

# **Towards a Prosperous Pakistan: A Strategy for Rapid Industrial Growth**

Pakistan Development Forum

Federal Minister Industries, Production & Special  
Initiatives

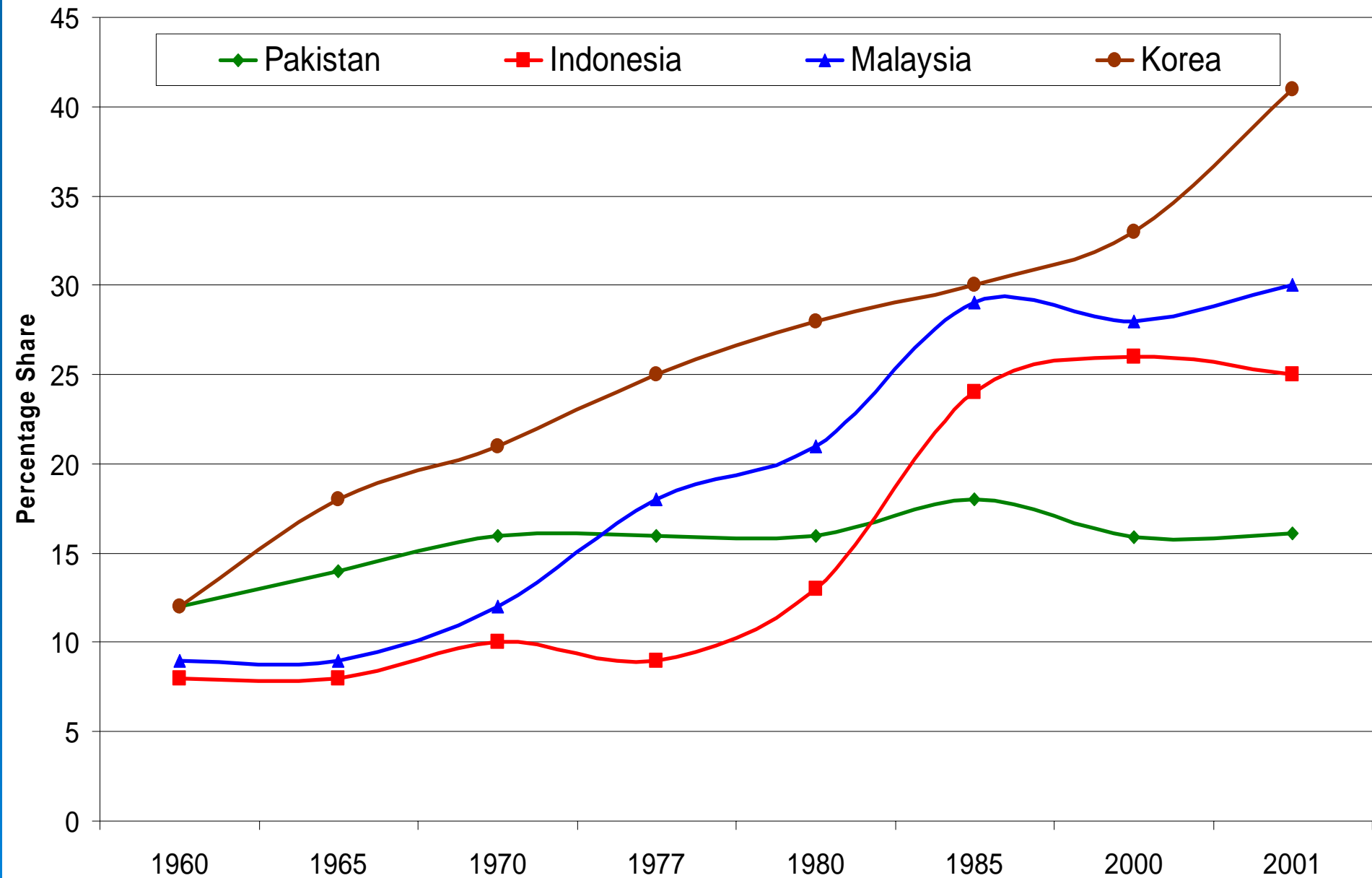
26<sup>th</sup> April 2005

# Strategy for Industrialization

## Where are we today?

- An assessment of our Industrial performance so far
  - ✓ Share of Manufacturing in GDP
  - ✓ Export performance
  - ✓ Consistency of Growth
  - ✓ Private Investment performance
  - ✓ Comparison of Job Creation
  - ✓ Manufacturing Technology level

## Share of Manufacturing in GDP (%age)



Source: World Bank - World Development Reports

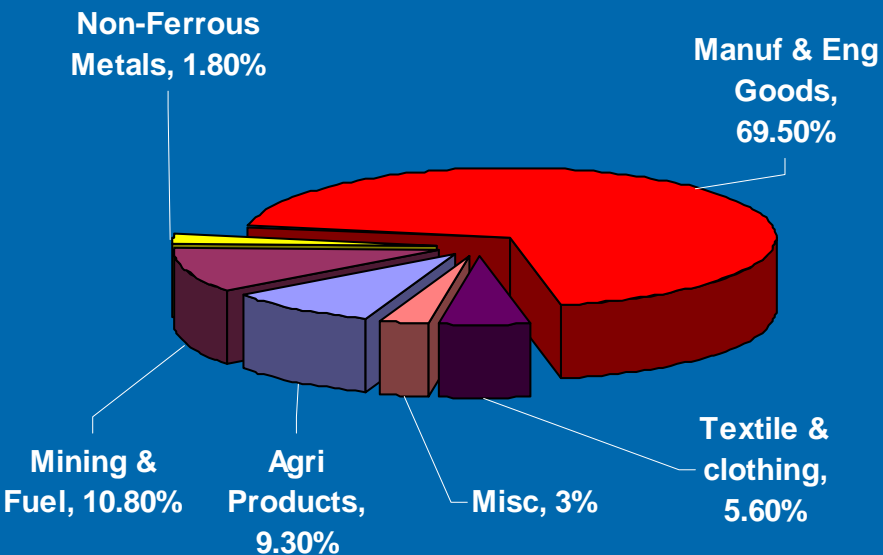
## Pakistan's Share of World Exports

Export of manufactures	1990	2002
World	%	%
China	1.85	6.21
Mexico	1.06	2.88
Malaysia	0.66	1.57
Thailand	0.61	1.1
India	0.52	0.70
Pakistan	0.18	0.18

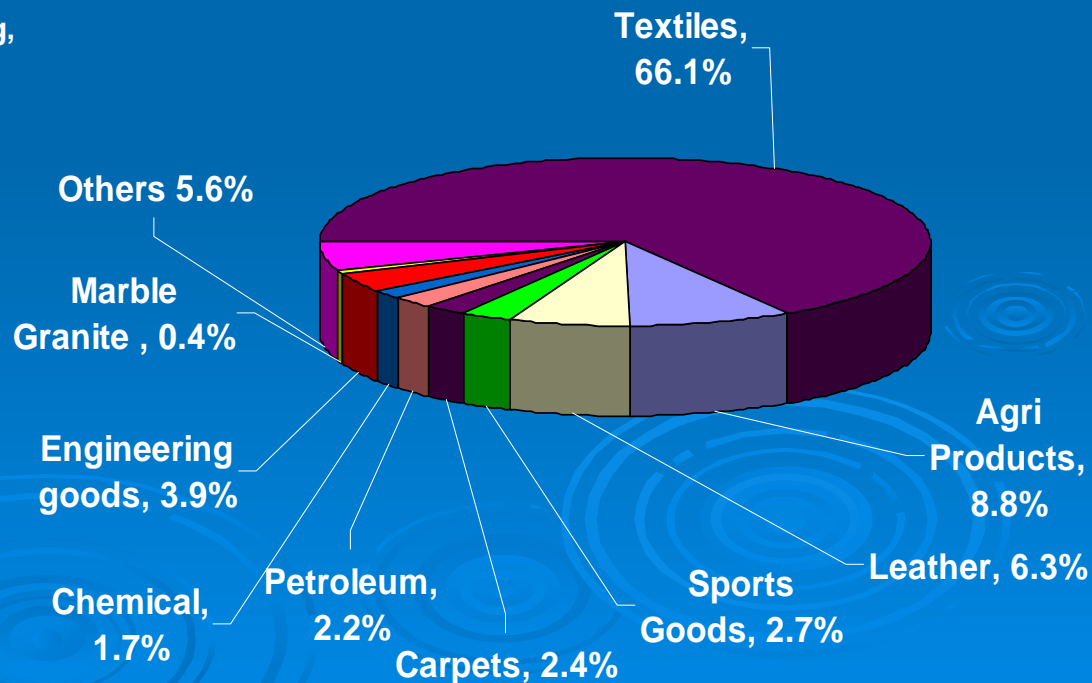
Source: WTO, Sherani (2004)

# TRADE BREAKUP World Vs Pakistan-2003

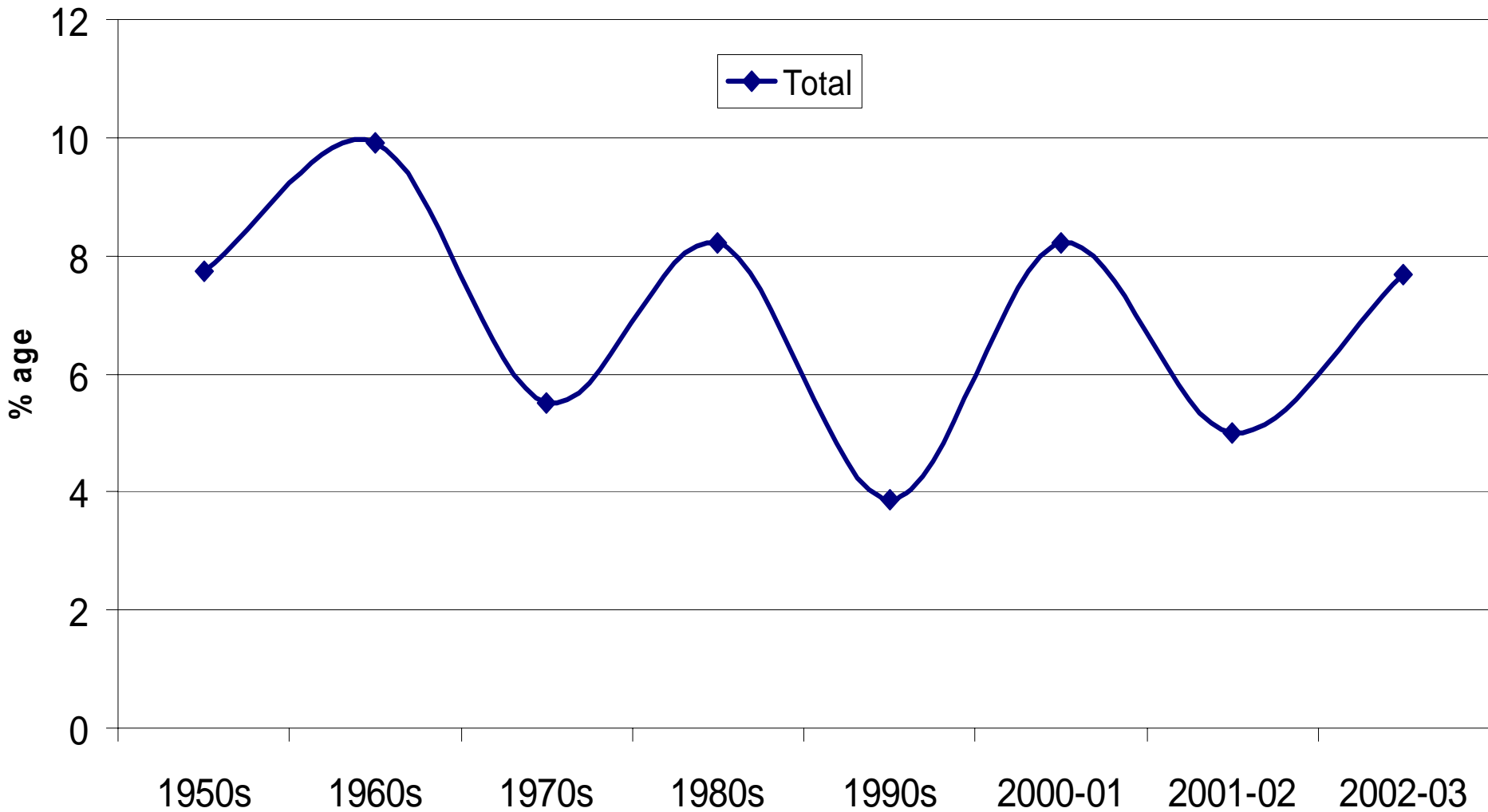
## World Trade Breakup



## Pakistan Trade Breakup

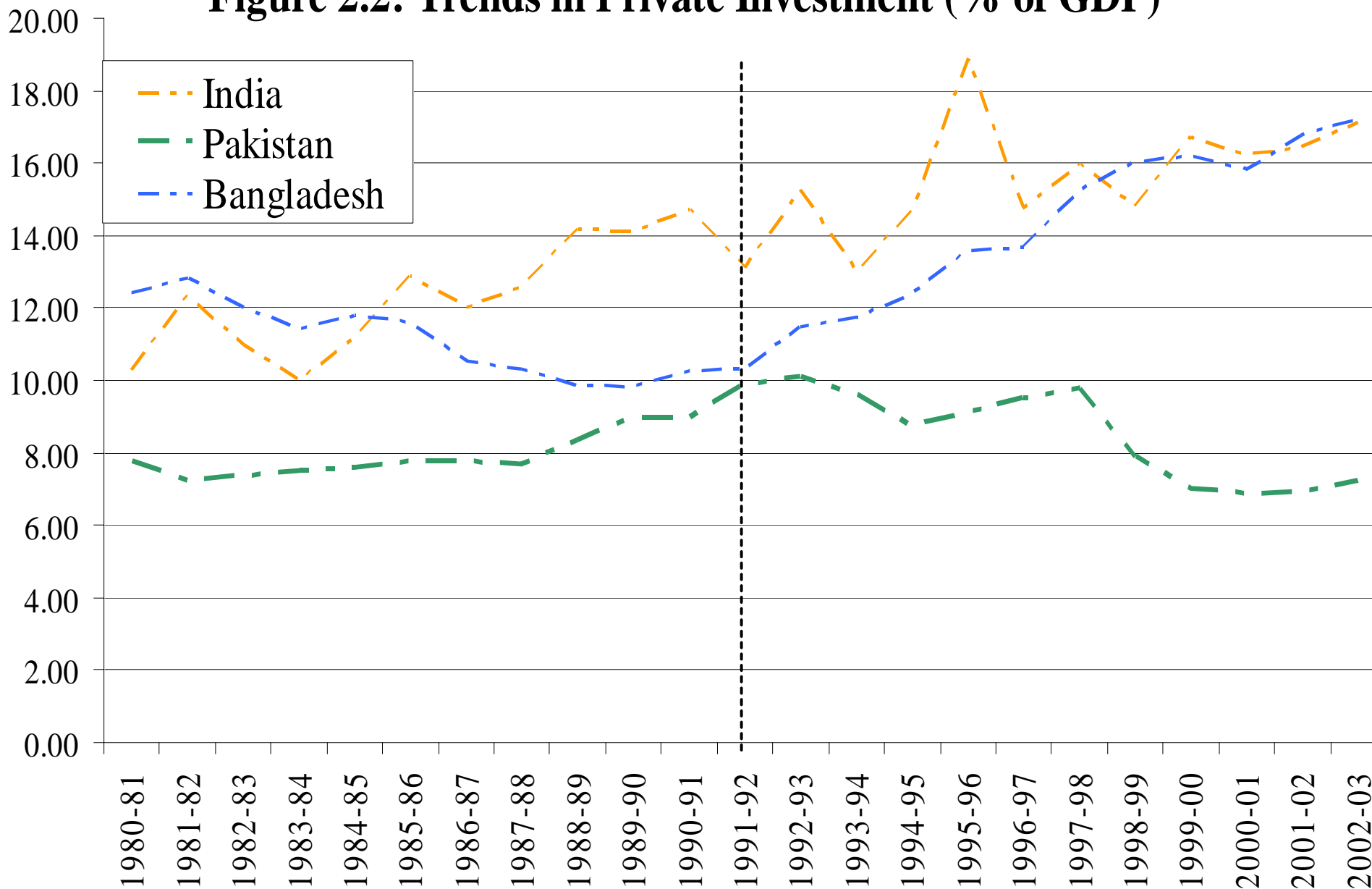


# Industrial Performance of Pakistan : Growth Rate of Manufacturing



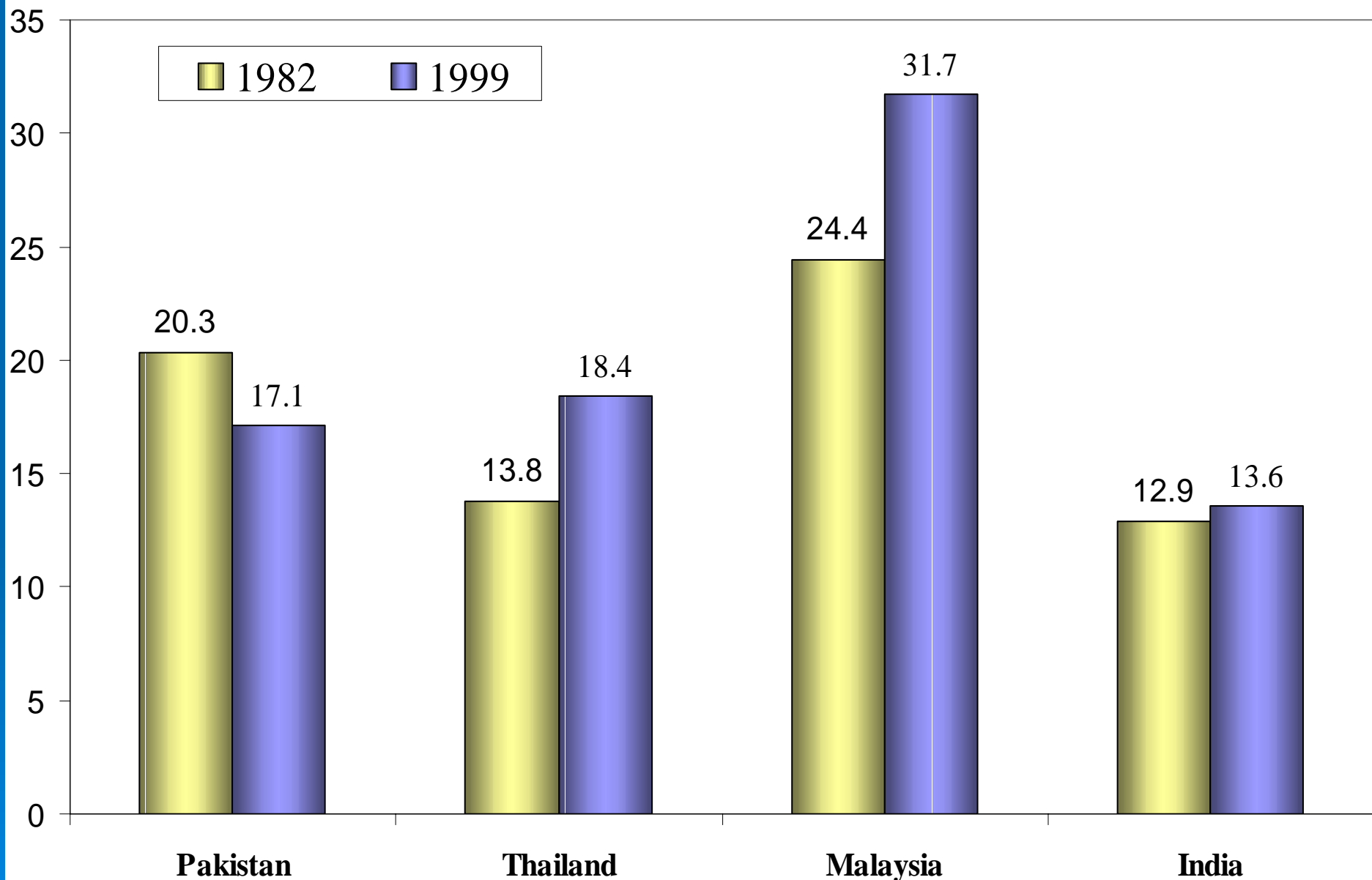
Source: 50 Years of Pakistan Volume I Summary, Statistical Supplement of Economic Survey, 2002-03 and Economic Survey 2003-04.

# Figure 2.2: Trends in Private Investment (% of GDP)

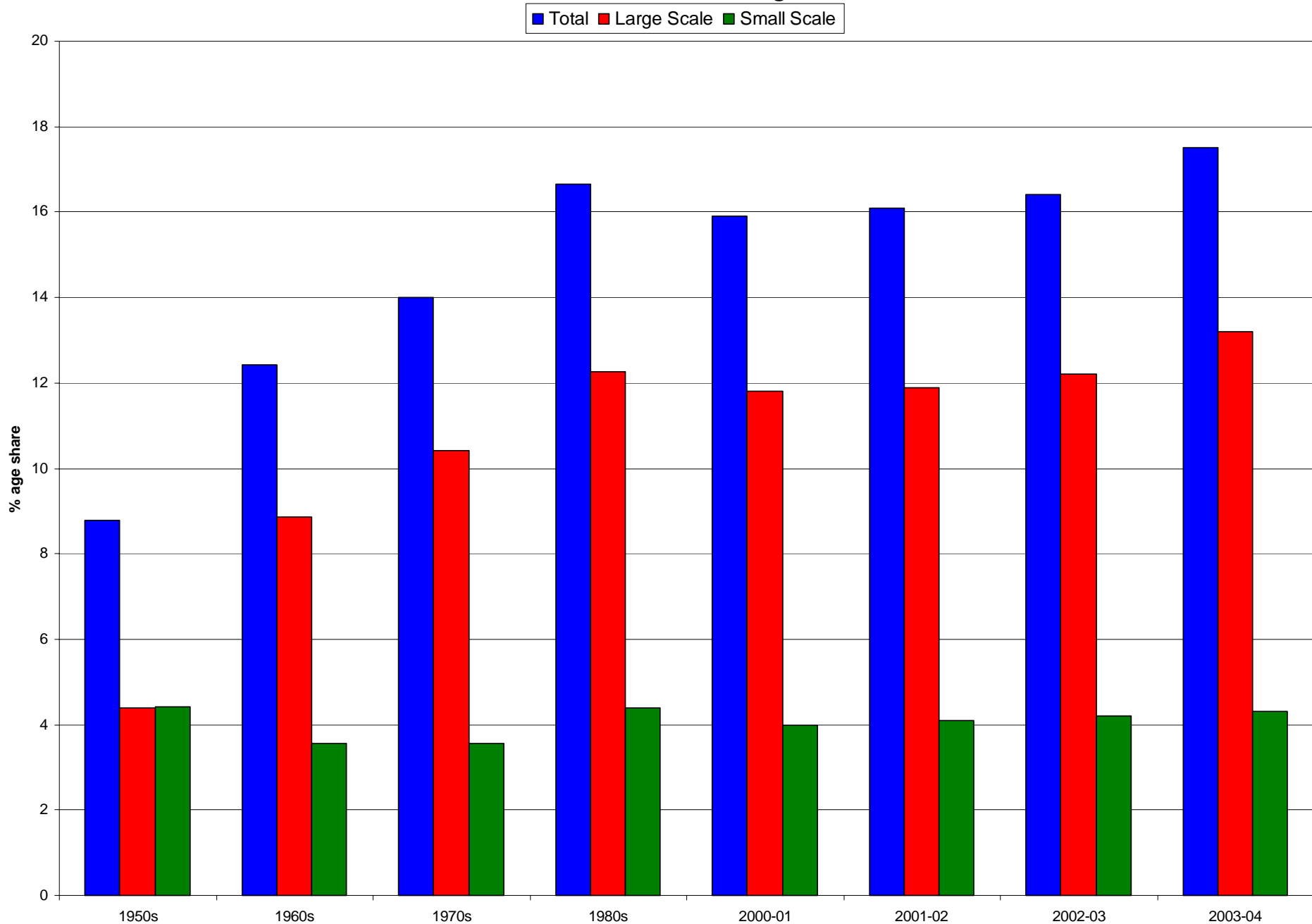


Source: World Development Indicators 2004, Pakistan Economic Surveys 1987-88, 1992-93, 2003-04

# Employment in industry (% of total employment)

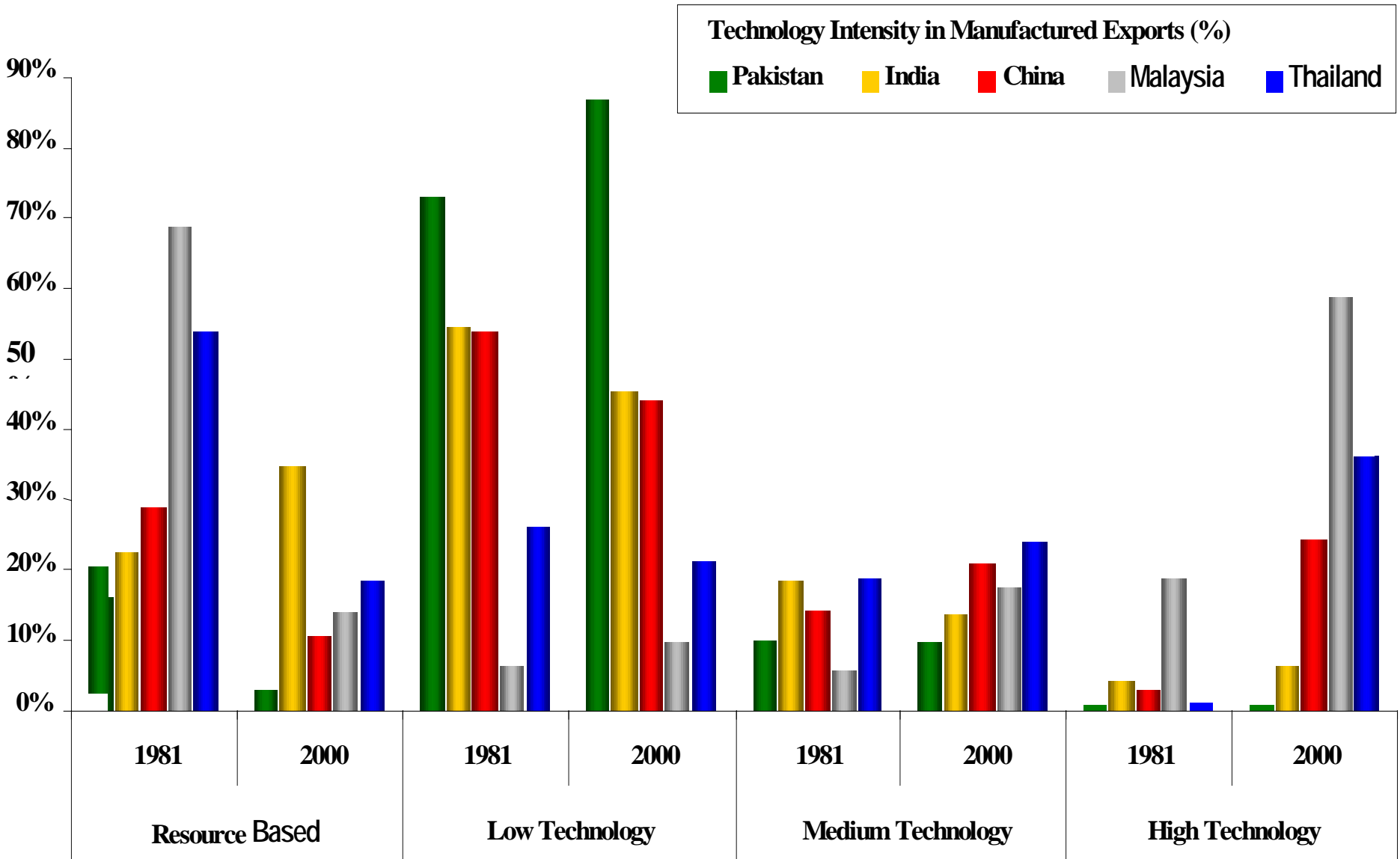


# Industrial Performance of Pakistan: Manufacturing Share of Pakistan in GDP



Source: 50 Years of Pakistan Volume I Summary, Statistical Supplement of Economic Survey, 2002-03 and Economic Survey 2003-04.

**Fig 1. 5 Technology Intensity in Manufactured Exports**



# Our Vision

Re-position the Ministry of Industries, Production & Special Initiatives to play a **leadership role** in formulating and implementing a comprehensive strategy for **rapid industrialization** of Pakistan which aims at maximizing **job creation** and enhancing Pakistan's **international competitiveness.**

# Our Mission

- To increase the share of Manufacturing in GDP to 25% in 2010 and 30% in 2015.
- To achieve this through
  - ✓ value addition in Textile sector
  - ✓ focus on the engineering sector
  - ✓ making holistic interventions across the entire value chain in key SME clusters
  - ✓ directly improving living conditions for Labour

# Our Mission

- ✓ reducing the cost of doing business
- ✓ creating a strategic partnership between the Public and Private sectors
- ✓ fostering ownership of Industrialisation policy by the public at large
- ✓ creating an institutional framework for inter-ministerial coordination for industrialization

# Value addition in Textile sector

- Upgrading ginning sector
- Contamination free cotton
- Upgrading productivity of garment sector
- Investing heavily in Fashion design
- Creating International brand names

# Focus on Engineering Sector

- Engineering Development Board (EDB) as focal institution
  - ✓ Chairman & CEO both from private sector
- EDB Role enhanced to create
  - ✓ Link with International value chain
  - ✓ Link with Engineering academics
  - ✓ Bridge between Defence Hi-Tech sector and Private sector
  - ✓ Bringing an International Vision to existing industry sectors
    - Component manufacturing Sector
    - Ginning
    - Metal Re-rolling

# Focus on Engineering & SME Sectors

## → Creation of Technology Up-gradation & Skill Development Company (TUSDEC)

### ✓ Public-Private Partnership

- CEO from private sector

### ✓ PITAC to function under TUSDEC

### ✓ Role of TUSDEC

- Intervene to Upgrade Technology and skills in key SME Industrial clusters
- Common facility centres / Skill development centres / technical upgradation centres
- Demand driven
- All to be managed by the private stakeholders of each particular cluster

# Focus on SME Sector

## → Formation of Strategy Working Groups (SWOGs)

- ✓ SWOGS bring together the Industrial Cluster on a common platform and all relevant Ministries and Provincial Governments which impact on that sector
  - Foreign experts brought in with help of US A.I.D
  - Pilot new projects with Holistic approach
    - “Island of Excellence” strategy

# Focus on SME Sector

## Priority Sectors

### Phase – I

→ Action Plan ready by 15<sup>th</sup> May '05

- ✓ Gem & Jewellery
- ✓ Marble and Granite
- ✓ Dairy

### Phase – II

→ Action plan by 15<sup>th</sup> August '05

- ✓ Fans
- ✓ Sports Goods
- ✓ Surgical
- ✓ Fisheries
- ✓ Furniture

# Focus on Knowledge Based SME Entrepreneurship

## Enterprise Competitiveness Support Fund

### Objective:

To upgrade the competitiveness of Pakistani Industry to respond to the new challenges and opportunities in the knowledge based and high tech economy

### → Activities proposed

- ✓ Venture Capital
- ✓ Business Incubators in collaboration with Universities
- ✓ Enterprise development fund
  - Match-making grants • Credit guarantee • Equity financing

# Reducing Cost of Doing Business

- Creation of National Industrial Parks Development & Management Company (NIP) as Public Private partnership
  - ✓ To develop state of the art Industrial Parks all over the country
    - 1,500 acres Pak Steel Downstream Industrial area
    - Peshawar and Quetta
    - Sheikhupura for engineering cluster
    - Rural Pakistan

# Reducing Cost of Doing Business

## → The Unemployment challenge

- ✓ Lopsided job creation
- ✓ Lahore, Karachi, Faisalabad and the Central Punjab Engineering triangle
- ✓ Entire rural hinterland of Sindh and Punjab missing out
- ✓ Balochistan Province and large parts of NWFP also missing out

## → Must evolve strategy of successful Industrial Parks in rural areas

# Challenges



# The Main Challenge

- If we are to follow the path of rapid industrialization and take Manufacturing share of GDP from 18% to 30% then
- ✓ Every Ministry involved and Provincial governments have to work with a single-minded, focussed vision
  - ✓ A new Institutional framework has to be developed which dovetails with the world as it is today

# Ministries that Impact Industrialization

- MOIP&SI
- Petroleum / Water and Power
- Science and Tech / Higher Education
- Labour
- Education – Federal and Provincial
- Commerce
- Communication / Ports and Shipping / Railways
- Finance / State Bank of Pakistan
- Provinces

# Future Challenges

## Energy

- Most critical for Industrialisation
  - ✓ Plentiful energy required at most efficient possible price.

## Labour

- Simplifying the complex web of regulation.
- Enhancing Labour Skills
- Labour Welfare

## Education

- Raising basic education levels

# Future Challenges

## Transport Sector

→ An efficient, secure and cost-effective logistics chain, North-South through Pakistan is essential

- ✓ Target 48 hrs from Peshawar to Karachi
- ✓ Increase Railway for Freight

## → Port Performance

- ✓ Reduce Container dwell time from 12 to 4 days

## Science and Technology

→ Institutions which set Standards for Industry must have Industry focus

# Future Challenges

## Provincial Governance

- Labour regulation
- Inspection regimes
- Skill training
- Livability of Cities
- Law and Order
- Land Record problems

Thank You

