



## OICCI survey finds significant drop in business confidence

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**KARACHI:** The overall business confidence in Pakistan stands at 14 per cent positive, a significant decline from the 21pc positive announced in November 2017, according to the Business Confidence Index (BCI) Survey Wave 16 released on Tuesday.

The Overseas Investors Chamber of Commerce and Industry's (OICCI) survey results are largely influenced by pessimism in the retail and wholesale trade sector which recorded a sharp decline in business confidence to positive 6pc compared to positive 40pc in Wave 15. The confidence of the manufacturing sector was stable at 15pc positive, while the services sector was bullish at 23pc positive versus 15pc in the previous Wave 15 survey which was announced in November last year.

Growing concerns on governance and government policies, inflation and security conditions, together with pessimism about the future due to upcoming election related [political uncertainty](#) and developing energy crises were stated as the leading reasons for the decline of business confidence.

Based on respondents' feedback, major factors causing the decline in business confidence were caused by a combination of significantly reduced perceptions of global, country and industry business situation during the past six months and also in the next six months, as well as decreased level of anticipated capital investment, profitability and return on investment over the next six months.

Sentiments of leading foreign investors – represented by the OICCI members – who were part of the survey also recorded a decrease, albeit by 4pc only, to go down to 38pc from 42pc in the Wave 15 results.

In a statement, OICCI President, Bruno Olierhoek said the significant decline in business confidence is not surprising considering that the country has had many challenges during the past six months, including balance of payment crisis, political uncertainty and related media hype on non-economic issues, decline in foreign exchange reserves and significant weakening of exchange rate and Pakistan's inclusion in FATF grey list, along with regular concerns on Pakistan economy reported by local and international media.

OICCI members believe that this situation should be taken as a wake-up call by the highest authorities and leaders by proactively engaging with key stakeholders of the economy, and resolving current concerns of the investors, including on matters of taxation, mounting tax refunds and circular debt, and harmonisation of policies across different federal and provincial jurisdictions.

Despite an increase in the BCS for Lahore and Rawalpindi, the overall score for Metros declined by 8pc due to a drastic decrease of 18pc in the score of Karachi. The score for Non-Metros declined marginally by 3pc, Mr Olierhoek said.

Looking ahead, for the next six months, the major reason identified by Wave 16 survey respondents for decline in terms of lower profit and ROI expectations is the upcoming political instability expected due to elections. Return of energy crises was also a reason for increasing pessimism about the future followed by concern on the sustainability of the security situation, the OICCI chief said.

Among the positive aspects, was a directional increase in total employees, plans for business expansion, security improvement, expectations of new business alliances (CPEC) and an increase in demand, he added.

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