Ambassador Rehman’s Message

November marked the continuation of high level interaction between Washington and Islamabad that began with the visit of Foreign Minister Hina Rabbani Khar to the United States in September. This month we witnessed greater focus and coordination on economic, trade and investment issues, as the Embassy welcomed Finance Minister Abdul Hafeez Shaikh at the head of a high level delegation of the key economic decision makers of Pakistan. The delegation participated in a meeting of the Working Group on Economy and Finance and engaged with their counterparts in the United States to review the present state of bilateral trade, investment and economic cooperation and to set specific goals and targets for future collaboration. The wide range of consultations that the Finance Minister and his team held here in Washington and the important decisions taken will deepen the economic relationship and strengthen bilateral cooperation.

Building on the momentum generated by these recent engagements on economic issues, the Embassy reached out to audiences and entrepreneurs in the United States. I had the honor of participating in two Washington based conferences that were convened to highlight the economic successes and expanding investment potential in Pakistan. An event hosted by an organization of Pakistani entrepreneurs provided an opportunity for me to remind people of the liberal investment regime Pakistan provides and to engage with emerging and established entrepreneurs as they shared their experiences in developing and growing their businesses. At the SEEP Conference on micro-finance, I highlighted the potential for investment that exists in Pakistan to support micro finance and branchless banking operations which will improve the lives of millions of poor people around the world by giving them access to previously unavailable financial services.

In the midst of this holiday season, I pause to reflect on the challenges the bilateral relationship has overcome in recent months and appreciate all of the hard work that has taken place on both sides. As 2013 approaches, I am very optimistic that the strong foundations we have worked to build will continue to expand and our nations will move forward in partnership for peace, prosperity and security.

I wish you and your families the very best during this holiday season.
FINANCE MINISTER ABDUL HAFEEZ SHAIKH VISITS WASHINGTON, D.C.

Finance Minister Abdul Hafeez Shaikh led a high level delegation including the Board of Investment Chairman Saleem Mandviwalla, Finance Secretary Wajid Rana, Federal Board of Revenue Chairman Ali Arshad Hakim, Federal Secretary Water and Power Nargis Sethi and State Bank of Pakistan Governor Yasin Anwar to Washington. The Finance Minister met with Deputy Secretary of State for Management and Resources Thomas Nides, Special Representative Amb. Marc Grossman, USAID Administrator Rajiv Shah, OPIC CEO Elizabeth Littlefield, Deputy National Security Advisor for International Economic Affairs Michael Froman and other senior representatives from the U.S. Government. Both sides pledged to strengthen bilateral cooperation by focusing on trade not aid to promote the economic growth of the people of Pakistan.

FINANCE MINISTER SHAIKH AND DEP. SEC. OF STATE THOMAS NIDES

FINANCE MINISTER OUTLINES THE WAY FORWARD FOR PAKISTAN’S ECONOMY

At the US-Pakistan Business Council and the Carnegie Endowment for International Peace, Finance Minister Shaikh discussed the economic challenges overcome by the present government and the issues policy makers will face in the near future. The Finance Minister announced his expectation that Pakistan will achieve a 4 percent rate of economic growth for the current fiscal year as a result of economic reforms implemented over the last five years, including new policies that have lowered inflation, boosted exports, and provided a social safety net to impoverished families. While noting that Pakistan still has work to do, particularly in the energy sector, Minister Shaikh cited the Government’s success in increasing its revenue collection by almost 22% in the form of sales tax and noted plans to further expand the tax base through increased collection of income taxes.

CARNEGIE VIDEO: http://embassyofpakistanusa.org/Finance_Minister_visit%20_30112012.php

IMF VIDEO: http://embassyofpakistanusa.org/Finance_Minister_visit%20_29112012.php

THE US-PAKISTAN CHAMBER OF COMMERCE HELD A LUNCHEON TO WELCOME FINANCE MINISTER SHAikh
USAID AND THE GOVERNMENT OF PAKISTAN ADVANCE SOCIAL AND ECONOMIC PROJECTS

Leaders and officials from the United States and Pakistan recently announced the start of several joint initiatives and highlighted the success of others. These include the contribution by the United States of up to $150 million to repair Pakistan’s Mangla Dam, which will increase energy generation by over 200 megawatts, the start of a $70 million upgrade to the Peshawar-Torkham Road, a project that will improve the region’s connectivity and spur trade, and the continued U.S. support of Pakistan's burgeoning commercial dairy industry -- over 22,000 dairy farmers have more than doubled their incomes through U.S.-led programs initiated after the 2010 floods. These initiatives demonstrate that the United States and Pakistan are working to create an economic partnership based on trade, not just aid.

ENTREPRENEURS COMMITMENT TO SUPPORTING PAKISTAN’S SOCIAL AND ECONOMIC PROGRESS

The Washington, D.C. chapter of OPEN (the Organization of Pakistani-American Entrepreneurs of North America) hosted a day-long conference, entitled “Leadership: Key to Success”. The event showcased the success stories of Pakistani entrepreneurs in the United States and their commitment to supporting economic development in Pakistan. The morning began with the inspirational stories of Abbas Valliani and Ahmed Khattak, both of whom came to the United States with just enough money to begin their university educations. Prior to turning thirty, each had built a multi-million dollar company in the United States and established operations in Pakistan to support the economic development of their home country. Ambassador Rehman provided a keynote address reflecting on her own path to success. She drew upon examples from her experiences as a journalist, political activist, Parliamentarian, Federal Minister, and now a diplomat. She emphasized the role of women leaders in the socio-economic development of the country and praised the role of the business community and diaspora in building bridges between Pakistan and the United States. Tim Lenderking, Director Pakistan Affairs at the State Department, reiterated U.S. commitment to closer ties with Pakistan on the basis of mutual respect and welcomed the efforts of the entrepreneurial platform.
FINANCE AND BANKING SECTORS RIPE FOR INVESTMENT

At a meeting of the Pakistan Microfinance Network during the SEEP Annual Conference, a global network of over 130 institutions combating poverty and promoting inclusive markets and financial systems, Ambassador Rehman urged a gathering of Pakistani and international investors, academics and microfinance experts to explore Pakistan’s banking sector. Called a “laboratory for innovation” and the best regulatory framework for microfinance in the world, the Ambassador discussed the country’s banking and microfinance industry at an event titled “Pakistan – The Dark Horse of Microfinance”. Ambassador Rehman noted the sector’s consistently high return to investors and stated that Pakistan’s 30 million unbanked customers present an opportunity for international institutions to scale their operations. “During the last 4 years, new players like mobile network operators, commercial banks, and international funds have started investing in institutions focused on the bottom of the pyramid markets and have catalyzed growth,” said the envoy. Private sector motives and public sector social programs, like the Benazir Income Support Program, have brought formal banking – through traditional, microfinance, and mobile outlets – to more than four million people in the last four years in Pakistan.

SEEP: “PAKISTAN - THE DARK HORSE OF MICROFINANCE”

The event included an excellent line up of business leaders and financial entrepreneurs including Dr. Saeed Ahmed, the head of the Microfinance Department at the State Bank of Pakistan, Syed Mohsin Ahmed, CEO of the Pakistan Microfinance Network, Dr. Rashid Bajwa, CEO of the National Rural Support Program and PMN Chairman of the Pakistan Microfinance Network, Ghalib Nishtar, President Khushhali Bank Limited, Ahmad Jamal, Senior Advisor at the Pakistan Poverty Alleviation Fund, Yasir Ashfaq, Group Head Financial Services Group at the Pakistan Poverty Alleviation Fund, Steve Rasmussen, Manager of Technology and Business Model Innovations at the Consultative Group to Assist the Poor, and Mehnaz Safavian, Senior Economist for South Asia at The World Bank.

SPEECH: http://embassyofpakistanusa.org/Ambassador_Seep_Conference_11072012.php

VIDEO: http://embassyofpakistanusa.org/Ambassador_Seep_Conf_11072012_V.php

PAKISTAN BENEFITS FROM POSITIVE ECONOMIC INDICATORS

Pakistan’s consumer price index (CPI) inflation beat expectations and fell to a three-year low of 6.9 percent in November, down from 7.7 percent in October. The cost of food, a key contributor to CPI, is down on account of the “post-Eid phenomena,” granting consumers additional discretionary income and improving the stability of financial markets.

The Government’s measures to boost economic activity and achieve fiscal consolidation are showing progress. Revenues have increased as a result of a broadening of the tax base, increased monitoring and risk-based audits, the expansion of electronic payments, and an increase in collection of overdue payments. While there is still much work to do, the number of new tax-payers is growing, a phenomenon noted and appreciated by numerous foreign investors who have historically accounted for a significant portion of the tax revenue. During the current fiscal year, sales tax rates were reduced from 17 percent to 16 percent, all special excise duties were removed, and 392 regulatory duties were abolished.

As a result, Pakistan’s Federal Board of Revenue (FBR) collection has almost doubled since 2007 and today stands at Rs190.6 billion. Fiscal austerity has been maintained with federal expenditures growing at 6 percent per annum in nominal terms while expenditures for operating the civilian government has remained nearly flat for the last two years.

BRANCHLESS BANKING AND E-COMMERCE EXPANDS

Branchless banking on mobile platforms is flourishing in Pakistan. Branchless banking developed rapidly after the State Bank of Pakistan introduced regulations in 2008, creating a new industry that conducts over 300,000 daily transactions and provides previously unavailable access to financial services for millions of Pakistan’s poorest families. Zong, a Chinese telecom company operating in Pakistan, recently announced a venture with Askari Bank to further develop mobile banking services that foster financial inclusion of the unbanked population in Pakistan. The rapid expansion of mobile branchless banking in Pakistan is due in part to the sophisticated regulatory framework implemented by the State Bank of Pakistan. This regulatory framework is currently being used as model for central banks in emerging markets around to work to offer banking services to previously unbanked populations.

State Bank of Pakistan (SBP) data shows that nearly 1.8 million mobile wallets had been opened as of November this year and the usage of “m-wallets” for funds transfers and bill payments is said to be increasing. According to SBP, Rs36.5 billion were transacted via internet banking and Rs1.4 billion via mobile banking during FY12.

KARACHI ELECTRIC SUPPLY COMPANY INVESTMENTS WILL BOOST ENERGY PRODUCTION

As the energy crisis in Pakistan continues, Karachi Electric Supply Company (KESC) has announced plans to invest Rs40 billion over the next 16 to 36 months to upgrade three of its power plants to generate 47 MW of additional capacity. In addition, KESC plans to convert oil-fired units capable of generating up to 210 MW to coal units and to install and expand a number of its grid stations.

INVESTMENT WILL BOOST ENERGY PRODUCTION

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AMBASSADOR KEYNOTES SOS CHILDREN’S VILLAGES EVENT

The independent social development organization SOS Children’s Villages of Pakistan welcomed Ambassador Rehman to speak at a fundraising event supporting its programs that nurture and house orphaned and abandoned children. The Ambassador spoke about Pakistan’s progress and asked the conference attendees to do their part by promoting gender equality and the right to education for all. The Ambassador cited Malala Yousufzai as an example of the vocal proponents for social development that are present and growing across all of Pakistani society. She noted the success of the Government in expanding social and economic opportunities for vast segments of the society emphasizing that “progress comes from the bottom up, and strengthening the most vulnerable in society will result in an overall prosperous and economically viable Pakistan.”

VIDEO: http://embassyofpakistanusa.org/Ambassador_Children’s_Villages_11092012_V.php

MICROFINANCE CONTINUES TO PROVIDE OPPORTUNITIES IN PAKISTAN

Ambassador Rehman met with representatives from the Foundation for International Community Assistance (FINCA), a charitable microfinance organization. Mr. Rupert W. Scofield, Global President and CEO of FINCA International, and Mr. Steve McGuire, Chief Financial Officer, discussed with the Ambassador their shared interests in development and poverty alleviation, noting their organization’s regional programs and efforts.

AMB. REHMAN WELCOMED FORMER FOREIGN SECRETARY RIAZ MOHAMMAD KHAN TO THE EMBASSY

SECRETARY OF DEFENSE LT GEN (RET.) ASIF YASIN MALIK MET WITH EMBASSY DEFENSE ATTACHÉ BRIG. ABDULLAH DOGAR AT THE EMBASSY DURING THE SECRETARY’S OFFICIAL VISIT TO WASHINGTON, D.C.

AMB. REHMAN MET WITH KENNETH WOLLACK, PRESIDENT OF THE NATIONAL DEMOCRATIC INSTITUTE, AT THE EMBASSY.
PAKISTANI WINS ‘SNOOKER’ INTERNATIONAL CHAMPIONSHIP

Muhammad Asif became the second Pakistani to win the IBSF World Snooker Championship beating his British competitor during the final held in Sofia, Bulgaria. Snooker, similar to billiards commonly played in the United States, is a very popular sport and Asif’s victory made international headlines. His predecessor Mohammed Yousuf, the first Pakistani who took the title in 1994, welcomed the new champion with a smile. “I have been dethroned,” said Yousuf.

U.S. AND PAKISTANI UNIVERSITIES WILL COLLABORATE ON RESEARCH AND IMPLEMENT A FACULTY EXCHANGE PROGRAM

Ball State University of Muncie, Indiana and Quaid-e-Azam University in Islamabad agreed to collaborate on research and instruction. In addition, they will launch an exchange program for faculty at the Ball State campus and the Area Study Centre for Africa, North and South America at Quaid-e-Azam University.

MUSIC FESTIVAL DELIGHTS YEAR AFTER YEAR

The annual Rafi Peer Theater Workshop’s Sufi Music Festival in Lahore was an aural pleasure for the audience and a welcome opportunity for some of the musicians to perform. Artists from Gilgit Baltistan, Cholistan, Tank and other parts of Sindh, Punjab, Balochistan, and Khyber-Pakhtunkhwa enthralled the audience over four days.


PAKISTANI NAMED ARTIST OF THE YEAR

Imran Qureshi of Lahore was named as Deutsche Bank’s Artist of the Year 2013. The nominees are promising artists who address social issues in a creative and individual way through paper and photographic mediums. The award was announced in Berlin, where Qureshi’s works will be shown in a major solo presentation at the Deutsche Bank Kunst Halle in spring 2013.
FIRST MEETING OF “IDEAS FORUM” HELD
Ambassador Rehman and Riaz Mohammad Khan, former Foreign Secretary and author of “Afghanistan and Pakistan: Conflict, Extremism and Resistance to Modernity”, participated in the first roundtable meeting of the newly launched “Ideas Forum”.

PAKISTANI JOURNALISTS VISIT EMBASSY
A delegation of Pakistani journalists visited the Embassy in Washington, D.C. in early November. The writers met and spoke with Deputy Chief of Mission Dr. Asad M. Khan and Press Attaché Mr. Nadeem Hotiana.

THE AMBASSADOR HELD A DINNER AT THE RESIDENCE IN HONOR OF OUTGOING TRADE MINISTER AZMAT ALI RANJHA

STUDENTS FROM PHILADELPHIA, PA VISITED THE EMBASSY AND MET WITH FIRST SECRETARY MR. BILAL HAYEE.
The Embassy of Pakistan welcomes your feedback.
Please send your comments to newsletter@embassyofpakistanusa.org or visit www.embassyofpakistanusa.org