sub-committee and the Secretary General attended a meeting which was organized by the Security and Exchange Commission of Pakistan in Karachi. A formal presentation was made on behalf of the Chamber.

Business Forum/Luncheon Meeting with the Malaysian Prime Minister

16th February 2005

The above meeting was held in Islamabad and organized by the Board of Investment. This was attended by Mr Farhat Ali, Chairman, Industrial and Commercial Sub-committee.

Patents Amendment Ordinance 2005

8th March 2005

Mr Hans Dewaele, Chairman Chamber's Standing Sub-committee on Intellectual Property Rights, along with Dr Farid Khan Chairman of the Pharmaceuticals Sub-committee, members of the Pakistan Pharmaceutical Manufacturing Association and Pharma Bureau met the Federal Minister of Commerce in Islamabad. Discussions took place on changes made in the Patent Ordinance 2002.

Foreign Trade Institute of Pakistan

9th March 2005

The first meeting of the Board of Governors of the Foreign Trade Institute of Pakistan was arranged by the Ministry of Commerce in Islamabad. This was attended by the Secretary General. Issues regarding OICCI representation on the new Board of Governors were also discussed.

56th Meeting of the Advisory Council, Ministry of Commerce

27th April 2005

The Ministry of Commerce in Islamabad organized the above meeting. The Secretary General represented the Chamber, where he advocated the Chamber's proposal for the Trade Policy 2005—2006.

Pakistan Institute of Development Economics

12th May 2005

The meeting was held in Islamabad and was attended by the Secretary General. He suggested at the meeting that research work carried out by the institute could be made pragmatic and directed towards trade and industry issues.



Restructuring of the Foreign Trade Institute of Pakistan

19th May 2005

A meeting of the Committee constituted for the restructuring of the Foreign Trade Institute of Pakistan (FTIP) was organized by the Ministry of Commerce in Islamabad. This was attended by the Secretary General.

Meeting with Commander 5 Corps Karachi

11th July 2005

Mr Hasan Ali Khan, Chairman, Standing Sub-committee on Investment, Infrastructure, Law & Order and Security, accompanied by Lt. Col. Masood, Co-chairman and the Secretary General, called on the Commander 5 Corps in his office. The issues discussed during the meeting related to the assaults on two senior executives of two multinational companies and extortion reported by a member company.

Annual Meeting of the National Credit Consultative Council

20th July 2005

The State Bank of Pakistan organized the subject meeting which was chaired by the Governor, State Bank of Pakistan. The President OICCI attended the meeting. The credit plan for the financial year 2006 was discussed during the meeting.

Restructuring of the Foreign Trade Institute of Pakistan

4th August 2005

The Secretary General participated in the 3rd meeting of the Committee constituted for the restructuring of the Foreign Trade Institute of Pakistan in Islamabad.

Meeting with the Chairman, Central Board of Revenue

4th August 2005

The Secretary General and some members of the Standing Sub-committee on Taxation held a meeting with the Chairman, Central Board of Revenue. The issue regarding amendments to the Finance Act 2005 was discussed.

1st Meeting of Policy Board of Intellectual Property Organization of Pakistan

11th August 2005

The President OICCI participated at the above meeting held in Islamabad. The matters discussed were primarily administrative relating to the staffing of the Intellectual Property Organization.

Meeting with Officials of Employees' Old Age Benefit

5th September 2005

The Chamber's delegation, headed by Mr S. H. A. Bukhari, Chairman, Standing Sub-committee on Corporate Law, Labour and Employee Relations, met Director General Operations of EOBI. Clarifications regarding recent changes made in the EOBI Act 1976 were discussed.



Visitors to the Chamber

Lundbeck Asia Regional Office Hongkong

17th January 2005

Mr Salman Bukhari, Regional Vice President, Asia Regional Office Hong Kong accompanied by Managing Director, Lundbeck Pakistan visited the Chamber and met the Secretary General.

President, Asia Policy Research Company

26th January 2005

Mr Peter Brimble, President of the subject company from Thailand visited the Chamber and met the Secretary General. Prospects of regional trade with Central Asian republics were discussed.

Intercom Limited, United Kingdom

24th February 2005

Mr Taylor Russell, Project Manager, Ms Miguel Artech, ET and Mr Ross Dweller representing the subject company visited the Chamber and met the Secretary General in connection with the International Herald Tribune Supplement.

World Bank Mission

8th March 2005

A World Bank Mission consisting of Mr Eric D Hanes, Senior Private Sector Development Specialist South Asia Region USA, and Mr Isfandyar Zaman Khan from Islamabad visited the Chamber and met the Secretary General. Discussions took place on the report being prepared by the Sindh Government.

Delegation from Dubai

29th March 2005

Mr Ahmed Bin Brek, Group Vice President, Mr Francois De Montaudouin, Chief Executive Officer Majid Al Futtaim, Dubai, UAE, and Mr Frank Witek, Chief Executive Officer, MAF Hypdermarkets L.L.C., Dubai, UAE, visited the Chamber and met the Secretary General.

Standard Chartered Bank Dubai

7th April 2005

Ms Benazir Khurshid, Manager, Corporate Advisory Group – MESA, Standard Chartered Bank, Dubai, UAE, Mr Sunjeev Chhabra, Director, Corporate Finance and Advisory, Standard Chartered Bank Mumbai, and Mr Sameer Usgaonkar, Project and Export Finance Group, Standard Chartered Bank, Delhi, India, visited the Chamber and met the Secretary General.

Multilateral Investment Guarantee USA

3rd May 2005

Mr Azam A Chaudry of the above Company associated with the World Bank, USA, visited the Chamber and met the Secretary General.



Director, Asia Pacific for UK Trade and Investment, London

1st June 2005

Mr Asif Ahmed, Director of the above company along with Mr Hamish Daniel, British Deputy High Commissioner and Director of Trade and Investment for Pakistan and Mr Hammad Siddiqui, British Deputy High Commission, Karachi, visited the Chamber and met members of the Managing Committee and the Secretary General.

Team from Tecumseh Products India (Private) Limited

23rd June 2005

Mr Vipin Sondhi, Managing Director, along with Mr Sanjeev Bhat and Mr Y.G Janakiram of the above company visited the Chamber and met the Secretary General (designate). Mr U.R Usmani, Director and Mr Abdul Ghaffar of Singer, a subsidiary of the US company, also attended the meeting. The Indian team was exploring the potential of marketing Tecumseh branded compressors in Pakistan.

Chief Security Officer, Messers Danonwe France

7th July 2005

Mr Herve Pierre visited the Chamber and met the Secretary General, Mr Hasan Ali Khan, Managing Director, Continental Biscuits and Lt. Col. @ Masood Siddiq, Corporate Security Manager, ICI, also attended the meeting. They discussed the law and order situation in the country.

Officials from United States Department of Commerce

3rd October 2005

Attorney Thomas Moritz of US Department of Commerce along with Mr Hamiduddin Syed, Economic Specialist U.S. Consulate, Karachi visited the Chamber and met Mr Hans Dewaele, Chairman, Chamber's Standing Sub-committee on Intellectual Property Rights and the Secretary General.

Visit of Consultant and Advisor, Central Board of Revenue

9th December 2005

Mr Riaz Malik, Consultant and Advisor, Central Board of Revenue visited the Chamber and met the Secretary General and Deputy Secretary.





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The Chamber's Standing Sub-committees

The Chamber's Standing Sub-committees

Chairmen and Co-chairmen of the Sub-committees

The new Managing Committee, on 26th April 2005, decided to rationalize the present fourteen sub-committees to ten. Details of the sub-committees which were merged with other committees are below:

1. IT and E-commerce was merged with Banking, Leasing & Insurance.
2. Labour and Employee Relations was merged with Corporate Law
3. Environmental was merged with Industrial and Commercial.
4. Security, Law & Order was merged with Investment & Infrastructure

The following 10 sub-committees were formed after merging the previous four sub-committees. Details of chairmen and co-chairmen are as under:

Sub-committee	Chairman	Co-chairman
1. Banking, Leasing, Insurance and I T & E-commerce	Badar Kazmi Standard Chartered Bank	Shoaib Khan IBM
2. Corporate & Social Responsibility and Corporate Communications	Zubyr Soomro Citibank N.A.	
3. Corporate Law, Labour & Employee Relations	S. H. A. Bukhari Mackinnon, Mackenzie	Nausheen Ahmed ICI (Corporate Law) Shahid Qureshi GlaxoSmithKline (Labour and Employee Relations)
4. Energy	Nadeem Jafarey Caltex	Saleem Piracha Shell
5. Industrial, Commercial & Environment	Musharaf Hai Unilever	
6. Intellectual Property Rights	Hans Dewaele Procter and Gamble	Shahid Qureshi GlaxoSmithKline
7. Investment, Infrastructure, Law & Order and Security	Hasan Ali Khan Continental Biscuits	Javed Akbar Engro Vopak (Investment and Infrastructure) Masood Siddiq ICI (Law & Order and Security)
8. Pharmaceutical	Juergen Koenig Merck Marker	Farid Khan Novartis
9. Programmes and Events	Ameena Saiyid, OBE Oxford University Press	Naila Hasan GlaxoSmithKline
10. Taxation	Waqar A Malik ICI	Saad Khan Procter and Gamble

A detailed list of the members of each of the Chamber's Standing Sub-committees for the year can be seen on our web site at www.oicci.org



Meetings of Standing Sub-committees

During the year under review the Standing Sub-committees held their meetings on the following dates:

Banking, Leasing, Insurance and IT & E-commerce

Banking, Finance, Leasing and Insurance Matters (old name)

4th February, 5th September and 1st December 2005.

Corporate & Social Responsibility and Corporate Communications

Corporate and Social Responsibility and External Relations (old name)

9th February, 23rd June, 11th August and 12th September 2005.

Corporate Law, Labour and Employee Relations

Corporate Law (old name)

10th February, 6th April, 22nd June and 21st July 2005.

Energy

6th April, 31st May, 28th June, 1st August, 30th August, 29th November and 27th December 2005

Industrial, Commercial & Environment

Environmental Matters (old name)

6th January, 28th February, 24th March, 18th April, 21st June, 8th July, 12th August, 9th September and 9th December 2005.

Intellectual Property Rights

25th January, 7th April, 9th June, 4th July, 9th August, 28th September, and 15th November 2005.

Investment, Infrastructure, Law & Order and Security

Security, Law & Order (old name)

4th January, 1st February, 16th February, 2nd June, 30th June, 28th July, 5th October, 24th November, and 29th December 2005.

Pharmaceutical

20th May, 19th August and 27th December 2005.

Programmes and Events

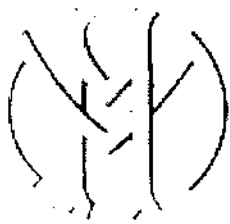
21st February, 29th June, 24th August and 19th September 2005.

Taxation

17th March, 14th June, 14th July, 15th September, 24th October and 12th December 2005.

The minutes of the above meetings can be seen on our website at www.oicci.org





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Corporate Law, Labour and Employee Relations

Chairman	S. H. A. Bukhari Mackinnon, Mackenzie and Company of Pakistan (Private) Limited	Co-chairpersons	Nausheen Ahmed ICI Pakistan Limited (Corporate Law) Shahid Qureshi GlaxoSmithKline Pakistan Limited (Labour and Employee Relations)
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1. Objectives

- a. Take up issues which are of general applicability to the members and where inequity and principles of law are involved.
 - b. Keep abreast of all impending changes in policy and regulations.
 - c. Ensure that such impending changes do not compromise the interest of members, and interact with relevant authorities in bringing about the changes.
 - d. On a proactive basis, make suggestions for changes in regulations, policies and laws, which are in the interests of the members.
 - e. Take up with the relevant authorities cases of mal-administration of the law or the rules.
2. During the year, four meetings were held with the active and fruitful participation of all members. The committee also decided that the sub-committee will meet if and when there is a specific issue or proposal to be addressed by OICCI.
 3. The Chamber's Sub-committee on Corporate Law, Labour and Employee Relations dealt with three major issues during the year 2005:

Related Party Transactions

Rotation of Auditors

Amendments in the EOBI Act

The main issue confronting the multinational companies relating to Related Party (Transfer Pricing) regulations were that many transactions by multinational companies with related parties involve goods and services for which there is no exact comparison with an unrelated independent party and it is difficult to determine and verify an arm's length price in such cases. The Sub-committee accordingly submitted its recommendations highlighting the aforesaid issue and other related issues to the task force constituted by the SECP. Concerns were also expressed by many members on the requirement of rotation of auditors every five years. The SECP eventually constituted a task force to consider this issue and the Sub-committee submitted its proposals to this task force. The members of the Sub-committee also met the Chairman EOBI to seek necessary clarifications on amendments made in the E.O.B. Act 1976.

4. OICCI played a major role and is a founder member of the Pakistan Institute of Corporate Governance (PICG). An OICCI representative is on their board of directors for a period of three years representing the Corporate Sector Cluster.
5. As Chairman of this sub-committee, I wish to thank all members of the sub-committee, particularly co-chairperson Mrs Nausheen Ahmed for her outstanding support during the tenure.

Energy

Chairman	Nadeem Jafarey Caltex Oil (Pakistan) Limited	Co-chairman	Saleem Piracha Shell Pakistan Limited
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Introduction

The OICCI Sub-committee on Energy comprises members from a very wide spectrum of energy companies doing business in Pakistan. The upstream and downstream sectors in the oil and gas industry are well represented, as is the power sector.

Major Objectives

The sub-committee's main objective is to engage key stakeholders on both issues and opportunities with a view towards resolution of key issues faced and the fostering of the industry's growth potential. The Sub-committee also encourages the sharing of data available in the public domain in order to develop a better understanding of global, regional and national developments in the energy sector.

Significant Achievements During the Year

The committee remained very active throughout the year. It met at regular, planned intervals and deliberated extensively on critical issues and challenges faced by the energy sector in Pakistan. The committee was successful in engaging important stakeholders such as Mr Mukhtar Ahmed, Adviser to the Prime Minister on Energy who was invited to the Chamber and given a presentation on key issues impacting on investment. These included the gas price agreement, open access criteria, oil marketing and LPG licence criteria and other significant policy and regulatory framework issues. The process of engagement continues with positive development on certain key issues.

The Vice Chairman OGRA, Mr Jawaid Inam, and both Mr Rashid Farooq, Member (Oil), and Mr M. Asif, Member (Finance), visited the Chamber by invitation in December. The Sub-committee gave a detailed presentation to them, which highlighted regulatory issues needing OGRA's attention. An interactive and candid session was then held between the OGRA team and OICCI participants. It was agreed that OICCI and OGRA would continue to communicate and discuss regulatory issues that impact on operational efficiencies and investment by OICCI member companies.

The committee also invited the Secretary, Ministry of Petroleum, Mr Ahmed Waqar to the chamber. Mr Waqar has kindly agreed to visit the chamber at an early date.

Suggested Road Map for the Future

The issues and challenges highlighted in the engagements with the Adviser to the Prime Minister on Energy and with OGRA, have a significant bearing on the efficiency and profitability of OICCI member companies. The Sub-committee should therefore continue active engagement with these offices. Additionally, it should engage other bodies, such as the Ministry of Petroleum, which are key stakeholders in the energy industry.



Industrial, Commercial & Environment

Chairperson Musharaf Hai
Unilever Pakistan Limited

Terms of Reference/Major Objectives

The vision is to transform the Overseas Chamber into the leading point of contact for government and foreign investment, promoting sustainable development for Pakistan's industry and commerce.

The broad objective has been to proactively engage and support the government in formulating policy relevant to industry, commerce and environment, by providing

- Strategic inputs
- Operational expertise

Specific objectives are:

- Contribute towards creating a level playing field for business in Pakistan, focusing on key cost areas.
- Recommend to the government the need to simplify the regulatory framework to encourage compliance and transparency in reporting.
- Create awareness for environmental compliance.
- Build partnerships with key stakeholders to promote sustainable development.
- Work towards developing a knowledge base to serve as the primary resource for the government, policy makers and foreign investors.

Significant Achievements During the Year

The key outcomes were:

Engaging the Ministry of Commerce—with inputs from member companies on the Trade Policy 2005-06, an OICCI proposal was prepared on key issues with recommended solutions and presented to the Commerce Minister on 2nd September 2005. The Commerce Minister, Mr Humayun Akhtar Khan was directly engaged with the Sub-committee team in an open dialogue and steered the discussion sharing his perspectives.

Engaging the Ministry of Environment—The Minister of State for Environment, Mr Malik Amin Aslam Khan was invited to the Chamber on 5th January 2006. With inputs from member companies on the National Environment Policy, an OICCI proposal was prepared on key environmental issues with recommended solutions and presented to the Minister. The Minister was engaged in sharing his views, as well as noting the recommendations of the Sub-committee.

Stakeholder Awareness and Engagement—Dr. Nadeem-Ul-Haque, advisor on trade policy was invited to the Chamber to share his work experience on domestic commerce, which included: retail, wholesale, distribution, storage and warehousing and transport. The advisor identified areas for developing data as follows:

- Develop output price and value addition indices
- Develop indicators of volume and margin growth
- Identify impediments to growth
- Assessment of regulatory and tax framework that support these markets for identifying policy measures

Seminar on Commerce and Growth—Under the chairmanship of Commerce Minister, Mr Humayun Akhtar Khan, and organised by Dr. Nadeem-Ul-Haque, a seminar was held in Lahore on 28th January 2006 with key stakeholders ranging from government to public and private sectors. The panels presented papers and discussed key factors impacting growth in domestic commerce, state of market regulation and possibilities for the future.

The OICCI Sub-committee presented a paper from the standpoint of a large multinational distributor.

Suggested Roadmap for Future

The mission and objectives set out by the committee should continue into the future and issues in the industrial area need to be defined and solutions recommended. Key stakeholders need to be engaged. Actions need to be taken in the areas of, (1) benchmarking, in particular human resources; (2) engaging key stakeholders on various laws and standards that impact on sustainable development with a view to streamline and simplify, thereby improving the relevance and application of law.



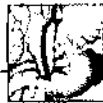
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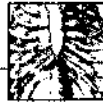
GASTROENTEROLOGY



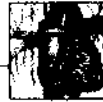
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Intellectual Property Rights

Chairman	Hans Dewaele Procter and Gamble Pakistan (Private) Limited	Co-chairman	Shahid Qureshi GlaxoSmithKline Pakistan Limited
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Overall, the Intellectual Property Rights Sub-committee organized seven Sub-committee meetings and three symposia this year in its effort to improve the IPR environment in Pakistan.

The need for proper IPR compliance and enforcement continues to be a key request from overseas investors. The establishment of IPO is a step in the right direction yet no concrete action with regard to IPR compliance and enforcement has been taken yet.

Objective of the Committee

The overall objective this year was to generate commitment amongst key government stakeholders for implementing and enforcing key IPR issues. The strategies set out to pursue this objective were:

Strategies to Pursue the Objective

1. Create awareness that non-adherence to IPR is not a "Robin Hood" case
2. Influencing government policy and legislation via IPO
3. Improved on-the-ground enforcement and implementation of current legislation.

Achievements During the Year

Significant achievements during the year were:

1. Organization of a conference on IPR in Islamabad in September with key government stakeholders as participants, including Mr M. Yasin Tahir, Director General, IPO.
2. Presentation on IPR to the Commercial and Economic Councillors of EU member states during their visit to the Chamber in October.
3. The second visit by the Sindh Judicial Academy to the Chamber in December for a training on IPR issues as part of their curriculum.

In addition, the Chamber managed to get Mr Imran Shaukat, Superintendent Police, TPO, Clifton, appointed to help with IPR enforcement and IPR issues were discussed in meetings with the Sindh Governor as well as with the Prime Minister during a recent visit to Karachi.

For the future, the IPR Sub-committee should continue to focus on improving the IPR environment by focusing government attention on the need for strong enforcement and improved legislation.



Investment, Infrastructure, Law & Order and Security

Chairman	Hasan Ali Khan Continental Biscuits Limited	Co-chairmen	Javed Akbar Engro Vopak Terminal Limited (Investment and Infrastructure) Masood Siddiq ICI Pakistan Limited (Law & Order and Security)
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Terms of Reference (Investment and Infrastructure)

The Investment and Infrastructure Sub-committee has planned initially to concentrate on port related infrastructure. In this regard, this Sub-committee has prepared a presentation on port related issues of KPT and Port Qasim users.

The Minister of Ports and Shipping, Mr Babar Khan Ghouri, Director General Ports and Shipping and Secretary of the Ministry of Ports and Shipping have been invited, in February 2006, to discuss issues related to ports and shipping. A date for the meeting is awaited from the Minister.

Terms of Reference (Law & Order and Security)

The Security Sub-committee is composed of members from all sectors. Key foci of the security related matters were:

1. Appointment of a dedicated police officer for OICCI
2. Development of a database related to crime for the OICCI website
3. To impart security training to member companies

Coordination with the Police

The Sub-committee maintained close coordination and interaction with police officials. On 3rd August 2005, the Home Secretary, Sindh, Inspector General Police and Capital City Police Officer, Karachi visited the Chamber followed by a luncheon meeting. During the meeting, the following was agreed:

1. Security threat assessment of multinational companies' assets / senior management
2. Dedicating two police officers for OICCI—one for security related issues and the other for intellectual property rights
3. Simplifying police registration
4. OICCI to be part of the regulatory body for the functioning of private security companies.

Dedication of Police Officer for OICCI

Dr. Sanauallah Abbasi, SSP has been dedicated for the OICCI. His support role to the Chamber is:

1. Provide support to the security manager in carrying out security threat assessment
2. Provide liaison support between police and member companies
3. Be part of a crisis team of member companies on a required basis
4. Providing police support in case of extortion calls, threat and kidnapping
5. To act as source of security information from police control during disturbed situations
6. Attend OICCI Law & Order Sub-committee meetings by invitation
7. Attend a fortnightly meeting with the co-chairman of the Sub-committee.

Coordination with CPLC

On 24th November 2005, the CPLC Chief visited the Chamber. The CPLC has agreed to provide the following support to OICCI:

1. Provide support in any kidnapping situations, extortion or threat calls
2. Facilitate in registering an FIR with police
3. Organize special training in anti-kidnapping and handling of kidnap situations
4. Provide support to member companies in case of police harassment
5. Attend Sub-committee meetings on invitation.

Task Force for Implementing Security Related Issues

A task force has been constituted which will assist in coordination with the law enforcement agency, arrange meetings and assist in dissemination of information on security related issues.

Procedure to Solicit OICCI Support from Police and CPLC

A detailed procedure has been formulated for soliciting support from police and CPLC. The same has been circulated to all members.



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Pharmaceutical

Chairman	Juergen Koenig Merck Marker (Private) Limited	Co-chairman	Farid Khan Novartis Pharma (Pakistan) Limited
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Terms of Reference/ Major Objectives 2005—2006

1. Provide a forum to the Pharma Companies in the OICCI for communicating their opinions, suggestions and views to the government on the health policy in general and those related to registration, pricing, import and manufacture of drugs and medicines in particular.
2. Pro-actively work with the Ministry of Health to implement a price adjustment policy for the Pharma Industry, which is long overdue considering that the last price increase (3 – 4 %) was given in December 2001.
3. Actively work with the Ministry of Health for a transparent, fast-track product registration system.
4. Vigorously follow up on the IPR issue with the Ministry of Health and the IPO to make the current registration procedure compliant with TRIPS, to which the GOP is signatory.
5. Persuade the Ministry of Health to honour Data Exclusivity, which is an integral part of the IPR issue.

Major Achievements

Price Policy

There has been persistent follow-up of the across-the-board price adjustment issue; the formula of the price adjustment process was given in SRO 1038 dated 16th October, 1994. During January 2006, there was some significant progress and the MOH is reviewing the supporting data prepared by the Pharma Bureau to generate the summary required for presentation to the approving authorities in the government.

Product Registrations

There has been some improvement in the registration process. The back-log has been reduced significantly and the lead time has come down from two and a half years to an average of 6 months. However there has been no improvement in the registration and pricing of new chemical entities.

Intellectual Property Rights (IPR)

The Pharma Bureau has been regularly pursuing the IPR issue with the Ministry of Health to make the product registration procedure compliant with TRIPS. In this regard, the Pharma Bureau provided the necessary inputs and also participated in the IPR seminar on September 28 2005 in Islamabad, which was organized by the OICCI. A significant development, arising out of the awareness created for IPR and representation made by the OICCI / Pharma Bureau, has been the preparation of the draft of "The Drugs (Amendment) Ordinance 2005". Accordingly the MOH will give protection to the patent holder provided by section 22 of the Patents Ordinance, 2000. In case the MOH receives an application which infringes the protection provided to a patent holder, it can refuse grant of registration to the applicant. This is one of the many actions that are required to be 100% compliant to the TRIPS, including Data Exclusivity where violations are widespread and common.

Strong Representation of Pharma Bureau in the MOH

The Pharma Bureau is strongly represented in the Registration/Appellate Boards, as well as the Price Review Committee. The Executive Director regularly attends the Registration/Appellate Board and PRC meetings as an Observer. Prior to that, only the PPMA attended such meetings, but with the inclusion of Pharma Bureau, the multinational companies now have their representations too.

Support Provided by the Pharma Bureau to the Federal Health Minister

The Federal Health Minister organized a meeting of the Health Ministers of the SAARC countries in Islamabad. Members of the Pharma Bureau actively participated in the event and put up stalls displaying their products. The Prime Minister, along



with the Federal Health Minister and Federal Health Secretary, visited the display stall put up by the member companies.

Toll / Contract Manufacturing

The Central Registration and Licensing Board (CRandLB) had fixed December 31 2005 as the date by which all toll / contract manufacturing would discontinue. The Pharma Bureau made a presentation to the CRandLB as to why it is necessary to continue to allow toll / contract manufacturing. As a result, the MOH has agreed to allow this up to 2010. An official communication is expected soon from the MOH. Meanwhile, they are collecting information about the list of Companies interested in toll /contract manufacturing with their current facilities, after which they will inspect the facilities. This will ensure that no sub-standard, spurious, or counterfeit products will be manufactured by unscrupulous companies under the cover of this facility.

Segregated Area

As a result of our persistent efforts culminating in a presentation to the Registration Board (together with the PPMA) there has been a major change on this aspect, and the Ministry of Health has waived the requirement of separate areas/facilities for the manufacture of quinolones and psychotropic drugs.

Shifting of the Pharma Bureau Office to OICCI Premises

Effective January 30 2006 Pharma Bureau has shifted to the OICCI premises. The Executive Director Pharma Bureau and his staff will operate from the new premises having modern offices and facilities.

Suggested Road Map for the Future

1. Predictable and transparent system for price adjustments for the Pharma Industry
2. Predictable and transparent system for the registration and pricing of new products especially NCEs
3. Make registration process IPR friendly and compliant to TRIPS
4. Facilitate the process that will lead to permission for toll / contract manufacture for the desirous companies up to the year 2010 or even beyond.



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Programmes and Events

Chairperson	Ameena Saiyid, OBE Oxford University Press	Co-chairperson	Naila Hasan GlaxoSmithKline Pakistan Limited
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Objective

The target for the Events and Programmes Sub-Committee was to align with and execute the vision of the OICCI which is

“To be the premier body for promoting new and existing overseas investment in Pakistan by leveraging the world-class expertise of OICCI Members for the benefit of the Investor and the Country”

Achievements

The Chamber's role in promoting investment and development of the economy was carried out by organizing regular events and meetings to enable members to engage with the government and the media. These contacts were useful in identifying issues faced by various sectors of business, exchanging views among stakeholders, and making recommendations for addressing them. The profile of issues affecting members across the board relating to IPR, law and order, environmental, commercial and industrial matters was raised by bringing them to the notice of appropriate authorities. Successful meetings were held, amongst others, with Prime Minister Shaukat Aziz, Mr Humayun Khan, Minister of Commerce, The Governor of Sindh, The Sindh Home Secretary and IGP Sindh, Mr Muneer Ahmed, Chairman, Oil and Gas Regulatory Authority, and Mr Sharfuddin Memon, Chief, CPLC.

The meeting with the Sindh Home Secretary resulted in the appointment of two police officers in Karachi dedicated to the OICCI on security and IPR issues.

A successful seminar was organized in Islamabad on IPR and Their Enforcement and was attended by about 60 members. Detailed presentations were made by four members as well as by a lawyer on the legal framework of IPR in Pakistan and Mr Yasin Tahir, DG IPO. This seminar was widely reported in the press and went a long way in highlighting to the government the importance of addressing this issue. Stalls displaying counterfeits of products of member companies, set up at the IPR seminar, effectively communicated the scale and gravity of the issue to the government.

Another seminar was organized in Karachi for the DG and officers of the Sindh Judicial Academy to apprise them of IPR issues and its legal framework in Pakistan. This was well-attended and resulted in a strategic engagement between the Judicial Academy DG and officers, and OICCI members.

The first OICCI Newsletter was published in November and was launched by copies being presented by OICCI Managing Committee Members to Prime Minister Shaukat Aziz, Governor Ishrat-ul-Ebad and Chief Minister Arbab Rahim, at the Governor's House. In the words of Mr Sohail Wajahat Siddiqui, President OICCI, “By the launch of this publication, we will be in a better position to not only inform our audiences about our activities but also communicate our problems and achievements.” Copies of the OICCI Newsletter were distributed to members, government officials, and the media and will prove to be an effective medium of communication amongst all stakeholders. The first issue covered the history of the Chamber and its current activities while zooming in on the operations and contributions of three of its member organizations. The next issue will focus on the enormous contributions made by OICCI members towards earthquake relief and will highlight their leading role in corporate social responsibility.

Suggested Road Map for the Future

It is important to continue such strategic and effective contacts with key government functionaries in order to keep them abreast of issues facing overseas investors and to make recommendations and work with them to implement effective solutions. Such a consultative and participative process must continue and should be results oriented. The media should simultaneously be kept informed of such issues and contacts so that it can play its role in helping the OICCI in building an enabling environment in business and investment and in promoting a healthy growth and image of the corporate sector. The significant contributions being made by the OICCI in education, health, and environment and in particular its stellar role in supporting earthquake victims needs to be effectively highlighted.

A lively and enjoyable farewell dinner was held for the outgoing Secretary General of the OICCI, Mr Zahid Zaheer, which was attended by the OICCI President, Sohail Wajahat Siddiqui, past OICCI Presidents, members of the Managing Committee, and members of the Chamber.



Taxation

Chairman	Waqar A Malik ICI Pakistan Limited	Co-chairman	Saad Khan Procter and Gamble Pakistan (Private) Limited
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Your Sub-committee remained active during the period 2005 with meetings held regularly which were well-attended with progress reported in each Managing Committee Meeting. The representation in the sub-committee comprised a cross-section of industrial sectors (consumer, chemicals, tobacco, electronics, pharmaceuticals) which helped to enrich debates and discussions on topical issues. The Chamber's members were also kept informed of any changes in the tax regime and tax circulars.

The recommendations to CBR (compiled by the last Taxation Committee) for the 2005/06 National Budget were presented by this committee in April 2005. These proposals were well received at the CBR. However, results were mixed, though the major change was the abolition of excise duty (except in case of certain items) as recommended. It will be the endeavour of this committee to engage the CBR more proactively this year well ahead of the National Budget so that policy and implementation issues affecting the members are highlighted at different forums in the CBR in order to build an early consensus. In order to achieve this, the committee members have worked hard to collate the list of issues sent by member companies. The committee has reviewed these issues and shared them with member firms. These proposals are expected to be finalized in February 2006 and the committee plans to engage the CBR and the Finance Ministry in March 2006 before requesting for a formal presentation to the CBR.

During the period, your Sub-committee made effective representation to the Chairman, CBR and the Advisor to the Finance Ministry in order to resolve the issue of PTR (Presumption Tax Regime) which was intended to be applied retrospectively as announced in the last Federal Budget and therefore I am pleased to say that your committee resolved this very difficult issue to the satisfaction of the affected members, thus bargaining substantial relief to cash-flows of member companies and feasibility of their on-going projects.

I wish to conclude by recording my sincere thanks to all the committee members for lending support to me and in particular for the hard work put in by Mr Feroz Rizvi, Chief Financial Officer, ICI Pakistan Limited and Mr Saad Khan, Deputy General Manager and Finance Director, Procter and Gamble Pakistan Limited. All this would not have been possible without the active support of Chamber's Secretary General, Mr Viqar Salahuddin and Major © Owais Hasan during committee meetings, to whom I am deeply indebted.



Administration and Other Matters

Administration and Other Matters

Annual General Meeting

145th Annual General Meeting of the Chamber was held on Tuesday 19th April 2005 in the Chamber. Mr Farooq Rahmatullah presided over the meeting. Minutes are attached on page VIII

Administration Sub-committee

The following members were appointed to the Sub-committee:

Mr Sohail Wajahat H. Siddiqui	President
Mr Salman Burney	Vice President
Mr Jeremy Pike	Member

Measurement Department's Activities

In the year 2005 the Measurement Department earned revenue of Rs. 4,511,550/- compared to Rs. 3,918,307 last year. Revenue of the previous four years are also listed:

2001	Rs.	977,006
2002	Rs.	1,512,040
2003	Rs.	2,789,839
2004	Rs.	3,918,307

Karachi Chamber Hospital Association

The Managing Committee for the year 2004-05 was elected at the 52nd Annual General Meeting held on 29th October 2004. Mr S. H. A. Bukhari of Mackinnon Mackenzie was nominated by the Chamber as the Chairman of the Association for the year November 2004 to October 2005. The secretarial services were provided by the Chamber. The Deputy Secretary of the Chamber acted as Secretary to the Association.

The new Managing Committee for the year November 2005 – October 2006 was elected at the 53rd AGM held on 27th October 2005. Mr S. H. A Bukhari has again been nominated as Chairman by the Chamber for the year November 2005 – October 2006. A copy of the report for 2005 is available in the Chamber.

Merchants' Golf Cup Competition

Karachi Merchants' Golf Cup Competition was held on Sunday 9th January 2005 at the Arabian Sea Country Club. This tournament has been sponsored by the Overseas Investors' Chamber of Commerce and Industry since 1923. The Secretary General, in his address, welcomed the Chief Guest, Mrs Nabila Sohail Siddiqui.

Ninety entries were received and the competition was keenly contested. Mrs Nabila Sohail Siddiqui distributed the prizes to the following winners:

Merchant's Cup	Winners	Mr Jahanzeb Khan Mr Sardar Naufil Mahmud of ICI Pakistan Limited
	Runners Up	Mr Ruhail Mohammad Mr Yaqoob Sattar of Engro Chemical Pakistan Limited
President's Cup	Winners	Mr Asad I. A. Khan Mr Zahid A Khan of Arabian Sea Country Club
	Runners Up	Mr Ahmed Jamil Siddiqui Mr Syed Naved Ali of DHA Golf Club



Booby Prize

Dr Iftikhar Jafri
Mr Adil Zaman of Parke Davis

Consumer Price Survey

Ferguson Associates conducts periodic surveys on behalf of the Overseas Investors' Chamber of Commerce and Industry. The objective is to trace the trend of prices of various consumer items and assess their impact on the household budget of various income groups, based on their respective expenditure pattern. This year also the survey was carried out during the last two weeks of September 2005. Those members who contributed towards the cost were provided with a copy of the survey report.

Membership Survey

Taseer Hadi Khalid & Company carried out a survey of member companies. The data survey was designed to gather information from OICCI members on their operations, remittances, employment and contributions to the economy. At the time of survey there were 165 members out of which 114 responded, and data of 8 members was extracted from their financial statements. The survey was carried out on basis of information for the year 2004.

Revamp of Chamber Offices

During the year under review, a revamp of the Chamber offices was completed. This exercise was extensive and was undertaken after a gap of over 20 years.

Publication of Chamber's Newsletter

The first ever newsletter of the Chamber was published in December 2005 and is now a regular feature.

OICCI Members' Donation for Earthquake Victims

The members of the Overseas Investors' Chamber of Commerce and Industry, until the issuing of this report, have donated over Rs. 3.6 billion in cash and kind for the earthquake victims of 8th October 2005. The significant contributions made by member firms demonstrate the high degree of commitment to good corporate citizenship of these companies. The members, in addition to the above contribution, are also working on different projects related to the long-term needs of the people of the affected areas. It may be recalled that Rs. 1 billion was announced by the OICCI soon after the earthquake. This figure has, until the preparation of the Annual Report, increased to Rs.3.6 billion and is expected to grow further. Details of the contributions made by member companies can be seen on our website at www.oicci.org



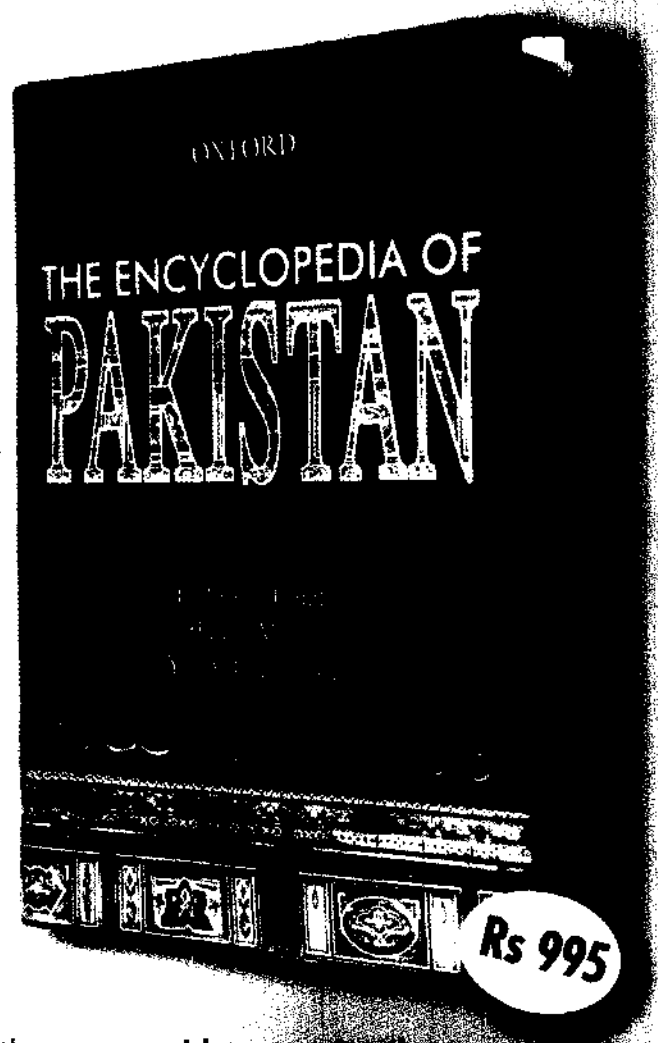
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