



Being the hand that guides industrial growth

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IN Pakistan, election manifestos mostly employ political sloganeering and rhetoric to solicit votes on the polling day rather than laying out carefully planned strategies to address the political, social and economic challenges facing the people.

As we head for another election later this month, the question is if any of the three main contenders for power — Pakistan Muslim League-Nawaz, Pakistan Tehrik-i-Insaf or the Pakistan People's Party — has a real plan to attract new investments and revive the export-oriented manufacturing that has been declining for the last many years.

A cursory study of the election manifesto of the PML-N as well as the "plan" the PTI intends to implement during the first 100 days if voted into power shows that these parties may have economic targets they want to achieve over the next 5 years, but not a strategy to pull it off.

The PPP, which is often considered cut-off from the country's new economic realities with anti-business bias due to its nationalisation policy of the 1970s, on the other hand has briefly laid out a combination of its targets for the manufacturing and export industry and strategy to meet them.

"When it comes to the industry, it doesn't really matter if a party has a better plan than the others," says a former president of the Lahore Chamber of Commerce and Industry

The PPP manifesto for election 2018, for example, talks of building a national consensus for what it calls a basic national economic reforms agenda to be prepared by a joint parliamentary committee to ensure a cross-party commitment to broader macroeconomic reforms. It then moves on to specific actions it intends to take to improve industry's competitiveness and boost dwindling exports.

These include rationalisation of surcharges on five major manufactured exports, including textiles, a review of all free trade agreements, transfer of control over Export Development Fund (EDF) to exporters for better management, establishment of exclusive economic zones for foreign companies that will be required to export half of their production, agreements of currency swaps with Pakistan's trading partners and encouragement of foreign buyers and brands to open their buying houses in major cities.

Moving on the PPP also has a plan for closed factories and intends to rehabilitate sick industry through a scheme to be formulated with the help of the central bank. It promises to ensure availability of energy at affordable prices to ensure the industry's competitiveness in the world markets and prevent future mass industrial closures.

The PPP that saw exports peak to \$25 billion from \$20bn under its five year term between 2008 and 2013 is also aware of the narrow product and market base of the country's exports and plans to work on these issues to reduce dependence on textiles, which form 55-60 per cent of export shipments.

The party isn't averse to subsidising existing export industries to sustain them and encourage new industries to push exports for a limited time. The plan promises industrial restructuring to increase the value added intermediate and capital goods industry by ensuring financing and finding niche markets outside the country. Interestingly, the PPP is the only party that speaks about greater regional economic and trade integration by separating trade from other geopolitical issues.

The PML-N that launched its manifesto for the next election last week also talks about boosting industry and exports but in far less clear terms than the PPP. It vows to grow exports by 15pc annually if re-elected on July 25 by improving ease of doing business for manufacturers and exporters. It promises to cut input costs for exporters by rationalising import tariffs on their raw materials, remove anti-export bias, harness opportunities offered by CPEC to increase access to international markets, continue the support package it had announced for exporters and so on.

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Simultaneously, it has a plan to push the investment to GDP ratio to 22-25pc to boost industrialisation in the country and create 2million jobs a year.

Private investors will be facilitated to invest in new projects through establishment of special economic zones, operationalisation of a national single window to reduce trade time and cost by bringing 20 government departments and agencies under one roof, checking smuggling and under invoicing of imports and cutting corporate tax to 25pc in five years. Also, small and medium industries will be helped to access finance and form joint ventures with foreign companies around the CPEC.

Businesspeople insist that the PML-N did not take their input before writing their election manifesto. This is despite the fact that Punjab's textile industry invited the heads of the three parties.

"We invited the heads of these parties to give our input for the revival of manufacturing and exports. Both Asif Zardari and Imran Khan turned up. Shahbaz Sharif didn't.

"After listening to our presentations, both the PPP and the PTI promised to truly zero rate exports, help revive over 100 factories — mostly in Punjab — closed down because of energy shortages, higher gas and power prices and bad government policies, and reduce the cost of energy to regional level so that our exports become competitive in overseas markets," the Aptma group leader said.

The third contender for power, PTI, has yet to give its programmer for the polls. But its plan that the party wishes to implement in its first 100 days in power indicates that it plans to revive manufacturing and exports through reduction in taxes and energy rates, payment of export refund claims and so on. Additionally it intends to make interventions in the housing market to kick-start the industries associated with the construction sector.

Many businesspersons argue that it is a mistake to read too much into election manifestos. "At the end of the day, these are just slogans and political rhetoric to charm voters," a former president of the Lahore Chamber of Commerce and Industry said on condition of anonymity.

"When it comes to the industry, decisions are made according to how much clout a particular industry enjoys over the sitting government and its economic team. Manifestos become meaningless and forgotten once a party comes into power. So it doesn't really matter if a party has a better plan than the others."

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