

Our Staff Reporter**Worst is over, Hafeez tells business leaders in Karachi**

KARACHI: In a two-hour long interaction with large foreign investors of the country, Finance Adviser Hafeez Shaikh faced industry concerns and tried to assuage his audience that the worst of the adjustment might be over and the year 2020 will be better.

More than 50 people assembled in the auditorium of the Overseas Investors Chamber of Commerce and Industry (OICCI) to hear Shaikh, who was there on an invitation by the chamber.

‘He spoke for almost one hour, one of the participants in the meeting tells Dawn. ‘Mostly, his message was that the most difficult period has been managed, we are on the road to recovery, and he literally read out the last paragraph of the press release issued by the International Monetary Fund (IMF) after the last review meeting to tell us that things are improving.

The foreign exchange situation has been stabilised, exchange rate is relatively stable and the IMF programme is being implemented to the satisfaction of the fund, he told the audience. He also explained why zero rating for export-oriented sectors was with-drawn and promised there would be no going back on this measure.

Exporters will get more relief in the future, he assured the audience, adding that circular debt will also be addressed through Rs200 billion worth of bonds for which the green light has been obtained from the IMP.

In return, the participants grilled him on interest rates, circular debt and tax refunds, as well as industry specific issues.

‘We told him business has been badly impacted, all are suffering directly or indirectly,’ one person who was present at the meeting tells Dawn, adding that they tried to keep their own feedback positive to the extent that they could.

‘We told him we support the government; their initiative like broadening of the tax base which is a good measure, but what is the way forward from where we are? A little reality check was needed to be delivered. He has to understand that not everything is sunny, there are some concerns.

People have been adversely hit by interest rate hikes and poor decision making like withdrawing the announcement for axleload regulation. ‘These things hurt business confidence.

The OICCI shared its own research with the adviser, showing him plummeting business confidence in the present environment. ‘You have no industrial policy, if we have a foreign investor where do I take them, what do I point to specifically? Ease of doing business is not just a number; it should be manifest and felt by those running businesses or seeking to open

one. Where is the rise in the number of small and medium enterprises being registered in the country?' One person said Rs500 million tax refunds from his company are stuck for many months and shared some details. Another person brought up a 10-year old refund that also remains outstanding.

'After the meeting, he called the Federal Board of Revenue (FBR) chairman in front of us and asked him about these issues, who told him I don't know of it but I will check and revert,' the meeting participant tells Dawn.

Oil companies complained about losses suffered on account of exchange rate depreciation which was not followed by appropriate upward revision of prices. To which, the adviser 'said we'll talk.

Turnover tax is too high, one party complained, which prompted another call to the FBR chairman, who simply said the matter is for the parliament to decide since they set the taxes.

'On the whole, people felt reassured by his appearance, the participant says when asked how the words of the adviser were received.

He gave no assurance on the direction of interest rate, saying that these matters are decided by the State Bank's Monetary Policy Committee, though he did indicate that revisions are based on inflation, which is not increasing and the government has not passed through any large oil price hikes for four months yet.

Dawn's calls to seek comments from finance adviser were not returned.