



External Relations Department

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Joint Press Release of SBP and FPCCI

Governor SBP to set up joint interaction committee with FPCCI

Dr. Murtaza Syed, Governor (A) State Bank of Pakistan (SBP) has announced the formation of a committee and appointment of an SBP liaison officer for close coordination with the Federation of Pakistan Chambers of Commerce & Industry (FPCCI) and timely redressal of grievances of business committee. He made this announcement during his visit to the FPCCI on the invitation of their management.

The senior management of the SBP led by Governor (A) Dr. Murtaza Syed and comprising, among others, Deputy Governors Dr. Inayat Hussain and Ms. Sima Kamil visited the FPCCI to discuss current economic challenges and the measures being taken by the Government and SBP. The Governor (A) appreciated business community for their endurance in facing the challenges posed by both international and domestic events and ensured that SBP will provide them its full support by addressing their concerns as much as possible.

The Governor (A) in his address apprised the audience that staff-level IMF agreement is already in place and the board-level approval is expected in the third week of August as their board will meet after their vacations in the first-half of August are over. He added that SBP believes that rupee is undervalued at the moment and dollar has overshot in the forex market due to several reasons; however, he hoped that it will come down to its real value in 2 – 3 months. He invited the business community to sit together with the SBP for a constructive consultative process and give suggestions on prevailing economic situation, foreign exchange and other related issues. Dr. Syed also assured the participants to look into technical requirement of prior approvals required by the commercial banks from SBP on the clearance of financial documents of the consignments with the H.S. Codes starting with 84 & 85 as these restrictions were affecting the import of tractor parts and other agricultural machinery as well.

President FPCCI Mr. Irfan Iqbal Sheikh in his inaugural remarks welcomed Dr. Syed and the senior management of the central bank for their visit to the FPCCI. Shedding light on current business scenario from FPCCI perspective, he requested the Governor (A) to use policy tools available at the central bank's disposal to check the speculative dollar trading over the past few weeks. He observed that importers, manufacturers and industries were at the receiving end due to speculative nature & unavailability of dollars, shortage of industrial raw materials and the resultant disruptions in the production processes. Mr. Irfan maintained that over the past several weeks the commercial banks have been offering LCs to importers at the rates higher than inter-bank rates and requested the SBP to play its role for course correction.

A senior SBP official highlighted the support extended to the businesses in general and to the exporters in particular. SBP enhanced short term Export Refinance limits from Rs432 billion to Rs857 billion in just last four years reflecting an increase of almost 100%. Likewise, outstanding stock of SBP's long term fixed rate financing for the exporters (LTFF) has also witnessed an increase from Rs209 billion to Rs329 billion in last three years reflecting 57% growth. The Federation acknowledged that Temporary Economic Refinance Facility (TERF) massively helped in stimulating investment and boosting economy in the backdrop of COVID-19. It will not be out of context to mention that most of the business entities



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availed TERF at rates far below than the maximum cap of 5%. The overwhelming success of TERF indicated that it was successful in filling the gap for long term investment in the country. An amount of Rs436 billion had been approved under this facility for 628 businesses.

The FPCCI members raised certain questions which were comprehensively answered by the senior SBP management during the meeting and ensured the FPCCI members that the senior management of the central bank was always available to listen to their issues and resolve them on priority. On a question regarding expiry of SBP's Refinance Facility for Renewable Energy, the Federation was informed that the scheme has been extended till June 2024.

In the end, the President FPCCI submitted some suggestions for consideration of the SBP. The Governor (A) assured to look into the merits of these suggestions and take a decision soon.
