

# Annual Newsletter 2023



**THE POLICY ADVISORY BOARD**  
**FEDERATION OF PAKISTAN**  
**CHAMBERS OF COMMERCE & INDUSTRY**

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# THE POLICY ADVISORY BOARD AT A GLANCE

The Policy Advisory Board (PAB) of the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) functions as the organization's research wing. The FPCCI established the Policy Advisory Board in 2021 with the aim to provide research-based expert input for policy advocacy, ease of doing business initiatives, and formalize the business community's input to various government departments, ministries, and institutions. Serving as a conduit between the private sector and the government, the PAB proactively engages in ongoing dialogues to safeguard the interests of business community. The Policy Advisory Board's research is an invaluable asset for the business community in Pakistan, providing a wealth of information that sheds light on the economic landscape, regulatory environment, and growth opportunities.

## Key Functions

**Research Initiatives** - The Policy Advisory Board boasts a team of experienced economists and researchers who delve deep into a wide range of economic topics. Areas of research broadly encompass macroeconomics, fiscal & monetary policies, international trade, investment, energy and agriculture.

**Collaborations with Diverse Stakeholders** - Comprehending the necessity of collaboration for impactful change, the Policy Advisory Board partners with government bodies, think tanks, and academic entities, amalgamating their expertise and resources for enhanced outcomes.

**Evidence-Based Policy Advocacy** - Dedicated to evidence-based policymaking, the board translates its research into practical recommendations and advocate for their adoption by decision-makers. The data-driven approach ensures that economic decisions are grounded in facts and analysis, leading to more effective and sustainable outcomes.

**Fostering Dialogues** - The Policy Advisory Board recognizes the importance of open communication and knowledge sharing. It actively organizes conferences and workshops that bring together policymakers, academics, industry leaders, and the public to discuss pressing economic issues.

**Consultancy Services** - Leveraging the extensive experience and rigorous research expertise, the Policy Advisory Board offers market-leading research, strategic guidance, policy evaluation, economic analysis and other services for businesses to gain competitive advantage. It also works with the government to develop evidence-based policies and bridge the gap between government and private sector.

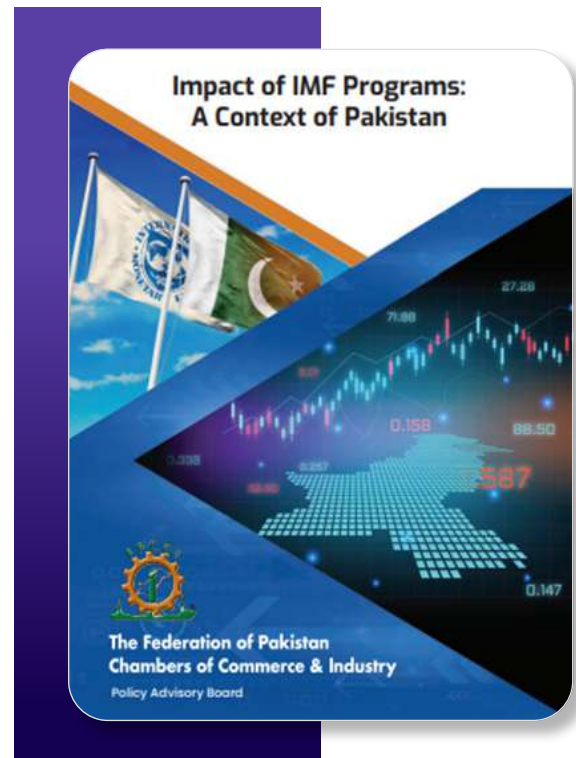


# RESEARCH ACTIVITIES



## IMPACT OF IMF PROGRAMS – A CONTEXT OF PAKISTAN

The report provides a comprehensive analysis of the International Monetary Fund (IMF) and its evolving role in shaping global economic policies. It traces the roots of the IMF to the Washington Consensus and its subsequent reforms, leading to the Post Washington Consensus. Criticism of the IMF's impact on developing economies is discussed, with a focus on Pakistan as a prolonged user of IMF programs. Case studies of countries with prolonged IMF program usage and those successfully implementing homegrown strategies are also included.



### Key Findings

**Criticism and Post-Crisis Reforms** – Following significant criticism post the East Asian, Argentine, and Korean crises, the IMF underwent reforms leading to the Post-Washington Consensus. However, these reforms have been criticized for lacking the flexibility needed to align with the unique economic situations of individual countries.

**Ignorance of Socioeconomic Outcomes** – IMF prescriptions, lacking consideration for socioeconomic outcomes, worsen income inequality through subsidy removal and trigger cost-push inflation and increased interest rates with multiple rounds of exchange rate depreciation.

**Pakistan's Dependency on IMF** – Pakistan's prolonged reliance on IMF programs results from poor fiscal resource management, significant current account deficits often driven by its import-oriented energy policy and challenges in fiscal management, and a rent-seeking political economy.

**Adverse Effects on Pakistan's Economy** – Macroeconomic indicators decline during IMF programs, with average industrial and GDP growth dropping by 2.27 and 1.44 percentage points, respectively, compared to periods without IMF involvement.

**Policy Recommendations** – The IMF programs in Pakistan have led to counterproductive outcomes like high inflation and a worsening export-to-import ratio. To overcome economic challenges, Pakistan needs a comprehensive long-term economic plan, encompassing a prudent debt strategy, energy sector reforms, avoidance of politically motivated economic decisions, and fiscal reforms suited to its specific economic context.

## EVALUATING ENERGY SECURITY PARADIGM OF PAKISTAN – CHALLENGES AND OPPORTUNITIES

Pakistan's energy security assessment reveals the perils of import reliance and policy missteps. Sensitivity analysis showcases the insufficiency of isolated measures and calls for an integrated approach, suggesting a complete indigenization of the energy sector and a strategic shift towards renewable sources for a secure energy future.

### Key Findings

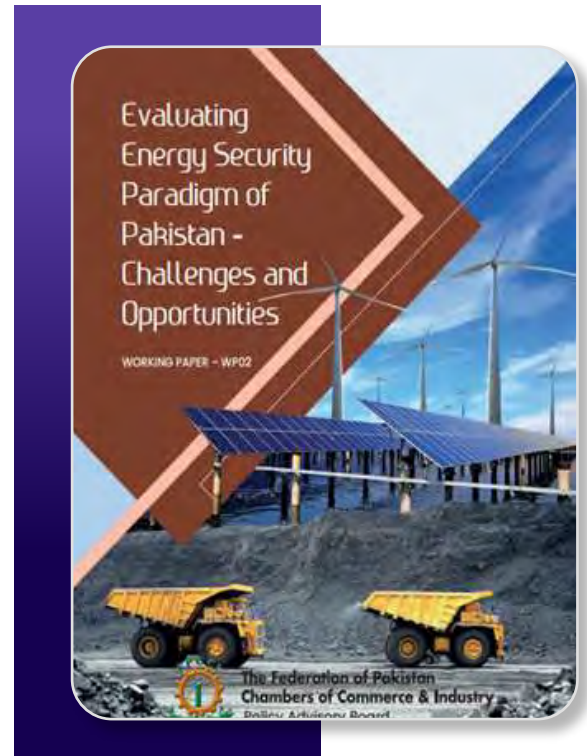
#### Geopolitical Vulnerability and Energy Security Deterioration

- Pakistan, heavily reliant on energy imports, faces significant vulnerabilities such as supply disruptions and increasing energy bills. Between 2013–2015, the country's energy security showed improvement, but it witnessed a substantial decline from 2016–2021. This decline is attributed to factors like unstable energy prices, underutilization of local resources, geopolitical instability, and over-reliance on imported fossil fuels.

**Inadequate Impact of Sensitivity Scenarios** - A sensitivity analysis exploring three scenarios - boosting local production, fully utilizing local coal, and sourcing 50% of electricity from non-fossil fuels - revealed that these measures, when applied individually, were insufficient to enhance Pakistan's energy security profile.

**Call for Integrated Energy Security Efforts** - The complexity of achieving energy security necessitates a comprehensive approach. The study recommends increasing local energy production, reducing dependence on imported coal, and shifting towards generating a significant portion of electricity from renewable sources.

**Policy Recommendations** - The report outlines strategies including indigenization of the power sector, replacing imported coal with domestic sources like Thar coal, rationalization of energy prices, elimination of cross-subsidies, and implementation of the WACOG bill to transition towards competitive energy markets. The development and implementation of an Integrated Energy Plan, aligned with an Energy Security Policy, is crucial for creating a more resilient and sustainable energy landscape for Pakistan.



## CHANNELIZING FDI TOWARDS REAL ECONOMY

This study evaluates FDI's impact on Pakistan, pinpointing a skew towards high-return sectors and underlining the urgency to redirect FDI towards technology-driven manufacturing and exports. It recommends policy reforms to attract quality FDI for economic diversification and to reduce the trade deficit.

### Key Findings

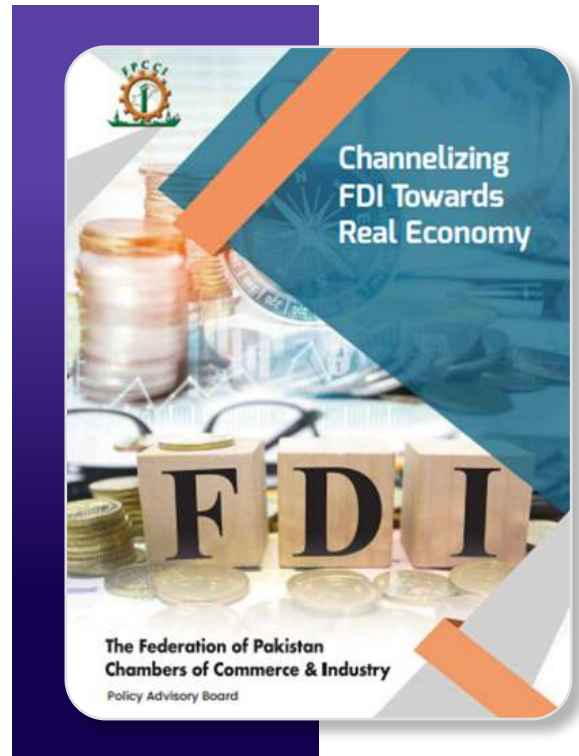
**Skewed Landscape** - Foreign Direct Investment in Pakistan is predominantly directed towards consumption-oriented sectors, offering high returns. This trend is influenced by challenges like high business costs, inconsistent policies, and inefficient regulatory frameworks, deterring investments in export-oriented sectors.

**Boosting GDP through Technology-Driven FDI** - Investment in technology upgrades in sectors such as food and beverages, various manufacturing industries, textiles, and metals has the potential to significantly enhance real GDP. These technological advancements can increase exports and lessen dependence on imports.

**Technological Upgradation Impacting Imports** - By prioritizing investments for technology upgradation in sectors like food processing, textiles, and metals, Pakistan can unlock significant real GDP growth. These advancements will boost exports and decrease dependence on imports, laying the foundation for sustainable economic development.

**Influence on Trade Deficit** - FDI in manufacturing and export-oriented sectors tends to decrease the trade deficit, whereas investments in sectors like retail trade, communication, and financial services often result in an increase in the trade deficit.

**Strategies for Economic Growth and Diversification** - The report recommends attracting FDI into manufacturing and export-oriented sectors by creating a conducive business environment and equal opportunities. Additionally, the development of SEZs with favorable tax policies and incentives, alongside prioritizing strategic sectors like petrochemicals and engineering in investment policies, is advised to bolster Pakistan's industrial competitiveness and shift away from speculative investments.





## EXPLORING VALUE-ADDITION OPPORTUNITIES AND EXPORT POTENTIAL: A CASE OF CITRUS INDUSTRY

Investigating Pakistan's citrus sector, the report identifies significant export potential hampered by various challenges. It proposes strategic policy interventions and advocates for the utilization of citrus and its waste to generate value-added products, aiming to expand into lucrative markets, potentially raising exports and bolstering the industry's global standing.

### Key Findings

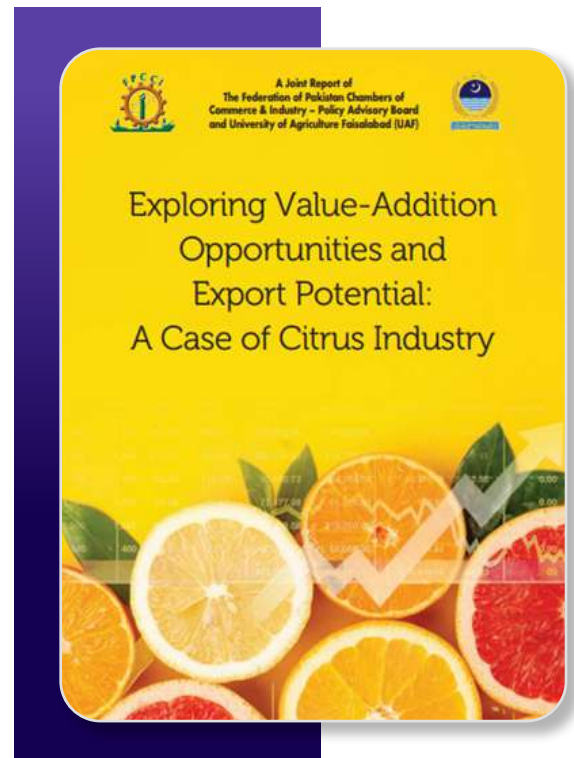
**Global Standing and Export Potential** - Citrus fruits, with oranges being predominant, hold significant global importance. Pakistan, ranking 12th worldwide in citrus production, exports fresh and value-added citrus products worth approximately USD 185 million, indicating substantial market potential, especially in value-added exports.

**Industry Challenges** - The Pakistani citrus industry faces hurdles like improper orchard management, natural disasters, citrus canker post-harvest losses, and market instability, exacerbated by global events like the COVID-19 pandemic and the Russia-Ukraine conflict. These challenges, coupled with a lack of citrus variety diversification and quality issues, hamper trade performance.

**Value-Added Export Opportunities** - There's a promising opportunity for Pakistan in the value-added citrus market, including products like juices, jams, and essential oils. Despite current exports being modest, there exists potential to elevate these exports to USD 1.3 billion, particularly targeting the untapped European market.

**Utilization of Citrus Waste** - Efficient processing of citrus waste, often discarded, presents an opportunity to boost exports and decrease imports. Valuable by-products such as peel powder, confectionery items, and pharmaceuticals can be produced from this waste, adding to the sector's profitability.

**Policy Recommendations** - Addressing the sector's challenges requires policy interventions like orchard restoration, enhanced research and development, improved storage and processing facilities, and adherence to international standards. Investing in these areas, along with promoting value-added exports and establishing cold chain infrastructure, can significantly enhance Pakistan's citrus export capabilities.





# PATH TO FOOD SECURITY: THE SHIFT FROM IMPORT DEPENDENCE TO EXPORT ABUNDANCE

The report delves into the critical state of food security in Pakistan, exacerbated by global geopolitical events, climate change, and internal challenges. It emphasizes the country's vulnerability, and the adverse impacts of its growing dependency on imports, and suggests an integrated approach to address the situation.

## Key Findings

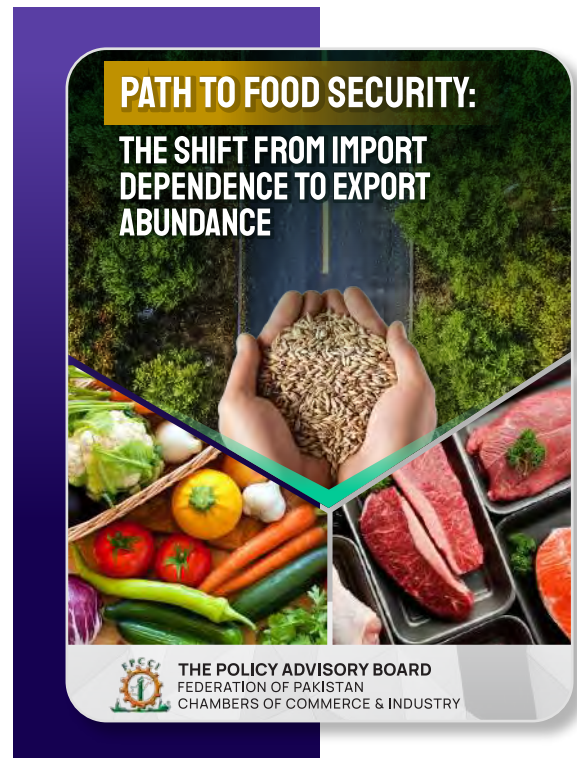
**Critical Food Security Concerns** - Pakistan's food security is in a precarious state, primarily due to decreased self-sufficiency and growing dependence on imports. This situation is further aggravated by global events like the Russia-Ukraine conflict and the COVID-19 pandemic, which have led to substantial increases in the costs of fuel, fertilizers, and pesticides, contributing to escalating food inflation.

**Vulnerability to International Trade Disruptions** - The Russia-Ukraine war's global trade restrictions have severely impacted Pakistan's food imports, affecting about 39% of its imported calories. The country's heavy reliance on cereals and sugar imports has resulted in a steep rise in its import bill, culminating in a food trade deficit of USD 3.9 billion in FY23.

**Impact of Climate Change on Agriculture** - Pakistan's agricultural sector is highly susceptible to climate change, evident in the challenges posed by extreme weather and shifting rainfall patterns. This vulnerability is compounded by insufficient climate financing, highlighting the need for enhanced policy measures and frameworks to address climate-related agricultural challenges.

**Economic Factors Affecting Food Security** - Fluctuating oil prices significantly influence food security, with rising prices leading to higher food costs. Additionally, temperature variations and exchange rate fluctuations have mixed effects, with currency appreciation impacting food price stability.

**Policy Recommendations** - The report underscores the importance of policy reforms aimed at enhancing supply-side efficiency, private sector engagement, and R&D in critical areas such as water management and climate resilience. To bolster food security, Pakistan must focus on increasing agricultural productivity, improving yields, and diversifying its role as a food supplier.





# STRATEGIC WORKING PAPERS



## A FRAMEWORK FOR PAKISTAN-GCC FREE TRADE AGREEMENT FOR GOODS AND SERVICES

**Dated: January 10th, 2023 and July 11th, 2023**

Upon the request of the Ministry of Commerce, the Policy Advisory Board – FPCCI embarked on an extensive research project aimed at creating a negotiation framework for Pakistan-GCC FTA encompassing both goods and services. This study was conducted in collaboration with the Lahore University of Management Sciences (LUMS), involving a comprehensive research study that included extensive stakeholder consultations. The research utilized advanced Computable General Equilibrium (CGE) modeling to assess potential impacts. Through meticulous efforts and strong coordination with the Ministry of Commerce (MOC), this endeavor successfully led to the achievement of successful negotiations in 2023, resolving an outstanding issue that had persisted since 2004.

Recognizing the growing significance of cross-border services trade and in order to provide valuable assistance to the Ministry of Commerce (MOC), the Policy Advisory Board (PAB) also conducted a data-driven analysis of a prospective Pakistan-GCC Services Agreement. The report employed the Count Coverage Method to quantitatively assess market access and was integrated into the CGE framework to evaluate the impact of the FTA on trade and various key economic indicators.





## A REVIEW OF THE MALAYSIA–PAKISTAN CLOSER ECONOMIC PARTNERSHIP AGREEMENT (MPCEPA)

**Dated: July 28th, 2023**

The Ministry of Commerce tasked the Policy Advisory Board to conduct an extensive study to uncover the underlying causes behind the decline in Pakistan's exports to Malaysia, despite the existence of a comprehensive trade agreement. The research delved deeply into the discrepancies within the current trade agreement, analyzing the utilization rate of tariff lines already covered under the FTA. This study additionally formulated a comprehensive Request and Sensitive lists in anticipation of potential renegotiations of the MPCEPA, following a series of consultations with pertinent stakeholders and the application of various criteria. All identified and proposed tariff lines were modelled using CGE framework. Furthermore, non-tariff trade barriers were also identified through discussions with the relevant industry stakeholders, accompanied by recommendations for their resolution. Adopting the recommended measures would help both Pakistan and Malaysia to enhance their bilateral trade relations and foster a more balanced economic partnership between the two countries.





## A REVIEW OF THE INDONESIA–PAKISTAN PREFERENTIAL TRADE AGREEMENT (IP–PTA)

**Dated: September 1st, 2023**

The Ministry of Commerce commissioned the Policy Advisory Board to establish a framework for the re-negotiation of the Indonesia–Pakistan Preferential Trade Agreement (IP–PTA), which was initially put into effect on September 1, 2013, with the primary objective of enhancing bilateral trade between the two nations as a precursor to a Comprehensive Economic Partnership Agreement. However, it became evident that Pakistan's exports to Indonesia had not consistently grown since the implementation of the PTA, largely attributable to the exclusion of key Pakistani export products from the agreement.

To address these challenges, this study underwent a rigorous process of extensive stakeholder consultations and criteria-based assessments, which were further supported by the insights derived from Computable General Equilibrium (CGE) modeling. The outcome of these efforts resulted in the development of a comprehensive Request List and a Sensitive List, serving as the foundation for the renegotiation of the IP–PTA. Beyond tariff adjustments, the study also identified and outlined measures aimed at addressing various non-tariff barriers that had been impeding the growth of Pakistani exports in the Indonesian markets.



## EXPLORING TRADE POTENTIAL OF SPECIFIED SECTORS BETWEEN INDONESIA & PAKISTAN

**Dated: December 23rd, 2023**

The study, commissioned by the Consulate General of the Republic of Indonesia, is dedicated to strengthening trade relations between Indonesia and Pakistan, with a specific emphasis on the agrofood, and plant & machinery sectors. Its primary objective is to investigate and unlock the potential for boosting Indonesian exports to Pakistan within these sectors.

This research not only pinpoints the promising opportunities within Pakistan's expanding food market but also offers actionable insights on how Indonesian products can effectively cater to this growing demand. Additionally, the study delves into Pakistan's essential requirement for plant and machinery, which plays a pivotal role in its industrial development, and provides a strategic analysis of how Indonesian exports can bridge this critical gap.

# POLICY ADVOCACY INITIATIVES



## LETTER TO GOVERNOR STATE BANK OF PAKISTAN

**Dated: February 17th, 2023**

In a letter to the Governor State Bank of Pakistan (SBP), the Policy Advisory Board - FPCCI pointed out that recent inflation trends are driven more by supply-side factors. It cited that despite significant policy rate increases from 9.75% to 17% between January 2022 and January 2023, inflation in Pakistan rose dramatically from 13% to 27.6%. The FPCCI noted that Pakistan's integration with the financial sector is weak, with only 7% of firms accessing formal credit, much lower than peers like India, China, and Bangladesh. It further highlighted that the level of policy rates prevailing in Pakistan surpasses those of China, India, and Bangladesh. The letter emphasized the need for controlling price manipulation and ensuring effective competition regulations, as market experts anticipate a further rate hike.

A photograph of several wooden paper figures holding hands in a circle, set against a dark background with a reflection below. The image is partially obscured by white and orange geometric shapes.

# **KEY EVENTS & PARTICIPATIONS**





THE WORLD BANK



## CONFERENCE ON REFORMS FOR A BRIGHTER FUTURE – TIME TO DECIDE

**Dated: September 23rd, 2023**

The "Reforms For a Brighter Future – Time to Decide" conference, co-organized by the World Bank and the Pakistan Institute of Development Economics (PIDE), was held in Islamabad on September 23, 2023. At this notable event, Mr. Mohammad Younus Dagha, Chairman of the Policy Advisory Board – FPCCI, was esteemed as a distinguished Guest Speaker. In Discussion Session III, themed "Transforming the Private Sector," Mr. Dagha presented an insightful analysis, focusing on three critical areas essential for Pakistan's growth and development. He firstly highlighted the imperative need to address the 'Youth Bulge' through enhanced educational and employment opportunities for the youth. Secondly, he advocated for substantial reforms and modernization in the Agriculture Sector, with an emphasis on providing equitable access for farmers. Lastly, he pointed to the unexplored economic possibilities in the Mining Sector, underlining the importance of sustainable practices and necessary policy reforms to harness its potential.





## MEETING WITH FINANCE MINISTER, MUHAMMAD ISHAQ DAR

**Dated: May 18th, 2023**

During a recent meeting with Pakistan's Federal Minister for Finance, Mr. Ishaq Dar, a high-level delegation from the Federation of Pakistan Chambers of Commerce & Industry (FPCCI) presented a comprehensive set of budget proposals. The delegation, led by Chairman Policy Advisory Board (PAB) Mohammad Younus Dagher and FPCCI President Irfan Iqbal Sheikh. FPCCI delegation were comprised of Mr. Suleman Chawla, Senior Vice President, Mian Anjum Nisar, former President, Mr. Zakaria Usman, Convener Budget Advisory Council, and Dr. Usama Ehsan Khan, Head of Research.





## CONFERENCE ON NATIONAL ECONOMIC PLAN – ISLAMABAD, LAHORE, AND KARACHI

**Dated: January 5th, 6th, and 10th, 2023**

The Policy Advisory Board – FPCCI orchestrated a series of consultative sessions to gather insights from the business sector, aiming to forge a unified strategy for the National Economic Plan. The inaugural National Consultative Conference, convened in Islamabad on January 05th which was followed by session at Lahore on January 06th and session at Karachi on January 10th led by FPCCI President Irfan Iqbal Sheikh and Policy Advisory Board Chairman Mohammad Younus Dagher. The centerpiece of the event was the comprehensive 'National Economic Plan' presented by Dr. Usama Ehsan Khan, Head of Research – PAB. The plan envisages measures related to energy security, public finance management, foreign exchange stability, trade and investment facilitation, and sustainable agricultural practices.







## CONFERENCE ON NATIONAL ECONOMIC PLAN – ISLAMABAD, LAHORE, AND KARACHI







## SESSION WITH EX-GOVERNOR STATE BANK OF PAKISTAN (SBP), DR. ISHRAT HUSSAIN

Dated: May 29th, 2023

The Policy Advisory Board (PAB) convened a session co-hosted by Chairman PAB, Mohammad Younus Dagha and Senior Vice President Muhammad Suleman Chawla with Dr. Ishrat Hussain, Former Advisor to the Prime Minister and Ex-Governor of the State Bank of Pakistan. During the session, the Policy Advisory Board's research team, led by Dr. Usama Ehsan Khan, Head of Research, presented the work done by the Policy Advisory Board – FPCCI covering areas of research including Macroeconomic Framework, Fiscal and Monetary Policies, International Trade, Investments, Industries, Taxation Reforms, Agriculture, and Energy.

Dr. Ishrat Hussain commended FPCCI's initiative in establishing the Policy Advisory Board, recognizing its potential to provide research-based solutions to economic issues. He stressed the importance of FPCCI's access to industry-specific statistics for accurate economic analysis. Dr. Hussain offered valuable suggestions to enhance the policy advisory role of FPCCI, particularly in areas like Bilateral Trade negotiations and attracting Foreign Direct Investment.





**Harvard  
Business  
School**

## **VISIT OF HARVARD BUSINESS SCHOOL RESEARCHERS TO MEET CHAIRMAN POLICY ADVISORY BOARD (PAB)**

**Dated: June 16th, 2023**

Harvard Business School researchers Dr. Hong Zhang, Prof. Dr. Meg Rithmire, and Mr. Salaar Shaikh met with Chairman PAB, Mr. Mohammad Younus Dagha and Dr. Usama Ehsan Khan, Head of the Research Unit Policy Advisory Board, in Karachi to discuss the China-Pakistan Economic Corridor (CPEC) and Pakistan's energy security. The researchers voiced concerns about the slow industrial progress under CPEC.

Chairman Policy Advisory Board urged that while the first phase of CPEC focused on infrastructure, the ongoing second phase emphasizes industrialization. On energy concerns, the Chairman criticized past Independent Power Producer policies and highlighted Pakistan's dependence on imported fossil fuels, stressing the need for indigenous energy solutions.





Pakistan Institute of Development Economics

## VISIT OF VICE CHANCELLOR PAKISTAN INSTITUTE OF DEVELOPMENTAL ECONOMICS AT POLICY ADVISORY BOARD – FPCCI

**Dated: December 27th, 2023**

The FPCCI's Policy Advisory Board, under the leadership of Chairman Mohammad Yunus Dagher, was honored to host Dr. Nadeem ul Haque, VC and Dr. Durr-e-Nayab, Pro VC, Pakistan Institute of Development Economics at the FPCCI. The meeting centered around 'Islaah' (اصلاح) – PIDE's Reform Agenda. This blueprint for Pakistan's development, encompassing 10 key themes, sparked insightful discussions with Mr. Mohammad Yunus Dagher – Chairman PAB, Dr. Usama Khan, Head of Research – PAB and other team members. The session witnessed a dynamic exchange of ideas. Dr. Haque stressed the urgent need for reforms in critical economic areas. Chairman Policy Advisory Board presented a souvenir to the guests as a token of appreciation, expressing gratitude. Both sides expressed a mutual interest in exploring collaborative opportunities.







## PRESS CONFERENCE ON ADDRESSING CONTEMPORARY ECONOMIC CHALLENGES OF PAKISTAN

**Dated: March 14th, 2023**

At a press conference led by the President of FPCCI Mr. Irfan Iqbal Sheikh and Chairman Policy Advisory Board Mohammad Younus Dagha along with the top management of FPCCI which was well attended by the business community. During the session, the Policy Advisory Board (PAB) also showcased research findings on Energy Security and the Effects of IMF Programs. Dr. Usama Ehsan Khan, Head of Research – PAB, delved into the impacts of IMF programs in Pakistan, while Mr. Jazib Mumtaz, Economist – PAB, elaborated on Pakistan's energy security framework.







## EVENT ON "NET ZERO RESEARCH CHALLENGE 2023"

**Dated: August 17th, 2023**

The "Net Zero Research Challenge 2023," organized by Global Compact Network Pakistan, had the admiration of welcoming Mr. Mohammad Younus Dagha, Chairman of the Policy Advisory Board - FPCCI, as the chief guest. In his keynote speech, he highlighted the critical importance of climate-related projects and sustainability efforts. He commended the unwavering commitment of corporations and research groups in their pursuit of Net Zero Emissions. Further, he stressed the government's pledge to bolster these initiatives through strategic policy frameworks and collaborative efforts. His participation underscored the shared duty we bear in combating climate change and progressing towards a sustainable tomorrow.





## WEBINAR ON "FOREIGN INVESTMENT AND CROSS-BORDER TRADE IN PAKISTAN"

**Dated: June 23rd, 2023**

An online webinar organized by Sustainable Development Policy Institute, focusing on "Foreign Investment and Cross-Border Trade in Pakistan" featured Dr. Usama Ehsan Khan, Head of the Policy Research Unit, as a distinguished speaker. Organized to explore crucial aspects of Pakistan's economic framework, the webinar aimed to provide insightful perspectives on the vital role of foreign investment in the country's economic development. Dr. Khan offered an in-depth statistical analysis of recent trends in foreign direct investment, shedding light on the prevailing situation. Additionally, he engaged participants in discussions about developing effective strategies to attract foreign investors to Pakistan and enhance the nation's export capabilities. This conversation was particularly relevant, considering the challenges of market uncertainty and diminishing foreign exchange reserves at the time.





## INTERNATIONAL SEMINAR ON 'AFRICA: AN EMERGING ARENA OF MAJOR POWER COMPETITION'

**Dated: September 26th, 2023**

The International Seminar titled 'Africa: An Emerging Arena of Major Power Competition,' hosted by the Institute for Strategic Studies, Research, and Analysis (ISSRA) at the National Defense University Islamabad, featured Dr. Usama Ehsan Khan, Head of Research at the Policy Advisory Board (PAB), as a distinguished Guest Speaker. In his presentation, Dr. Usama provided a comprehensive analysis of the challenges faced by Pakistan in its engagement with African nations. He emphasized the critical importance of finalizing Preferential Trade Agreements (PTAs) with key African trade blocs such as SACU, ECOWAS, and EAC. Dr. Usama highlighted significant trade issues like South Africa's anti-dumping duties on Pakistani cement and Pakistan's heavy reliance on coal imports from South Africa. He also shed light on the tariff disparities Pakistan faces, notably in tea and non-basmati rice exports to Kenya. Additionally, Dr. Usama underscored the need for effective risk mitigation mechanisms within Pakistan's 'Look Africa Policy,' highlighting the strategic significance of these relationships.







## CONFERENCE ON NATIONAL ISLAMIC ECONOMIC FORUM (NIEF)

**Dated: February 2nd, 2023**

The National Islamic Economic Forum Conference (NIEFC), a collaborative effort between the Saylani Welfare Organization and the Ministry of Finance, served as a platform for in-depth discussions on Islamic banking in Pakistan. This conference revisited the landmark 2002 Shariah court ruling, a defining moment in the sector's evolution. The event was significantly influenced by the then Finance Minister Mr. Ishaq Dar and Moulana Basheer Farooqi, Chairman of Saylani Welfare, who played key roles in steering the discussions and formulating the conference's outcomes. Representing the Policy Advisory Board were Research Associate Mr. Bilawal Suhag and Research Analyst Ms. Namra Saleem. The conference focused on both the growth and the challenges encountered in the realm of Islamic banking within Pakistan. It also celebrated the achievements of leading Islamic banks, such as Meezan Bank and Faysal Bank, particularly noting the substantial increase in Islamic banking deposits. This conference marked an important milestone in recognizing and advancing the contributions of Islamic banking to Pakistan's economic landscape.





THE WORLD BANK

## MEETING WITH WORLD BANK ON GST HARMONIZATION IN PAKISTAN

Dated: May 4th, 2023

The Policy Advisory Board convened a meeting on GST harmonization upon the request of the World Bank. The session was co-chaired by Ms. Lucy Pan, Advisor to World Bank and Mr. Shaukat Ali Omerson, Vice President - FPCCI. Other representatives of World Bank include Dr. Adnan Ghumman and whereas Dr. Usama Ehsan Khan, Mr. Asher Raja, and Ms. Sehrish Naz from the Policy Advisory Board also joined the meeting. The meeting focused on establishing a unified sales tax consensus among Federal, Sindh, Punjab, KPK, and Baluchistan, with an implementation date set for May 1st, 2023. Key attendees included figures from the hotel industry, namely Saleemullah Shaikh, Mustansir Zakir, and Muhammad Khurshid from the Hashmani Group. The focus was on synchronizing sales and income tax and eliminating conflicting clauses. This integrated tax system aims to harness about 87% of potential revenues, reduce compliance burdens, enhance business efficiency, and resolve overlaps between provincial and federal taxes.





## NATIONAL CONSULTATIVE WORKSHOP BY THE MINISTRY OF CLIMATE CHANGE

**Dated: February 15th, 2023**

The National Consultative Workshop in 2023, co-hosted by the National Rural Support Programme, the Ministry of Climate Change, and the Green Climate Fund, convened experts and representatives from various sectors, including the Policy Advisory Board – FPCCI, to discuss and shape Pakistan's approach to climate financing and sustainability. Research Associates of the PAB, Mr. Bilawal Suhag and Ms. Farah Atiq suggested the collaboration among diverse stakeholders, emphasizing the importance of developing a comprehensive climate framework that considers the nation's unique challenges and needs. It showcased a strong commitment to addressing climate change and building a resilient and sustainable future for Pakistan through cooperative efforts and shared expertise.



العرف الإسلامي للتجارة والصناعة والاعتماد  
Islamic Chamber of Commerce, Industry & Agriculture  
La Chambre Islamique de Commerce, d'Industrie et d'Agriculture

## INTERNATIONAL ORGANIZATION FOR FUNDING TRAINING – ORGANIZED BY ICCIA

**Dated: May 18th, 2023**

The International Chamber of Commerce and Industry (ICCIA) hosted its inaugural "Training on International Organization for Funding" in Karachi. The Policy Advisory Board was represented by Research Associate Mr. Bilawal, and Junior Researcher Mr. Jahanzeb. The primary intent behind this session was to critically assess and evaluate the training modules. Aimed at promoting financial literacy and technical support mechanisms among the leading organizations in Pakistan, this complimentary training witnessed a diverse range of attendees, including representatives from NGOs, Foundations, Business Associations, and various Chambers of Commerce. The eligibility criteria were stringent, ensuring only members from departments responsible for funds mobilization and technical backing were present.



## **EVENT ON GOVERNING KARACHI: A CASE STUDY OF DISTRICT CENTRAL, HELD BY APPLIED ECONOMICS AND RESEARCH CENTRE (AERC)**

**Dated: June 22nd, 2023**

The Applied Economics and Research Centre (AERC) orchestrated a series of discussion sessions aimed at delving into the challenges faced by Karachi and exploring potential solutions, with a particular focus on the role of civil society. Mr. Taha Saleem, Deputy Commissioner, graced the occasion as the chief guest. Ms. Uzma Aftab, Research Associate, represented the Policy Advisory Board and highlighted several challenges originating from the presence of multiple overlapping local government bodies and the prevailing scarcity of resources at the local level. Participants in the discussions underscored the imperative need for a more proactive civil society to hold government entities accountable, particularly concerning illicit activities.



THE WORLD BANK



Pakistan Institute of Development Economics

## ROUNDTABLE DISCUSSION ON REFORM FOR A BETTER FUTURE: TIME TO DECIDE

**Dated: August 29th, 2023**

Roundtable Discussion Sessions titled, 'Reform for a Brighter Future: Time to Decide' organized by the World Bank and Pakistan Institute of Development Economics (PIDE) were held at Applied Economics Research Center. The Policy Advisory Board's Research Associate Ms. Farah Atiq was invited as a discussant for the session titled "Unleashing Agri-Food Sector". During the discussion, the session delved into key aspects of agriculture, exploring topics such as enhancing agriculture productivity, weighing the merits and demerits of support prices, prospects of embracing agriculture mechanization in Pakistan and addressing financing facilities for small farmers. The dialogue on agriculture productivity provided valuable insights into the challenges and opportunities within the sector, while the examination of support prices offered a balanced view of its impact on farmers and the broader economy.







**الشرق**  
Asharq News

## INTERVIEW AT ASHARQ BUSINESS WITH BLOOMBERG

**Dated: October 18th and November 5th, 2023**

Asharq Business, Bloomberg, conducted an interview featuring Mr. Bilawal Suhag, a Research Associate with the Policy Advisory Board. During the interview, Mr. Suhag provided his expert analysis on the consequences of the Israel-Hamas conflict on global oil prices. He delved into the intricate dynamics of how geopolitical tensions in the region, involving key players such as Saudi Arabia, China, Iran, and the United States, significantly influence the oil market. Mr. Suhag offered comprehensive insights into the potential implications of these countries' policies and their interactions during the conflict, shedding light on their potential impact on global oil supply, demand, and pricing.





## NAVIGATING PAKISTAN'S ECONOMIC CROSSROADS UNDER THE IMF PROGRAMS

**Dated: November 24th, 2023**

SZABIST University recently hosted a webinar featuring Dr. Usama Ehsan Khan, who serves as the Head of Research at the Policy Advisory Board, as a distinguished guest speaker. The webinar centered around the theme of 'Navigating Pakistan's Economic Crossroads under the IMF Programs,' a topic of significant relevance given Pakistan's ongoing economic challenges.

During the webinar, Dr. Usama delivered an insightful and comprehensive analysis of Pakistan's economic landscape, with a particular focus on its engagements with the International Monetary Fund (IMF). His expertise and profound understanding of the subject matter underscored the critical importance of well-informed discussions and strategic planning when it comes to making crucial economic decisions for Pakistan.





# **STAKEHOLDER ENGAGEMENTS FOR RESEARCH ACTIVITIES**

Company's Growth



## STAKEHOLDERS ENGAGEMENTS FOR VARIOUS RESEARCH STUDIES

Throughout 2023, the Policy Advisory Board actively engaged with a diverse range of stakeholders to ensure its research and policy recommendations resonated with real-world needs. This included in-depth consultations with representatives from trade bodies, individual businesses, government institutions, academic institutions, and both international and local think tanks. Following are the key stakeholders engaged:

### INTERNATIONAL ORGANIZATIONS



### GOVERNMENT INSTITUTIONS



### COMMERCIAL SECTIONS



## ASSOCIATIONS



## JOINT BUSINESS COUNCILS





## CHAMBERS OF COMMERCE



## INDIVIDUAL BUSINESS/ INSTITUTIONS







# DIGITAL MEDIA COVERAGE

# SOCIAL MEDIA CAMPAIGNS FOR RESEARCH REPORTS

## IMPACT OF IMF PROGRAMS: A CONTEXT OF PAKISTAN



## EXPLORING VALUE ADDITION OPPORTUNITIES AND EXPORT POTENTIAL: A CASE OF CITRUS INDUSTRY

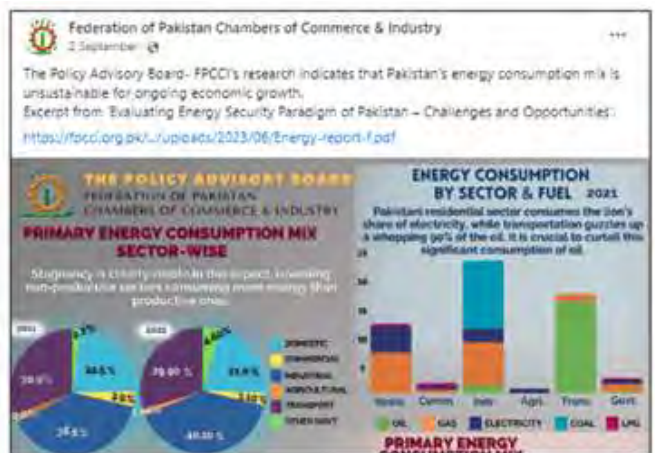




# CHANNELIZING FDI TOWARDS REAL ECONOMY



# EVALUATING ENERGY SECURITY PARADIGM OF PAKISTAN: CHALLENGES AND OPPORTUNITIES





# IMPORT SUBSTITUTION OPPORTUNITIES REVIVING PAKISTAN'S STEEL INDUSTRY

**Federation of Pakistan Chambers of Commerce & Industry**  
Published by Sufiyan Beyg · 5 · 23

By harnessing domestic resources, Pakistan can revitalize domestic steel industry and slash iron imports. Explore further insights at: [https://fpcci.org.pk/.../Import\\_Substitution...](https://fpcci.org.pk/.../Import_Substitution...)

#EconomicResilience #ResourceOptimization #pab #FPCCI

## IMPORT SUBSTITUTION OPPORTUNITIES

### REVIVING PAKISTAN'S STEEL INDUSTRY

Optimizing its iron ore for domestic production, Pakistan could cut its import bill by **100%**, assuming the full utilization of current iron ore production.

**1bn INR RESERVES**    **0.6mn Tonne/yr. PRODUCTION RATE**    **0.11% UTILIZATION RATE**

#### IRON ORE PRODUCTION VS UTILIZATION

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CHAMBERS OF COMMERCE & INDUSTRY

**Federation of Pakistan Chambers of Commerce & Industry**  
Published by Sufiyan Beyg · 23 November · 23

Pakistan grapples with the imperative to diminish its dependence on steel imports, a persistent challenge that jeopardizes the nation's economic stability and self-sufficiency. Explore further insights at: [https://fpcci.org.pk/.../Import\\_Substitution...](https://fpcci.org.pk/.../Import_Substitution...)

#FPCCI #pabfpcci #ImportsSubstitution #importsector #STEEL #industries

## IMPORT SUBSTITUTION OPPORTUNITIES

### REVIVING PAKISTAN'S STEEL INDUSTRY

- Steel Production during the last five years has remained volatile - highlighting the need for sustained improvements to enhance the industry's self-reliance and reduce import dependency.
- Import dependency in the steel sector surged to 58% in 2021-22, with 5.7 million MT of steel imports whereas domestic production stood at 9.9 million MT.
- Over the past five years, there has been a persistent widening of the gap in Pakistan's local steel production, with domestic production continuously facing a deficit of an average of 5.2 million MT each year.

#### Import Dependency of the Steel Industry

#### Steel Industry - Production Versus Demand

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**Federation of Pakistan Chambers of Commerce & Industry**  
Published by Sufiyan Beyg · 13 December at 16:51 · 13

Uncover the dynamic impact of revitalizing Pakistan Steel Mill reshaping the steel industry. Dive into insights from...

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CHAMBERS OF COMMERCE & INDUSTRY

**Federation of Pakistan Chambers of Commerce & Industry**  
Published by Sufiyan Beyg · 14 November · 14

Comparison of Import and Tariff Structures present a strong case for why import substitution is inevitable. The Policy Advisory Board - FPCCI shares the import landscape from its research 'Import Substitution Opportunities'. Read more at: <https://fpcci.org.pk/publications/>

#FPCCI #pabfpcci #ImportsSubstitution #DomesticProduction

## IMPORT SUBSTITUTION OPPORTUNITIES

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- In Pakistan, consumer goods (30%) lead in the import composition, accounting for a 30% share, followed by intermediate goods at 29%, Capital goods constitute 21%, and raw materials make up 19% of total imports.
- Contrary to Pakistan, India and Bangladesh, have exhibited different import composition patterns, with a greater share of intermediate and raw materials in their import mix.
- India and Bangladesh have a greater tariff disparity between consumer and capital goods compared to Pakistan, whereas Vietnam implemented a relatively liberal tariff policy.
- While capital goods import share is similar in Pakistan, India, and Bangladesh, Pakistan consistently maintains higher tariff rates compared to both.

#### COMPARISON OF IMPORTS STRUCTURE WITH REGIONAL COMPETITORS (5 YEARS)

#### COMPARISON OF TARIFF STRUCTURE WITH REGIONAL COMPETITORS (WEIGHTED AVERAGE TARIFF - 2022)

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## VISIT OF HARVARD BUSINESS SCHOOL DELEGATION



Federation of Pakistan Chambers of Commerce & Industry

18 June - 🌐

...

A delegation from Harvard Business School recently visited FPCCI to meet Mr. Mohammad Younus Dagha, Chairman, Policy Advisory Board. CPEC's Second Phase and Energy Security were the key areas of discussion.

#FPCCI #CPEC #energy #fpccipab #energysecurity #HarvardBusinessSchool #research #policymakers #policyanalyst



Harvard Business School Researchers visited FPCCI Karachi, to meet Mr. Mohammad Younus Dagha - Chairman, Policy Advisory Board

### Hong Zhang

China Public Policy Fellow at Harvard Kennedy School's Ash Center for Democratic Governance & Innovation

### Meg Rithmire

F. Warren McFarlan Associate Professor- Business, Government, & International Economy

### Salaar Shaikh

MBA Harvard Business School

### Mohammad Younus Dagha

Chairman, FPCCI Policy Advisory Board

### Dr. Usama E. Khan

Head of Policy Research Unit, FPCCI Policy Advisory Board

POLICY ADVISORY BOARD





## VISIT OF DR. ISHRAT HUSSAIN



Federation of Pakistan Chambers of Commerce & Industry

28 May · 🌐

...

FPCCI Policy Advisory Board and Chairman- Mohammad Younus Dagha, welcome Dr. Ishrat Husain, renowned banker, most respected and highly reputable economist, chief reformist and eminent public policy advisor.

His keen interest in developmental issues offered our dedicated PAB policy analysts a rare opportunity to share their research publications and also seek Dr Husain's esteemed advice on some ongoing policy projects.

#fpcci #policyadvisoryboard #policyadvisory #economist #... See more



DR ISHRAT HUSSAIN

Laureate of Nishan-e-Imtiaz, renowned banker & economist Dr Husain held a distinguished career at the World Bank for over two decades. During his illustrious career, he has served as the Governor State Bank of Pakistan, Dean & Director IBA, Advisor to Prime Minister for Institutional Reforms & many other key positions on the home turf as well as internationally. A resident policy fellow at Woodrow Wilson Center, he actively maintains scholarly interest in development issues. Author of over two dozen books, Dr Husain continues to serve on Boards of several research institutions.



Dr. Ishrat Husain, Chairman PAB - Mohammad Younus Dagha, Sr Vice President FPCCI - M. Suleman Chawla, & Policy Advisory Board Team



POLICY ADVISORY BOARD



POLICY ADVISORY BOARD



## CHAIRMAN'S GUEST SPEAKER SESSION AT TRANSFORMING THE PRIVATE SECTOR



Federation of Pakistan Chambers of Commerce & Industry

23 September · 🌐



During the 3rd Panel Discussion at [#ReformsForABrighterFuture](#) on "Transforming the Private Sector", Chairman Policy Advisory Board - FPCCI, Mr. Younus Dagha suggested 3 critical areas of focus for a promising future of the country:

The Youth Bulge

Agriculture Sector... [See more](#)



## RECOMMENDATIONS INCORPORATION BY CCOE



Federation of Pakistan Chambers of Commerce & Industry

22 August · 🌐

The Policy Advisory Board of the FPCCI is proud to share the research paper "Import Substitution Opportunities: Investing in Refineries."

[https://fpcci.org.pk/.../Import\\_Substitution...](https://fpcci.org.pk/.../Import_Substitution...)

Some recommendations incorporated by the CCoE in its approved policy clearly demonstrate the practical impact of the insights provided by us on governmental decision-making processes.

The Policy Advisory Board - FPCCI, acknowledges the commendable steps taken by the **Cabinet Committee on Energy (CCoE)** in approving the "**Brownfield Refinery Policy**" and is delighted that some of the recommendations from our research paper,

### Import Substitution Opportunities – Investing in Refineries

have been incorporated in the new refinery policy. This move will help to reduce perpetual reliance on imported refined oil and may act as a firm step to achieve energy security.



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# MONTHLY TRADE ANALYSIS – GOODS, SERVICES, AND INFLATION

**THE POLICY ADVISORY BOARD**  
FEDERATION OF PAKISTAN  
CHAMBERS OF COMMERCE & INDUSTRY

**OCTOBER 23**

### PAKISTAN'S MONTHLY TRADE PROFILE FOR SERVICES

**JUL-OCT 2023**

**IMPORTS** US\$ 928.07 mn  
OCT-22: US\$ 701.10 mn  
18.11% YOY

**EXPORTS** US\$ 856.03 mn  
OCT-22: US\$ 823.07 mn  
3.52% YOY

**BALANCE OF TRADE** US\$ -847.03 mn  
Change: 3.34%

**GROUP - WISE IMPORTS (US\$ MILLION)**

Category	Oct-23	Oct-22	Jul-Oct FY24	Jul-Oct FY23	Jul-Oct Change (%)	Jul-Oct Share (%)
Maintenance & Repair Service n.i.e.	2.04	4.01	22.26	12.04	84.88	0.68
Transport	422.97	329.03	1,537.91	1,496.02	2.80	47.13
Travel	169.04	166.01	697.10	397.03	75.58	21.36
Construction Services	0.06	0.00	0.98	0.07	1300.00	0.03
Insurance & Pension Services	39.00	18.00	157.99	82.08	92.48	4.84
Financial Services	27.93	46.02	84.85	155.03	-45.27	2.60
Intellectual Services	19.97	4.00	56.03	13.98	300.79	1.72
Telecom, Computers & IT	32.99	50.97	129.95	130.96	-0.77	3.98
Other Business Services	95.99	74.00	433.00	385.95	12.19	13.27
Personal, Cultural & Recreational	0.07	0.09	1.25	1.16	7.76	0.04
Government Services	18.01	8.97	142.05	54.91	158.70	4.35

**GROUP - WISE EXPORTS (US\$ MILLION)**

Category	Oct-23	Oct-22	Jul-Oct FY24	Jul-Oct FY23	Jul-Oct Change (%)	Jul-Oct Share (%)
Maintenance & Repair Service n.i.e.	0.09					
Transport	118.93					
Travel	68.09					
Construction Services	5.99					
Insurance & Pension Services	7.00					
Financial Services	4.97					
Intellectual Services	0.96					
Telecom, Computers & IT	238.01					
Other Business Services	125.96					
Personal, Cultural & Recreational	1.99					
Government Services	84.04					

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**NOVEMBER 23**

### PAKISTAN'S MONTHLY TRADE PROFILE FOR GOODS

**JUL - NOV 2023**

**IMPORTS** US\$ 4.54 bn  
NOV-22: US\$ 5.15 bn  
-11.94% YOY

**EXPORTS** US\$ 2.57 bn  
NOV-22: US\$ 2.39 bn  
7.71% YOY

**BALANCE OF TRADE** US\$ -9.46 bn  
Change: 1.93%

**GROUP - WISE IMPORTS (US\$ BILLION)**

Category	Nov-23	Nov-22	Jul-Nov FY24	Jul-Nov FY23	Jul-Nov Change (%)	Jul-Nov Share (%)
Petroleum Group	1.42	1.65	6.45	7.70	-16.19	29.84
Food Group	0.72	0.65	3.35	4.08	-17.91	15.49
Agricultural & other Chemicals Group	0.68	0.89	3.53	4.37	-19.20	16.33
Machinery Group	0.58	0.53	2.94	2.76	6.36	13.57
Metal Group	0.40	0.36	1.73	2.01	-13.98	7.98
Textile Group	0.22	0.37	1.10	1.66	-33.95	5.08
Transport Group	0.15	0.22	0.66	1.02	-35.53	3.05
Miscellaneous Group	0.08	0.39	0.41	6.41	-6.41	1.78
	0.39	1.49	2.05	27.28	-6.89	

**EXPORTS (US\$ BILLION)**

Category	Nov-22	Jul-Nov FY24	Jul-Nov FY23	Jul-Nov Change (%)	Jul-Nov Share (%)
	1.42	6.88	7.36	-6.50	56.52
	0.43	2.64	1.93	37.12	21.69
	0.33	1.68	1.68	-0.38	13.80
	0.01	0.07	0.12	-42.38	0.58
	0.20	0.90	0.85	6.21	7.39

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**OCT 23**

### INFLATION SNAPSHOT

**GENERAL INFLATION** 26.9%

**COBE INFLATION** 18.5%

**POLICY RATE** 22.0%

### INFLATION INTENSITY MAP APR - OCT 2023

CATEGORY	GROUP WEIGHT %	APR 23	MAY 23	JUN 23	JUL 23	AUG 23	SEP 23	OCT 23
General	100	36.4	38.0	29.4	28.3	27.4	31.4	28.8
Food & Non-alcoholic Bev.	34.5	48.1	48.7	39.5	39.5	38.8	33.1	28.8
Alcoholic Bev. & Tobacco	1.0	133.5	124.0	109.5	102.1	97.5	87.5	84.6
Clothing & Footwear	8.8	21.6	22.5	21.0	20.4	18.5	20.6	20.6
Housing, Water, Electricity, Gas & Fuels	23.6	16.9	20.5	11.8	10.8	8.3	29.7	20.5
Furnishing & Household Equipment Maintenance	4.1	40.5	43.5	41.7	41.7	41.7	38.3	37.1
Health	2.7	18.8	19.3	19.1	21.5	22.6	25.3	25.2
Transport	5.9	56.8	52.8	20.3	13.6	23.0	31.3	31.3
Communication	2.2	8.0	7.0	8.8	8.8	7.0	7.4	7.4
Recreation & Culture	1.5	88.8	72.2	68.0	65.8	61.4	58.8	56.3
Education	3.7	8.5	8.4	8.8	8.0	10.5	11.1	12.8
Restaurants & Hotels	6.9	39.0	42.3	38.4	34.7	34.1	34.3	33.1
Miscellaneous	4.8	38.8	45.3	40.1	39.3	40.8	36.4	35.2

**INFLATION POLICY RATE**

Country	Policy Rate
PAKISTAN	22.0%
INDIA	6.5%
BANGLADESH	7.5%
CHINA	5.5%
VIETNAM	4.0%
TURKEY	61.5%



