EXCLUSIVE INTERVIEW

> Both domestic and foreign investors depend on predictable policies to make long-term decisions. Sudden reversals of incentive schemes—such as those in the auto or textile sectors—undermine trust and discourage investment. It also distorts market competition

Mr. Muhammad Ali Tabba

Chief Executive Officer, Lucky Cement Limited

ICMA: From your experience, what are the biggest challenges businesses face in staying sustainable in Pakistan today?

Muhammad Ali Tabba: From my experience, businesses in Pakistan face a mix of structural and macroeconomic challenges that seriously impact long-term sustainability.

Economic instability is a major issue, with high duties on raw materials, elevated taxes, and costly utilities making investment planning difficult. Energy costs worsen the situation, as high tariffs and unreliable supply drive up production expenses and reduce competitiveness.

Policy inconsistency and regulatory unpredictability discourage investment. Frequent shifts in tax and trade policies create uncertainty, especially for long-term planning. Access to finance is also limited—credit is expensive, particularly for SMEs, while venture capital remains underdeveloped.

Infrastructure gaps, including poor roads, congested ports, and weak rail networks, increase operational costs. Meanwhile, a widening talent gap—due to outdated training and brain drain—limits workforce readiness.

Environmental pressures are rising, but high costs and lack of incentives make it challenging for businesses to adopt sustainable practices, despite growing scrutiny on emissions and resource use.

ICMA: How do policy changes and regulatory uncertainty impact business sustainability in your view?

Muhammad Ali Tabba: Policy instability remains one of the most significant threats to business continuity in Pakistan, with far-reaching implications across the business landscape.

A key consequence is the loss of investor confidence. Both domestic and foreign investors depend on predictable policies to make long-term decisions. Sudden reversals of incentive schemes—such as those in the auto or textile sectors—undermine trust and discourage investment.

It also distorts market competition. Selective enforcement and exemptions create an uneven playing field, eroding transparency and professionalism while favoring specific interests over merit.

In the export sector, abrupt policy shifts disrupt supply chains, weaken reliability, and harm Pakistan's credibility in global markets—posing a risk to long-term trade relationships. Moreover, policy ambiguity hampers ESG progress. Unclear environmental regulations and fluctuating energy tariffs discourage businesses from investing in sustainable practices, slowing the transition to greener, future-ready models.

ICMA: What key steps should Pakistan take to strengthen local industries and ensure their long-term sustainability?

Muhammad Ali Tabba: In my view, revitalizing Pakistan's industrial base requires a focused, long-term strategy built on stability, innovation, and competitiveness.

First, a stable industrial policy is essential. Predictable, bipartisan frameworks—especially for key sectors like textiles, automotive, IT, and mining—build investor confidence and enable long-term planning. Energy reforms must prioritize indigenous and renewable sources, reduce circular debt, and introduce smart grid solutions to ensure reliable, affordable power—critical for industry.

We also need a stronger financing ecosystem. SMEs in particular struggle with access to credit. Expanding Export Refinance Schemes and promoting asset-backed lending, supported by risk-sharing mechanisms, will help unlock their growth potential. Infrastructure modernization is overdue. Industrial zones, ports, logistics, and rail networks need expansion and alignment with CPEC Phase-II to reduce costs and boost exports.

To stay globally competitive, we must incentivize technology and innovation—with support for R&D, digital adoption, automation, and green energy solutions. Equally important is developing talent. Bridging the skills gap requires upgraded technical education and stronger industry-academia linkages. For

"A stable industrial policy is essential. Predictable, bipartisan frameworks— especially for key sectors like textiles, automotive, IT, and mining—build investor confidence and enable long-term planning"

export-led growth, regulatory reforms and better market access support are crucial to diversify and strengthen our export base.

Lastly, sustainability must be built into policy. Incentives for ESG compliance—such as carbon credits, green financing, and support for certifications—are now essential for global competitiveness.

ICMA: What impact do you think lowering duties on fully built vehicles and increasing imports could have on investor confidence and the domestic economy?

Muhammad Ali Tabba: Lowering duties on completely built units (CBUs) and increasing vehicle imports could negatively impact investor confidence and the domestic economy. It would undermine localization efforts made by OEMs and vendors based on government commitments, signaling policy inconsistency and discouraging future investment.

Higher imports would also strain foreign exchange reserves and risk job losses across assembly plants, parts suppliers, and support services. The broader auto ecosystem—including logistics, showrooms, and service networks—would suffer. Though consumers may benefit from more options in the short term, the long-term harm to local industry, employment, and economic stability would outweigh these gains.

ICMA: What risks do you see from increased imports of used cars for local manufacturers and employment?

Muhammad Ali Tabba: The unchecked import of used cars poses serious risks to local manufacturing, employment, and the economy. These imports directly compete with entry-level new models, stalling growth in the domestic auto sector and opening the market to outdated vehicles from abroad.

They also bypass local parts and vendor networks, reducing domestic value addition and threatening thousands of jobs linked to assembly, manufacturing, and services.

> Sustainability must be built into policy. Incentives for ESG compliance—such as carbon credits, green financing, and support for certifications—are now essential for global competitiveness

Additionally, used cars contribute less in taxes compared to locally assembled vehicles, resulting in potential revenue losses.

Many imported vehicles lack modern safety and emission standards, adding to environmental and road safety concerns. The practice also encourages informality through under-invoicing, misuse of import schemes, and weakened regulatory oversight.

ICMA: How have rising energy and raw material costs influenced Lucky Cement's long-term business planning?

Muhammad Ali Tabba: At Lucky Cement, we have adopted long-term strategies to manage rising energy and raw material costs. We have invested in renewable energy, including a 34 MW solar plant at Pezu and a 28.8 MW wind project, which help reduce our energy expenses. Our waste heat recovery systems also lower electricity costs and support our sustainability goals.

To cut fuel expenses, we have diversified our energy mix by using refuse-derived fuel, biomass, and tyre-derived fuel, reducing reliance on imported coal. Controlling our port terminals and transport fleet further helps us manage logistics costs effectively. In addition, strong export operations, particularly in loose cement, allow us to earn foreign exchange and balance local market fluctuations.

ICMA: In your opinion, how can the government and private sector collaborate effectively to ensure affordable energy and promote sustainable industrial growth?

Muhammad Ali Tabba: To ensure affordable energy and promote sustainable industrial growth, structured collaboration between the government and private sector is essential—ideally through platforms like the Special Investment Facilitation Council (SIFC). Long-term energy planning should be co-developed, focusing on renewable integration, competitive tariffs, and grid reliability. The government can support this by offering targeted incentives such as tax breaks, duty exemptions, and carbon credits for solar, wind, and WHR projects. A transparent wheeling and net metering framework is also critical, enabling industries to trade surplus energy and attract private investment.

Public-private partnerships should be encouraged to modernize energy infrastructure, backed by tools like viability gap funding. Additionally, expanding access to green finance through blended instruments and concessional loans can accelerate clean energy adoption. Finally, joint efforts on skill development in renewable technologies will be key to building long-term industrial resilience and capacity.

ICMA: What strategies has Lucky Cement adopted to remain competitive and sustainable during economic downturns?

Muhammad Ali Tabba: Lucky Cement has adopted a five-pillar strategy to stay competitive and sustainable during economic downturns. We optimize energy costs through waste heat recovery, solar and wind power, and alternative fuels like RDF—lowering both expenses and emissions. Geographic diversification, with operations in Iraq and the DRC, reduces reliance on the domestic market.

> To ensure affordable energy and promote sustainable industrial growth, structured collaboration between the government and private sector is essential—ideally through platforms like the Special Investment Facilitation Council (SIFC)

Our loose cement export terminal in Karachi enhances flexibility and access to international markets. We also leverage digital tools for automation and predictive maintenance to improve efficiency. Lastly, group-level diversification across sectors like chemicals, pharmaceuticals, and automotive helps absorb market shocks and ensures stable cash flows.

*The Editorial Board thanks **Mr. Muhammad Ali Tabba, Chief Executive Officer, Lucky Cement Limited** for sparing his precious time to give exclusive interview for Chartered Management Accountant Journal.*