

Exclusive

Interview



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Syed Rafeo Bashir Shah

Acting Secretary, Trade Development Authority of Pakistan (TDAP)

ICMA Pakistan: Please highlight role and achievements of TDAP in boosting Pakistan's exports?

Syed Rafeo Bashir Shah: Development of exports is an integrated process involving a host of factors concerning different facets of Pakistan's economy, performance of export entities, dynamics of the international market influencing global trade flows, and global economic growth scenario. Coupled with all of these scenarios, it is basically the endeavors and efforts undertaken by the Pakistani exporter that translates into export growth.

After facing challenges on the export front for the last few years, Pakistan has shown robust recovery in exports during this year (2017-18). According to provisional data of Pakistan Bureau of Statistics, Pakistan's exports during July-June 2017-18 were US\$ 23.2 billion as compared to US\$ 20.4 billion in 2016-17, showing an increase of 13.7%.

At the level of TDAP we have also set targets in terms of activities to be undertaken by the TDAP, like arranging exporters' participation in international trade fairs, organization of foreign trade delegations, holding of single country exhibitions abroad to showcase Pakistan and its products, holding of mega domestic expositions, national exporters training programs etc. TDAP participates in over 150 international trade fairs annually. Similarly, we send and receive

around 40 trade delegations annually to/ from all countries of the world based on our strategic plans for market diversification. Single country exhibitions and road shows in priority countries are also organized which include Sri Lanka, Chile, Thailand, Qatar, Kenya, Kazakhstan, and some other countries, particularly in Africa, Middle East, and the Central Asia.

TDAP works in close collaboration with the Ministry of Commerce and trade bodies, including FPCCI, Regional Chambers, Trade Associations, as well as individual exporters. The objective of this collaborative effort is to produce optimum impact with the available resources through development of synergies and avoidance of unnecessary duplication of effort. TDAP has also been acting as a bridge in development of linkages between international organizations, overseas chambers and trade bodies, foreign trade promotional organizations, etc. Such events have contributed to development of our trade institutions and exporters, in particular SMEs and enhancement of their knowledge about the dynamics of international markets and prevailing best practices in different fields.

Besides this, TDAP has also organized large number of seminars on women entrepreneurship development and specific fairs for the women entrepreneurship development like Blue Fair in Multan, Wexnet at Lahore, and Women Fair at Peshawar,

etc. In addition to these, seminars were held in rural areas for development of entrepreneurship in rural based SME's in areas like Fisheries, WEBOC (Web Based One Customs) awareness, Chilies' export potential, re-financing facility for Agro food exports. Additionally, product development seminars for women entrepreneurs were organized through Program Uitzending Managers', Netherlands at Lahore, Mango Show's in Mirpurkhas, dates show in Khairpur. Similarly in order to integrate and boost the rural SMEs, exhibitions and shows were/are proposed to be held in Swat, Gilgit/Baltistan, apple and cherry shows are scheduled to be held in Quetta. The reason behind all these seminars and events is to educate the local entrepreneurs and exporters about the potential markets as well as product processing and market adaptation techniques.

TDAP has made good progress and achieved significant results if measured from the quantum and quality of activities undertaken and export promotional support extended.

ICMA Pakistan: What initiatives have been taken by TDAP to assist the SME Sector in exporting to international market?

Syed Rafeo Bashir Shah: The efforts undertaken by the TDAP are focused more on the SME sector in Pakistan and the efforts undertaken have already been answered in the earlier question. In addition to the above, in order to create a pool of trained exporters, who are well versed with the art of exporting, TDAP is in the process of launching a new program named "National Exporters Training Program" (NETP). The ultimate objective is to increase exports from Pakistan. The NETP will target both existing and potential exporters. It will aim at strengthening and developing individual entrepreneurs and small and medium-sized companies by providing them a broad yet comprehensive knowledge and skills base necessary to export and work in a variety of industry sectors and functional areas of international trade. Training material for the NETP is being developed by the IBA.

ICMA Pakistan: The industry has concern of high cost of doing business in Pakistan? What is the TDAP's view on this concern?

Syed Rafeo Bashir Shah: In order to improve competitiveness of Pakistani products in overseas market there is need to further reduce not only the cost of doing business in Pakistan, but also the competitiveness and productivity of Pakistani Labor. Accordingly, there is need for creating an even better enabling environment for the export sector and increased support for their capacity building and efficiency enhancement initiatives on a national level. Currently, Pakistan has a very low standing on international rankings for cost and ease of doing business as well as on labor productivity issues.

ICMA Pakistan: What policy reforms need to be taken to reduce high trade costs, especially for trade facilitation, logistics performance and business environment?

Syed Rafeo Bashir Shah: Some of the areas needing attention in this regard are:

- o Infrastructure strengthening (electricity, water, communications, logistics)
- o Improvement of law & order/ security environment

- o Zero-rating of exports (including expansion of sectoral coverage).
- o Skill development, technology, and research support for industry & trade
- o Country image management (country branding)
- o Resolution of liquidity issues of exporters and release of refunds by FBR/SBP
- o Provision of export financing and risk coverage for export sectors (Exim Bank)
- o Vertical export diversification (orientation and facilitation of exporters)
- o Promotion of trade-investment partnerships (export oriented FDIs)
- o Support for export of non-traditional products enjoying higher unit value growth in global markets through entrepreneurship and capacity building

“ In order to be competitive in international markets and achieve meaningful value chain progression our exporters need to improve in this area and exercise much greater control on various aspects of direct and indirect costs ”

ICMA Pakistan: Do you think industries to be set up in economic zones under CPEC would have a positive impact on our export growth?

Syed Rafeo Bashir Shah: As per international research and global experience, special economic zones (SEZs) can be an effective instrument to promote industrialization if implemented properly in the right context, as proven in some of the emerging countries, particularly those in East Asia. More and more countries are beginning to follow this approach for promoting industrialization, attracting foreign direct investments (FDIs) in the manufacturing sector, creating jobs, generating exports and earning foreign exchange. So far, the results are mixed with some countries quite successful such as China, Singapore, Malaysia, South Korea, Jordan, Mauritius, etc., while others still struggling, in particular those in the Sub-Sahara Africa. Our expectations of export growth associated with the CPEC project are positively high.

ICMA Pakistan: Can you identify few supply chain issues of export oriented sector and how these could be resolved?

Syed Rafeo Bashir Shah: TDAP has been playing a significant role to enhance Pakistan's export through various interventions. In supply chain development, TDAP is working hard to address certification issues and has been able to bring in quarantine officers and inspectors from importing countries for

achieving product related compliances and approvals. Prominent products and markets in this context include mango, citrus and poultry/meat exports to Japan, Australia, Egypt, and Saudi Arabia. TDAP has been providing supply chain strengthening support in collaboration with the USAID in agri-support, with CBI in export development, and with JICA for export of textiles and surgical goods to Japan. TDAP is providing Visa Recommendation letters to exporters visiting abroad for business generation and participating in international exhibitions and delegations. On the product promotion and marketing side TDAP provides 60% to 80% subsidy for display of developmental products in international exhibitions. TDAP is also arranging participation in exhibitions of non-traditional sectors such as GITEX, Automechanika, Inter bike, Beauty World Dubai, Beauty Expo- Australia, Foodex Jeddah, Seafex etc. to promote non-traditional sectors of Pakistan. On the domestic supply chain side, the TDAP is now in the process of mapping and facilitating the Services Sector, which has hitherto enjoyed relatively lesser focus. A Technology and Innovation Centre is being developed in TDAP in collaboration with the Ministry of Commerce.

ICMA Pakistan: What initiatives have been taken by TDAP for value added training of supply chain specialist?

Syed Rafeo Bashir Shah: TDAP has established several skill and technology development institutions that are supporting our objective of strengthening the supply chain and increasing Pakistan's exports. Some of these include National Institute of Leather Technology, Karachi; Leather Products Development Institute, Sialkot; Pakistan Institute of Fashion & Design, Lahore; Gems & Gemology Institute, Peshawar; Footwear Training Institute, Charsada; Fan Development Institute, Gujrat; etc.. For the textile sector there are several institutes operating under the Ministry of Textiles. These include: Institute of Textile Technology & Management, Karachi; S.M.A. Rizvi Textile Institute, Karachi; Pakistan Knitwear Training Institute, Karachi; PHMA Institute of Knitwear Technology, Karachi; Pakistan Readymade Garments Technical Training Institute, Karachi; Fashion Apparel Design & Training Institute, Karachi. These institutions not only meet the skill development needs of the exporting sectors but also extend technical support and advisory services to the trade and industry. TDAP also supports export development and supply chain strengthening initiatives of other chambers and trade associations.

ICMA Pakistan: Anti-dumping is based on verification of cost data of industry in which management accountants have expertise. What are your views about obligatory cost audit by the industries in Pakistan?

Syed Rafeo Bashir Shah: Yes, TDAP is in favor of cost audit of industries in Pakistan to optimize cost structures and improve internal controls and efficiencies. However, these should be voluntary rather than obligatory. Keeping in view the developmental state of our industry and costs associated with such audits, these are not expected to be beneficial in hundred percent of cases and could even add to cost of doing business unnecessarily for SMEs.

ICMA Pakistan: TDAP and ICMA Pakistan can undertake joint research. What specific research areas or projects would you suggest to start with?

Syed Rafeo Bashir Shah: Product costing and manufacturing/processing cost optimization is among the weak areas for our SMEs. In order to be competitive in international markets and achieve meaningful value chain progression our exporters need to improve in this area and exercise much greater control on various aspects of direct and indirect costs. Furthermore, there is also a need for studying the cost structures and dynamics of our competitors to learn lessons and improve our cost structures. Accordingly, projects related to market research, value addition, and cost optimization can be taken up in association with the ICMA Pakistan where TDAP acting as a bridge can cultivate useful linkages between trade/ industry and the ICMA Pakistan for the benefit of all.

ICMA Pakistan: TDAP and ICMA Pakistan can jointly organize "Industry specific Roundtables" to highlight production and export related issues of the industries. What are your views in this regard?

Syed Rafeo Bashir Shah: Yes, if properly managed, such an intervention could be beneficial for the trade and industry. However, this has to be a sustained activity with proper follow-up and continued support to the sectors and SMEs involved. Accordingly, this would require a longer-term and serious commitment from both ICMA and TDAP.

The Editorial Board thanks Syed Rafeo Bashir Shah, Acting Secretary, Trade Development Authority of Pakistan (TDAP) for giving his exclusive interview for Management Accountant Journal.



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