

### **IMF softens many demands: Asad Umar**

LAHORE: Finance Minister Asad Umar and Prime Minister's Adviser on Commerce, Industry and Investment Abdul Razak Dawood on Monday held meetings with business and trader communities on Monday, pledged solution to their problems, but ruled out any immediate relief to masses.

While Asad Umar said differences between the IMF and the government were narrowing down as it had softened many demands, the PM's adviser said no immediate improvement in bilateral trade ties with India and progress on Iran-Pakistan (IP) pipeline and Turkmenistan-Afghanistan-Pakistan-India Pipeline (TAPI) gas pipeline projects was possible.

Speaking at a function at the Federation of Pakistan Chambers of Commerce and Industry (FPCCI), Lahore, Finance Minister Asad Umar said on Monday the next Economic Coordination Committee (ECC) of the Cabinet meeting would be held on Feb 5 to discuss the special economic zones (SEZs) and situation of the existing economic zones as well as the cotton crop strategy for 2019. He said the government was also creating facilities for small and medium enterprises (SMEs), cottage industry and small traders to exploit their full potential for economic growth of the country.

The minister expressed his surprise that Pakistan's cotton production in 2018 remained less than that in 1992 and termed it an alarming situation, as cotton crop is the backbone of Pakistan's economy. He said that was why it was put on the ECC meeting agenda and agriculture ministers from Sindh and Punjab had also been invited to chalk out a strategy for future.

Additionally, the Board of Investment has also been directed to brief the ECC about the facilities available at the existing economic zones, give suggestions for improving missing facilities and the future plans for SEZs.

While receiving appreciation from the business and trader communities on the steps taken by the government in the mini budget, Asad Umar referred a number of matters, raised by different sectors, to State Minister for Revenue Hammad Azhar, who also accompanied him, as well as to Federal Board of Revenue Chairman Jahanzaib Khan and other officials concerned.

FPCCI former vice president Rehman Aziz Chann pointed out the issues facing the steel re-rolling and melting industry. He said they were not being given level playing field, and undue taxation was adversely affecting the sector. The finance minister asked Hammad Azhar to listen to the issues and resolve them.

Mian Zafar Iqbal, representing the power-looms sector from Faisalabad, pointed out that the value-added competent of the textile sector was abusing the Duty & Tax Remission for Exporters (DTRE) facility. It was the reason of closing of the power-looms industry in Pakistan, he added. He said that it should be checked and the DTRE facility from the value-added sector should be withdrawn.

The finance minister said he would ask Prime Minister's Advisor Abdul Razaq Dawood to arrange a meeting with both the sectors jointly to address the issue. However, Mian Zafar Iqbal said Razaq Dawood was not giving time to the power-looms sector and only looking after the textile giants' interests. "We don't want to hit the value-added sector nor the power-loom industry. So, a joint meeting with value-added and power-loom sectors with Razaq Dawood will be helpful in resolving the issue," he added.

Responding to a question by wheat-millers' representative, the minister agreed that value-added products of wheat should be exported instead of wheat. "If you have prepared any proposal in this regard, do submit with the ministry and the government will look into the suggestions," he said and requested the business community to point out any of the area which had export potential but still untapped.

“The business community of any sector knows well its export potential, and they should bring it into the government notice and win facilities,” he added. Asad Umar said the government believed that SEZs, industrial estates and other such institutions should be developed, but the government role should not be more than that of a facilitator and regulator, and the operational management should stay with the business community. Furthermore, he stressed the need for deregulating the power sector system.

“The government understands the issues of the power sector and this should be deregulated as there were unnecessary long procedural delays in the system which were hampering the growth,” he said, asking Federal Minister for Power Omar Ayub Khan to resolve the billing issues of the industry, besides expanding the net metering facilities across the country on a fast pace.

Furthermore, he said power sector should be deregulated so that everyone could independently generate power. The finance minister said that instructions were issued for organising an event in honour of top taxpayers in the country to acknowledge their contribution. “We have requested the prime minister to host the event and appreciate the taxpayers. A date in this regard would be announced soon,” he added.

On the issues of tax audit notices, issued to the business community, Asad Umar said the audit system inherited the conflict of interest issues and State Minister for Revenue Hammad Azhar was working on it. He said tax returns filling system would be simplified in 2019 and taxpayers would be able to file returns through a mobile application.

On a demand of All Pakistan Anjuman-e-Tajiran Secretary General Naeem Mir, the minister said that Asaan Tax for traders facility was initiated as a pilot project to remove discrepancies before expanding the project countrywide. “If the system created ease for traders and increased revenue, it could be expanded across country,” he added.

Former President FPCCI Mian Idrees demanded amnesty scheme for the business and trading community also. Separately, a confident looking Asad Umar told Lahore Chamber President Almas Hyder the revenue target of Rs4,398 billion would be achieved without additional taxation measures. He said the incumbent government aimed at boosting economy and exports through prudent facilitation without burdening the poor with taxes.

The finance minister said the government was making efforts to build trust between businesspeople and the state. He said presently both are wasting time and money in litigation regarding Gas Infrastructure Development Cess (GIDC) and Federal Board of Revenue (FBR) recoveries. Because of it, instead of competing with the outside world, we are competing with each other.

He said the scope of issuing promissory notes on withheld refunds would not be broadened to sectors outside the five exporting sectors. He said the idea of promissory notes was floated by businesspeople that the government accepted. He said the recent mini budget was just beginning of the facilitations that the government intended to offer to boost economy and exports.

He called Almas Hyder a visionary and intellectual businessman. On his proposal, he promised to facilitate the services sector, particularly in design and R&D and IT. He said the government was working on several proposals in this regard as high value addition and higher exports would come from these avenues. He said Advisor to Prime Minister on Commerce Abdul Razak Dawood was working on tariff rationalisation and cascading to boost local productivity.

He admitted that austerity measures had not produced the desired results; however, he added, Dr Ishrat Hussain, a governance expert, was chalking out a roadmap in this regard, which would be implemented after approval of the cabinet.

On the IMF, he said negotiations had been going on since the inception of the government. He said the differences on the way forward, suggested by IMF and the government, were narrowing down as the IMF had now softened many demands. He said the IMF programme now was needed to open doors on funding

from other sources, while the actual size of the programme was irrelevant. 'Invest Pakistan' certificate would be launched by Imran Khan on January 31, he said adding that it was an opportunity for overseas Pakistanis to invest in their country and at the same time earn profit. The scheme has no limit like in other bonds and all amounts subscribed would be accepted.

Regarding higher interest rates, he pointed out that it was the outcome of very low saving rate that was 10.4 per cent last year. He said Pakistan needed an investment of 25-28 per cent to grow at 7 per cent. He said this huge investment has to come from national savings. Currently, he added the country needed foreign inflows from investment. "We have to shift to our own resources for development, which will come from much higher national savings."

He conceded that privatisation has not progressed well. He said the Privatization Commission had failed to revamp the public sector companies for privatisation or to operate them gainfully. He said a private sector led board comprising eight members from private sector and three government officials had been formed to reorganise the companies earmarked as 'active companies' meant for privatisation.

Minister of State for Finance Hammad Azhar assured businesspeople that it would be made easier to get exemption certificate to regular filer businessmen and its duration would also be increased. He also said the anomalies regarding higher taxes on domestic LPG than imported would also be addressed. He said an excellent tax reforms report prepared in 2014 was not implemented. Now steps are being taken to implement it in toto.

Meanwhile, while talking to the media at inaugural ceremony of the 5th Pakistan Mega Leather Show 2019 (PMLS-2019) here at Expo Centre on Monday, Abdul Razak said immediate improvement in bilateral trade ties with India was impossible, as the conditions were not favourable for the purpose till completion of election process in the neighbouring country.

"The atmosphere to discuss trade issues with India is unfavourable due to their elections," he said.

Responding to a question about progress on Iran-Pakistan (IP) and Turkmenistan-Afghanistan-Pakistan-India Pipeline (TAPI) gas pipeline projects, the advisor said any immediate development on these projects was impossible. However, he added Pak-Afghan bilateral relations had improved, which would increase the trade volume between the two countries. He said Afghanistan had imposed ban on a number of Pakistani items and the government would do efforts for removal of the ban through negotiations.

About the expected US offer to Pakistan about Free Trade Agreement (FTA) between the two countries, the advisor said it would not be easy to implement even the US offer immediately. "It is a lengthy process and implementation of such matters takes time," he said.

The advisor said the second round of talks for the FTA between China and Pakistan was delayed due to Chinese New Year celebrations in China. "Now talks will resume in February, and the government will keep in mind the local industries' demands while reaching the revised FTA with China," he added.

He said Indonesia has agreed to give Pakistani products free access to its markets. "An FTA with Indonesia is ready and will be implemented from March 30," he added. Besides, negotiations with Turkey, Malaysia, and other countries for free market access to Pakistani products were under way and breakthrough was expected in coming months.

About the impact of currency devaluation on country's exports, Razak Dawood said it never showed immediate effects, rather it takes four to five months. He said relief to the public would be witnessed once the new employment opportunities are created in the coming days, with the revival of the industrial activities due to the steps taken by the government of Pakistan.

To a question, the PM advisor admitted that foreign investors were facing various security clearance issues. "The government will raise the issue with the quarters concerned," he promised, adding that the government

had already eased the visa regime, under which a number of countries' visitors would get visa on-arrival in Pakistan. Such steps would boost the trust of investors and foreigners in Pakistan," he said. The advisor said the government was doing all efforts for creating conducive environment for foreign investors.

The resumption of British Airways operations from Pakistan is an outcome of these efforts, he added.

Earlier, Abdul Razak Dawood, speaking at the conference, admitted that trust deficit existed between the government and private sector, which was adversely affecting the economic activities. However, he added that due to a number of business-friendly steps, taken by the government, the business community trust would revive, which would improve industrial progress in the coming months. He also admitted that Pakistan's exports were growing at snail's pace. Now the government has withdrawn the custom duties on a number of raw materials and lowered gas and electricity tariff for the industry, he added. These steps will be helpful in increasing exports, he hoped.

The advisor said the government was making a policy for a better future of industry in the country. It would reduce the cost of doing business in Pakistan to enhance foreign investment, he added. Currently, Pakistan stood at 136 place in the world ranking as far as the cost of doing business is concerned. Prime Minister Imran Khan wanted it to bring down the 100 ranking, he added. "March 31, 2019 is the target to improve the ranking," he said.

Our correspondent adds from Sialkot: Finance Minister Asad Umar Monday said the government was busy in taking sincere and honest measures, which would gradually and effectively help develop national economy on strong footing.

Addressing the local industrialists and exporters at Sialkot Chamber of Commerce and Industry (SCCI), he said the government was a facilitator and was responsible only for chalking out effective and meaningful policies for progress of economy. He said it was a duty of industrialists and traders to act according to those policies and play their role in national development.

He assured the local business community of all help to solve problems facing Sialkot-based industry and local Export Promotion Zone (EPZ). He directed the government functionaries concerned to formulate recommendations for the EPZ within two months, which would be included in the annual budget in May 2019.

He urged the local business community to prepare a roadmap to increase Sialkot-based exports up to \$6 billion within five years and then up to \$25 billion in 10 years. The minister said system of taxation was being simplified in order to reduce the unnecessary workload on businesspeople.

Asad Umar, while praising the unique export-industry-based culture of Sialkot, opined that the business community of that city was most enlightened, hardworking and progressive in the entire country.

Earlier, SCCI President Khwaja Masood Akhtar welcomed Asad Umar, saying it was the first visit of the SCCI by any finance minister since 1999.

He related the problems being faced by the local industrialists, and demanded immediate revival of the EPZ, which was established in Sialkot 20 years ago. He also demanded immediate release of Rs3 billion, under the Customs refund claims and further sought government's permission to establish a commercial ware house in Sialkot.

Jawwad Rizvi & Mansoor Ahmad