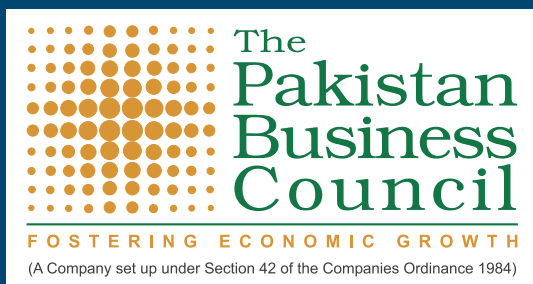


EXCLUSIVE INTERVIEW



“ Poor productivity, high energy cost, paucity of affordable land and unreliable utilities raise the cost of doing business and impact the competitiveness of locally produced goods ”



Mr. Ehsan Malik

CEO

Pakistan Business Council (PBC)

ICMA: Pakistan Business Council (PBC) represents the largest private-sector businesses and conglomerates in Pakistan. How do you see the role of the private sector in making Pakistan a self-reliant nation?

Ehsan Malik: Solvency is the backbone of sovereignty. Sovereignty is severely compromised in countries that are unable to balance their external account and generate enough revenue to meet debt and development obligations. As a result, they are perennially under IMF programs. In Pakistan, due to premature de-industrialization, we don't make enough goods to meet our own requirements, let alone export. To make matters worse, we also don't grow enough to feed our population adequately, nor produce sufficient exportable services. Our fiscal regime disproportionately burdens the formal sector. As a consequence, our country lacks the resources to invest adequately in health, education, and skills. This undermines

productivity and competitiveness. Poor planning and misguided investment have led to high energy costs.

The Pakistan Business Council (PBC) in adopting “Make-in-Pakistan” as its overarching theme, advocates for reforms to create jobs, reindustrialize the country, boost its agricultural and services output, thus reducing import reliance and promoting exports. The private sector clearly has to lead this within an enabling policy framework. The State-Owned Enterprises can at best be reformed or privatized to reduce the drain on the fiscal account.

ICMA: What proposals PBC would suggest for encouraging import substitution in Pakistan?

Ehsan Malik: Poor productivity, high energy cost, paucity of affordable land and unreliable utilities raise the cost of doing business and impact the competitiveness of locally produced goods.

“

The Asian Tigers became tigers through protection that was afforded to domestic production. The PBC however does not support indefinite protection as that leads to lethargy, inefficiency, and sub-standard goods. It should be time and objectives-based and reviewed regularly

”

Until recently, import tariffs were revenue-seeking in nature and failed to differentiate between raw materials, intermediates, and finished goods. Thus, they left little incentive to produce locally. A constant and uncompetitive exchange rate in the 2013-2017 period also made imports more attractive than local goods. Addressing each of these impediments is essential to promoting the domestic industry. The Asian Tigers became tigers through protection that was afforded to domestic production. The PBC however does not support indefinite protection as that leads to lethargy, inefficiency, and sub-standard goods. It should be time and objectives-based and reviewed regularly.

“

PBC has done a lot of work in developing the case for Make-in-Pakistan which the ICMA can study, contribute to and take up together with the PBC at the appropriate forums

”

ICMA: Please name a few priority sectors which need the attention of our policymakers for employment generation?

Ehsan Malik: Agriculture including horticulture, livestock, poultry, dairy, and fisheries has considerable scope to reduce import reliance and produce exportable surpluses. We imported approx. \$5 Billion of food items in 2020. Provision of finance, quality seeds, genetic interventions, and cold chain are particular areas of focus. Tourism, mining, and the pharmaceutical sectors are other sectors that have potential. In the latter, the government needs to encourage investment in vaccine production as pandemics are here to stay. Our cutlery and surgical goods do not command the rates that quality finishing and branding

would ensure. In textiles, we need to focus on man-made fibers for which demand is growing. Within the broader engineering domain, cables, light motors, transformers, and domestic appliances would be areas of focus.

ICMA: How important is a strong engineering base, particularly the heavy engineering industry, in achieving rapid industrialization and economic self-sufficiency?

Ehsan Malik: 71% of global exports are accounted for by the top-15 items in which engineering goods and chemicals play an important part. Less than 10% of Pakistan's exports rank in these sectors. To get to make heavy-engineered items such as aircraft and ships, we need to nurture and develop our light engineering industry motors, meters, pumps, auto parts, fans, boilers, etc. At the same time, we should develop engineering support services such as maintenance and overhaul capacity and services as that also adds to the knowledge base.

ICMA: PBC and ICMA can work together to develop a 'Charter for Self-Reliant and Self-Sustained Pakistan' for submission to the Government. What are your views on this proposal?

Ehsan Malik: "Self-Reliant and Self-Sustained Pakistan" is another term for "Make-in-Pakistan" which has three pillars:

- "Grow More/ Grow Better"
- "Make More/ Make Better"
- "Serve More/Serve Better"

PBC has done a lot of work in developing the case for Make-in-Pakistan which the ICMA can study, contribute to and take up together with the PBC at the appropriate forums. PBC has also published a Charter of Economy in which 'Make in Pakistan' has an important role. The Charter is designed to gain cross-party consensus on what is good for the country and the people of Pakistan.

The Editorial Board thanks Mr. Ehsan Malik, CEO, Pakistan Business Council (PBC) for giving his exclusive interview for Management Accountant Journal.