

# Overseas Investors Chamber of Commerce and Industry

Annual Report 2020





## VISION

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

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# OICCI PROFILE

**The Overseas Investors Chamber of Commerce and Industry (OICCI) is the collective voice of all major foreign investors in Pakistan. Established over 160 years ago in 1860, primarily as a business chamber for foreign investors, the OICCI is engaged in promoting Foreign Direct Investment (FDI) in Pakistan, besides protecting the interest of existing foreign investors/OICCI members. Through its diversified activities, the OICCI contributes significantly to supporting commerce and industry across the country.**

- 203 Members belong to 35 countries and involved in 14 key sectors of Pakistan economy
- 57 OICCI members are listed on Pakistan Stock Exchange
- 50 Members are associates of the 2020 Global Fortune 500 Companies

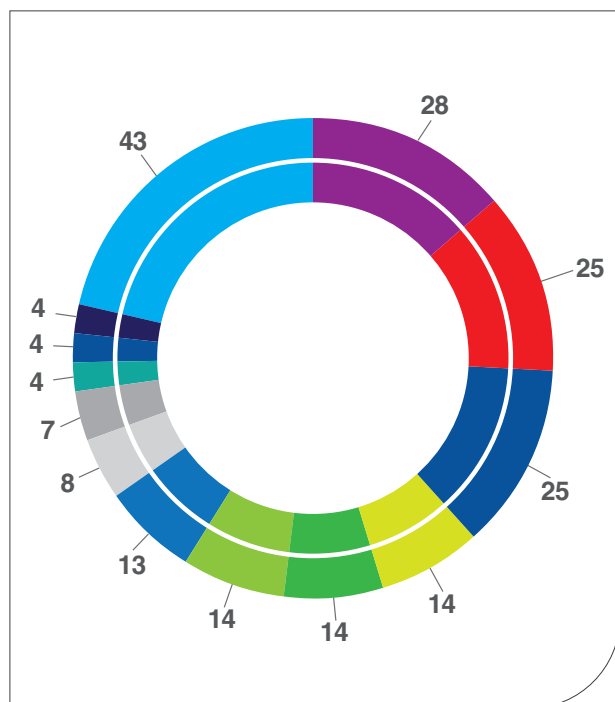
## **Major contributor to the economy of Pakistan**

- About one third of the total taxes and levies in Pakistan are collected from OICCI members
- Total value of members' assets in excess of PKR 13 trillion
- Annual new capital expenditure in excess of PKR 455 billion
- Members provide direct and indirect employment to around one million people
- Significant role in various CSR activities across the country – over 62 million beneficiaries in 2019-20

## **Incentives for Foreign Investors in Pakistan**

- 100% foreign shareholding allowed in legal entities incorporated in Pakistan
- No restriction on repatriation of dividends, royalties and capital
- Business losses can be carried forward for six years for tax purposes
- No minimum capital requirement except in the banking sector
- Avoidance of double taxation agreements with over sixty countries
- Several fiscal incentives like tax holidays and accelerated tax depreciation
- Level playing field – no discrimination between foreign and local investors
- Intellectual Property Rights law enacted in 2012
- Ease of hiring expatriates
- Other fiscal incentives: Special Export Processing and Technology Zones

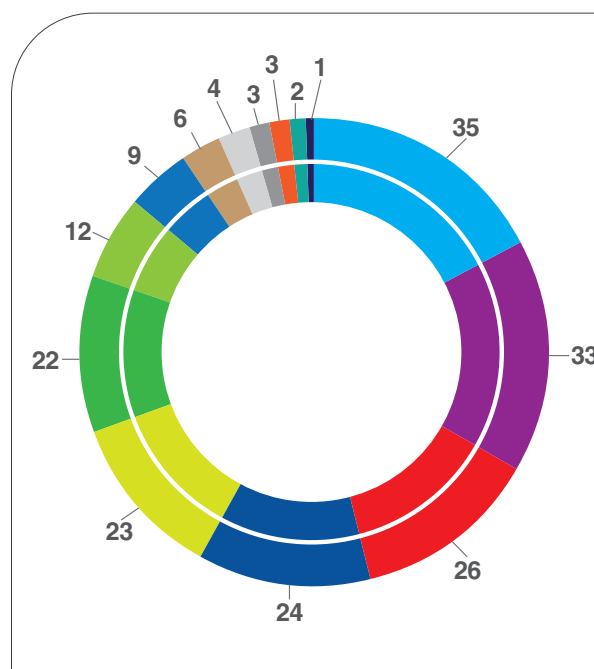
# OICCI MEMBERS - COUNTRY OF ORIGIN



United States of America	28
United Kingdom	25
Netherlands	25
United Arab Emirates	14
Japan	14
Switzerland	14
Germany	13
Singapore	8
France	7
Hong Kong	4
Italy	4
China	4
Others	43

## Members' representation in all major business sectors

Banking / Insurance / Finance & Leasing	35
Oil / Gas / Energy	33
Pharmaceutical & Healthcare	26
Chemicals / Pesticides / Fertilizers / Paints / Cement	24
Food / Consumer Products	23
Trading & Other Services	22
Engineering / Industrial Products	12
IT & Communication	9
Shipping	6
Telecommunications	4
Automobile	3
Printing & Publishing	3
Tobacco	2
Security Services	1



# REPORT OF THE MANAGING COMMITTEE

**This has been a highly challenging year with the dramatic emergence and intensity of Covid-19 pandemic from early 2020 forcing governments, all over the world, to take urgent and drastic measures for the safety and welfare of their people and to support the economy. Another key matter of concern during the year was escalating US trade war with China, which had global impact on trade and investment. Pakistan was further impacted by the escalating regional security issues.**

Besides these external factors, the severe challenge to the Pakistan economy, due to the widening gap in Balance of Trade and Balance of Payment, weakening exchange rate, high policy rate of the Central bank, rising inflation and commitments under IMF's EFF, put pressure on the Government of Pakistan's (GOP) ability to delicately manage its strategic interest, the economy and welfare of the people.

The GOP and central bank promptly gave a timely and calibrated economic response to mitigate the suffering of the population and also facilitate the trade and industries affected under the changed March 2020 Corona pandemic situation. As part of the process, Pakistan transitioned to a market-based exchange rate regime, leading to a significant shrinking of the current account deficit, together with improved capital inflows. The fiscal deficit marginally improved and the GDP, at negative 0.4%, was contained to below initial forecasts, and relatively better than many other regional economies. The positive trend in the economy, in the second half of 2020, following contraction in the fiscal year 2019-20, enabled the Government / Central bank to announce an encouraging monetary policy and stimulus package to boost export, encourage investment in housing and other sectors leading to positive growth in the Large Scale industrial sector. With global economy being unable to fully assess the extent of Covid-19 influence on various sectors, flow of Foreign Direct Investment (FDI) into Pakistan was also affected, and during the fiscal year 2019-20 it was only USD 2.6 billion net, compared to USD 1.4 billion net last year, which was well below the potential of the country.

You will be pleased to note that despite drastically changed post Covid-19 environment, the Overseas Investors Chamber of Commerce and Industry (OICCI) did not lose focus of its mandate and continued to provide advocacy and support for policy reforms throughout the year, albeit with a realization of the new realities. The Managing Committee (MC) and Members of OICCI remained engaged throughout the year with a number of events and activities, which included meetings with key government functionaries, mostly held virtually due to the pandemic and following the safety SOPs. These meetings were primarily to do

advocacy for safeguarding members' interests, take up their legitimate issues for resolution and give support to the authorities for creating a simplified business friendly operating environment. As details of the various activities of the chamber during 2020 are given elsewhere in this "OICCI Annual Report 2020" only salient features of the activities are being highlighted below.

In early March 2020, the MC had an exclusive meeting with Mr Imran Khan, Prime Minister of Pakistan and his top team to present key feedback from the foreign investors, OICCI 'Perception and Investment Survey 2019', conducted every alternate year. The survey feedback was balanced, highlighting opportunities and challenges in attracting FDI in Pakistan. The PM was supportive of the OICCI recommendations relating to timely resolution of issues between Federal and Provincial authorities, fast tracking simplification of tax regime and Ease of Doing Business measures, improving protection of Intellectual Property Rights (IPR), reducing regulatory overload in certain areas and increased focus on Digital Pakistan initiative. OICCI MC further informed that FDI in Pakistan, at around one percent of GDP, was well below the potential of the country and required focused international projection based on positive facts to dilute the negative perception of the country and that predictability, transparency and consistency of policy and its implementation will accelerate investment, including by foreign investors. Later in the year, in a meeting with Advisor on Finance, OICCI members appreciated the constructive approach adopted during the 2020-21 Budgeting process where the tariff rationalization of over 1600 items, together with partial rationalization of withholding taxes at import stage and few other measures recommended by the chamber were positively considered. However, the chamber was concerned that despite making a business case, the high minimum turnover tax was not rationalized in 2020-21 Finance Bill nor was the incentives for new large investments under Section 65 of the IT Ordinance 2001, rolled back in the Finance Act 2019, restored. OICCI emphasized that the GOP should take a collective view of the measures to encourage FDI and appoint a focal ministry for streamlining operating issues of foreign investors.



The MC appreciated the timely measures taken by both the federal and provincial authorities, in March-April 2020, to control the spread of Corona pandemic. OICCI was duly engaged with the authorities in ensuring that essential business activities remain operational while ensuring recommended preventive measures, are fully observed. OICCI members took the lead in smoothly managing the safety and wellbeing of people and continuation of business operations throughout, and this approach is still continuing. According to a survey conducted during July 2020, none of the OICCI members laid off their manpower following reduced operations due to COVID-19 and ensured highest standards of health and safety throughout this period. Most of the members also actively contributed towards mitigating the financial impact of the Covid-19 situation on their staff and society in general. OICCI members also announced donations, in cash and kind, of around PKR 8 billion towards the Covid-19 containment related fund raising initiatives. Further details are available in OICCI 2020 CSR report.

Ease of Doing Business (EODB) is now being pursued by the GOP in a highly focused manner and Advisor to the PM on Commerce, assisted by Board of Investment, is leading the initiative. OICCI dedicated subcommittee on EODB has in the past submitted research based recommendations on 10 parameters of the World Bank (WB) Ease of Doing Business Survey, including in the areas relating to 'Paying Taxes', 'Trading Across Borders', 'Registering Property', 'Labor Market Regulations', which have contributed to Pakistan being ranked among 'top ten best improvers' in World Bank's Ease of Doing Business Index 2020. Currently Pakistan is rated at 108th position in World Bank's 2020 EODB report. The 2021 EODB rating has to-date not been released by WB. OICCI is now also a member of the 'Pakistan Regulatory Modernization Initiative (PRMI) Steering Committee' which is led by the Advisor to the PM on Commerce.

As you may be aware, the around 200 members of OICCI collectively contribute about one third of the total taxes collected in the country, including provincial levies and import duties. As such, the chamber maintains a regular interaction with Federal Board of Revenue (FBR) and provincial revenue authorities. Besides actively engaging in the preparation of taxation proposals for 2020-21 Finance Bill, the chamber was regularly engaged with FBR in streamlining operational issues. It is our assessment that Tax laws in Pakistan, by and large, are quite reasonable; the issue is their implementation, as well as frequent surprises, with changes announced without key stake-holders involvement. It is a matter of some satisfaction that after a lapse of few years, GOP/FBR partially settled the tax refunds of OICCI members in September 2020. To further assist OICCI members,

Ministry of Finance has also appointed OICCI representative on the recently formed FBR 'Technical' and 'Complaint Oversight' Committees.

The chamber throughout 2020 maintained a proactive working relationship with the State Bank of Pakistan, Securities and Exchange Commission of Pakistan, National Tariff Commission, Competition Commission of Pakistan, Intellectual Property Organization of Pakistan, Board of Investment and World Bank team facilitating Ease of Doing Business in Pakistan.

The chamber has been pursuing Energy sector reforms from foreign investors' perspective and has submitted detailed recommendations in 2019 followed by an update in 2020. There was an informative interaction with Special Advisor to PM on Power in December 2020. OICCI was assured that the government is moving in line with the recommendations given by OICCI. Our recommendations on Exploration and Downstream sector remained unattended from Ministry of Energy officials.

Throughout 2020 your chamber conducted various surveys and research, with its members giving a candid feedback on subjects relevant to boost FDI in the country. The results of the annual security survey in June 2020 was highly positive expressing foreign investors' full confidence on the improved security environment which in key cities like Karachi and Lahore is considered to be almost at par with other mega cities in the region.

OICCI Business Confidence Index (BCI) Survey – Wave 19, conducted during May 2020 showed, as expected, depressed BCI at 50 percent negative, compared to 45 percent negative in the previous Wave 18 Survey of August 2019. The depressed business confidence, while a matter of concern to all the stakeholders, was anticipated due to Covid-19 pandemic fall out as well as bold economic stabilization measures taken by the government since early 2019. The sentiments of the OICCI members, who were randomly included in the survey, recorded a much sharper decline of 38 percent, from 36 percent negative in Wave 18, to 74 percent negative in the latest BCI Wave 19 survey. In all the previous 18 BCI surveys conducted so far, the business confidence of the foreign investors had remained much higher than their local counterparts included in the surveys.

We are pleased that the government has addressed a key concern of the pharma industry, by the implementation of the agreed pricing formula as per the Drug Pricing Policy 2018, but a few other key matters are still pending, which are mentioned elsewhere in this Annual Report.

The annual Intellectual Property (IPR) Survey among OICCI members, released during November 2020, showed that half of the respondents were partially satisfied with IPR regime and have highlighted few areas for improvement to make it at par with international standards. The survey also highlighted that key stakeholders, including the government authorities, have relatively less determination in ensuring a robust IPR regime in the country.

“OICCI Women” is a flagship initiative of the chamber. We are pleased to report that OICCI has now finalized its report, “Increasing Women's Inclusion in the Pakistan Economy - An OICCI Perspective”, which will be presented to the authorities in January 2021. Moreover, the annual OICCI Women award is going to be announced in January 2021. Nearly 80% of the OICCI member companies are involved in activities related to women empowerment. According to a survey among OICCI member organizations, 12% women are holding top leadership positions, 15% middle level executive positions while 36% junior executive positions are held by women among the OICCI membership.

Following the Covid-19 restrictions, OICCI conducted many webinar meetings with members, key stakeholders and regulators to ensure that business activities were at par with the objectives of the chamber. There was, however, limited interaction with diplomatic stakeholders due to pandemic caution.

### Financial Performance 2020

The Income and Expenditure Account for the year ended December 31, 2020 shows a Net Surplus of PKR 7.11 million after tax, as compared to PKR 19.4 million in the previous year. The reduced surplus was mainly due to donations made by the Pharma Bureau for COVID-19 containment related products to government agencies and hospitals, worth nearly PKR 13 million, which was in addition to the members contributions mentioned earlier. There was also an expenditure of over PKR 5.5 million for Repairs & Maintenance, due to the ongoing major renovation of the OICCI building. Furthermore the post Covid-19 pandemic measures had a major impact on income from certain services provided by the chamber. The above reductions were partially compensated by reversal of excess tax charges booked in previous years.

At the end of the year 2020, the chamber had 203 members, an increase of six members as compared to the number at the end of the previous year, with 8 new members joining the chamber while 2 members exited due to operational reasons.

### Way Forward

OICCI is the collective voice of top 200 foreign investors in Pakistan, who belong to 35 countries and are the

largest contributors to the economy of Pakistan, in terms of revenue, investment, transfer of technology and best practices. MC is aware of the potential and opportunities in Pakistan and gives appropriate balanced opinions to visiting business delegations from other countries and other stakeholders to promote FDI in the country.

Going forward, OICCI will continue to regularly share its frank feedback with authorities as to what is needed to boost the economic base of the country through documentation, broadening the tax base, strict compliance with international norms in matters, like IPR, making real progress on ease of doing business with less but fair regulatory environment and making sustained effort to counter the negative perception of the country. We will continue to recommend a predictable, consistent and transparent policy framework, which is enacted with reasonable consensus and is implemented as designed. We will also pursue Digitization of the economy, at par with regional standards and facilitate in improving productivity and business confidence. Being mindful of the restricted opportunities in the current uncertain Covid-19 environment, we would like to play a positive role in helping the country attract many global players in the field of I.T. technology, engineering, pharmaceutical and relevant export based industries in Pakistan. The chamber will continue to remain engaged with key policymakers at the highest level and maintain a more effective presence and interaction at various forums, so as to promote Pakistan as the best destination for FDI in the region.

First phase of the renovation/restoration of the heritage building of the chamber, being supervised by a renowned Architect/Interior Designer, about which we had informed the members in our 2019 report also, is expected to be completed in first quarter 2021. The major renovation work, which will continue for remaining portion for next two years, aims to restore the beautiful building to its former pristine glory after many years of patchwork interventions from time to time over the last few decades. The total cost of the project has been reviewed by the MC and is duly accounted for in the financial plans of the chamber.

### Conclusion

Shazad Dada, who was elected as the President OICCI for the 2020 term resigned at the end of June 2020, following his resignation from Standard Chartered Bank. The MC elevated Haroon Rashid as the President of the chamber and elected Irfan Siddiqui as Vice President in accordance with the relevant provisions of the chamber's Articles of Association. The MC hereby records its sincere appreciation to Shazad Dada for his leadership in promoting the cause of foreign investors and we wish him great success in his new endeavor.



Early in the year, the elected MC members had inducted Messers Ghazanfar Ali and Asad Jafar in the MC, to further strengthen the sectorial representation in the MC as per the Articles of Association.

On behalf of the Managing Committee of OICCI we place on record our sincere appreciation to all the stakeholders in the federal and provincial governments, regulatory bodies and other agencies engaged in promoting FDI in the country. We wish all of you great success in 2021.

The MC also records appreciation for an increasing number of OICCI members who, despite Covid-19 related restriction, participated in the chamber's web based activities during 2020.

The chamber's secretariat continued to look after the interests of the members and regularly took up members concerns with the relevant authorities, besides organizing several new, as well as regular programs

during the year. The MC thanks the Secretary General and his team, as well as the chairpersons and members of the subcommittees for their accomplishments in 2020.

We also thank members of the outgoing MC for their strong support to the chamber throughout the year. We are confident the OICCI will remain a 'port of first call' for all potential foreign investors and a key stakeholder to the authorities in attracting FDI.

We do hope that Covid-19 impact will subside during later part of 2021 and the OICCI members will be able to successfully navigate the challenge of managing their respective business operations in a controlled pandemic environment.

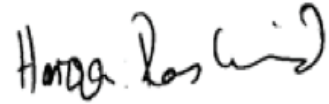
We warmly welcome Irfan Siddiqui as the new President of the chamber, the incoming Vice President and members of the new MC, whose names will be announced in the next AGM, and wish them great success in 2021.



**M. Abdul Aleem**  
Secretary General



**Irfan Siddiqui**  
Vice President



**Haroon Rashid**  
President

# MANAGING COMMITTEE MEMBERS

As on December 31, 2020



**President OICCI**

**Mr. Haroon Rashid**

Managing Director  
Shell Pakistan Limited



**Vice-President OICCI**

**Mr. Irfan Siddiqui**

President and Chief  
Executive Officer  
Meezan Bank Limited



**Secretary General OICCI**

**Mr. M. Abdul Aleem**

Overseas Investors Chamber of  
Commerce and Industry (OICCI)

# MEMBERS



**Mr. Anis Ahmed**  
Managing Director  
Abbott Laboratories  
(Pakistan) Limited



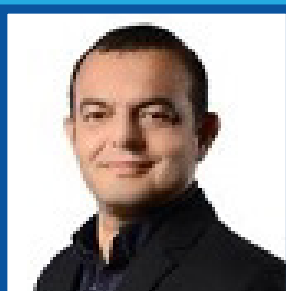
**Mr. Asad Said Jafar**  
Chairman & Chief  
Executive Officer  
Signify Pakistan Limited



**Mr. Atsushi Fujii**  
Chief Executive for Pakistan  
Mitsubishi Corporation



**Dr. Imran Ahmad Khan**  
Chief Executive Officer and  
Managing Director  
Bayer Pakistan Limited



**Dr. Imran Rasheed**  
Chief Executive Officer  
Novartis Pharma (Pakistan)  
Limited



**Mr. Ghazanfar Ali**  
Country General Manager  
IBM Italia S.P.A



**Mr. Ghias uddin Khan**  
President and Chief  
Executive Officer  
Engro Corporation Limited



**Mr. Marek Andrzej  
Minkiewicz**  
Managing Director  
Metro Pakistan Private Limited



**Mr. Samer Chedid**  
Chief Executive Officer and  
Managing Director  
Nestlé Pakistan Limited

\*Mr. Shazad G. Dada, who was elected as President for the 2020 term, resigned on June 30, 2020 after resigning as CEO of Standard Chartered Bank Pakistan Limited.

# SUMMARY OF OICCI ACTIVITIES IN 2020

## POLICY REFORM AND ADVOCACY

**The COVID-19 pandemic has made 2020 the most disruptive year for everyone across the whole world. It has impacted individuals, business operations, in fact life itself, more than any other natural or man-made intervention in living memory.**

To say that it has been a difficult year is a gross understatement. Every aspect of life has been impacted to such an extent that already a transformation is rapidly taking place in the way we conduct our personal and work related matters. However, in the drastically changed environment, the Overseas Investors Chamber of Commerce and Industry (OICCI) continued its activities in support of the members.

Throughout the year the Chamber provided analytical policy inputs to ensure OICCI members views and reactions are duly considered by government policy makers while formulating and implementing new policies. The Managing Committee and Members of OICCI remained engaged throughout the year with a number of events and activities, which included meetings with key government functionaries, mostly held virtually due to the pandemic and following the safety SOPs. These meetings are primarily to do advocacy for safeguarding members' interests, take up their legitimate issues for resolution and give support to the authorities for creating an easy and simplified business enabling operating environment and level playing field. The government gives due recognition to the pivotal role being played by the chamber in the economy of Pakistan and has invited its nominees to represent OICCI on number of official forums and committees, including the 'Pakistan Regulatory Modernization Initiative (PRMI) Steering Committee', FBR 'Technical Committee' and 'Complaint Oversight Committee'.

Despite the pandemic environment starting from March and continuing throughout the year, the Chamber regularly provided policy related inputs to the federal and provincial governments on fiscal, commercial, industrial and other matters which impact business, to ensure that the views of the OICCI members, who represent the largest bloc of foreign investors in the country, are duly considered in formulation and implementation of government policies. The government authorities give

due consideration to the recommendations received from the chamber, which is a major stakeholder in the country's economy, as members of the OICCI collectively pay over one-third of total taxes and duties collected in Pakistan, besides making substantial new investments every year. The results of the research and surveys conducted by the chamber, on various aspects impacting the business climate in the country, are extensively shared with all the key stakeholders, especially those in the government and others who can help in creating a balanced perception of the country, for facilitating foreign direct investment (FDI).

### Meetings with Government Dignitaries

Due to the COVID-19 pandemic, most meetings with government officials were held via the new norm: Virtually or electronically. However some very important interactions were done in person and these included the MC Members meeting with Mr Imran Khan, the Prime Minister of Pakistan in March in his office, and the meetings with Dr Abdul Hafeez Shaikh, Adviser to the Prime Minister for Finance and Revenue and Dr Reza Baqir, Governor SBP, both of whom visited the chamber for interactive sessions with members, with strict enforcement of government SOPs to maintain the safety against the COVID-19 pandemic. The OICCI members also had a series of personal and virtual meetings with important government functionaries whose support is essential to ensure success of the OICCI advocacy efforts. These included the Minister of Science and Technology, Special Assistant to the Prime Minister on Power, Chairman Federal Board of Revenue, Chairperson, National Tariff Commission, Chairperson Competition Commission of Pakistan, and their senior team members as well as other key officials, to discuss various matters affecting members and impacting the business environment in the country. Some of these interactions are mentioned in this report.





#### **OICCI MC members meet Prime Minister Imran Khan**

The Managing Committee members of the OICCI met the Prime Minister of Pakistan, Mr Imran Khan, on March 11, 2020 at the Prime Minister House, Islamabad. Syed Ali Haider Zaidi, Minister for Maritime Affairs, Abdul Razak Dawood, Adviser to PM on Commerce and Investment, Dr. Abdul Hafeez Shaikh, Minister of Finance and Revenue and, SBP Governor Dr. Reza Baqir also attended the meeting. The OICCI team included Shazad Dada, OICCI President (till June 30, 2020), Haroon Rashid Vice President (took over as President on July 1, 2020), CE / Secretary General M. Abdul Aleem and MC Members, Anis Ahmed, Dr. Imran Ahmad Khan, Ghias uddin Khan, Samer Chedid, Dr. Imran Rasheed, Rana Ghazanfar Ali and Asad Said Jafar.

Shazad Dada informed the Prime Minister that OICCI members 'Walk the Talk' and have been significant investors in the country (In 2019 OICCI members capital investment was over USD 3 billion, and USD 16 billion in past 8 years). The OICCI team also shared key findings of the recently released 2019 OICCI 'Perception and Investment' survey and shared with the Prime Minister the OICCI members' perception of the key challenges in attracting sizeable FDI in the country and also shared recommendations for creating a conducive and enabling environment to increase the FDI.

The Prime Minister, Mr Imran Khan appreciated the contribution of OICCI members to the economy of the country and termed them as ambassadors of Pakistan who speak up about the positive aspects of the country and the opportunities in Pakistan at all international forums and continue to invest heavily in the country over the years. The Prime Minister promised full support to OICCI in addressing their issues and also appreciated the OICCI for sharing the recommendations for addressing investors' concerns and assured that the government will act upon the recommendations.

#### **OICCI submission of members' issues/suggestions on facilitating industry during lockdown**

OICCI publically appreciated the various actions taken by the federal and provincial Governments for containment, as well as relief measures and initiatives to address the challenges of Covid-19 in Pakistan. The OICCI and member companies fully supported the government initiatives and made contributions of nearly PKR 8 billion for COVID-19 related containment, safety and economic challenges. The OICCI member companies supported and complied with the decision of full/smart lockdowns, imposed as a precautionary measure against the pandemic, and imposed full safety SOPs within their factories, offices, production units and operational premises. The OICCI also submitted members issues/suggestions on facilitating sensitive industries, to continue smooth business operations during the early period of the lockdowns to Advisor to the Prime Minister on Commerce and Investment and the Chief Ministers of Sindh and Punjab, which included points relating to following matters: restrictions on moving goods and raw materials to the manufacturing units / ports, amendment in the list of essential goods, single window digital self-certification process, etc.



#### **Dr. Abdul Hafeez Shaikh, Minister of Finance and Revenue visits the OICCI**

Dr. Abdul Hafeez Shaikh, Adviser to Prime Minister on Finance and Revenue visited the OICCI for an interactive session with the members on September 12, 2020. Welcoming the Advisor, Haroon Rashid, President of OICCI shared that OICCI members appreciated the government's effort to successfully overcome the Covid-19 challenge and for taking appropriate measures for supporting the economy. He proposed to the government to take a collective view of the relief measures to encourage foreign investment in Pakistan. He also requested for appointing a focal ministry for streamlining the operating issues faced by foreign investors.

Dr. Abdul Hafeez Shaikh gave a comprehensive overview of the challenges faced by the economy in the past two years and how the government managed to bring the economy on a path to recovery. He assured foreign investors of the government's commitment to settle all tax refunds and promised that the FBR will be more proactive and will regularly engage with key stakeholders in resolving all legitimate issues especially those relating to tax refunds.

### **OICCI Representation in the Technical and Complaint Oversight Committees of FBR**

The Minister of Finance and Revenue, formed the 'Technical' and 'Complaint Oversight' Committees, to identify and remove 'technical and complaint issues', related to FBR tax matters. OICCI representation on these committees include: Ali Jameel (TPL Holding), Aman Ghanchi (Unilever) and Abdul Rasheed Jan Muhammad (MAPAK), in the Technical Committee, whilst Saqib Sherazi (Atlas Honda) and Faisal Saeed (Telenor), are members of the Complaint Oversight Committee. Members have been encouraged to take full advantage of these two representations and regularly share their feedback relating to the FBR operations, and tax structure, based on their experiences, which will be taken up in these two subcommittees and subsequently, with FBR.

### **Taxation proposals and tax related activities**

As per past practice, comprehensive taxation proposals were submitted to the federal and provincial revenue authorities for inclusion in the respective budgets for the fiscal year 2020-21. The OICCI taxation proposals were based on input from members, followed by an in-depth professional and analytical review by the taxation subcommittee. The OICCI members realizing the dramatic change of the economic environment and the heavy pressure and resource constraints of the government due to COVID-19 challenges, deferred requests for a number of taxation relief measures which, under normal circumstances, would have been justified to revive the economy, align Pakistan to compete with other regional countries, besides boosting business confidence. The comprehensive taxation proposals included recommendations to provide Ease of Doing Business, fiscal measures, incentivize longer term FDI, broaden tax base, some appropriate amendments in law to remove anomalies and simplification of taxation related processes, along with some industry specific proposals. These proposals were widely covered in the media.

On the request of SRB, OICCI also submitted some recommendations for temporary COVID-19 tax relief.

### **FBR/OICCI web link meeting to discuss highlights of the key taxation proposals submitted by OICCI for the Federal Budget 2020-21 on May 5, 2020**

As per past practice and tradition, the OICCI followed up the taxation proposals by engaging with senior policymakers to ensure that members' recommendations were given due consideration, before the announcement of the federal and provincial budgets. Several meetings were held virtually, with officials of the federal and provincial governments, including the Chairmen/Members of FBR and PRA to discuss continuing concerns in relation with COVID-19 and to discuss the way forward.

FBR Chairperson Ms Nausheen Javaid Amjad, Member IR-Policy Dr. Hamid Ateeq Sarwar and Member IR-Operations Nadeem Hussain Rizvi had a web meeting with the Overseas Investors Chamber of Commerce and Industry (OICCI) on May 5, 2020 to discuss the key taxation proposals submitted by the OICCI for the Federal Budget 2020-21. The FBR hierarchy indicated that there is serious focus of the budget makers to introduce measures to incentivize new investment and remove irritants to ease of tax compliance. In general, FBR agreed with most of the OICCI proposals and promised to take these into account when compiling the Federal Budget 2020-21. It was also mentioned that FBR understands the difficulties of businesses and industries, due to the disruption of their operation, during Covid-19 lockdown which is a global issue and the whole nation needs to face this pandemic and support each other.

### **FBR/OICCI web link meeting to discuss members' pending tax refunds on August 5, 2020**

The pending tax refunds' issues of members, remained a focal issue in all interactions with FBR authorities. As a result of these regular follow-ups by the chamber with the higher authorities in the government, during 2020, there has been good progress towards settlement of pending income tax refunds. OICCI wrote a thank you note to the Minister of Finance and Revenue, for his support in partial settlement of members refund issues.

FBR Member IR-Operations Dr Muhammad Ashfaq Ahmed, and his senior team held a Zoom meeting on August 5, 2020 to discuss the OICCI members' concerns on outstanding tax refunds. The meeting was attended by CFOs and/or tax heads of about 40 member companies. List of the OICCI members outstanding Income Tax/Sales Tax refunds position as on June 30, 2020, which was previously shared with Chairman FBR, was reviewed during the meeting. OICCI CE/Secretary General M Abdul Aleem, and few other affected members informed Dr Muhammad Ashfaq Ahmed that long delays

– in some cases of several years – in settlement of genuine tax refunds leads to liquidity issues, increases the cost of doing business, as the affected members need to borrow from banks to bridge cash flow gaps, and very importantly sends wrong signals to the head offices of the member companies who come from 35 different countries. The FBR team was also informed that OICCI members are also upset that the government from time to time announces tax refunds but OICCI members are not included amongst the beneficiaries, except in a few odd cases. After some more discussion the way forward was agreed and OICCI members who have tax refunds shared a half page summary explaining details of the outstanding tax refunds, reasons for the delay in process for accepting the claim by the concerned tax officers, etc and this was shared with the office of the Member IR. During last week of September 2020, OICCI also arranged meetings of members with Chief Commissioners of Large Tax Payer Units (LTU) in Karachi and Islamabad.

#### **Members web link meeting with Finance Secretary, Government of Punjab and Chairman, Punjab Revenue Authority (PRA)**

Abdullah Khan Sumbal, Secretary Finance, Government of Punjab, Zain Ul Abidin Sahi, Chairperson Punjab Revenue Authority and their senior team had a web meeting with the OICCI members on July 9, 2020. The focus of the discussion in which OICCI CE/Secretary General and 25 CFOs/Tax Heads of member companies participated was members' concern on existing legislation and new measures introduced through the Punjab Finance Bill 2020-2021, which OICCI had taken up with the Punjab Government on June 23, 2020, which were in conflict with the 'Ease of Doing Business' policy of provincial revenue authorities. OICCI had requested the Punjab Revenue Authorities to review the following points for appropriate changes before the Finance Act is approved by Punjab Assembly. (i) Recovery of Arrears where very harsh amendments were introduced: empowering department to arrest a tax payee and imprison him where a tax demand has been upheld by the Appellate Tribunal and Tax authorities empowered to demand from a financial institution/bank payment of 'alleged' tax due from a registered tax payee out of running finance facility extended to it/him. (ii) Adjustment of Input Tax up to 80% only which would increase cost of doing business and also negatively impact cash flow. (iii) Power of Adjudication enhanced significantly with limits of DC/AC enhanced from PKR 2.5 mio and PKR 1 mio to PKR 10 million. Another point of concern was empowering officers, below AC, to call for information regarding any enquiry or audit.

#### **Managing Committee Members web meeting with Chairman FBR**

OICCI Managing Committee members had a productive, virtual meeting with the Chairman FBR, Muhammad Javed Ghani and two senior FBR Members, Ch. Muhammad Tarique, (Member IR-Policy) and Dr. Muhammad Ashfaq Ahmed (Member IR- Operations) on November 13, 2020. The key points discussed during the meeting included members' concerns related to clear timeline for settlement of all the remaining tax refunds based on completed tax, turnover tax impact on regulated industries like petroleum companies, abrupt removal of incentives (u/s 65B) on projects under implementation phase and members' concern on the SRO 888(I)/2020 and SRO 889(I)/2020 – Electronic Monitoring of Production of Specified Goods. FBR initiatives on formation of 'Technical' and 'Complaint' committees were appreciated as these committees have the potential to contribute significantly to EODB and creation of a more friendly business enabling environment. FBR team also requested for OICCI support to ensure members immediately settled all their respective accepted tax liabilities. The OICCI team included the OICCI President Haroon Rashid, CE/Secretary General. M. Abdul Aleem and Managing Committee members, Messrs Asad Jafar, Syed Anis Ahmed, Atsushi Fujii, Dr Imran Ahmed Khan, Marek Andrzej Minkiewicz, and Rana Ghazanfar Ali.

#### **FBR Member IR-Policy online meeting with OICCI members**

FBR Member IR-Policy, Ch. Muhammad Tarique, had a virtual meeting with OICCI members, on December 9, 2020, to share clarity on practicality and implementation of the recently issued circulars no. S.R.O 888(I)/2020 – Real Time Electronic Access for Audit & Survey and S.R.O 889(I)/2020 – Video Analytics Rules for Electronic Monitoring of Production of Specified Goods. OICCI members' proposals/apprehensions on the proposed Electronic Monitoring of Production area had been submitted earlier in November 2020.

Ch. Muhammad Tarique, assured that FBR intentions are just to get timely reconciliation of goods produced and goods sold and the surveillance cameras will most likely be installed at exit points and not over the production/operating lines and will not compromise corporate privacy and confidentiality of trade secrets. He promised FBR will respond to all the concerns taking into account OICCI request for Secrecy of data, EODB, Cost and possibility of a system where the compliant tax payer is facilitated in a manner similar to the 'Green Channel' and 'Red Channel' for incoming passengers and will give due consideration to the OICCI proposals, while drafting policy guidelines on the above matter, which will be shared with OICCI, for their review and feedback before finalization.



**SBP Governor, Dr. Reza Baqir, visits the OICCI**

SBP Governor, Dr. Reza Baqir, visited the Chamber along with Executive Directors, Mr. Muhammad Ashraf Khan, Managing Director SBP BSC, Syed Samar Hasnain, Executive Director, Mr. Athar Ghafoor, Additional Director, Mr. Noorullah, Senior Joint Director, Mr. Shakeel Paracha, Senior Joint Director and Mr. Aqeel Ashraf Rana, Joint Director to Governor SBP for coordination and protocol, for an interactive session with the OICCI members on November 10, 2020. OICCI President Haroon Rashid shared with the SBP team members' key issues/concerns including delays in approval of forex payments and cumbersome documentation requirements and other concerns on the remittances of operational charges including technical fee and royalties and sought the Governor's support in line with SBP policy to facilitate FDI through improving Ease of Doing Business in Pakistan.

### **Ease of Doing Business**

OICCI has always been at the forefront in stressing the need for visible longer term actions to create a more enabling business environment in the country, to ensure an improved level playing field and ease of doing business (EODB) for all investors. The Chamber has, for years, been regularly advocating and materially contributing towards many initiatives focused on improving the rank of Pakistan in the World Bank Ease of Doing Business (EODB) Survey.

In 2020, OICCI reviewed the processes, timelines and costs involved in the WB EODB parameters and submitted recommendations on four of the ten WB parameters; 'Paying Taxes', 'Registering Property', 'Trading Across Borders', and 'Labour Market Regulations' to the Board of Investment (BOI), which has

been tasked with improving the ranking of Pakistan in the WB survey. The prime objective of the recommendations was to advocate for simplification and reduction in the timelines to complete the processes involved, in order to create a business friendly environment for foreign investors.

In line with the endeavors focused on improving the Ease of Doing Business, OICCI conducted a survey on regulatory environment as over-regulation has often been highlighted as a key operating concern for businesses, in addition to being a major hindrance to Ease of Doing Business in Pakistan. The objective of the survey was to be sensitized with members' perceptions, so that all major issues and concerns of the OICCI members, who are the leading foreign investors in the country, could be appropriately taken up with the relevant authorities. The survey feedback was shared with the relevant regulatory bodies and the Board of Investment (BOI). Moreover, in 2020, OICCI members, belonging to the IT sector, prepared a set of recommendations on the actions needed to grow the digital economy, especially in the areas of IT export growth and FDI attraction, in the form of the "OICCI Recommendations for Digital Economy" report.

### **Trade and industry – Government Policy Reviews and Recommendations**

During 2020, the government requested OICCI to review, from foreign investment perspective and share comments/ feedback on most of the important new policies drafted by various government ministries/ authorities. The OICCI coordinated with the members and gave comprehensive feedback on following important government policies/draft papers:

- a) Draft Model Bilateral International Trade agreement Template – Future BITs, based on a model template will be beneficial for national interest as it will ensure a transparent and consistent Treaty Model for business transactions with all countries, and, at the same time, provide a fair protection to the business entities operating in Pakistan.
- b) Draft Strategic Trade Policy Framework (STPF) 2020-25 – The STPF could significantly expand the country's Trade landscape if implemented in its true spirit. A key feature of the STPF is the collaboration with International Development Agencies, which would be helpful in introducing international best practices/ standards for production of quality and competitive products, which could result in higher exports in the coming years. Another notable point is that Government plans to make the STPF 2020-25 a dynamic document with a review every 6 months.



- c) 'Institutional Reforms: PROGRESS REPORT', compiled by Dr. Ishrat Husain, Advisor to PM on Restructuring – indicates a serious focus of the government on restructuring regulatory bodies and SOEs.
- d) Draft Pakistan New Investment Law – to promote, facilitate and protect investment in the country, to improve the existing legal framework, and bringing them at par with international best practices.
- e) Draft Mobile Device Manufacturing Regulations (MDM) 2020/ Draft Authorization Template for Mobile Device - encouraging local production of mobile devices and promote Government's vision of "Make in Pakistan", as well as promoting exports.

#### **'Pakistan Regulatory Modernization Initiative (PRMI) Steering Committee'**

Under the chairmanship of Mr. Abdul Razzak Dawood, Adviser to PM on Commerce and Investment, the government formed the Steering Committee on Pakistan Regulatory Modernization Initiative (PRMI). The CE/ Secretary General, OICCI, M Abdul Aleem is also in this committee. The objective of the steering committee is to oversee the implementation of the PRMI and review the progress. Before the 4<sup>th</sup> Steering Committee meeting held on Oct 19, 2020, OICCI shared the list of key matters/ issues of members which may be relevant for deliberation on PRMI agenda.

During the meeting representatives of the Boards of Investment of all provinces shared the reform initiatives/ status/ progress, in their respective provinces. The Chamber shared these with members for their feedback for each specific province and give comments on their claims for reforms already done, based on experience, along with reforms recommendations, to be taken up in the next Steering Committee meeting of PRMI. The general feedback was most initiatives are still in a very early stage and therefore substantive comments will be given after the stated reforms have actually achieved some milestones.

#### **Interaction and follow-up with Ministry of Science and Technology for the members' issues**

In order to provide advocacy to resolve members' issues, OICCI is in regular coordination with the Ministry of Science and Technology on the following two very critical matters. Both these issues are unresolved for more than two years, mainly due to lack of harmonization and coordination between government authorities/ departments and effective checks on jurisdictions of different regulatory bodies to frame policies and rules.

##### **a) Harmonization of Food standards**

The issue of Harmonization of Food standards, across the country has still not been resolved

despite several meetings of the respective federal and provincial bodies. It has also been one of the main agenda items of the Council of Common Interest meetings. The general view of OICCI members is that standards should be the domain of PSQCA with the provincial authorities being responsible for enforcement within their respective provinces. Being forced to follow different standards is negatively impacting the food/beverages sector. OICCI is proactively following-up in this matter with MoST and PSQCA, to protect the interest of the members to ensure that the relevant laws on standards and their enforcement are aligned with international standards and best practices.

##### **b) Pakistan Engineering Council (PEC) Mis-classification of foreign Companies**

OICCI is also assisting member companies from engineering sector, on the issue created by the Amendments to the Construction and Operation of Engineering Works By-Laws, 1987 of the Pakistan Engineering Council (PEC), with shareholding pattern of companies being made the criteria for classifying a company as a 'foreign company', a definition which is in conflict with Companies Act. These arbitrary changes, done without consultation, have seriously prejudiced the business and operations of several engineering member companies of international repute incorporated under the Companies Act.

##### **Chairperson, National Tariff Commission (NTC) meeting with OICCI Members**

OICCI members had a productive, virtual meeting with the Chairperson, NTC, Ms. Robina Ather and Director, NTC, Mr. Muhammad Arshad, on November 26, 2020.

The Chairperson gave a brief but informative presentation on (i) Objectives and principles of National Tariff Policy, (ii) Institutional mechanism: Tariff Policy Board and Policy Centre, (iii) Role and Performance of Tariff Policy Centre. She also highlighted the issues and sensitive areas of the existing tariff regime, such as high and distortionary tariff/tax structures and lack of transparency. MC member Atushi Fujii and Humair Ijaz, TNI subcommittee member emphasized on the effective implementation of the DTRE scheme, to encourage exporters to take advantage of the scheme and compete/grow in the export market. Both members opined that as more exporters utilize and benefit from the DTRE scheme, NTC can focus on the tariff policy to support the domestic industry as per the tariff setting regime followed in other countries. The OICCI Key recommendations submitted in July 2020, for incorporation in the 'National Tariff policy 2019-2024', were also discussed in detail. The meeting concluded with both teams mutually agreeing to continue the engagement, especially during the period when the National budget proposals are being formulated.

### **Chairperson, Competition Commission of Pakistan (CCP) meeting with OICCI**

New CCP Chairperson Ms. Rahat Kaunain Hassan, along with Member for Mergers & Acquisitions and International Affairs, Mujtaba Ahmad Lodhi, and Director General, Competition Policy Ahmed Qadir, held a web meeting with OICCI on August 13, 2020, where a number of matters of mutual interest were discussed. OICCI gave an overview of the process behind the Business Confidence Survey and how the reports are compiled. The Chairperson mentioned that CCP finds the reports to be a useful barometer of the business sentiment in the country. CCP team was also informed about some members concerns on delays in the Commission's investigative process and requested to put on their website CCP point of view on international Mergers & Acquisitions which impacts the associates of the concerned companies working in Pakistan. The CCP team shared their plans to revive the Competition Consultative Group in the last quarter of 2020. They mentioned that this had been a useful forum, where OICCI was also represented, to interact with the business community, learn about their issues, and keep them apprised of the work CCP is doing. The two teams agreed that consistency and predictability in policies is most important for any growth strategy and also discussed how CCP and OICCI can work together to facilitate EODB in the country.

### **OICCI Energy Recommendations**

In continuation of the OICCI Energy Report 2019, the chamber submitted the updated Energy recommendations in an actionable format covering the entire portfolio of energy sector, including Upstream (Oil & Gas exploration, production and mining), Downstream (refining and distribution) and Power (coal and renewable generation, transmission and distribution), along with the LNG sector, to the Minister for Energy. The recommendations aim to assist the government in placing the energy sector on a fast track by streamlining and progressively improving the ability/efficiency of the energy sector in line with the international best practices to meet the fast growing energy demand of the country. Members' recommendations in respect of Director General Petroleum Concession (DGPC) were shared separately for the upstream sector.

### **Members' Interactive session with Mr. Tabish Gauhar, SAPM on Power**

Mr. Tabish Gauhar, Special Assistant to the Prime Minister (SAPM) for Power, had an interactive session with the OICCI members on December 4, 2020 to discuss OICCI members' recommendations to the government for Power sector. He agreed in principle with all the recommendations and mentioned that the government is moving in the same direction but taking into account the various constitutional requirements, the

actions are progressing at a somewhat slow pace. Mr. Tabish Gauhar also shared his own views on the current power sector environment and the various initiatives in the pipeline to address issues and imbalances within the sector.

### **Security, Law and Order related activities**

The results of the OICCI Security Survey 2020, which effectively gives the members perspective on the security, law and order environment in Pakistan was shared extensively with all stakeholders, including the media and foreign diplomats. The survey effectively projects the continuing improvement of the security environment in the country which is no more on the radar of foreign investors as a key issue.

Besides regular engagement with Law Enforcement Agencies (LEAs) and other concerned departments to resolve members' security concerns/issues, the Subcommittee also arranged a security related training/awareness session and shared security related alerts regularly for the benefit of members.



### **Director IPR, Pakistan Customs, conducted an online workshop for members from the OICCI office**

Director IPR Enforcement, Pakistan Customs (South Region), Ms. Nyma Batool visited the OICCI on October 29, 2020, for an interactive session with the OICCI members. The objective of the session was to share the success stories pertaining to the work being done by the Customs team and to identify the key areas in which the Customs team could collaborate with the OICCI members to ensure that robust enforcement continues to take place at import stage. She mentioned several cases of seizure of counterfeit goods being imported and also focused on the issues of parallel imports and under-invoicing. Ms. Nyma requested for support from the OICCI members to work with Customs and help them identify the counterfeit products to eliminate these products from the market. In this respect, she requested the OICCI to arrange workshops with members belonging to specific sectors in order to understand their sector specific IPR issues.

## Activities of the Pharma Bureau

The members of the Pharma Bureau elected Syed M. Wajeehuddin as Chairman and OICCI MC Member Dr. Imran Rasheed as Vice Chairman for a term of two years.

- Due to the coronavirus pandemic, the government had imposed a lockdown and restricted business operations. However, certain essential industries such as the pharmaceutical industry were allowed to operate. All this came with huge challenges and the PB was in constant liaison with the provincial and federal governments to ensure that the plants remained open, workers got to them and that all activities were conducted safely. PB members maintained uninterrupted operations of their plants and businesses throughout this difficult period to ensure the supply of medicines in the market.
- The PB also made all efforts to ensure that the normal working of the DRAP and Ministry of NHSRC continue so that, despite the pandemic, pharma sector related work would continue. Several meetings with the DRAP were held via video conferencing. PB members have also participated in several trainings organized by DRAP which were held via video conferencing.
- PB has been actively engaged with DRAP and the Ministry of NHSRC to resolve several major problems being faced by the industry. There have been several changes at the ministry with 3 different secretaries and 2 different ministers this year, which resulted in inordinate delays in getting routine matters done, like the approval of minutes of the Drug Pricing Committee and the appointments of key personnel. Despite PB efforts there was virtual shut down of DRAP, resulting in approval delays including for vital supplies of raw material and other imports from India which took several months to clear customs. Another issue for the pharma sector is that majority of DRAP's directors are not permanent and it has an acting CEO resulting in inordinate delays in appointments of key personnel. We have had meetings with the Health Minister, Health Secretary and CEO, DRAP, as well as several meetings with Mr. Abdul Razak Dawood and his team both in person and by video conferencing to resolve these issues. However, the problems continue and the government needs to take action to ensure DRAP functions smoothly without interruption.
- After protracted coordination by PB with a number of government functionaries and bodies, including the Ministry of Commerce, DRAP, Ministry of NHSRC and the PM's Task Force on Health, SAPM Health, SAPM Commerce and the Federal Health Secretary, the Federal Cabinet finally

approved the 37<sup>th</sup> to 42<sup>nd</sup> DPC minutes and appointed the Federal Analyst NCLB. Discussions were also held for the proposed amendments to the Drugs Act 1976, DRAP Act 2012 and other ancillary legislation to update all these laws.

- Imports of raw materials and excipients from India continue to remain an issue. These items are not on the banned list and there is no notification to that effect. However, the Federal Cabinet has stated that import of only essential items will be allowed from India and a policy is being prepared to reflect that. Excipients are not considered as essential and importing them from India would remain a problem. Alternate sources will need to be established. This will have serious cost implications and will take anything from 12 to 18 months to streamline.
- The PB also continuously remains engaged with the government to address rumors of roll-back of inflation linked adjustment of drug prices allowed under the Drug Pricing Policy 2018.

As part of government's reforms plan, the government is working on an overhaul of all the Drug laws. This will include DRAP being made autonomous and commercial matters such as drug pricing, imports and exports moving to Ministry of Commerce. Mr. Sultan Ghani (former advisor to NHSRC) who played a vital role in spearheading this reforms agenda visited the PB in February 2020, and some of the salient features of his presentation, which were as follows:

- Phase 2 and 3 multicenter clinical trials could be started in Pakistan by allowing quick approvals that would have least involvement of DRAP. Input from advisory committee comprising of medical doctors and hospital ethics committee will be more relied upon for approvals.
- A new contract manufacturing policy will be issued through an SRO that will allow contract giver who is registered anywhere else in the world to have their products contract manufactured in Pakistan. Contract manufacturing will not be applicable to narcotics and controlled substances. Contract manufacturing companies will be issued establishment licenses.
- Chapter 2 of the Licensing Rules is under review and an SRO approved by the Federal Cabinet will be issued. This would amend the Rules to change the registration process as per international practices. Licenses will be issued for a period of 3 years with a single inspection that would be intimated 15 days before to the manufacturer. Importer might be required to test the product after importing into Pakistan.

- Inspection system is being revamped as per PIC/S model and 20 new inspectors are being trained with 8 head inspectors. Area Federal Inspector Drugs position will be abolished and inspections will be planned in Islamabad. During their recent visit, WHO observers gave their feedback on the inspection process. Inspectors will not have the power to close any facility and will give 3 chances to the manufacturer for making amends. Inspections of distributors and wholesalers will be left to the provinces. Only investigations might be conducted without any intimation.

The PB had been at the forefront of the effort to deal with the COVID-19 pandemic and to assist patients, hospitals and the government at this very difficult time:

- The PB donated Advanced Real-Time PCR detection kits (coronavirus tests) to The Indus Hospital in Karachi. These tests were imported from the UK and are the best coronavirus testing procedures available globally.
- PB donated to DRAP 250 safety kits, 1,500 face masks, 1,250 gloves and 250 gowns as contribution towards controlling the spread of COVID-19 crisis

- COVID-19 patients require a completely separate facility for screening, isolation, treatment and step down as a result they cannot be mixed in with other patients coming to the hospital as the virus is highly contagious and spreads easily. To assist it in this the PB has also donated biomedical devices to the COVID-19 Isolation Unit as well as a negative ventilation system to Medical ICU of Civil Hospital Karachi. These include a portable X-Ray machine with trolley, An ECG machine with tray and 4 heart monitors for the COVID-19 isolation unit of Civil Hospital Karachi.

- A negative ventilation system for the Medical ICU of Civil Hospital Karachi. It is critical to ensure that the MICU constantly has fresh air and all contaminated air is removed from the MICU. This is to ensure the safety of doctors and other healthcare professionals and all those staff that have to enter the MICU. It removes germs from the air and is a major factor in ensuring they do not get the virus while working in the MICU and helps save lives of those on the frontline of this crisis.

Many companies are now in the final stages of the phase 3 trials of COVID-19 vaccines. The government of Pakistan has allocated funds for the purchase of the vaccines to be administered to the healthcare workers and senior citizens as a priority.



# INVESTMENT PROMOTION

**During the first quarter of 2020, the whole world was impacted by the threat of COVID-19 pandemic, which changed the whole dynamics of the international economic and trade structure as well as international travel by business people.**

The new environment also impacted travel to Pakistan by large business delegations after February 2020 when the first news of pandemic scare hit the media waves. The Chamber nevertheless remains a 'port of first call' for potential new foreign investors/foreign business delegations, ambassadors/various diplomats and government officials of countries visiting Pakistan to explore investment opportunities for the entrepreneurs of their respective countries, to get an insight of the perspective of existing major foreign investors about the business environment in Pakistan. The Chamber ensures that a transparent and balanced input is provided to all visitors, by the Managing Committee and other representatives of the OICCI. The OICCI perspective is based on the results of the regular research and surveys conducted by the Chamber on various aspects impacting the business operations in the country.

The uncertain international pandemic environment and the lockdowns within the country affected everything including normal business operations. However, the Chamber continued to play its part for promotion of investment within safe environment.

OICCI had various prominent physical as well as virtual interactions with several foreign trade and business delegations. The primary aim of these interactions was to not only get chamber's perspective on the business environment, learn about the experiences of foreign investors in Pakistan, incentives for foreign investors, as well as to discuss the alternate methods being adopted by businesses to operate during the COVID-29 pandemic, with internal SOPs of member companies as well as government enforced SOPs.

During these interactions, OICCI presented factual position on the investment and business environment in Pakistan highlighting fiscal, tax, legal and other incentives available to foreign investors, as well as updates on the security climate, so as to help potential investors make long-term investment decisions on Pakistan, by sharing the results of OICCI security and COVID-19 surveys.



**Some of these prominent interactions during 2020 are mentioned below.**

January 8, 2020: The World Bank Group (WBG) comprising Mona Haddad, IFC VP Economics & Private Sector Development, Michael Engman, Senior Economist, Bushra Mohammad, Strategy Officer, Rafay Khan – Economist and Faryal Nazir, Private Sector Specialist, visited the OICCI. They informed that the WBG team had a series of meetings with various private sector stakeholders for preparation of Country Private Sector Diagnostic (CPSD), which aims to provide to the Pakistan government authorities an economy-wide and sector-specific analysis of the impediments to private sector development. Their analysis will identify policy reforms and adjustments needed to increase private investment and create market opportunities, with the ultimate objective to enable the private sector to play a more central role in growth and development of Pakistan's economy. Their full report will include a new IFC Country Strategy for Pakistan, and the design of the WBG Country Partnership Framework, which will establish the WBG engagement protocols in Pakistan for the next five years.

July 16, 2020: In a webinar on “OICCI Promotes Business opportunities in Pakistan to Malaysian Investors” – OICCI CE/Secretary General, M. Abdul Aleem gave a presentation titled ‘DESTINATION PAKISTAN – FOREIGN INVESTORS PERSPECTIVE’, to Malaysian investors on the business potential and opportunities in Pakistan. He shared a number of facts relating to the liberal fiscal and tax incentives available to foreign investors, recent large foreign investments in the country, examples of much higher CAGR in Pakistan over the last 10 years of a number of OICCI members as compared to their International parent organizations, reinvestments of over US\$ 16 billion in last 8 years by OICCI members and sectors which would be attractive for foreign investors. The event was organized by AGA Venture PLT (a partnership firm incorporated in Malaysia for investment facilitation, advisory and project execution for investors in Malaysia to exploit commercial opportunities in Pakistan), in collaboration with the Pakistan Embassy in Malaysia. The event was attended by over thirty persons from the Malaysian business community who raised questions after the presentations were done. The Pakistan High Commissioner in Malaysia and some Malaysian government officials also attended the session.

September 29, 2020: CE/Secretary General, M. Abdul Aleem attended a webinar on “Investment Grievance Redressal Mechanism (IGM) – Best Practices’ conducted by World Bank – International Finance Corporation (IFC) to share experiences from several countries on Investors Protection grievances. During the session the Concepts and country cases to promote investment retention and expansion, were presented to share experiences from several countries on Investors Protection grievances. Implementation of legal framework for investment, in particular investor protection guarantee, such as protection against breach of contract to convert a foreign company, transfer foreign currencies. Protection against lack of transparency as well as arbitrary government actions and policy changes all are closely linked to investors’ perception and political risk in a country.



## Visits/ interactions of the High Commissioners, Ambassadors and Senior Officials to OICCI

January 24, 2020: The UK High Commissioner in Pakistan, Mr Christian Turner, Deputy High Commissioner Ms Alison Blackburne, British Deputy High Commissioner, Karachi, Mr Mike Nithavrianakis and Senior Trade Manager, BDHC Karachi Ms Sumera Naveed, joined for dinner with OICCI President Shazad Dada, SG M. Abdul Aleem, OICCI MC Members Anis Ahmed and Dr Imran Ahmed, as well as the CEOs of two OICCI member organizations Ms Sima Kamil (President, UBL) and Waqar Malik (Chairman Pakistan Oxygen) at a local restaurant in Karachi.

Amongst other matters of mutual interest discussed during the OICCI dinner for the senior most UK High Commission team, Mr Turner stated that the British government is of the considered opinion that there is a lot of business potential and opportunities in Pakistan and is giving full support to Pakistan’s economic turnaround and in this respect the UK High Commission will stay strongly engaged with OICCI also.

January 27, 2020: CE/ Secretary General, M. Abdul Aleem, attended dinner for German Ambassador at residence of German Consul General and had an interaction on various matters of mutual interest and economic/ business climate of Pakistan.



January 28, 2020: The Ambassador of the Embassy of the Federal Republic of Germany, in Pakistan, Mr. Bernhard Schlagheck, accompanied by Mr. Eugen Wollfarth, Consul General and Dr. Martin Herzer, First Secretary, Political & Economic in Karachi, visited the OICCI, to get the Chambers perspective of the current business environment in Pakistan. OICCI Vice-President, Shazad G. Dada and CE/ Secretary General, M. Abdul Aleem, shared with the visitors the OICCI views on the business operating environment in Pakistan.

The Ambassador, raised a number of queries and sought OICCI views on several matters of business interest, including limited reflection of improvement in World Bank EODB ranking of Pakistan in confidence of investors, constraints being encountered by some companies in the SBP Foreign remittances process, the need for a dynamic trade policy and related infrastructure for Pakistan to be competitive in international trade infrastructure, the need for sharing positive news, to attract investment and improve the international image.



#### **Other engagements of the OICCI included:**

February 18, 2020: Kimihide Ando, Past President of OICCI (2013) who went back to Japan in 2019 after a long tenure in Pakistan and retired from Mitsubishi late last year and now advises some business groups for Pakistan-Japan business collaboration came to Pakistan for an official visit and called at OICCI. M. Abdul Aleem welcomed him and presented Ando San a copy of the 2019 OICCI Perception and Investment Survey report. Kimihide Ando actively promoted FDI in Pakistan, including in a program on a well-known Japan TV channel.

June 25, 2020: CE/ Secretary General, M. Abdul Aleem held a Videocon with the new US Economic Chief in the US Consulate in Karachi, Ms. Kristie Di Lascio, to share

the OICCI perspective of the current economic environment in Pakistan. SG gave an overview of the business climate in Pakistan, including current business environment and factors impeding FDI Inflow.

June 9, 2020: CE/ Secretary General, M. Abdul Aleem and OICCI Taxation Subcommittee Members had an exclusive virtual meeting, with Ms. Teresa Daban Sanchez, IMF Resident Representative to Pakistan to exchange views on Tax Matters, mainly on OICCI proposals for incentivizing new Investments for economic growth', and to share views on the Extended Fund Facility (EFF) review.

#### **Visits by Company Representatives**

During the year, number of foreign officials from the global and regional offices of member companies also visited OICCI to get an insight on various aspects of doing business in Pakistan including the business and security related climate, economic conditions, as well as investment and growth prospects. Some of these visits are listed below.

- February 13, 2020: TOTAL Parco new CEO Mehmet Celepoglu, accompanied by the outgoing CEO, Mr. Olivier Sabrie, came to the Chamber for a courtesy call and to learn about the economic and security environment in Pakistan from the OICCI perspective
- February 17, 2020: Christopher Loewe, Economist at Blue Crest Capital Management visited the Chamber to get the OICCI perspective of the Pakistan Economic environment and to discuss matters of mutual interest relating to the business climate in Pakistan.

The chamber's activities also included liaising with trade bodies and diplomatic missions, certification of export documents and issuance of inward and outward visa recommendation letters for business purposes. About 7,000 executives were issued recommendation letters for speedy visa process and 15,500 export certifications of origin were facilitated by the chamber during the year.

# PROFILE BUILDING AND NETWORKING

The primary function of the chamber is to promote Foreign Direct Investment (FDI) and the growth of commerce and industry in Pakistan. In order to facilitate this very important role, the OICCI continues to cultivate and broaden its network of associates, maintain a regular engagement with them through meetings, hosting of events and participation in various forums to share information about best practices and success stories of foreign investors operating in Pakistan, as well as other matters.

## Conferences/ Seminars in Collaboration/ Various Interactive Sessions

- November 18 & 19, 2020: OICCI, MC member Ghias Khan made the first presentation titled 'Navigating the New Normal' at the 4th Edition of "Future Summit" conference organized by Nutshell and CPG group. OICCI was a co-sponsor of this event. This was the first 'Hybrid Summit' with around 200 CEO and other senior international and national delegates in person and through live telecast from the venue in a hotel in Karachi. A number of other OICCI member companies' senior persons also participated.



- October 27, 2020: Mr. Faisal Akhtar, Chief Executive Officer, BASF Pakistan represented OICCI in the Annual General Meeting of Pakistan Institute of Corporate Governance (PICG) on behalf of OICCI.
- October 7, 2020: OICCI President Haroon Rashid attended the 6th meeting of the Board of Approvals for Special Economic Zones (SEZ) which was chaired by the Prime Minister.
- October 3, 2020: MC Members, Ghias Uddin Khan represented OICCI during a panel discussion at the Habib University, and gave his views on how the corporate leadership can facilitate the post COVID-19 environment. The panellists included another OICCI member Khalid Mahmood, CEO of Getz Pharma and leading entrepreneurs Bashir Ali Mohammad and Arif Habib. Ghias Khan informed the participants how he has transformed his organization, as well as himself, to make a smooth transition to the new environment with use of modern technology as the base factor.
- September 17, 2020: Marek Minkiewicz, CEO Metro Pakistan (OICCI MC Member), Mr. Amir Paracha, CEO, Unilever Pakistan and Mr. Sami Ahmed, CEO Procter & Gamble Pakistan gave their views during a panel discussion in the OICCI Session on 'Challenges to FMCG Sector during COVID-19'. The session was moderated by Ms. Ayesha Tammy Haq, Executive Director, OICCI Pharma Bureau, and was participated by nearly 100 representatives of member companies.
- September 9, 2020: Haroon Rashid, President OICCI attended a meeting with the President of Pakistan, Mr. Arif Alvi at Sindh Governor's House, along with some other corporate leaders to discuss business related matters.
- October 28, 2020: Dr Akbar Zaidi, Executive Director, IBA Karachi, accompanied by Dr Qazi Masood Ahmed, Senior Economist & Professor of Economics at IBA, visited the OICCI for a meeting with M. Abdul Aleem to discuss and identify areas for increased cooperation between IBA and OICCI for mutual benefit of both the institutions.



- August 13, 2020: Secretary General OICCI, M. Abdul Aleem held a virtual meeting with Dr. Muhammad Hamid Ali, who is working on a project initiated by the UK Department for International Development (DFID) to improve the IPR regime in Pakistan along with Mr. Rehan Shahid, Trade Manager, Department for International Trade, British Deputy High Commission.
- July 23, 2020: OICCI facilitated the Web-link session organized by BDHC on “Learn how UK firms are ensuring customer and staff safety from COVID-19”. CEOs of OICCI member companies Ms Erum Shakir of GSK and Amir Piracha of Unilever shared their respective experiences in the session moderated by the BDHC Mike Nithavrianakis.
- February 13, 2020: Secretary General OICCI, M. Abdul Aleem, attended the Central Depository Company (CDC) breakfast get together for BDHC, Karachi.
- January/February, 2020: M. Abdul Aleem, had a series of meetings with ICAP team, to discuss OICCI sponsorship of ICAP CFO Conference, which has now been deferred, due to the unfortunate COVID-19 pandemic.
- March 4, 2020: CE/ Secretary General, M. Abdul Aleem, attended the ‘Global Diversity & Inclusion Benchmarks (GDIB)’ Awards ceremony. GDIB are the standards for organizations around the World and supports organizations in the development and implementation of Diversity and Inclusion practices for sustainable outcomes. An increasing number of organizations around the world have made commitments to sustainability and are engaged in sustainability initiatives.
- The News on October 14, 2020: During the interview OICCI President, Haroon Rashid expressed foreign investors’ concern on delay by the concerned authorities in giving a go-ahead to the private sector to set up liquefied natural gas (LNG) terminals amid gas demand continuing to outpace supply. He also emphasized on regulatory hurdles that are causing delay in the upcoming terminals to re-gasify LNG. He opined in the interview that decision makers are shying away from taking bold decisions. During the interview, Haroon Rashid also shared that OICCI submitted proposals to the government to improve the energy landscape in the country, gave his views on the serious impact COVID 19 has had on the business environment in Pakistan and more so in the region and bigger economies in Europe, Asia and USA and Canada. He also stated the pandemic has had an impact on the appetite for new investment by the potential international investors.
- FBR’s abrupt action of sealing some offices of the mobile operator JAZZ, for alleged non-payment of tax liability, was viewed by OICCI members as a serious matter which could negatively impact the confidence of foreign investors and affect future FDI inflow. To raise the foreign investors’ voice, a strong message titled ‘OICCI shocked and dismayed at FBR action against Jazz’, was published via a media release on October 30, 2020,
- Secretary General OICCI, M. Abdul Aleem, was interviewed in the program Newsroom at PTV World where he highlighted the OICCI Security Survey 2020, amongst other matters, on current macroeconomic situation and the impact of COVID-19 on the businesses.
- M. Abdul Aleem, gave an interview on Express News TV on March 28, 2020, highlighting OICCI Members support for containment of COVID-19, along with foreign investors’ perspective relating to the business operating environment in Pakistan and also highlighted the investment opportunities available in the country.
- OICCI published members’ view in the leading newspapers urging government to ease lockdown to facilitate exporters/ manufacturers on April 1, 2020.

### Media Coverage

The activities of the OICCI were extensively covered in all leading newspapers and news channels throughout the year and a total of 272 OICCI appearances were noted in the print and electronic media which was 17% higher than that in the previous year.

The President, Secretary General and all MC members are proactively portraying the potential for foreign investment in Pakistan and, in this respect, have given various interviews in international as well as national print and electronic media. Some of these interactions are mentioned ahead:

- OICCI Managing Committee members had an informal interaction with senior media persons on March 11, 2020, in Islamabad, to share their assessment of the business environment and opportunities for FDI growth in Pakistan. Shazad Dada, highlighted the results of OICCI “Perception and Investment Survey 2019”, which is a reliable benchmark to judge foreign investors assessment of the current challenges and future investment plans.



#### CEO Lunches

2020, has been taken up by the global pandemic of COVID-19, which not only changed the business operational dynamics, but also social activities and net-workings. As a result most of the events and seminars were held online. However the traditional OICCI Members CEO luncheons could not be held.

# INFORMATION DISSEMINATION

The OICCI serves as a resource pool for its members as well as other key stakeholders and disseminates information of interest to its members. The OICCI publications assist members to stay abreast with new developments regarding business and investment.

## OICCI Surveys and Reports

The chamber remains focused on conducting research which assists existing and potential investors, as well as other stakeholders to plan their activities. The researches, surveys and publications released in 2020 included:

- OICCI COVID-19 Survey
- OICCI Business Confidence Index (Wave 19)
- OICCI Security Survey 2020
- OICCI Recommendations for Digital Economy Report
- OICCI Energy Report
- OICCI Intellectual Property Right Survey 2020
- OICCI Regulatory Survey 2020
- Consumer Price Index 2020
- OICCI Corporate Social Responsibility Report 2019-2020
- OICCI Members contribution to the economy in 2019

## OICCI COVID-19 Survey 2020 – Impact on Foreign Investors

OICCI conducted a members' survey during August 2020, to evaluate the impact and challenges arising out of Covid-19 on the businesses of foreign investors in Pakistan. The results, reflecting the overall sentiments of the foreign Investors, provide the policymakers of the government realistic statistics and pointers to plan a meaningful strategy for the post-pandemic revival of country's economy. Overall, like other businesses, Covid-19 has significantly impacted the businesses of foreign investors in 2020 and posed a challenge to the viability of their businesses for 2021.

Some key challenges raised from the survey are financial hardship of their customers, reduced demand for products, travel restrictions to visit customers/suppliers, global recession, stress on cash flows, low customer confidence/spending, potential changes in regulatory framework and low morale of employees. For year end

2020 around 76% respondents have estimated that their businesses will be negatively impacted by 5 to 50%. However, 24% estimate a positive impact by 5 to 85%. The impact relates primarily to turnover. (The pandemic has resulted in turnover growth for the Pharma sector, FMCGs and businesses involved in sanitization related products, oxygen). Around 57 % of respondents expect that 90% of the work force is expected to be back at workplace by year end 2020, whereas 43 percent expect return in 2021.

## OICCI Business Confidence Index (BCI) Survey (Wave 19)

The BCI is a survey conducted every six months since 2010, through field interviews across the country. BCI is a continuous measurement of business community's sentiments, and is an effective way to gauge perception of key stakeholders' current state of business climate and short term future outlook of the economy. The survey is based on feedback from representatives of all business segments in Pakistan, including retailers, wholesalers, manufacturers and the service industry, covering roughly 80 percent of the Pakistan Gross Domestic Product excluding the agriculture sector. During the year 2020, the BCI wave 19, was conducted throughout the country during May to June 2020. The overall Business Confidence Score (BCS) stands at -50% negative, a further drop by 5%, from the already -45% negative score in Wave 18 Survey (August 2019).

The latest BCS survey results were largely influenced by the COVID-19 pandemic which has



negatively impacted nearly all the businesses, as well as the mind-set of everyone, including the respondents to the survey due to the overall uncertainty about when the pandemic will subside and normal activities of life and the market will resume. The important point to note is that the pandemic struck in the midst of a major economic re-structuring being undertaken by the government as part of the IMF led fiscal disciplinary reforms since early 2019. To put the matter in a proper context, the previous BCI wave 18 survey was conducted in an environment when the country's business sector was in the midst of the biggest challenges it had faced in recent memory and the current BCI survey (Wave 19) was conducted in the period when the COVID-19 pandemic severely impacted the global and domestic business environment. Therefore, the poor Business confidence in the last two surveys (Wave 18 and Wave 19) are quite understandable and duly anticipated.

The BCI Wave 19 survey results reflect the continued pessimism across all sectors in general and particularly in the manufacturing and services sector. The Business confidence of manufacturing sector, which represents about 42% of the respondents, declined by 5% over the past six months and was 48% negative compared to 43% negative in Wave 18. The BCS of the services sector, representing 29% of the survey respondents also went down from 49% negative in Wave 18 to 59% negative. The BCS of retail and wholesale trade remained unchanged; 44% negative in both Wave 18 and Wave 19 surveys.

The sentiments of the limited number of OICCI members, who were randomly included in the survey, has also recorded a sharp decline of 38%, from 36% negative in Wave 18, to 74% negative in the latest BCI Wave 19 survey. This is the first time from the start of the BCI surveys in 2010 that the OICCI members Business confidence score has fallen below the overall score. We are of the considered opinion that since the OICCI members, are strongly connected with global business developments as compared to most other survey respondents, their responses may be a combination of current global and local outlook.

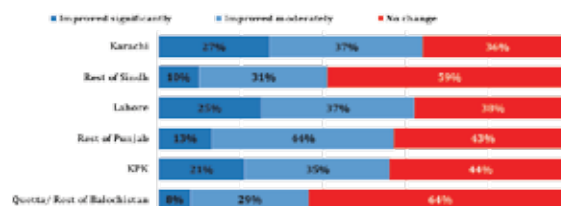
In spite of the overall negative sentiments expressed in the current survey, the outlook of the economic environment over the medium term is seen as positive as the respondents have given better rating to 7 out of 11 elements, which determine the final results of the survey, as compared to the last wave.

### OICCI Security Survey 2020

The results of the OICCI members' sixth annual security related survey, conducted from May 15, 2020 till June 22,

2020, clearly indicates further improvement in the OICCI members' perception of the country's security environment during the past one year.

Overall, the foreign investors have shown high level of satisfaction on the security environment and the performance of law enforcement agencies (LEAs) in the main business centers of Pakistan. The smooth and professional handling of the brazen attack on Pakistan Stock Exchange on June 29, 2020 by the LEAs, and restoring order within a very short time, reinforced the confidence of the survey respondents on the security agencies. Foreign investors, OICCI members, are confident that such isolated attacks will not deter the confidence of the existing and potential foreign investors in Pakistan as an attractive destination for FDI.



Key highlights of the survey included the following perceptions: about 60% of the respondents reported improved security environment for own and Customer's Business, as well as for suppliers and employees, as compared to the previous year. It is highly encouraging that despite many disruptions during the past twelve months, due to 'Azadi March' in December 2019, border tension with India during Q3 2019, and travel ban since end March 2020 due to COVID 19, the visit of foreign nationals visiting Pakistan for OICCI members business showed a healthy increase. Over 40% respondents reported more visitors than last year, with 26% hosting more than 50 visitors and most respondents getting between 20 and 50 visitors. A point of some bewilderment is that despite the results showing remarkable improvement in the security environment, security still remains one of the top three concerns for the CEO's of member companies.

### Security Trainings and Awareness Sessions

OICCI conducted an online training on "Security Challenges confronting Pakistan" on September 20, 2020, where Brig. (R) M Farooq Shaukat, Corporate Security Consultant, was the keynote speaker. The session was well-attended by the corporate security and administration managers of the OICCI member companies. An overview of the regional security environment and their impact on corporate sector and the security apprehensions were discussed.



## OICCI Digital Report 2020

The OICCI report on Recommendations for Digital Economy has been compiled by OICCI member companies belonging to the IT sector. These companies are also the top exporters of IT services from Pakistan and have the potential to deliver close to US\$ 10 billion IT exports if the digital environment in the country is duly incentivized. This report focuses on the actions needed to grow the digital economy, especially in the areas of IT export growth and to attract FDI into the country. These recommendations are meant to augment the ongoing efforts of the Government, for potential improvements in current policy that can promote Pakistan as a potential destination for leading global IT and Technology companies.

## OICCI Energy Recommendations 2020

OICCI key recommendations to streamline Pakistan's energy sector for accelerated economic growth, were shared with the Ministry of Energy, during October 2020. These recommendations include the proposals for the LNG sector in addition to the modified recommendations on Power, Upstream and Downstream sectors, shared earlier in the OICCI Energy Report 2019. Furthermore, recommendations for Director General Petroleum Concession (DGPC) were also shared in 2020. OICCI recommendations aim to assist the government in its endeavour to reform the entire energy sector at par with the international best practices.

## Training session on Ease of Doing Business Survey by World Bank (WB), Board of Investment and Sindh Investment Department

February 24, 2020: The WB Group team in Pakistan led by Mr. Amjad Bashir, Senior Economist, Finance, Competitiveness & Innovation, Faryal Nazir and Reshma Aftab Private Sector Specialists, FCI – Finance, Competitiveness & Innovation, organized a special training session for OICCI member company representatives, to become contributors to the World Bank – Ease of Doing Business Survey, on Monday, at OICCI. The aim of the training is to facilitate the representatives of the foreign investors business community to be guided on the way to fill out the WB questionnaire and to become 'contributors', for all or specific parameter(s), so that the most accurate feedback could be recorded for the WB EODB survey. Ms. Fareena Mazhar, Secretary Board of Investment gave presentations on various EODB related initiatives by BOI, in close coordination with the provinces, including BOI Key Practice Areas, Doing Business Methodology, Business Cycle & Indicators Measured, Reforms Completed & Reforms in Process and Other

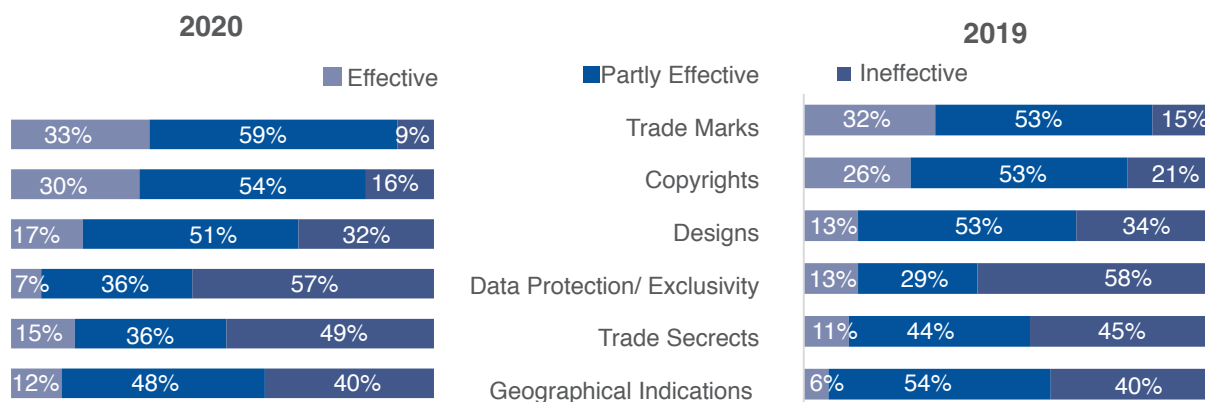
Key Areas of Interventions for EODB. Mr. Najam Ahmed Shah, Secretary Investment, Sindh Investment Department also gave a brief presentation on key achievements of Sindh Government in Doing Business by government of Sindh, Scope of Regulatory Reforms in Karachi under the 'CLICK Project': the way forward and expanding the scope of regulatory reforms beyond Karachi: 'Sindh One License Enterprise (SOLE)'. The WB team shared details of the overall WB methodology of the survey which includes the focus on regulations relevant to the life cycle of a small to medium-size domestic business, built on standardized case scenarios, measured for the largest and the second largest business city in each countries with more than 100 million inhabitants which focused on the formal sector.



The WB team also invited all OICCI members to the WB – EODB Contributors related program on February 25 and 26, 2020, with special dedicated session on all the EODB parameters with all responsible authorities, to discuss their reforms for DB 2021, where guidance would be given on filling the WB Questionnaires.

### OICCI Intellectual Property Rights (IPR) Survey 2020

OICCI Intellectual Property Rights (IPR) Survey conducted in September-October 2020, following up on a similar survey conducted in 2019. The purpose of this annual survey is to have an independent assessment of the IPR regime in Pakistan together with recommendations to improve towards achieving international standards on effective protection of IPR in Pakistan. The 2020 survey results indicate that IPR continues to be a high priority issue for the business community, whereas other stakeholders, most importantly, the government authorities including the Law Enforcement Authorities (LEA) need to show more commitment for ensuring an effective IPR regime in the country. The survey recommends IPOP to proactively take ownership of IPR regime in Pakistan; automate and fast track process of registering IP; massively promote awareness on the importance of IPR and its impact for business/investment; upgrade skill and motivate LEAs to proactively arrest the abuse of IPR.



Overall, the survey highlights marginal improvement in the effectiveness of law as compared to the 2019 survey in all areas except Data Protection/Exclusivity. However, an increased number of respondents highlight that IP enforcement is generally weak in Pakistan and penalty for infringement of IPR is insignificant to deter IP violation. Overall, 22% respondents state that average time to resolve legal IPR disputes is 3 to 5 years, and another 28% have experienced more than 5 years in IPR dispute resolution. Moreover, majority of the respondents indicate that IP registration is still a long process, taking 1-3 years on average.

### OICCI Awareness Seminars on Intellectual Property Rights

The OICCI firmly believes that business leaders of tomorrow, the graduates of leading universities need to be made cognizant about the fact that IPR regime is one of the most sensitive and critical aspects of doing business and that IPR should be included in the curriculum of business studies. Over the last few years, OICCI has taken an initiative on this matter by conducting regular training/awareness seminars in various business universities and colleges of the country. In 2020, despite the lockdown and restrictions,

OICCI conducted seminars, virtually, in the top business schools of the country. During these highly engaging sessions, various aspects of Trademarks transgressions, Copyrights violation, Trade Secrets, Patent infringements, Geographical Indications and the respective IPR laws/policies were discussed at length.

Brief summary of the OICCI Intellectual Property Rights (IPR) Awareness Seminars at the universities for graduating students are given below:



- Sukkur Institute of Business Administration (IBA) on October 13, 2020. The session was conducted by Mr. Shaharyar Nashat, OICCI IPR Subcommittee Member and Director Legal & Ethics, UCH Power Limited. The audience comprised of about 25 MBA/BBA students, along with a few faculty members.
- Karachi School of Business and Leadership (KSBL) on November 5, 2020, by Mr. Aman Ghanchi, OICCI IPR Subcommittee Member and Executive Director Legal and Company Secretary, Unilever Pakistan Limited. The session was attended by around 35 participants.



- Institute of Business Administration (IBA) on November 7, 2020. The session was conducted by Messers Muhammad Rehan Aziz and Saad Ahmed Khan, OICCI IPR Subcommittee Members and Head of Ethics & Compliance; and Junior Manager IPR South region, respectively, Oxford University Press Pakistan and attended by over 40 students, faculty members and OICCI IPR Subcommittee members.
- Shaheed Zulfikar Ali Bhutto Institute of Science and Technology (SZABIST) on November 30, 2020. The session was conducted by Messers Muhammad Rehan Aziz and Saad Ahmed Khan, of Oxford University Press Pakistan. The session was attended by about 50 participants, which included students & faculty of SZABIST and OICCI CE/Secretary General M. Abdul Aleem and OICCI IPR subcommittee members.
- Lahore University of Management Sciences (LUMS) on December 17, 2020. The session was conducted by Usman Javed Altaf, the Head Group Legal & IP for Martin Dow Group and attended by nearly 40 students.

- National University of Sciences and Technology (NUST) on December 31, 2020. The session was conducted by Mr. Shaharyar Nashat, OICCI IPR Subcommittee Member and Director Legal & Ethics, UCH Power Limited. The session was attended by over 25 participants, which included students & faculty members at NUST and OICCI CE/Secretary General Mr. M. Abdul Aleem.



- An exclusive training session on IPR was held for 30 Customs Trainee Officers, on special request of FBR, on January 14, 2020 at OICCI. During the session, Secretary General OICCI, M. Abdul Aleem shared the OICCI role in improving the IPR regime in Pakistan, along with the results of the OICCI IPR Survey 2019. Shaharyar Nashat, Senior member of OICCI IPR Subcommittee, explained in detail, various technical aspects of IPR and its importance as Intellectual Property is creativity of the human mind, hence, protection of IPR is critical not only to protect the profitability of businesses but also the innovation culture and attraction of foreign investment in the country.

#### OICCI Regulatory Survey 2020

Over-regulation has often been highlighted as a key operating concern for businesses, in addition to being a major hindrance to Ease of Doing Business in Pakistan. The OICCI Regulatory Survey was conducted to be sensitized with members' perceptions, so that all major issues and concerns of the OICCI members, who are the leading foreign investors in the country, could be appropriately taken up with the relevant authorities. The issues received from members for various regulatory bodies were shared with the respective authorities.

### Consumer Price Index 2020

The chamber once again conducted the traditional OICCI Consumer Price Index Survey (CPI), which is very much appreciated by the members. This independent survey of the inflation trends during the year is very useful for member companies' budgeting, including related salary actions. CPI survey is carried out through an in-depth feedback of expenditure consumption patterns of 150 households, belonging to employees of multinational companies only and changes in prices of key expenditure categories during the past twelve months based on market surveys in Karachi. The CPI survey, conducted on behalf of the Chamber annually, is done by a leading research agency specialized in this field. The CPI survey results are provided free of cost for the OICCI members' use only.

### OICCI Daily Political and Economic Update

OICCI has been circulating a comprehensive round-up from all major English newspapers in a daily update, since 2010, which covers matters related to economy, business, energy, as well as interesting news, editorial items and opinions relating to political and economic affairs. The update also includes the previous day's PKR rate versus various major currencies. This daily report reaches out to around 500 recipients, and is greatly appreciated with regular feedback on the usefulness of these daily updates and requests for adding new recipients.

### Mentoring Session for Working Parents and Caregivers

OICCI, in collaboration with Unilever, organized a virtual "Mentoring Session for Working Parents and Caregivers" associated with the OICCI member companies on June 12, 2020. Director Foods and Refreshment at Unilever, Farheen Salman, conducted the session and guided the participants about how to establish balance between the work life and children while staying at home during this pandemic of COVID-19.

The speaker, had an inspiring connect with the participants and discussed in detail about how mothers and caregivers can manage better in this challenging environment. She stressed that children and family should be the first priority in time of need and the supervisors should also open up themselves to provide support to their colleagues so that family life as well as work life can continue smoothly. Most of the 165 participants from the OICCI member companies were either parents or provide care to their family elders.

### OICCI organizes session on 'Creating a Gender Equal World'

March 9, 2020: The OICCI organized a session titled 'Creating a Gender Equal World' at the chamber. The session highlighted the importance of inclusion of women in all aspects of life, including the corporate sector where OICCI is playing a leading role. The session coincided with ongoing celebrations of the 'International Women's Day'. A number of CEOs and HR practitioners attended the session that aimed to impart knowledge of the best practices and case studies of women empowerment and gender equality that supports the idea of "An equal world is an enabled world" as per International Women's Day theme this year. Sadia Khan, Commissioner SECP, highlighted the importance of 'Women on Boards' in the light of Companies Act 2017, which requires all listed companies to have at least one woman in their Board of Directors. President OICCI, Shazad Dada, said that the International Women's Day has significant importance for OICCI member companies and they are at the forefront in leading initiatives on Women Empowerment and Gender Equality at workplaces. OICCI has also recommended that the government should set a target of 25% women in management positions by 2025 which should be followed across the board. OICCI Secretary General M. Abdul Aleem emphasized that members should play a more active role in the OICCI women.

### OICCI CSR Report 2019-20

This report brings out the essence of the CSR activities of about half of OICCI members who during 2019-20, collectively, invested about PKR 8 billion on CSR related activities, excluding those on COVID-19 mentioned above, and reached out to around 62 million direct beneficiaries throughout Pakistan. OICCI members and their employees voluntarily spent around 1.5 million man-hours and partnered with 160 social and development sector organizations in fulfilling their unique CSR programs. The CSR activities were carried out in the whole country and the geographic distribution was 29% in Sindh, 26% in Punjab, 14% in Khyber Pakhtunkhwa, 12% in Baluchistan, 6% in FATA, and 8% each in Gilgit-Baltistan and Azad Kashmir.

In terms of specific UN SDGs, 79% of the OICCI members focused on (i) Health and Well-Being and (ii) Quality Education, especially new primary and secondary school facilities and vocational training programs for skills development. Many of our members also actively supported health and nutrition related initiatives through donations to reputable hospitals, medical care camps and health awareness campaigns.



Followers of the Chamber's women empowerment initiative will be happy to note that 63% of the members were focused on Gender Equality in support of 'OICCI Women' initiative which is gaining momentum since its launch in 2017. The OICCI Women initiative could become a motivating factor for other businesses in Pakistan to raise the level of women participation, thereby contributing towards a rapid economic growth of the country.

### **OICCI Women Empowerment Awards 2020**

The Overseas Investors Chamber of Commerce and Industry (OICCI) organized the 3rd "OICCI Women Empowerment Awards" on January 20, 2020 online due to COVID-19. The ceremony was attended by a large number of people including CEOs, HR Executives, and corporate professionals from different OICCI member companies, as well as diplomats and other distinguished guests.

Ambassador of the Kingdom of the Netherlands to Pakistan, Mr. Wouter Plomp, was the Chief Guest at the event and commended the efforts of foreign investors. He said that OICCI and its member companies are the frontrunners for empowering women at the workplace and the corporate sector across Pakistan can replicate the 'OICCI Women' initiative to foster economic growth of the country. He termed OICCI Women as a great platform to join, create a movement for women empowerment and acknowledged the efforts of prominent performers at the awards ceremony. He emphasized that it is imperative to give women equal employment opportunity and congenial working environment for the economy to grow.

British Deputy High Commissioner, Mike Nithavrianakis, also joined as a guest of honor, and applauded the efforts of OICCI for bringing forth Women Empowerment as an essential business case to boost Pakistani economy. He encouraged OICCI member companies to go an extra mile and inspire local companies as well to do the same efforts for women empowerment.

President OICCI, Haroon Rashid, also addressed the audience and informed that OICCI has been advocating for women empowerment for past 3 years and it is the third edition of the awards this year. He shared that overall percentage of women employees, in OICCI member companies, is around 12% and 11% women are in the Board of Directors, which must be increased in coming years. Similarly, there are about 8% of women in top leadership; 11% in middle management; 14% in junior management and 8% in non-management cadre amongst OICCI member companies. He stressed that these numbers need to improve further by the collective efforts of all members as there is a long way to go.

The results of the awards were tabulated by the well-known professional firm FAMCO Associates and the awards were judged by an independent jury who vetted the performance of the companies from different angles and awarded the best performers overall and in eight different categories. The jury members included OICCI Past Presidents, Zaffar Khan and Atif Bajwa, well-known entrepreneur, Spenta Kandawalla, Former Chairperson of the National Commission on the Status of Women Khawar Mumtaz, and Ayesha Tammy Haq, Executive Director OICCI Pharma Bureau. Chairman of the Jury, Zaffar Khan briefed the participants in detail about the process adopted by the jury and the scoring criteria.

Three companies emerged victorious across all the categories and won top three positions for the main "OICCI Women Empowerment Award 2020." Unilever Pakistan and Nestlé Pakistan were declared the first and second runner-up respectively while P&G Pakistan won the top position and became 'Champion of 2020.' Special Recognition Awards were given in eight categories. Metro Pakistan won in the 'Leadership & Strategy' category; Philip Morris Pakistan in 'Gender Balance Workforce'; Engro Vopak Terminal in 'Work Life Integration'; Standard Chartered Bank in 'Women Leaders Development'; Reckitt Benckiser in "Driving Change Beyond Workspace"; Oxford University Press in "Growth in Number of Women in Top Leadership"; HUBCO in "Notable Growth in Women Empowerment" and Shell Pakistan bagged the 'Top Performer amongst companies of 500 employees' Award.

There was also a lively and informative panel discussion which was moderated by Ayesha Tammy Haq and panelists included CEO P&G, Sami Ahmed; CEO Unilever, Amir Paracha; CEO Nestlé, Samer Chedid and Former Chairperson National Commission on the Status of Women, Khawar Mumtaz. The panelists shared the best practices for women empowerment with the audience and urged them to further empower women as there is still a long way to go for Pakistan to be at par with many other countries. The panel discussion put up excellent feedback from the panelists and also gave valuable suggestions to scale up the OICCI Women initiative.

At the conclusion, Vice President OICCI, Irfan Siddiqui, said that women constitute a large ratio of the population in Pakistan. In the past few years, women have been getting higher education and consequently employment in the business sector. Similarly, women are also the main consumers in a number of niche businesses. Therefore, we need to focus on empowering women for integrated growth of economy. He congratulated the winners and hoped to see OICCI Women initiative become an inspiration for all organizations across the country joining hands for a greater cause.

# MEMBERS' MILESTONES

## PSX Top 25 Companies – 2019

Eight members of the Overseas Investors Chamber of Commerce and Industry (OICCI), listed on the Stock Exchange and one associate of OICCI members, are amongst the 'Top 25 Companies for the year 2019' announced by the Pakistan Stock Exchange on December 21, 2020. Selection criteria is based on 1. Capital Efficiency, 2. Dividend Distribution including Bonus, 3. Growth in Operating Revenue, 4. Change in EBITDA Margin, 5. Free-float of Shares, 6. Turnover of Shares, and 7. Corporate Governance & Investor Relation.

S NO	
1.	Nestle Pakistan Limited
2.	Archroma Pakistan Limited
3.	United Bank Limited
4.	Colgate -Palmolive (Pakistan) Limited
5.	Attock Petroleum Limited
6.	Dawood Hercules Corporation Limited
7.	Bata Pakistan Limited
8.	Engro Corporation Limited

Engro Fertilizer Limited, which is a subsidiary of Engro Corporation Limited, was also nominated.

In the challenging economic environment faced by Pakistan in view of the coronavirus pandemic, the recognition of these companies by Pakistan Stock Exchange will not only bring them the attention of local and foreign investors, analysts and portfolio managers but will also cast a positive light on Pakistan's business, economic and financial sectors, locally as well as globally.

### SAFA Best Presented Annual Report Awards 2019 winners

South Asian Association Federation of Accountants (SAFA) represents members of the national chartered accountancy and cost and management accountancy institutions in the South Asian countries namely Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.

The SAFA Committee for Improvement in Transparency, Accountability & Governance (ITAG) announces SAFA Best Presented Annual (BPA) Report Awards every year on the basis of evaluation of the published annual reports of entries from South Asian Countries in accordance with the defined SAFA evaluation criteria. Pakistani companies winning the Best Corporate Report and Sustainability Report Awards 2019, were nominated

for the SAFA BPA Awards 2019 competition, by the Joint Evaluation Committee of ICAP & ICMAP. This year Bangladesh, India, Nepal, Pakistan and Sri Lanka participated in the SAFA BPA Awards for the year 2019. SAFA BPA Report Awards 2019 Ceremony was virtually hosted by the Institute of Chartered Accountants of Sri Lanka on December 23, 2020. The winning companies from each member country attended the event either in person in their respective institute or virtually. The event was live streamed through CA Sri Lanka Facebook page.

Following Pakistani OICCI member companies have secured SAFA Awards/ Merit Certificates for the year 2019:

#### Private Sector Banks:

- Certificate of Merit – Bank Alfalah Limited
- Certificate of Merit – Meezan Bank Limited

#### Manufacturing:

- Certificate of Merit – Engro Polymer and Chemicals Limited

#### Public Sector Entities:

- Certificate of Merit – Pakistan Petroleum Limited

### Winners of the ICAP/ICMA Best Corporate and Sustainability Report 2019 Awards

The OICCI members excelled in best corporate and sustainability report Awards 2019, announced by the Institute of Chartered Accountant of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMA). The following OICCI members were amongst the winners, under different categories:

#### Banking sector:

- 2nd - Bank Alfalah Limited and
- 3rd - Meezan Bank Limited

#### Chemical and Fertilizer Sector:

- 3rd - Engro Polymer and Chemicals Limited,
- 4th - ICI Pakistan Limited

#### Engineering and Autos:

- 1st - Atlas Honda Limited

#### Pharmaceutical:

- 1st - GlaxoSmithKline Pakistan Limited,
- 2nd - Abbott Laboratories (Pakistan) Limited

#### Fuel and Energy:

- 3rd - Attock Petroleum Limited,
- 5th - Pakistan Petroleum Limited

#### Others:

- 2nd - Pakistan Tobacco Company Limited

#### Best Sustainability Report:

- 2nd - ICI Pakistan Limited

#### HUBCO, DHA ink MoU to revive DCL

The Hub Power Company Limited (Hubco) has entered into a Memorandum of Understanding (MoU) with Pakistan Defence Officers Housing Authority, Karachi (DHA) for revival of DHA Cogen Limited (DCL), which will generate 84 MW of electric power for supplying to K-Electric and provide 3 million gallons per day of potable water for supplying to Cantonment Board Clifton.



Additionally, Hubco and DHA also plan to develop 5 million gallons per day of potable water project based on Sea Water Reverse Osmosis technology for which Hubco already possesses the first right of refusal. The purpose of this MoU is to jointly evaluate the commercial and technical viability of revival of DHA Cogen Limited and setting up the 5 million gallons per day (MGD) Sea Water Reverse Osmosis (SWRO) Project at the site of DHA Cogen Limited.



#### PM launches Responsible Tourism Initiative – TREK: Khyber Pakhtunkhwa, World Bank Group and Nestlé Pakistan join hands for responsible tourism in the province

Prime Minister Imran Khan unveiled the logo of 'Travel Responsibly for Experiencing Ecotourism in Khyber Pakhtunkhwa' (TREK) – a collaboration between KP government, World Bank Group and Nestlé Pakistan at a ceremony held in Islamabad. The partners vowed to work together for the protection of ecosystem through solid waste management and plastics recycling at the tourism sites across Khyber Pakhtunkhwa. TREK activities include awareness campaigns for tourists, and training of local communities and businesses on waste minimization and collection. With this project Nestle will be driving new behaviour and understanding through community engagement, clean-up activities, trainings and connecting waste recycling companies with the local administration.

## OICCI's REPRESENTATION ON VARIOUS BODIES

For the year 2020

One of the key objectives of the Chamber is to act as a mediator between the government and its members to ensure timely solutions to genuine concerns. This is done through highlighting issues faced by members and bringing them to the notice of relevant authorities as well as lobbying with the government.

**OICCI is represented on the boards/committees of the following government and semi-autonomous bodies:**

S NO		
1	Intellectual Property Organisation of Pakistan	OICCI President
2	Executive Committee & General Body of FPCCI	MC Members, Irfan Siddiqui and Syed Anis Ahmed
3	Steering Committee on Pakistan Regulatory Modernization Initiative (PRMI).	CE/Secretary General, M. Abdul Aleem
4	Board of Trustees – Karachi Port Trust	Babar Bashir Nawaz, CEO Attock Cement Company
5	BOI Task Force on Improving Pakistan's Ranking on Ease of Doing Business	CE/Secretary General, M. Abdul Aleem
6	FBR Technical Committee	Aman Ghanchi, Legal Director/Company Secretary, Unilever Pakistan Limited
7	FBR Complaint Oversight Committee.	Faisal Saeed, Head of Commercial, Telenor Pakistan Limited
8	Karachi Dock Labour Board	Junaid Zamir, CEO QICT and Khurram Aziz Khan CEO PICTL
9	Pakistan Institute of Corporate Governance	Faisal Akhtar, CEO BASF Pakistan.
10	Advisory Committee, Federal Tax Ombudsman	CE/Secretary General, M. Abdul Aleem

OICCI has also been represented in recent past on the Advisory Board of the Board of Investment, the Tax Reforms Commission, FBR's Tax Advisory Committee, Competition Commission of Pakistan, Committee on Broadening of Tax base, and other bodies.



# FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OVERSEAS INVESTORS CHAMBER OF COMMERCE AND INDUSTRY

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the annexed financial statements of Overseas Investors Chamber of Commerce and Industry (the Company), which comprise the statement of financial position as at December 31, 2020, and the income and expenditure statement, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the income and expenditure statement, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2020 and of the surplus, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Board of directors are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- (a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- (b) the statement of financial position, the income and expenditure statement, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- (c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- (d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Farrukh Rehman.

**Chartered Accountants  
Karachi**

**Date:** January 11, 2021

# STATEMENT OF FINANCIAL POSITION

## AS AT DECEMBER 31, 2020

	Note	2020 Rupees	2019 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	3	50,672,342	42,090,470
Intangibles	4	533,762	-
Long term deposits		412,586	412,586
Staff retirement benefit - gratuity	9	-	547,430
		<b>51,618,690</b>	<b>43,050,486</b>
<b>Current assets</b>			
Receivable from members	5	1,330,458	81,630
Advances	6	4,112	402,441
Short-term prepayments		581,807	649,632
Accrued mark-up		-	29,342
Investments	7	183,119,337	176,874,521
Cash and bank balances	8	29,174,785	50,463,590
		<b>214,210,499</b>	<b>228,501,156</b>
<b>Total assets</b>		<b>265,829,189</b>	<b>271,551,642</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Reserves</b>			
Accumulated Fund - Unrestricted		222,986,899	213,243,857
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Staff retirement benefit - gratuity	9	756,413	-
Deferred taxation	10	964,032	1,075,310
		<b>1,720,445</b>	<b>1,075,310</b>
<b>Current liabilities</b>			
Taxation - provisions less payments		10,345,367	17,929,479
Trade and other payables	11	30,776,478	39,302,996
		41,121,845	57,232,475
		<b>42,842,290</b>	<b>58,307,785</b>
		<b>265,829,189</b>	<b>271,551,642</b>

The annexed notes 1 to 25 form an integral part of these financial statements.

President

Secretary General

Member

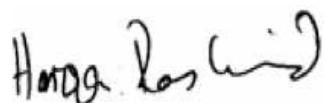


# INCOME AND EXPENDITURE STATEMENT

## FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020 Rupees	2019 Rupees
<b>INCOME</b>			
Members' contributions	12	83,841,836	81,670,161
Rental income from building		6,751,869	6,138,040
Return on bank deposits and investments		22,579,561	20,519,432
Other income	13	14,757,362	21,059,940
		<b>127,930,628</b>	129,387,573
<b>EXPENDITURE</b>			
Salaries, allowances and other benefits	14	75,501,746	67,124,193
Donations	15	12,868,125	-
Advertisement, promotions and public relationship		9,970,470	10,164,681
Legal and professional charges		5,023,274	6,333,161
Depreciation and amortization		2,574,574	2,355,561
Electricity, fuel and gas		1,943,999	1,875,997
Printing and stationery		1,054,322	1,756,227
Repairs and maintenance	16	5,952,657	2,092,410
Entertainment		196,377	181,632
Other expenditures	17	5,731,211	8,388,457
		<b>120,816,755</b>	100,272,319
Surplus before tax		<b>7,113,873</b>	29,115,254
Taxation	18	<b>2,629,169</b>	(9,679,816)
Surplus after tax		<b>9,743,042</b>	19,435,438

The annexed notes 1 to 25 form an integral part of these financial statements.



**President**



**Secretary General**



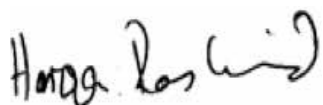
**Member**

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2020

	Accumulated Fund (Unrestricted) Rupees
Balance as at January 1, 2019	193,808,419
Surplus after taxation for the year	19,435,438
Balance as at December 31, 2019	213,243,857
Surplus after taxation for the year	9,743,042
Balance as at December 31, 2020	<u>222,986,899</u>

The annexed notes 1 to 25 form an integral part of these financial statements.



President



Secretary General



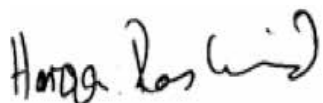
Member

# STATEMENT OF CASH FLOWS

## FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020 Rupees	2019 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	19	(17,118,195)	23,833,407
Taxes paid		(5,066,221)	(3,746,604)
Staff gratuity paid		(3,788,268)	(5,099,206)
Net cash (used in) / generated from operating activities		(25,972,684)	14,987,597
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Encashment of term deposit receipts		23,000,000	355,120,000
Term deposit receipts placed		(41,000,000)	(260,120,000)
Investment in T-Bills		(199,544,298)	(224,756,933)
Encashment of T-Bills		208,835,107	56,120,000
Purchase of property and equipment		(10,893,549)	(14,780,632)
Proceeds from disposal of property and equipment		10,000	500,000
Purchase of intangibles		(796,659)	-
Return received		25,073,278	18,353,730
Net cash generated from / (used in) investing activities		4,683,879	(69,563,835)
		(21,288,805)	(54,576,238)
Cash and cash equivalents at the beginning of the year		50,463,590	105,039,828
Cash and cash equivalents at the end of the year	20	29,174,785	50,463,590

The annexed notes 1 to 25 form an integral part of these financial statements.



President



Secretary General



Member

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

## FOR THE YEAR ENDED DECEMBER 31, 2020

### 1. THE COMPANY AND ITS OPERATION

- 1.1** Overseas Investors Chamber Of Commerce And Industry (the Chamber) is a not for profit association under section 42 of the Companies Ordinance, 1984 (now Companies Act 2017) and was incorporated as a guarantee limited company. The Chamber promotes foreign direct investments and deals with matters relating to trade and commerce for the foreign investors in Pakistan. The Chamber was granted a license as a Trade Organisation by the Federal Government under Trade Organisations Act 2013 which is valid upto June 2024 and is renewable.

The registered office of the Chamber is situated at Chamber of Commerce Building, Talpur Road, Karachi.

### 1.2 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

The events surrounding COVID-19 pandemic (the virus) continue to evolve and impact global markets. The spread of the virus has resulted in authorities implementing numerous measures to contain the virus, such as travel bans and restrictions, quarantines, shelter-in-place orders and shutdowns. Consequently, the economic condition has been increasingly volatile. The Company continued its operations despite lockdown of economic activities due to spread of COVID-19. There is no material impact of the virus on the carrying amounts of assets and liabilities, however the impact on of income and expenses are as follows:

- The Company's revenue from visa recommendation letters reduced significantly from Rs. 10 million in the prior year to Rs. 3.4 million in the current year.
- The Company has also made donations amounting to Rs. 12.8 million to hospitals as disclosed in note - 15 to help fight against the pandemic.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

#### 2.1 Basis of preparation

##### 2.1.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The approved accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards for Small and Medium sized Entities (IFRS for SMEs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Accounting Standards for Not for Profit Organisations (Accounting Standards for NPOs) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards or the Accounting Standards for NPOs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The preparation of financial statements in conformity with IFRS for SMEs and Standard for NPOs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Chamber's accounting policies.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

## FOR THE YEAR ENDED DECEMBER 31, 2020

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Management believes that no significant estimate has been made and no critical judgment has been used in applying the accounting policies that would have significant effect on the amounts recognised in the financial statements.

### 2.2 Overall valuation policy

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

### 2.3 Property and equipment

#### i) Tangible

These are stated at cost less accumulated depreciation and any accumulated impairment losses except for capital work-in-progress which are stated at cost.

Depreciation on all assets is charged to income applying the straight line method whereby cost of an asset is written off over its estimated useful life at rates shown in note 3.1. Leasehold land is depreciated over the period of lease. Full year's depreciation is charged on additions during the year whereas no depreciation is charged in the year of disposal.

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

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

#### ii) Intangible

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the period of three years on straight-line basis.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

### 2.4 Receivables

Receivables are stated at original invoice amount. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. Receivables considered irrecoverable are written off and provision is made against those considered doubtful of recovery.

### 2.5 Investments

Investments with fixed or determinable payments and fixed maturity are carried at amortised cost using the effective interest rate method less impairment losses.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

## FOR THE YEAR ENDED DECEMBER 31, 2020

### 2.6 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, with banks and short term investments with original maturities of three months or less.

### 2.7 Staff Retirement Benefits

The Chamber operates an approved funded gratuity scheme which is a defined benefit plan. Accrual is made on the basis of actuarial recommendation. Actuarial valuation of scheme is carried out on periodical basis using the projected unit credit method and the latest valuation has been carried out as at December 31, 2020. Gratuity is payable to all employees of the Chamber who have completed minimum qualifying period in accordance with the Gratuity Scheme.

Actuarial gains and losses are charged or credited to income and expenditure statement in the period in which they arise.

Past-service costs are recognised immediately in income and expenditure statement.

### 2.8 Compensated absences

The Chamber accounts for compensated absences on the basis of unavailed leave balance of each employee in accordance with the policy of the Chamber at the end of the year.

### 2.9 Trade and other payables

Trade payables are carried at the fair value of the consideration to be paid for goods and services.

### 2.10 Fund accounting - Unrestricted

The unrestricted fund accounts for the Chamber matters relating to trade and commerce for the foreign investors in Pakistan. This Fund reports unrestricted resources.

### 2.11 Revenue recognition

Members' contributions are recognised on accrual basis. Certification and Visa fee are recognised at the time of issuance of certificate / letter.

Return / interest on bank deposits is recognised on accrual basis.

### 2.12 Foreign currency transactions and translation

Foreign currency transactions are translated into Pakistani Rupees using the exchange rates prevailing at the dates of the transactions. All monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rates of exchange prevailing at the reporting date. Foreign exchange gains and losses on translation are recognised in the income and expenditure statement.

The financial statements are presented in Pakistani Rupees, which is the Chamber's functional and presentation currency.

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

## FOR THE YEAR ENDED DECEMBER 31, 2020

### 2.13 Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in income and expenditure statement, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

#### i) Current

Provision for taxation is based on taxable income at the current rates of taxation.

#### ii) Deferred

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

### 2.14 Critical accounting estimates and judgements

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. Its also requires management to exercise its judgement in the process of applying the Chamber's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are provision for taxes and provision for staff gratuity.

### 3. PROPERTY AND EQUIPMENT

Operating assets - note 3.1

Capital work in progress - note 3.3

2020 Rupees	2019 Rupees
29,328,151	29,952,734
21,344,191	12,137,736
<b>50,672,342</b>	<b>42,090,470</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2020

## 3.1 OPERATING ASSETS

	Leasehold land (note 3.2)	Building on leasehold land	Air conditioning plant	Electrical installations	Office furniture, fittings and equipments	Motor Vehicles	Total
← Rupees →							
<b>Net carrying value basis</b>							
<b>Year ended December 31, 2020</b>							
Opening net book value (NBV)	11,283,932	13,946,232	-	127,775	3,438,795	1,156,000	29,952,734
Additions (at cost)	-	-	-	-	1,687,094	-	1,687,094
Disposals / write-off (at NBV)	-	-	-	-	-	-	-
Depreciation for the year	(353,500)	(354,740)	-	(34,896)	(1,174,941)	(393,600)	(2,311,677)
Closing net book value	<b>10,930,432</b>	<b>13,591,492</b>	<b>-</b>	<b>92,879</b>	<b>3,950,948</b>	<b>762,400</b>	<b>29,328,151</b>
<b>Gross carrying value basis</b>							
<b>At December 31, 2020</b>							
Cost	17,675,000	18,231,583	-	3,542,313	20,656,594	1,968,000	62,073,490
Accumulated depreciation	(6,744,568)	(4,640,091)	-	(3,449,434)	(16,705,646)	(1,205,600)	(32,745,339)
Net book value	<b>10,930,432</b>	<b>13,591,492</b>	<b>-</b>	<b>92,879</b>	<b>3,950,948</b>	<b>762,400</b>	<b>29,328,151</b>
<b>Net carrying value basis</b>							
<b>Year ended December 31, 2019</b>							
Opening net book value (NBV)	11,637,432	14,300,972	-	162,704	1,534,691	1,549,600	29,185,399
Additions (at cost)	-	-	-	-	3,122,896	-	3,122,896
Disposals / write-off (at NBV)	-	-	-	-	-	-	-
Depreciation for the year	(353,500)	(354,740)	-	(34,929)	(1,218,792)	(393,600)	(2,355,561)
Closing net book value	<b>11,283,932</b>	<b>13,946,232</b>	<b>-</b>	<b>127,775</b>	<b>3,438,795</b>	<b>1,156,000</b>	<b>29,952,734</b>
<b>Gross carrying value basis</b>							
<b>At December 31, 2019</b>							
Cost	17,675,000	18,231,583	-	3,542,313	19,128,900	1,968,000	60,545,796
Accumulated depreciation	(6,391,068)	(4,285,351)	-	(3,414,538)	(15,690,105)	(812,000)	(30,593,062)
Net book value	<b>11,283,932</b>	<b>13,946,232</b>	<b>-</b>	<b>127,775</b>	<b>3,438,795</b>	<b>1,156,000</b>	<b>29,952,734</b>
<b>Rate of depreciation</b>	<b>2%</b>	<b>2%</b>	<b>10%</b>	<b>15%</b>	<b>15% &amp; 33.33%</b>	<b>20%</b>	

\* Assets disposed off having nil net book value.

**3.2** During the year 2017, the Land Utilization Department, Government of Sindh issued a letter to the Deputy Commissioner intimating the renewal of lease for 50 years retrospectively from 2007. The company has accordingly paid the lease and ground rent charges upto 2057 to the respective departments. However, the lease has not yet been executed due to the order of Supreme Court as per which no application regarding mutation, allotment, transfer, conversion and / or reservation of state land shall be entertained, till further notice of the Supreme Court.



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

## FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Rupees	2019 Rupees
<b>3.3 Movement in capital work in progress:</b>		
Balance as at January 1	12,137,736	480,000
Additions during the year	12,403,033	11,657,736
Charged to repair and maintenance note - 16	(3,079,228)	-
Capitalized during the year	(117,350)	-
Balance as at December 31	<u>21,344,191</u>	<u>12,137,736</u>

The Company has entered into an agreement with an Architect / Interior Designer for Consultancy services relating to Conservation and Restoration / Renovation of the office building. This amount represents additions in lieu of materials, labour and services rendered by the architect.

	2020 Rupees	2019 Rupees
<b>4. INTANGIBLES - Software</b>		
Opening net book value	-	-
Additions during the year	796,659	-
Amortization charge for the year	(262,897)	-
Closing net book value	<u>533,762</u>	<u>-</u>

**4.1** This represents upgrade of accounting software purchased during the year, having a useful life of 3 years.

	2020 Rupees	2019 Rupees
<b>5. RECEIVABLE FROM MEMBERS</b>		
Considered good	1,330,458	81,630
Considered doubtful note - 5.1	-	1,650,960
	<u>1,330,458</u>	<u>1,732,590</u>
Provision for doubtful receivable	-	(1,650,960)
	<u>1,330,458</u>	<u>81,630</u>

**5.1** During the year, the Company has written-off Rs. 1.65 million receivable from Johnson and Johnson Pakistan (Private) Limited against the provision.

	2020 Rupees	2019 Rupees
<b>6. ADVANCES</b>		
Advances to suppliers – considered good	<u>4,112</u>	<u>402,441</u>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

## FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Rupees	2019 Rupees
<b>7. INVESTMENTS</b>		
Treasury Bills - note 7.1	178,535,156	169,825,965
Accrued mark-up	4,584,181	7,048,556
	<b>183,119,337</b>	<b>176,874,521</b>

**7.1** These represent 12 months treasury bills at amortised cost. The yield ranges from 7.10% to 7.11% (2019: 13.4% to 14%) per annum, maturing on or before August 26, 2021.

	2020 Rupees	2019 Rupees
<b>8. CASH AND BANK BALANCES</b>		
With banks on:		
- current accounts	7,768,497	3,336,984
- savings account - note 8.1	21,341,393	29,053,106
- term deposit receipt	-	18,000,000
Cash in hand	64,895	73,500
	<b>29,174,785</b>	<b>50,463,590</b>

**8.1** These carry mark up rate of 4.85% to 12.21% (2019: 5.75% to 11.2%) per annum.

### 9. STAFF RETIREMENT BENEFIT - GRATUITY

As stated in note 2.7, the Chamber operates approved funded gratuity scheme. The scheme defines an amount of gratuity benefit that an employee will receive on retirement subject to minimum qualifying period in accordance with the Gratuity Scheme. Actuarial valuation of these plans is carried out every year and the latest actuarial valuation was carried out as at December 31, 2020.

The latest actuarial valuations of the Plans as at December 31, 2020 were carried out using the Projected Unit Credit Method. Details of the scheme as per the actuarial valuations are as follows:

	2020 Rupees	2019 Rupees
<b>9.1 Balance sheet reconciliation as at December 31</b>		
Present value of defined benefit obligation	39,468,944	31,671,870
Fair value of plan assets	38,712,531	32,219,300
Deficit / (Surplus)	<b>756,413</b>	<b>(547,430)</b>

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

## FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Rupees	2019 Rupees		
<b>9.2 Movement in the defined benefit obligation</b>				
Obligation as at January 01	31,671,870	25,883,728		
Current service cost	3,850,341	3,574,353		
Benefits paid	-			
Other changes	3,946,733	2,213,789		
Obligation as at December 31	39,468,944	31,671,870		
<b>9.3 Movement in the fair value of plan assets</b>				
Fair value as at January 01	32,219,300	24,526,542		
Employer contributions	3,788,268	5,099,203		
Benefits paid	-	-		
Other changes	2,704,963	2,593,555		
Fair value as at December 31	38,712,531	32,219,300		
<b>9.4 Expense recognised in income and expenditure statement</b>				
Current service cost	4,165,297	3,574,353		
Net interest expense	61,725	167,663		
Other changes	865,089	(547,430)		
Expense for the year	5,092,111	3,194,586		
<b>9.5 Net recognised liability</b>				
Balance as at January 01	(547,430)	1,357,187		
Expenses for the year	5,092,111	3,194,586		
Employer contributions	(3,788,268)	(5,099,203)		
Balance as at December 31	756,413	(547,430)		
<b>9.6 Composition of Plan Assets</b>				
	2020	2019		
	Rupees	%	Rupees	%
Cash at bank	96,715	0.25%	13,795	0.04%
Term Deposit Receipts	38,615,816	99.75%	32,205,505	99.96%
	38,712,531	100%	32,219,300	100%

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

## FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019
<b>9.7 Actural assumptions</b>		
Expected rate of increase in salaries	8.50%	12.00%
Discount rate	8.50%	12.00%
During service mortality table	SLIC (2001-05)-1	SLIC (2001-05)-1
The actual return on plan assets was Rs. 2,704,963 (2019: Rs. 2,593,555).		
	2020 Rupees	2019 Rupees
<b>10. DEFERRED TAXATION</b>		
<b>10.1</b> Credit balance arising in respect of accelerated tax depreciation allowances	964,032	1,075,310
<b>10.2</b> Deferred tax liabilities at January 1	1,075,310	341,819
Credited to income and expenditure statement	(111,278)	733,491
Deferred tax liabilities at December 31	964,032	1,075,310
	2020 Rupees	2019 Rupees
<b>11. TRADE AND OTHER PAYABLES</b>		
Creditors	1,187,903	318,969
Accrued liabilities	15,927,884	15,749,587
Subscription received in advance	11,664,986	21,382,486
Members' contribution for flood relief activities	250,546	250,546
Security deposit from tenant utilized for business purpose	1,098,000	1,098,000
Other liabilities	647,159	503,408
	30,776,478	39,302,996



# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

## FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Rupees	2019 Rupees
<b>12. MEMBERS CONTRIBUTIONS</b>		
Membership subscription and entrance fee - note - 12.1	53,961,250	51,789,583
Members contributions for sub-committee - note - 12.2	29,880,586	29,880,578
	<b>83,841,836</b>	<b>81,670,161</b>
<b>12.1</b>	Membership subscription and entrance fee is fixed based on number of employees of the member companies. Such subscriptions are received from around 200 companies in the range from Rs. 135,000 - Rs. 400,000 per year.	
<b>12.2</b>	This represents membership subscription of subcommittee of the Company Pharma Bureau which is decided by the members of the subcommittee.	

	2020 Rupees	2019 Rupees
<b>13. OTHER INCOME</b>		
Fees for certification	10,713,600	9,857,800
Fee for VISA recommendation	3,434,000	10,063,500
Gain on disposal of fixed assets	10,000	500,000
Others	599,762	638,640
	<b>14,757,362</b>	<b>21,059,940</b>

	2020 Rupees	2019 Rupees
<b>14. SALARIES, ALLOWANCES AND OTHER BENEFITS</b>		
Salaries and allowances	69,216,816	62,711,677
E.O.B.I.	70,755	91,000
Medical expenses	1,122,064	1,126,929
Staff gratuity	5,092,111	3,194,587
	<b>75,501,746</b>	<b>67,124,193</b>

### 15. DONATIONS

The Company made donations to certain hospitals to help fight against the pandemic. Following are the details where donations made to a single party is more than 10% of the Company's total amount of donations made or donations made to a single party exceeded Rs. 1 million:

Name of Donee	Rupees
The Indus Hospital	9,185,000
Dr. Ruth K. M. Pfau, Civil Hospital Karachi	2,850,000

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

## FOR THE YEAR ENDED DECEMBER 31, 2020

### 16. REPAIRS AND MAINTENANCE

During the year the Company has charged Rs. 3.08 million, pertaining to ceiling water proofing and dismantling of chillers and ducts, to repair and maintenance from capital work in progress.

	2020 Rupees	2019 Rupees
<b>17. OTHER EXPENDITURES</b>		
Travelling expense	730,734	1,589,875
Postage, telegram and telephone	878,305	1,241,785
Vehicle running and maintenance	387,410	597,172
Insurance expense	1,174,885	1,296,438
Municipal taxes and ground rent	283,374	326,311
Subscriptions	336,801	264,645
Auditors' remuneration - note 17.1	290,000	265,912
Security charges	941,810	992,528
Software maintainance charges	-	33,048
General expenses	707,892	1,780,743
	<b>5,731,211</b>	<b>8,388,457</b>
<b>17.1 Auditors' Remuneration</b>		
Audit fee	250,000	225,000
Audit of staff retirement fund	25,000	25,000
Out of pocket expenses	15,000	15,912
	<b>290,000</b>	<b>265,912</b>
<b>18. TAXATION</b>		
For the year		
- Current year	1,630,566	8,946,325
- Prior year	(4,148,457)	-
- Deferred	(111,278)	733,491
	<b>(2,629,169)</b>	<b>9,679,816</b>

Applicable tax rate for the year is 29% (2019: 29%).

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

## FOR THE YEAR ENDED DECEMBER 31, 2020

	2020 Rupees	2019 Rupees
<b>19. CASH GENERATED FROM OPERATIONS</b>		
Surplus before taxation	7,113,873	29,115,254
Adjustments for non-cash charges and other items:		
Depreciation and amortization	2,574,574	2,355,561
Return on bank deposits	(22,579,561)	(20,519,432)
Gain on sale of fixed assets	(10,000)	(500,000)
Provision for staff gratuity	5,092,111	3,194,587
	(14,922,876)	(15,469,284)
Surplus before working capital changes	(7,809,003)	13,645,970
<b>EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES</b>		
(Increase) / decrease in current assets		
Receivable from members	(1,248,828)	402,000
Advances	398,329	(381,107)
Short-term prepayments	67,825	14,494
	(782,674)	35,387
(Decrease) / increase in current liabilities		
Trade and other payables	(8,526,518)	10,152,050
	(17,118,195)	23,833,407

## 20. CASH AND CASH EQUIVALENTS

Items shown in note 8 'cash and bank balances' include following for the purpose of cash and cash equivalents:

	2020 Rupees	2019 Rupees
With banks on		
- current accounts	7,768,497	3,336,984
- savings account	21,341,393	29,053,106
Cash in hand	64,895	73,500
Term deposit receipt		
- having term of 3 months or less	-	18,000,000
	29,174,785	50,463,590

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

## FOR THE YEAR ENDED DECEMBER 31, 2020

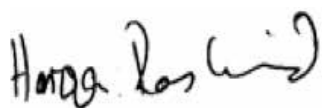
	2020 Rupees	2019 Rupees
<b>21. REMUNERATION OF CHIEF EXECUTIVE / SECRETARY GENERAL</b>		
Managerial remuneration	13,756,207	12,505,627
House rent	6,190,298	5,627,532
Bonus	6,396,639	5,815,123
Retirement benefits	1,776,844	1,615,312
Conveyance	942,324	908,400
Leave benefits	2,842,951	807,656
Utilities	1,375,625	1,250,568
Medical	127,785	88,043
	<b>33,408,673</b>	<b>28,618,261</b>
Number of person	<b>1</b>	<b>1</b>
	<b>2020 Rupees</b>	<b>2019 Rupees</b>
<b>22. FINANCIAL INSTRUMENTS</b>		
Financial assets measured at amortised cost less impairment	<b>29,591,483</b>	51,307,959
Financial liabilities measured at amortised cost	<b>19,617,359</b>	23,553,409

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT

## FOR THE YEAR ENDED DECEMBER 31, 2020

		2020 Rupees	2019 Rupees
<b>23. TRANSACTIONS WITH RELATED PARTIES</b>			
<b>Relationship</b>	<b>Nature of transaction</b>		
i) <b>Key management compensation (Other than Secretary General as shown in note 21)</b>	- Salaries and other short-term employee benefits	20,846,315	18,951,187
	- Post retirement benefits	1,423,929	1,294,480
ii) <b>Staff retirement funds</b>	Contribution during the year - Gratuity Fund	3,788,268	5,099,203
<b>24. NUMBER OF EMPLOYEES</b>		<b>2020</b>	<b>2019</b>
Number of employees including contractual employees at the end of year		22	23
<b>25. DATE OF AUTHORISATION FOR ISSUE</b>			

These financial statements were authorised for issue on January 11, 2021 by the Managing Committee of the Chamber.



President



Secretary General



Member



# NOTICE OF THE 161<sup>st</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 161st Annual General Meeting of the members of the Overseas Investors Chamber of Commerce and Industry will be held on Monday February 1, 2021 at 3.30 pm at the Chamber's registered office, Chamber of Commerce building, Talpur Road, Karachi, to transact the following business:

1. To confirm the minutes of 160<sup>th</sup> Annual General Meeting.
2. To receive, consider and adopt the Accounts for the year ended December 31, 2020, the report of the Auditors' thereon and the report of the Managing Committee.
3. To appoint Auditors of the Chamber and fix their remuneration. The retiring Auditors A. F. Ferguson & Co., being eligible, have offered themselves for reappointment for the year 2021.
4. To receive the report of the scrutineers of the ballot for the election of Vice President and 8 (eight) members of the Managing Committee and announce the results of the election for the 2021 term.
5. Any other business with the permission of the Chair.

By order of the Committee.



**M. Abdul Aleem**  
Secretary General

## Notes:

- A member entitled to attend the General Meeting is entitled to appoint a proxy instead of him / her. A proxy should be a member of the Chamber who is attending the meeting.
- The instrument appointing a proxy (attached) should be signed by the member or by his / her attorney duly authorized in writing.
- The proxies shall be deposited at the registered office of the Chamber not less than 48 hours before the time of the meeting.

## MEETINGS OF THE MANAGING COMMITTEE

Nine Meetings of the Managing Committee were held from February 2020 to January 2021 on the following dates:

February 12, 2020	March 17, 2020	June 1, 2020	June 30, 2020
August 25, 2020	October 13, 2020	November 24, 2020	December 22, 2020
January 11, 2021			

### Attendance of the Managing Committee

S NO	Name	Total
1.	Haroon Rashid	7
2.	Irfan Siddiqui	8
3.	Atsushi Fujii	8
4.	Ghias Uddin Khan	5
5.	Dr. Imran Ahmad Khan	8
6.	Dr. Imran Rasheed	8
7.	Anis Ahmed	6
8.	Marek Andrzej Minkiewicz	8
9.	Samer Chedid	5
10.	Asad Jafar	5
11.	Ghazanfar Ali	7
12.	M. Abdul Aleem	9
13.	Shazad Dada*	4

\*Resigned before end of the term on June 30, 2020.

# LIST OF OICCI MEMBERS

As on December 31, 2020

- 1 3M PAKISTAN (PRIVATE) LIMITED
- 2 ABB POWER & AUTOMATION (PRIVATE) LIMITED
- 3 ABB POWER GRIDS PAKISTAN (PVT) LIMITED
- 4 ABBOTT LABORATORIES (PAKISTAN) LIMITED
- 5 ABUDAWOOD TRADING COMPANY PAKISTAN (PRIVATE) LIMITED
- 6 AISHA STEEL MILLS LIMITED
- 7 AKZO NOBEL PAKISTAN LIMITED
- 8 AL BARAKA BANK (PAKISTAN) LIMITED
- 9 AL-HAJ ENERGY LIMITED
- 10 AL-HAMD INTERNATIONAL CONTAINER TERMINAL (PVT) LTD
- 11 ALLIANZ EFU HEALTH INSURANCE LIMITED
- 12 ARABIAN SEA ENTERPRISES LIMITED
- 13 ARCHROMA PAKISTAN LIMITED
- 14 ARYSTA LIFESCIENCE PAKISTAN (PRIVATE) LIMITED
- 15 ASA PAKISTAN LIMITED
- 16 ASIA PETROLEUM LIMITED
- 17 ASIAN CONSUMER CARE PAKISTAN (PVT) LIMITED
- 18 ASPIN PHARMA (PVT) LTD
- 19 ATLAS HONDA LIMITED
- 20 ATLAS POWER LIMITED
- 21 ATTOCK CEMENT PAKISTAN LIMITED
- 22 ATTOCK OIL COMPANY LIMITED (THE)
- 23 ATTOCK PETROLEUM LIMITED
- 24 ATTOCK REFINERY LIMITED
- 25 B. BRAUN PAKISTAN (PRIVATE) LIMITED
- 26 BANK ALFALAH LIMITED
- 27 BANKISLAMI PAKISTAN LIMITED
- 28 BARRETT HODGSON PAKISTAN (PRIVATE) LIMITED
- 29 BASF PAKISTAN (PRIVATE) LIMITED
- 30 BATA PAKISTAN LIMITED
- 31 BAYER PAKISTAN (PRIVATE) LIMITED
- 32 BEIERSDORF PAKISTAN (PRIVATE) LTD
- 33 BELTEXCO LIMITED
- 34 BERGER PAINTS PAKISTAN LIMITED
- 35 BIPL SECURITIES LIMITED
- 36 BMA CAPITAL MANAGEMENT LIMITED
- 37 BULK FLEXIBLES PAKISTAN (PVT) LTD
- 38 BYCO PETROLEUM PAKISTAN LIMITED
- 39 CHEVRON PAKISTAN LUBRICANT (PVT) LIMITED
- 40 CHIESI PHARMACEUTICALS (PRIVATE) LIMITED
- 41 CHUBB INSURANCE PAKISTAN LIMITED
- 42 CITIBANK N. A.
- 43 CLARIANT CHEMICAL PAKISTAN (PVT) LTD
- 44 CLOVER PAKISTAN LIMITED
- 45 COCA COLA BEVERAGES PAKISTAN LIMITED

46	COCA-COLA EXPORT CORPORATION (THE)
47	COLGATE-PALMOLIVE (PAKISTAN) LIMITED
48	CONTINENTAL BISCUITS LIMITED
49	CORTEVA AGRISCIENCE PAKISTAN LIMITED
50	DAWLANCE (PRIVATE) LIMITED
51	DAWOOD HERCULES CORPORATION LIMITED
52	DEUTSCHE BANK AG
53	DHL GLOBAL FORWARDING PAKISTAN (PRIVATE) LIMITED
54	DHL PAKISTAN (PVT) LTD
55	DUBAI ISLAMIC BANK PAKISTAN LIMITED
56	DUPONT PAKISTAN OPERATIONS (PRIVATE) LIMITED
57	EDOTCO PAKISTAN (PVT) LTD
58	ELI LILLY PAKISTAN (PRIVATE) LIMITED
59	ENGRO CORPORATION LIMITED
60	ENGRO POLYMER & CHEMICALS LIMITED
61	ENGRO POWERGEN THAR (PRIVATE) LIMITED
62	ENGRO VOPAK TERMINAL LIMITED
63	ENI PAKISTAN LIMITED
64	ESSITY PAKISTAN LIMITED
65	EXIDE PAKISTAN LIMITED
66	FAUJI OIL TERMINAL & DISTRIBUTION COMPANY LIMITED
67	FAYSAL BANK LIMITED
68	FINCA MICROFINANCE BANK LIMITED
69	FRESENIUS KABI PAKISTAN (PVT) LIMITED
70	FRIESLANDCAMPINA ENGRO PAKISTAN LIMITED
71	GE INTERNATIONAL OPERATIONS COMPANY INC.
72	GENERAL TYRE AND RUBBER COMPANY OF PAKISTAN LIMITED (THE)
73	GETZ PHARMA (PRIVATE) LIMITED
74	GILLETTE PAKISTAN LIMITED
75	GLAXOSMITHKLINE PAKISTAN LIMITED
76	GRID SOLUTIONS PAKISTAN (PVT) LIMITED
77	HABIB METRO PAKISTAN (PVT) LIMITED
78	HABIB METROPOLITAN BANK LIMITED
79	HASCOL PETROLEUM LIMITED
80	HINOPAK MOTORS LIMITED
81	HUB POWER COMPANY LIMITED (THE)
82	HUNTSMAN TEXTILE EFFECTS PAKISTAN (PRIVATE) LIMITED
83	IBL-UNISYS (PVT) LIMITED
84	IBM ITALIA SPA.
85	ICI PAKISTAN LIMITED
86	ICI PAKISTAN POWERGEN LIMITED
87	IDEMITSU LUBE PAKISTAN (PVT) LIMITED
88	IFFCO PAKISTAN (PRIVATE) LIMITED
89	INDUS MOTOR COMPANY LIMITED
90	INDUSTRIAL AND COMMERCIAL BANK OF CHINA LTD
91	INDUSTRIAL PROMOTION SERVICES (PAKISTAN) LIMITED
92	ITOCHU CORPORATION
93	J&P COATS PAKISTAN (PRIVATE) LIMITED
94	J.P MORGAN PAKISTAN (PVT) LTD
95	JOHNSON & PHILLIPS (PAKISTAN) LIMITED
96	JUBILEE LIFE INSURANCE COMPANY LIMITED
97	KANSAI PAINT (PRIVATE) LIMITED
98	KARACHI INTERNATIONAL CONTAINER TERMINAL
99	K-ELECTRIC LIMITED
100	KIRTHAR PAKISTAN B.V.
101	KOT ADDU POWER COMPANY LIMITED
102	KSB PUMPS COMPANY LIMITED
103	KUWAIT PETROLEUM CORPORATION
104	L'OREAL PAKISTAN (PRIVATE) LIMITED
105	LOTTE CHEMICAL PAKISTAN LIMITED
106	LUNDBECK PAKISTAN (PRIVATE) LIMITED
107	MACKINNON, MACKENZIE & COMPANY OF PAKISTAN (PRIVATE) LTD

108	MAPAK EDIBLE OILS (PRIVATE) LIMITED
109	MARTIN DOW MARKER LTD
110	MARUBENI CORPORATION
111	MASTERCARD PAKISTAN (PRIVATE) LIMITED
112	MEEZAN BANK LIMITED
113	METRO PAKISTAN (PVT) LTD
114	MICROSOFT CORPORATION PAKISTAN LIAISON OFFICE
115	MITSUBISHI CORPORATION
116	MITSUJ & COMPANY LIMITED
117	MOL PAKISTAN OIL AND GAS CO. B.V.
118	MONDELEZ PAKISTAN LIMITED
119	MUFG BANK LIMITED, PAKISTAN LIAISON OFFICE
120	MULLER & PHIPPS PAKISTAN (PRIVATE) LIMITED
121	NALCO PAKISTAN (PRIVATE) LIMITED
122	NBP FULLERTON ASSET MANAGEMENT LIMITED
123	NCR CORPORATION
124	NESTLE PAKISTAN LIMITED
125	NIPPON PAINT PAKISTAN (PVT) LTD
126	NOVARTIS PHARMA (PAKISTAN) LIMITED
127	NOVO NORDISK PHARMA (PRIVATE) LIMITED.
128	ORIX LEASING PAKISTAN LIMITED
129	ORKILA PAKISTAN (PRIVATE) LIMITED
130	OTSUKA PAKISTAN LIMITED
131	OXFORD UNIVERSITY PRESS
132	PAIR INVESTMENT COMPANY LIMITED
133	PAK BRUNEI INVESTMENT COMPANY LIMITED
134	PAK CHINA INVESTMENT COMPANY LIMITED
135	PAK LIBYA HOLDING COMPANY (PVT) LIMITED
136	PAK OMAN INVESTMENT COMPANY LIMITED
137	PAK OMAN MICROFINANCE BANK LIMITED
138	PAK-ARAB PIPELINE COMPANY LIMITED
139	PAK-ARAB REFINERY LIMITED
140	PAKISTAN CABLES LIMITED
141	PAKISTAN GUM & CHEMICALS LIMITED
142	PAKISTAN GUM INDUSTRIES (PRIVATE) LIMITED
143	PAKISTAN INTERNATIONAL CONTAINER TERMINAL LIMITED
144	PAKISTAN MOBILE COMMUNICATIONS LIMITED
145	PAKISTAN OXYGEN LIMITED
146	PAKISTAN PETROLEUM LIMITED
147	PAKISTAN REFINERY LIMITED
148	PAKISTAN TELECOMMUNICATION COMPANY LIMITED
149	PAKISTAN TOBACCO COMPANY LIMITED
150	PAK-QATAR FAMILY TAKAFUL LIMITED
151	PAK-QATAR GENERAL TAKAFUL LIMITED
152	PARAZELSUS PAKISTAN (PRIVATE) LIMITED
153	PAXAR PAKISTAN (PRIVATE) LIMITED
154	PEPSI-COLA INTERNATIONAL (PRIVATE) LIMITED
155	PFIZER PAKISTAN LIMITED
156	PHARMATEC PAKISTAN (PRIVATE) LIMITED
157	PHILIP MORRIS (PAKISTAN) LIMITED
158	PHILIPS LIAISON OFFICE, PHILIPS ELECTRONICS MIDDLE EAST & AFRICA B.V.
159	PHOENIX ARMOUR (PRIVATE) LIMITED
160	PROCTER & GAMBLE PAKISTAN (PRIVATE) LIMITED
161	PUMA ENERGY PAKISTAN (PVT) LTD
162	QASIM INTERNATIONAL CONTAINER TERMINAL PAKISTAN LIMITED
163	RAFHAN MAIZE PRODUCTS COMPANY LIMITED



164	RECKITT BENCKISER PAKISTAN LIMITED
165	REUTERS LIMITED
166	ROCHE PAKISTAN LIMITED
167	ROUSCH (PAKISTAN) POWER LIMITED
168	S.C. JOHNSON & SONS OF PAKISTAN (PRIVATE) LIMITED
169	SANOFI-AVENTIS PAKISTAN LIMITED
170	SAP MIDDLE EAST AND NORTH AFRICA (L.L.C.)
171	SAUDI PAK INDUSTRIAL & AGRICULTURAL INVESTMENT CO. LTD
172	SCHNEIDER ELECTRIC PAKISTAN (PRIVATE) LIMITED
173	SERIOPLAST PAKISTAN (PVT) LTD
174	SERVIER RESEARCH & PHARMACEUTICALS PAKISTAN (PRIVATE) LTD
175	SGS PAKISTAN (PRIVATE) LIMITED
176	SHEIKHOO SUGAR MILLS LIMITED
177	SHELL PAKISTAN LIMITED
178	SICPA INKS PAKISTAN (PVT) LIMITED
179	SIEMENS (PAKISTAN) ENGINEERING COMPANY LIMITED
180	SIEMENS HEALTHCARE (PRIVATE) LIMITED
181	SIGNIFY PAKISTAN LIMITED
182	SIKA PAKISTAN (PRIVATE) LIMITED
183	SOUTH ASIA PAKISTAN TERMINALS LIMITED
184	SPGPRINTS PAKISTAN (PRIVATE) LIMITED
185	STANDARD CHARTERED BANK (PAKISTAN) LIMITED
186	SUMITOMO CORPORATION ASIA & OCEANIA PTE LIMITED
187	SYNGENTA PAKISTAN LIMITED
188	TELENOR MICROFINANCE BANK LIMITED
189	TELENOR PAKISTAN (PRIVATE) LIMITED
190	TERADATA GLOBAL CONSULTING PAKISTAN (PRIVATE) LIMITED
191	TERADATA PAKISTAN (PRIVATE) LIMITED
192	TETHYAN COPPER CO. PTY LTD
193	TETRA PAK PAKISTAN LIMITED
194	TOTAL PARCO PAKISTAN LIMITED
195	TPL HOLDINGS (PRIVATE) LIMITED
196	TRG (PRIVATE) LIMITED
197	TRI-PACK FILMS LIMITED
198	UCH POWER (PRIVATE) LIMITED
199	UNILEVER PAKISTAN LIMITED
200	UNITED BANK LIMITED
201	UNITED ENERGY PAKISTAN LIMITED
202	WMGS SERVICES LIMITED (LIAISON OFFICE)
203	WYETH PAKISTAN LIMITED



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