



ECONOMIC RELEASE





Trade and industry betterment plans are on right path; CPEC will truly push our products to global markets

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PAGE: Tell me something about yourself, please.

Ismail Suttar: I am currently serving as the Chairman of the Economic Council at the Employers' Federation of Pakistan, a 68 years old non-profit Apex Body of the Manufacturers entity, which is an active constituent of the International Labor Organization (ILO), representing the largest single stakeholders' body in Pakistan, comprising over 900 organizations and 30 leading industrial and chambers associations.

I am the CEO of Hub-Pak Salt Refinery, and also work in close liaison with the government and the business community to resolve key issues faced by industries.

PAGE: How would you comment on trade and industry in Pakistan?

Ismail Suttar: Trade is one of the most critical aspects we have to look into if we want to achieve a turnaround in the dismal projections of our economic growth. Since the current account deficit has been rightly identified as the immediate hurdle for our country, the decision makers have been on the course of discouraging imports through tariffs, quotas and devaluing Pak Rupee. While I acknowledge that they have been able to bring down imports and improve the country's foreign reserves, it is also crucial that we have a long-term approach. This would involve incentivizing manufacturing in specific sectors that would allow a sustainable increase in Pakistan's exports. And as far as identifying what these sectors could be and how would we go about developing them is concerned, this is precisely what we at Economic Council of EFP are striving to achieve. In this regard, I think our report on the Fisheries Industry of Pakistan is a move in the right direction.

PAGE: Kindly give your views on the benefits of CPEC for the economy of Pakistan.

Ismail Suttar: Prime Minister Imran Khan's visit to China has brought back the attention to CPEC (China-Pakistan Economic Corridor), and why shouldn't it?. CPEC is an important constituent of our country's



trade policy and it is one of the prime examples of how public-private partnership can function to restructure an economy.

As far as the benefits to economy of Pakistan are concerned, I would want to echo the sentiment of various member firms of Employers' Federation of Pakistan. We feel that the construction of roads and railways would eventually link the Northern part of the country with the sea ports in South and is a much needed step. High cost of domestic transportation and other constraints linked with logistics are an unfortunate feature of doing business in the country. With high speed movement of freight and quick connectivity between industrial clusters such as Sialkot, Gujranwala, and Peshawar with the port cities of Karachi and Gwadar, we will see a growth in trade activities in the country.

Another important aspect of CPEC that I would want to highlight is the regional development it would provide to areas that are traditionally overlooked when we talk about economics. If we trace the value chain of our major exports, we will notice that they are mostly manufactured in and around our large urban centers. However, the Western route of CPEC is bound to benefit the areas of Balochistan and Southern Khyber Pakhtunkhwa. And since, a large part of my work is situated in Balochistan, I can guarantee that we will soon be able to produce highly valued products on the international market out of its natural gifts.

PAGE: Do you think Pakistan's economy is on the right track?

Ismail Suttar: If we read the projections of World Bank regarding the economic growth rates of our country or glance at the indicators of Pakistan in The Doing Business Profile, the picture looks a bit gloomy. But we also need to keep in mind that economies do experience booms and busts, it is a part of their business cycle as is taught in economic theory. But to answer your question, I would like to use the analogy of 'track' that you used a little further. I believe that we historically been driving on a track that has had many speed breakers and potholes for manufacturers. Furthermore, the steering wheel of the economy does not lie with one individual. We are all the drivers. Manufacturers have the responsibility to innovate, research and develop to maintain or even increase their competitiveness on an international scale, while the onus for maintaining policy that facilitates manufacturing falls on the government. And for the consumers, we have this slogan at EFP, which sums up their role in the economy, it says 'Be Pakistani, Buy Pakistani'.



PAGE: Your views on the trade between Pakistan and its neighboring countries.

Ismail Suttar: I think Pakistan has always underperformed when it comes to trading with its neighboring countries. And geo-politics has played an important role in undermining mutual trade. On the Eastern-front we have India which is the 5th largest economy in the world and Iran on the Western side which is also a moderately sized economy. However, due to political tensions with India and international sanctions on Iran, trade and investment has never really crossed borders between these countries and Pakistan.

Afghanistan is an important destination of Pakistani products. Important export items include sugar cane, wheat, rice and cement. However, there is still room to expand the trade volume and the opening up of Torkham Border by current regime would pave the way for better trade relations between the two countries.

China in the past few years has developed into one of the strongest trade partner of Pakistan and CPEC is only just one example of it. Another important development which has been largely missed by our media is the negotiation between the two countries for Phase 2 of China-Pak Free Trade Agreement (CPFTA). Under this agreement 313 tariff lines of Pakistani products have been given preferential access to Chinese markets. And we should keep in mind that China is the biggest consumer in some of these products. There is considerable excitement when it comes to trading with China, but there are certainly some hurdles too faced by manufacturers when it comes to accessing Chinese market. The Economic Council is currently working to look into this aspect of trade with our giant neighbors. Another opportunity of joint venture with Chinese firms has opened up after the recent trade war between US and China. However, the situation that is developing, as we speak, more research is needed and it is something we at Economic Council understand and are working on.

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