

**THIRD PAKISTAN - UNITED STATES BUSINESS OPPORTUNITIES**  
**CONFERENCE**

**KEYNOTE SPEECH BY FINANCE MINISTER**

**10<sup>th</sup> March 2015**

Ms Penny Pritzker, Honourable US Commerce Secretary,  
Engr Khurram Dastagir Khan, Commerce Minister,  
Mr Miftah Ismail, Chairman Board of Investment,  
Mr Larry Sampler,  
Mr Arbab Shehzad, Secretary Commerce,  
Excellencies, Ambassador Olson, Ambassador Jilani,  
Distinguished guests, Business leaders, Media friends,  
Ladies & Gentlemen,

Assalam Alaikum and Good morning,

It is a matter of great pleasure for me to join you at the Third Pakistan - United States Business Opportunities Conference which has brought together businessmen from both countries so that they can explore mutually beneficial economic opportunities for trade and investment.

I am further pleased for two other reasons. Firstly, on the sidelines of the Annual Meetings of the IMF and the World Bank Group in Washington, I had met senior members of US administration and USTR and floated the idea of holding the next Pakistan - United States Business Opportunities Conference as well as the Pakistan

- United States Business Week in Pakistan. I am thankful to the US administration for having accepted the suggestion, with the result that we all have gathered here today for this important event. You would recall that the previous second Conference was held in Dubai in June 2013 in which I represented Pakistan.

Secondly, I am extremely pleased that the United States Secretary of Commerce Ms Penny Pritzker is personally present at this event. It is a matter of honour for us that she travelled to Pakistan for the purpose, something which is proof of her interest in cementing trade and investment ties between our countries. Madam Secretary is a key member of President Obama's economic team, she has worked closely with the business community and has developed the "Open for Business Agenda" which focuses on expanding trade and investment, spurring innovation and protecting the environment.

In addition, she chairs the Presidential Ambassadors for Global Entrepreneurship (PAGE) program, an initiative that deploys 11 of America's most successful entrepreneurs to inspire and cultivate the next generation of entrepreneurs around the world. Madam Secretary and members of the PAGE initiative have engaged in entrepreneurship promotion events all over the country and the world, including from Saudi Arabia to the Philippines to Ghana. I appreciate Madam Secretary's presence at this Conference amongst us and am confident that her participation in this event would open new avenues of trade and investment cooperation. I also wish her a very pleasant stay in Pakistan.

I also welcome the business leaders from both the United States and Pakistan who have joined us in this Conference. One can see here representation of reputable

business groups from Pakistan as well as from the United States. I am sure this interaction will bring the entrepreneurs of the two countries closer.

**Ladies and gentlemen,**

This Conference is taking place at a time when our government has put in place a forward looking reform agenda and Pakistan's economy is back on an upward trajectory. Our government has taken painful yet necessary reforms since taking office in June 2013 which has resulted in the stabilization of the economy. I can confidently inform you that the economy of Pakistan has been put back on the right track due to the far-reaching structural reforms, stabilization measures and initiatives of the past 21 months.

When our government assumed office, in June 2013, our economy was facing a number of challenges. We were aware that unless we overcame those challenges the road to progress will not be smooth. The country's economy was facing macro-economic instability. The growth rate had averaged less than 3% since 2008-09 - significantly below our potential. Inflation had averaged around 12% per annum in five years while foreign exchanges reserves had dropped below US\$ 8 billion (SBP US\$ 2.8 billion in February 2014). International predictions were that Pakistan will default in June 2014. Circular debt of Rs. 503 billion was crippling the power sector as well as the economy. Investment-to-GDP ratio was declining continuously and had reached 12.6%, tax-to-GDP ratio had declined to 8.5% while the projected fiscal deficit for 2012-13 was 8.8%. On the other hand, debt-to-GDP ratio had increased in the last six years from 56.8% of GDP to 63.9% of GDP in June 2013.

## **Ladies and gentlemen,**

By the Grace of Allah in the last 21 months, Pakistan's economy has shown marked improvement and almost all the key indicators improving continuously. As a result of our reforms and initiatives, we have been able to make considerable progress on the economic front. I would like to share some of the progress with you:

- Pakistan has by now successfully completed six reviews under the US\$ 6.64 billion Extended Fund Facility (EFF) program of the International Monetary Fund (IMF). This has enabled Pakistan to access international capital markets as well as funding from multilateral donors.
- Pakistan successfully re-entered international capital markets after a gap of seven years by issuing Euro Bonds worth US\$ 2 billion. Our initial offer was oversubscribed by 14 times.
- Pakistan after nine years issued Islamic paper, Sukuk, for US\$ 1 billion. This offer was also oversubscribed by more than 5 times.
- Resumption of program lending by World Bank and Asian Development Bank, that has enabled us to access some US\$ 1.5 billion from these institutions.
- Successful revival and resumption of the privatization program, whereby we have already divested the shares of United Bank Limited (about US\$ 400 million) and PPL (subscription Rs. 30 billion, which is the highest ever in our stock market history).
- Successful auction of 3G-4G spectrum licenses. As against the target of Rs. 50 – 79 billion during the last 5 years, we set an ambitious target of Rs. 120

billion in our government's first financial year ended on 30<sup>th</sup> June 2014. And, by the grace of Allah, our target was achieved. Moreover, we still have two unsold licenses worth Rs. 50 billion approximately left, which will be auctioned at appropriate time.

Let me also share here some of the key economic indicators with you:

- The growth in FBR revenues from financial year 2012-13 to financial year 2013-14 was 16.4% as against the previous year. In the first seven months of financial year 2014-15, despite decline in revenue on account of falling oil and other commodities prices, FBR revenue has shown further growth of 12.4%. We are hopeful of achieving our revenue target of Rs 2,691 billion in the current financial year.
- In the financial year 2013-14 GDP growth was 4.14% which was highest in last six years. Our target for current financial year 2014-15 is 5.1%.
- Inflation is an a continuous downward trend. While it ended it 8.6% in financial year 2013-14, it is now under 6% in the first eight months of financial year 2014-15 with the month of February 2015 ending with inflation of 3.2% - the lowest since the year 2000.
- Home remittances grew by 13.7% in the financial year 2013-14 as against financial year 2012-13. The trend is continuing in the current financial year with the remittances up a further 14.6% in the first seven months.
- The foreign exchange reserves which touched bottom over a year ago have now increased to over US\$ 16 billion (including over US\$ 11 billion with SBP) re-qualifying Pakistan after three years as an IBRD country.

- The Karachi Stock Exchange Index which stood at 19,916 on the day elections were held in May 2013 has now reached above 33,264 as on 6<sup>th</sup> March 2015 - an overall increase of 67%.

**Ladies and gentlemen,**

On the basis of the above significant achievements and progress, international think tanks and research groups have recognized Pakistan's impressive economic turnaround. Let me give you a few examples here:

- Japan's JETRO has declared Pakistan as likely to be the second choicest place for foreign direct investment.
- Jim O'Neill, a Goldman Sachs economist, and BBC forecasted that Pakistan, currently world's 44<sup>th</sup> largest economy, would be world's 18<sup>th</sup> largest economy by 2050, if it continues with its economic reform agenda. Actually, we think 2050 is too far. We wish to work harder to see Pakistan reach that level well before that predicted timeline.
- OICCI raised Pakistan's Business Confidence Index from negative 34 to positive 2.
- Moody's raised our economic outlook from negative to stable.
- In Nielsen's Global Survey of Consumer Confidence, Pakistan's index rose to 99 in the 1<sup>st</sup> Quarter of 2014 from the lowest level of 86 in the 3<sup>rd</sup> Quarter of 2011.
- Recently, a Morgan Stanley economist, David Darst, has said that the rise of Pakistan is a matter of time. He said that Pakistan is bound to grow very fast

and will be at the center of countries that will contribute significantly to the world economy.

**Ladies and gentlemen,**

Let me also acknowledge here the strong economic partnership we have with the United States of America. This Conference is part of that partnership. In the months and years ahead, I am confident this partnership will only grow stronger and stronger. We will welcome US investors and are prepared to facilitate their investments in Pakistan. Let me inform you that our banking regulations are very liberal and allow repatriation of equity, profits and dividends to foreign investors. Likewise, the Board of Investment provides one window facilitation to the foreign investors while the Federal Board of Revenue has a facilitative taxation and customs regime.

I am particularly pleased to note the key areas that this Conference is focusing on, namely Energy, Agriculture, Infrastructure, Information and Communication Technology, Textiles, Apparel, Surgical Instruments and Footwear/Leather. All of these offer favourable economic opportunities both for investment and trade.

In the energy sector we are working to bring new projects based on hydro, coal, renewable and alternate energy. These projects will result in significant business opportunities in Pakistan and I urge all of you to take a good look at them. We already have projects for over 7,000 MW for which financial close has been achieved and we are working to complete these projects within the next three years. In addition, at least another 3,000 MW electricity is planned to make it a

total of over 10,000 MW to meet the current supply-demand gap as well as new GDP growth related demand.

Likewise, infrastructure is an area in which we are planning major projects and would welcome foreign investment. The US investors may be interested in various projects including mass transit / transportation system in Karachi, the planned four-lane expressway from Muzaffarabad to Mirpur or the South - North LNG pipeline from Gawadar to Nawabshah.

Currently, global share of Pakistan's IT industry is estimated at US\$ 2.8 billion. We have a skilled workforce of 110,000 English-speaking IT professionals of which 24,000 are engaged in exports. Telecom sector of Pakistan has attracted substantial investment after deregulation. For the last seven years, more than US\$ 12 billion have been invested in the telecom infrastructure. Considerable opportunities still exist for potential investors in the rapidly growing IT and telecom sector.

In the agriculture sector, Pakistan has immense opportunities in value addition of the agriculture products. From milk to fruits, from meat to vegetables and from animal breeding and livestock development to flowers, there is simply no end to the value-addition opportunities both domestically through foreign branded chain stores and, internationally, through exports. I am sure further details will be shared with you all on these opportunities during the course of this Conference.

**Ladies and gentlemen,**



In the end, I would urge the investors and businessmen present here to make the most of this opportunity which has brought you together and to explore prospects for closer trade and investment collaboration for mutual benefit. I wish the Conference and its participants highly rewarding couple of days and hope it will lead to concrete results for trade promotion and investment between Pakistan and USA.

My heartfelt compliments to US Secretary Commerce and her colleagues as well as the Ministry of Commerce of Pakistan for organizing this important event in a highly professional manner. It is indeed important, however, for the Ministry to follow-up on the discussions and interactions that will take place in this event for achieving tangible results.

Thank you all / Long live US - Pak friendship.