

Clean chit

PM's investment package doesn't break law, says CCP

FBR drafts rules for obtaining data of bank depositors, loan defaulters

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 ISLAMABAD

As the anti-trust watchdog gives a clean chit to the prime minister's blanket amnesty scheme for investors, the national tax agency has issued a draft of rules in the first phase of implementing the PM's package, which is widely perceived to be pro-industry.

The rules, issued by the Federal Board of Revenue (FBR) on Thursday, deal with reporting requirements for banking companies about those account holders who are not taxpayers.

The FBR agreed with the prime minister's decision that barred the tax authorities from getting access to bank accounts of existing taxpayers.

Describing it as a package that will promote growth and investment, Nawaz Sharif had last week announced incentives for the industrialists - who are called his traditional voters. Experts say the incentives offer the industrialists a chance to legalise

their black money by investing in various projects.

He also stopped the FBR from accessing the bank accounts of taxpayers and exempted a category of existing and all new taxpayers from tax audit.

Tax experts and civil society activists call the amnesty scheme a reward for the tax thieves, which would also impede the drive to broaden the country's narrow tax base.

However, Competition Commission of Pakistan Acting Chairman Dr Joseph Wilson believed that the prime minister's package was not a violation of the Competition Act of 2010 and would not damage the cause of competitiveness.

He said though the package was not applicable to certain industries like sugar, cement, beverages and cigarettes, these industries were "well entrenched" and would be immune from any adverse competitive implications.

"It is the discretion of the government and the PM to provide any incentive to any industry and there is nothing in the package that raises concerns of competitiveness," said Wilson at a seminar here on Thursday.

Exemptions granted to certain businesses through SROs are providing unfair advantage to large businesses at the expense of SMEs

USAID Trade Project's Regional Trade Adviser Dr Manzoor Ahmad said exemptions granted to certain businesses through Statutory Regulatory Orders (SROs) were providing unfair advantage to large businesses at the expense of small and medium enterprises.

For the first phase of implementation of the PM's package, the FBR has notified the draft rules for obtaining monthly information from banks about depositors and loan defaulters. The FBR would consider the proposals for seven days since publishing the draft after which the amendments would be considered part of the Income Tax Rules 2001.

As desired by the PM, the FBR allowed the banks not to give any information about monthly transactions and written-off loans of those

who either hold the National Tax Number or are active taxpayers.

This came in the backdrop of hue and cry the industrialists and traders were making against the government's move to give the FBR access to their bank accounts.

According to the banking companies' reporting requirements, in case a person does not have an NTN and is a non-filer, every banking company will furnish the FBR a monthly account holder deposit statement, credit card payment details and any loan written off.

However, any such information becomes useless when a person decides to file the income tax return and pay a minimum tax of Rs25,000 irrespective of what he owes to the exchequer.

The PM had also announced that those who decide to come in the tax net, their accounts will not be accessed and they will be exempted from the audit.

The decision to exempt people from the audit is seen as a major blow to the government's drive to broaden the tax net, as those who owe millions can get away by paying just Rs25,000.

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'Pakistan should open up trade with India'

By Mehtab Haider

ISLAMABAD: Canada's High Commissioner to Pakistan Greg Giokas has said the opening up of bilateral trade between Indian and Pakistan is important for regional stability.

"Keeping in view Canada's experience of having a large neighboring country such as the US, Pakistan should open up trade with neighbouring India to reap the benefits," said Giokas while addressing a seminar organised by the Competition Commission of Pakistan (CCP) here on Thursday.

"Don't fight with India," he said, adding that Pakistan should engage with stakeholders and enhance political discourse and debate within society.

The Canadian envoy said that their experience showed that instead of plunging into conflict with a big neighboring country, the smaller country should focus more on enhancing its competitiveness and efficiency to maximise benefits.

Pakistan could achieve benefits, he said, by creating a competitive environment and devising public policy with more engagements with stakeholders.

Sharing Canada's experience of evolving consensus on trade ties with the US, Giokas said trade unions severely resisted moves for establishing trade ties with US but later on there was consensus that aligning policies with the US would allow Canada to reap maximum benefits.

"Ten years later, it proved to us that when you become strong, your dependency goes down," he said, adding that the same could happen for Pakistan if the government wants to move towards this destination.

"It is up to the government and people of Pakistan to take a decision on this subject and then move ahead," he said. Further, the Canadian high commissioner said Pakistan required a comprehensive policy package through consultation with relevant stakeholders to improve the country's agriculture sector.

"Pakistan requires a comprehensive policy package including better trade opportunities with India, recognising the role of business and focusing more on the agriculture sector. This package will have a positive impact on generating more employment opportunities than investment in any other sector," he said.

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CCP holds seminar

STAFF REPORTER

ISLAMABAD—The Competition Commission of Pakistan organized a seminar to mark the World Competition Day, which is celebrated every year on 5th December to create awareness on competition related issues and how the enforcement of a competition regime benefits consumers.

The topic of the seminar was “Economic Growth and Competitiveness” and it was attended by H.E. Greg Giokas, Canadian High Commissioner, Dr. Manzoor Ahmed, Regional Trade Advisor US Aid Trade Project, Ms Mia Ter Haar, representative of the US Embassy Islamabad, Mr. Chuk Lambert, Trade Policy Team Lead, US Aid Trade Project, senior officials of the Ministry of Finance, representatives of Oil & Gas Regulatory Authority (OGRA), Pakistan Telecommunication Authority (PTA), Ministry of Industries, representatives of chambers, senior management of private sector companies and academia.

Dr. Joseph Wilson, the Chairman CCP, while addressing the seminar noted that competitiveness was essential to achieve sustainable economic growth which in turn would rid the country of poverty.

Canadian HC for opening up of bilateral trade between Pakistan and India

RECORDER REPORT

ISLAMABAD: Canadian High Commissioner Greg Giokas said that it was important for regional stability that both Pakistan and India should open up bilateral trade, which would boost economies of both the countries considerably.

Addressing a seminar organised by the Competition Commission of Pakistan (CCP) titled as "Economic Growth and Competitiveness" here at the CCP headquarters, he said that keeping in view their experience (Canada) for having large neighbour like USA, Pakistan should open up trade with neighbouring India to reap the fruits.

"Don't fight with India," he said, adding that this decision should be taken by bringing in more stakeholders and improving political discourse and debate within the society.

The Canadian envoy said that their experience showed that instead of conflict with big neighbouring country, the smaller country should focus more on having an edge in competitiveness and efficiency to accumulate maximum benefits.

By creating competitive environment and devising public policy with more engagements with the stakeholders, he said that Pakistan could achieve more by having solid trade ties with India.

Sharing experience of Canada for evolving consensus on trade ties with US, he said that trade unions severely resisted moves for establishing trade ties with the US and it became major debate in the country, but later on it was



ISLAMABAD: Chairman Competition Commission of Pakistan Dr Joseph Wilson speaking at a seminar on "Economic Growth and Competitiveness," here on Thursday.

realized by aligning policies with the US their country could secure utmost gain.

"Ten year later, it proved that when you become strong, your dependency would go down," he said and added that the same could happen in case of Pakistan if the government and people of the country take decision to move towards in positive manner.

"It is up to the government and people of Pakistan to take decision on the subject and move ahead," he said and added that it was their suggestion to talk more and open up trade with India.

For improving the country's agriculture sector, he said that Pakistan require a comprehensive policy package by devising it in consultation with the relevant stakeholders.

"Pakistan requires a comprehensive policy package, allowing better trade opportunities with India, recognized role of business and focus more on agriculture sector that will have positive impact on generating more employment than investing in any

other sectors," he said.

With the help of donor-funded project, he said that the research study proved that with policy intervention in dairy sector the income of 22,000 people could be doubled.

He said that there was no shortage of studies and funds from the donors but you would have to take a decision to open up trade with India.

Responding to a query on aid effectiveness, he said that it was the responsibility of the government to execute policies for the benefit of people of Pakistan by pouring donors' money in areas where it required more.

He said that having a discussion on competitiveness was very important. He focused on how to gain a competitive advantage in international trade. The High Commissioner was of the opinion that the competitiveness of Pakistan lay in its agricultural sector and Canada was providing its expertise to Pakistan in this sector, so that the potential of this sector could be harnessed.

tries as compared to SMEs having no benefit of the customs tariff regime. The SMEs have to purchase raw material/inputs from the open market and SMEs cannot make use of the SROs. At present the 'anti-SMEs' SROs are operating creating a serious disadvantage for the small and medium businesses.

The FBR has to get rid of these SROs to provide a level playing field to business and trade across the country without discrimination, he maintained.

Dr. Manzoor Ahmad while addressing the issue of exemptions granted to certain businesses through SROs which, according to him, provided an unfair advantage to large businesses at the expense of SMEs also cited the example of the auto sector where special SROs practically prohibited new entrants and gave an unfair advantage to auto producers in Pakistan. He noted that the telecom and banking sectors were success stories where opening up of the sector to competition resulted in enormous benefits to businesses and consumers.

Dr. Manzoor Ahmad, Regional Trade Advisor for USAID Trade Project said that Pakistan's imports and exports have been regulated by two parallel customs tariff regime including general Pakistan Customs Tariff (PCT) and tariff regime regulated through statutory regulatory orders (SROs) facilitating rich and powerful businesses.

Most of the statutory regulatory orders (SROs) have been issued by the Federal Board of Revenue (FBR) on the pressure of influential groups and lobbies. The duty structure is different for big indus-

CCP, while addressing the seminar noted that competitiveness was essential to achieve sustainable economic growth which in turn would rid the country of poverty. "Competitiveness is a function of the enforcement of competition regime," Dr. Wilson noted.

He said that the CCP organised a seminar to mark the World Competition Day, which is celebrated every year on 5th December to create awareness on competition-related issues and how the enforcement of a competition regime benefits consumers.

Responding to a query on government's investment scheme, Dr. Joseph Wilson said that no competition issues were involved in the recently announced scheme. The investment scheme would not create disadvantage for existing sectors. "I have analyzed the scheme and competition issues are not involved in the scheme where source of question would not be asked on making new investments," he added.

Dr. Wilson opened the house for discussion and the participants took keen interest in discussing various issues concerning Pakistan's competitiveness. While responding to a question, CCP Member Dr. Shehzad Ansari appreciated the new SME policy recently introduced by the government, saying that the policy would go a long way in creating more business opportunities for small investors. Mueen Baitay, Member CCP, observed that unless you were not competitive domestically you could not be competitive internationally.

Marking World Competition Day

Seminar held to create awareness on competition issues

Staff Report

ISLAMABAD: Competition Commission of Pakistan (CCP) organised a seminar to mark the World Competition Day, which is celebrated every year on December 5 to create awareness on competition related issues and how the enforcement of a competition regime benefits consumers.

The topic of the seminar was 'Economic Growth and Competitiveness'.

Dr Joseph Wilson Chairman CCP said competitiveness was essential to achieve sustainable economic growth, which in turn would rid the country of poverty. Competitiveness is a function of the enforcement of competition regime, Dr Wilson added.

Citing the World Economic Forum's Global Competitiveness Index, he noted Pakistan's competitiveness had deteriorated

over the years with the country now ranked at number 133 out of 148 countries.

Pakistan's ranking was lowest in the region falling behind India, Bangladesh and Sri Lanka.

The Canadian High Commissioner Greg Giokas said having a discussion on competitiveness was very important. He focused on how to gain a competitive advantage in international trade. The High Commissioner was of the opinion the competitiveness of Pakistan lay in its agricultural sector and Canada was providing its expertise to Pakistan in this sector, so that the potential of this sector could be harnessed.

Mr Giokas linked the competitiveness of a country like Pakistan to the promotion of agriculture. Instead of hiding behind high tariff walls the agriculture sector needed to focus on improving its competitiveness. As a start-

"Competitiveness was essential to achieve sustainable economic growth, which in turn would rid the country of poverty"



**Joseph Wilson
Chairman CCP**

ing point there were three important ways to improving competitiveness: policy development, business development and consultations with stakeholders. He said big gains could come from simple improvements.

Dr Manzoor Ahmad regional Trade adviser for United States Agency for International Trade (Project), talked about the issue of exemptions granted to certain businesses through SROs, which according to him, provided an

unfair advantage to large businesses at the expense of small and medium enterprises. He cited the example of the auto sector where special SROs practically prohibited new entrants and gave an unfair advantage to auto producers in Pakistan.

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small investors.

Mueen Batlay Member CCP observed unless you were not competitive domestically you could not be competitive internationally.

To a question regarding the auto sector and the general perception that there was a cartelisation in the industry, it was observed policies should be formulated with the consensus of the relevant industry at a proper forum.

Ms Mia Ter Haar from the US Embassy Islamabad said it was important not only to have good laws but also enforcing those laws.

Senior officials of the Ministry of Finance, representatives of Oil and Gas Regulatory Authority (OGRA), Pakistan Telecommunication Authority (PTA), Ministry of Industries, representatives of chambers, senior management of private sector companies and academia attended the event.

