

### **New shipyard**

THE need for another shipyard in Pakistan has been highlighted at a recent Senate hearing, where the Committee on Defence Production was told that the country's shipbuilding needs have grown beyond the ability of its lone shipyard to support. A proposal exists to build a shipyard in Gwadar, which would require 750 acres of land with a coastline of 4 km. The committee learned that Rs200m have already been released for the project which is barely a year old. Land acquisition has been carried out near Sur Nullah in the area, and given continued government support, the shipyard can possibly emerge as one of the pioneer industries in the area for which it is earmarked.

As work progresses, it is also worthwhile to examine why the local industry prefers to buy its ships from abroad rather than the indigenous shipyard. The managing director of the Karachi Shipyard and Engineering Works has put his unhappiness with this on record in the past. Perhaps greater incentives can be offered to buyers to opt for local ships, but at the same time, a greater market orientation could also be of benefit to the KS&EW. The managing director has rightly given the example of India that has far more shipyards than Pakistan, but it is also worth pointing out that a large number of them are in the private sector across the border. They benefit from a government-sponsored subsidy programme under the 'make in India' initiative launched a few years ago, but other than that, they respond largely to market signals rather than government control. There are some arguments to be made for continuing with public-sector investment in the shipbuilding industry, especially given the large infrastructure costs it entails and the small size of the local market. But greater attention to the requirements of the local market will help the KS&EW build its case for this investment at a time when the government has to carefully consider its priorities given budgetary constraints.

### **Editorial**