

# Media Coverage

## The State of Commerce in Pakistan International and Domestic

### Web Editions

#### Dawn

<https://www.dawn.com/news/1799563/regulators-blamed-for-economic-misery>

#### Business Recorder

<https://www.brecorder.com/news/40279756>

#### APP Pakistan

<https://www.app.com.pk/business/pide-to-launch-report-state-of-commerce-in-pakistan-on-dec-20/>

<https://www.app.com.pk/business/pide-report-highlights-challenges-opportunities-in-commerce-sector/>

#### Frontier Post

<https://thefrontierpost.com/report-on-state-of-commerce-in-pakistan-international-domestic-launched/>

#### Urdu Point

<https://www.urdupoint.com/en/business/pide-to-launch-report-state-of-commerce-in-1778384.html>

<https://www.urdupoint.com/en/business/pide-report-highlights-challenges-opportunit-1778971.html>

#### Independent News Pakistan

<https://inp.net.pk/news-detail/pak-china/pide-launched-the-report-on-the-state-of-commerce-in-pakistan-international-and-domestic>

**Islamabad Post**

<https://islamabadpost.com.pk/pide-launched-the-report-on-the-state-of-commerce-in-pakistan-international-and-domestic/>

**Lead Pakistan**

<https://leadpakistan.com.pk/news/pide-launched-the-report-on-the-state-of-commerce-in-pakistan-international-and-domestic/>

## **Print Editions**

## Regulators blamed for economic misery

PIDE report explores challenges, opportunities shaping landscape of commerce sector

By Mubarak Zeb Khan

ISLAMABAD: The regulatory agencies in the country have become a burgeoning industry negatively affecting more than half of the national economy, says a new report by the Pakistan Institute of Development Economics (PIDE).

"The cost of regulation, estimated at over 60 per cent of GDP, particularly affects segments larger than 50pc of the GDP, turning regulation agencies into a burgeoning industry in Pakistan," according to the report, titled "The State of Commerce in Pakistan — International and Domestic", released here on Wednesday.

The current strategy involves market fragmentation and deliberate distancing from the global value chain. This approach, however, may need to be reevaluated to ensure sustainable economic growth, says the report.

PIDE has presented proposals to the government for deregulation, specifically targeting markets, such as real estate and improvements in tax documentation to foster the creation of large multinational businesses. However, the government's preoccupation with borrowing and reliance on lenders to decide policy remains a significant challenge.

The report explores the challenges and opportunities shaping the landscape of the commerce sector. It sheds light on the current state of commerce in the country.

Addressing the launching ceremony of the report at the Planning

Commission, PIDE Vice Chancellor Dr Nadeemul Haque said the institute had prepared this report for the Ministry of Commerce and Industries to explore all facets of internal and external trade in Pakistan.

The primary objective was to gain a profound understanding of markets, growth and international and domestic trade, he emphasised, adding that despite being vibrant, the sector faces challenges stemming from governments' indifference, regulatory problems and various other problems.

Dr Haque highlighted the growth potential of several entities within sectors such as construction, retail, chain stores, food, franchises and transport. He said PIDE's research shows that the government's footprint on the economy is at over 70pc, with heavy-handed involvement in trade and markets, stifling market development and growth.

More specifically, the report recommends a broader discussion on an immediate cessation of absolute policies on import substitute and export promotion could be discontinued. "Our commerce and industry must develop as part of the global value chain."

According to the report, there is a systemic failure to diversify across manufacturing, exports and domestic markets. Notably, the import substitution policy, exemplified by the Mobile Phone Manufacturing Policy 2020, has fallen short of its targets. Despite the significant contribution of domestic commerce to formal and informal employment and GDP, this sector has been historically overlooked in policymaking, with the first domestic commerce policy formulated only in 2021, it says.

On the international trade front, the report highlights obstacles such as high tariff cascading, minimal progress in moving up the export product value chain, and limited destination diversification.

# Report shines light on issues plaguing manufacturing, export sectors

By Mehtab Haider

ISLAMABAD: Pakistan lags behind in adopting high-tech, value-adding and capital goods production and exports mainly because of a variety of reasons including Seth mentality. It was the crux of a report titled "The State of Commerce in Pakistan" launched by the Pakistan Institute of Development Economics (PIDE) here on Wednesday.

Pakistan lags behind in high-tech, value-adding and capital goods production and exports. There is an across-the-board failure to diversify be it manufacturing, exports, or domestic markets. Pakistan continues to follow the Haq/HAG model of the 1950s, which emphasizes import substitution and manufacturing for exports. However, the import substitution policy has failed.

## Exports sectors

*Continued from page 12*

high tariffs on imports. It is a form

A recent example of the failure of the import substitution policy is the Mobile Phone Manufacturing Policy 2020. All targets set in the policy have not been achieved. The development of domestic commerce and domestic markets has been neglected in policymaking even though it is a significant source of formal and informal employment and contributes substantially to the GDP. The first-ever domestic commerce policy was formulated in 2021.

In Pakistan, urban design, zoning regulations and city planning have adversely affected businesses. There is a disproportionate focus on real estate and construction for housing, a lack of mixed-used buildings and limited space for commercial activities. As a result, commercial areas are small, and businesses, especially domestic commerce, find it hard to find

suitable commercial areas at reasonable rents. Pakistani businessmen are characterized by the "Seth" mentality. Most of the businesses are family-owned because the owners want to keep a stranglehold on the management. Even those companies listed on the stock exchange are controlled by the owners directly by keeping the bulk of shares. Pakistan's stock market is dominated by 31 families.

Pakistani businesses have very little global presence. There are at least two reasons for that. First, Pakistani businesses focus on traditional items and have no brand equity. Second, Pakistani businesses mainly invest in those sectors that offer incentives in different forms, such as subsidies and protection in the form of

*Continued on page 9*

of rent-seeking. The Pakistan Institute of Development Economics (PIDE) launched its latest research report, which sheds light on the current state of commerce in the

country. In his address, Dr Mohamud Jehanzeb Khan, deputy chairman of the Planning Commission, underscored the paramount role undertaken by the PIDE.

## PIDE launched the report on 'The State of Commerce in Pakistan International and Domestic'

PPA

ISLAMABAD: The Pakistan Institute of Development Economics (PIDE) launched its latest research report, "The State of Commerce in Pakistan – International and Domestic" at the P-Block Auditorium, Pakistan Secretariat. The report explores the challenges and opportunities shaping the landscape of Pakistan's commerce sector. It sheds light on the current state of commerce in the country. As a premier institution dedicated to fostering economic development, PIDE's report serves as an invaluable source of information and statistics on the state of commerce in Pakistan.

In his opening remarks, Dr.

Nadeem ul Haque, Vice Chancellor of the Pakistan Institute of PIDE, has developed this report for the Ministry of Commerce & Industries to fill the comprehensive report, and explore into all facets of internal and external trade in Pakistan. The primary objective is to gain a profound understanding of markets, growth and international and domestic trade. He emphasised that despite the sector being vibrant it faces challenges stemming from the various governments' indifference, regulatory problems, and various other problems.

He highlighted the growth potential of several entities within sectors such as construction, retail, chain stores, food, fran-

chises, and transport. Dr Haque said that PIDE's research shows that the government's footprint on the economy is at over 70% of the economy, with heavy-handed government involvement in trade and markets, stifling market development and growth. The cost of regulation, estimated at over 60% of the GDP, particularly affects segments larger than 50% of the GDP, turning regulation agencies into a burgeoning industry in Pakistan. Our current approach is to fragment out the markets and segment ourselves from the global value chain.

PIDE has presented proposals to the government for deregulation, specifically targeting markets such as real estate, and improve-

ments in tax documentation to foster the creation of large multinational businesses. However, the government's preoccupation with borrowing and reliance on lenders to decide policy remains a significant challenge.

The chief guest on the occasion was Dr. Mohammad Jehanzeb Khan, Deputy Chairman of the Planning Commission, Government of Pakistan, while Ms Sarah Saeed, Special Secretary of the Ministry of Commerce attended the event as a special guest.

In his address, Dr. Khan underscored the paramount role undertaken by the Pakistan Institute of Development Economics (PIDE). He lauded PIDE for spearheading cutting-edge research crucial for



the nation's immediate requirements. He further said that a fundamental tenet of effective governance is the government's responsibility to not only generate revenue but also to ensure its judicious utilization through

enhanced public expenditure. Emphasizing the need for improvement in public expenditure, we are committed to optimizing the impact of public funds for the betterment of our society and fostering sustained economic

advancement.

In her remarks, Ms Sarah Saeed commended PIDE's efforts in highlighting the importance of domestic commerce in Pakistan. She further stated that the Ministry of Commerce acknowledges the significance of domestic commerce in Pakistan, as rightly emphasized and consistently advocated by PIDE. Consequently, the ministry has established a separate domestic commerce department. While domestic commerce has become a provincial subject after the 18th amendment, coordination and collaboration among the federal and provincial governments are essential to set the direction of policies supporting the external trade sector and domestic commerce.

December 21, 2023

## PIDE launches report on “The State of Commerce in Pakistan International and Domestic”

### MT REPORT

PESHAWAR: The Pakistan Institute of Development Economics (PIDE) launched its latest research report, “The State of Commerce in Pakistan – International and Domestic”. The report explores the challenges and opportunities shaping the landscape of Pakistan’s commerce sector. It sheds light on the current state of commerce in the country. As a premier institution dedicated to fostering economic development, PIDE’s report serves as an invaluable source of information and statistics on the state of commerce in Pakistan, said in a press release issued here on Wednesday. In his opening remarks, Dr. Nadeem ul Haque, Vice Chancellor of the Pakistan Institute of



PIDE, has developed this report for the Ministry of Commerce & Industries to fill the comprehensive report, and explore into all facets of internal and external trade in Pakistan. The primary objective is to gain a profound understanding of markets, growth and international and domestic trade. He emphasised that despite the sector being vibrant it faces challenges stemming from the various governments’ indiffer-

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and growth. The cost of regulation, estimated at over 60% of the GDP, particularly affects segments larger than 50% of the GDP, turning regulation agencies into a burgeoning industry in Pakistan. Our current approach is to fragment out the markets and segment ourselves from the global value chain. PIDE has presented proposals to the government for deregulation, specifically targeting markets such as real estate, and improvements in tax documentation to foster the creation of large multinational businesses. However, the government’s preoccupation with borrowing and reliance on lenders to decide policy remains a significant challenge. More specifically the report recommends a broader

discussion on an immediate cessation of our absolute policies on import substitute and export promotion could be discontinued. Our Commerce and Industry must develop as part of the global value chain. According to the report, there is a systemic failure to diversify across manufacturing, exports, and domestic markets. Notably, the import substitution policy, exemplified by the Mobile Phone Manufacturing Policy 2020, has fallen short of its targets. Despite the significant contribution of domestic commerce to formal and informal employment and GDP, this sector has been historically overlooked in policymaking, with the first domestic commerce policy formulated only in 2021.

## PIDE launched the report on “The State of Commerce in Pakistan International and Domestic”

■ NEWS DESK  
ISLAMABAD

The Pakistan Institute of Development Economics (PIDE) launched its latest research report, “The State of Commerce in Pakistan – International and Domestic” at the P-Block Auditorium, Pakistan Secretariat.

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ISLAMABAD: Dr. Mohammad Jehanzeb Khan, Deputy Chairman of the Planning Commission, and Vice-Chancellor of PIDE, Dr. Nadeem ul Haque, are addressing the book launch of “The State of Commerce in Pakistan – International and Domestic” at P Block Auditorium, Pak Secretariat, Islamabad.

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has fallen short of its targets.

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On the international trade front,

the report highlights obstacles such as high tariff cascading, minimal progress in moving up the export product value chain, and limited destination diversification.

Urban design, zoning regulations, and city planning negatively impact businesses in Pakistan, particularly in domestic commerce.

The prevalence of the “Seth” culture, characterized by family-owned businesses dominating the stock market, raises concerns about market efficiency.

Furthermore, the challenges faced by the real estate and construction sectors are highlighted, with a dominance of plots and limited commercial real estate negatively impacting domestic commerce.

The chief guest on the occasion was Dr. Mohammad Jehanzeb Khan, Deputy Chairman of the Planning Commission, Government of Pakistan, while Ms Sarah Saeed, Special Secretary of the Ministry of Commerce attended the event as a special guest.

In his address, Dr. Khan underscored the paramount role undertaken by the Pakistan Institute of Development Economics (PIDE).

He lauded PIDE for spearheading cutting-edge research crucial for the

nation’s immediate requirements.

He further said that a fundamental tenet of effective governance is the government’s responsibility to not only generate revenue but also to ensure its judicious utilization through enhanced public expenditure.

Emphasizing the need for improvement in public expenditure, we are committed to optimizing the impact of public funds for the betterment of our society and fostering sustained economic advancement.

In her remarks, Ms Sarah Saeed commended PIDE’s efforts in highlighting the importance of domestic commerce in Pakistan. She further stated that the Ministry of Commerce acknowledges the significance of domestic commerce in Pakistan, as rightly emphasized and consistently advocated by PIDE.

Consequently, the ministry has established a separate domestic commerce department. While domestic commerce has become a provincial subject after the 18th amendment, coordination and collaboration among the federal and provincial governments are essential to set the direction of policies supporting the external trade sector and domestic commerce.



# PIDE launched the report on “The State of Commerce in Pak International and Domestic”

DNA

ISLAMABAD: The Pakistan Institute of Development Economics (PIDE) launched its latest research report, “The State of Commerce in Pakistan – International and Domestic” at the P-Block Auditorium, Pakistan Secretariat. The report explores the challenges and opportunities shaping the landscape of Pakistan’s commerce sector. It sheds light on the current state of commerce in the country. As a premier institution dedicated to fostering economic development, PIDE’s report serves as an invaluable source of information and statistics on the state of commerce in Pakistan.

In his opening remarks, Dr. Na-deem ul Haque, Vice Chancellor of the Pakistan Institute of PIDE, has developed this report for the Ministry of Commerce & Industries to fill the comprehensive report,

and explore into all facets of internal and external trade in Pakistan. The primary objective is to gain a profound understanding of markets, growth and international and domestic trade. He emphasised that despite the sector being vibrant it faces challenges stemming from the various governments’ indifference, regulatory problems,

and various other problems. He highlighted the growth potential of several entities within sectors such as construction, retail, chain stores, food, franchises, and transport. Dr Haque said that PIDE’s research shows that the government’s footprint on the economy is at over 70% of the economy, with heavy-handed government involve-

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value chain. PIDE has presented proposals to the government for deregulation, specifically targeting markets such as real estate, and improvements in tax documentation to foster the creation of large multinational businesses. However, the government’s preoccupation with borrowing and reliance on lenders to decide policy remains a significant challenge. More specifically the report recommends a broader discussion on an immediate cessation of our absolute policies on import substitute and export promotion could be discontinued. Our Commerce and Industry must develop as part of the global value chain. According to the report, there is a systemic failure to diversify across manufacturing, exports, and domestic markets. Notably, the import substitution policy, exemplified by the Mobile Phone Manufacturing Policy 2020, has fallen short of its targets.



December 21, 2023

## PIDE launches report on 'The State of Commerce in Pakistan International and Domestic'



### FRONTIER NEW

**PESHAWAR:** The Pakistan Institute of Development Economics (PIDE) launched its latest research report, "The State of Commerce in Pakistan - International and Domestic".

The report explores the challenges and opportunities shaping the landscape of Pakistan's commerce sector. It sheds light on the current state of commerce in the country. As a premier institution dedicated to fostering economic development, PIDE's report serves as an invaluable source of information and statistics on the state of commerce in Pakistan, said in a press release issued here.

In his opening remarks, Dr. Nadeem ul Haque, Vice Chancellor of the Pakistan Institute of Development Economics, has developed this report for the Ministry of Commerce & Industries to fill the comprehensive report, and explore into all facets of internal and

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# The Frontier Post

December 21, 2023

## Report on 'State of Commerce in Pakistan Int'l, Domestic' launched



### F.P. Report

PESHAWAR, Dec 20: The Pakistan Institute of Development Economics (PIDE) launched its latest research report, "The State of Commerce in Pakistan - International and Domestic".

The report explores the challenges and opportunities shaping the landscape of Pakistan's commerce sector. It sheds light on the current state of commerce in the country. As a premier institution dedicated to fostering economic development, PIDE's report serves as an invaluable source of information and statistics on the state of commerce in Pakistan, said in a press release issued here on Wednesday.

In his opening remarks, Dr. Nadeem ul Haque, Vice Chancellor of the Pakistan Institute of PIDE, has developed this report for the Ministry of Commerce & Industries to fill the comprehensive report, and explore into all facets of internal and external trade

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On the international trade front, the report highlights obstacles such as high tariff cascading, minimal progress in moving up the export product value chain, and limited destination diversification. Urban design, zoning regulations, and city planning negatively impact businesses in Pakistan, particularly in domestic commerce.

The chief guest on the occasion was Dr. Mohammad Jehanzeb Khan, Deputy Chairman of the Planning Commission, Govt of Pakistan, while Ms Sarah Saeed, Special Secretary of the Ministry of Commerce attended the event as a special guest.

In his address, Dr. Khan underscored the paramount role undertaken by the Pakistan Institute of Development Economics. He lauded PIDE for spearheading cutting-edge research crucial for the nation's immediate requirements.

In her remarks, Ms Sarah Saeed commended PIDE's efforts in highlighting the importance of domestic commerce in Pakistan.

December 21, 2023

# PIDE launches report on “The State of Commerce in Pakistan International and Domestic”

## TIMES REPORT

**PESHAWAR:** The Pakistan Institute of Development Economics (PIDE) launched its latest research report, “The State of Commerce in Pakistan - International and Domestic”. The report explores the challenges and opportunities shaping the landscape of Pakistan’s commerce sector. It sheds light on the current state of commerce in the country. As a premier institution dedicated to fostering economic development, PIDE’s report serves as an invaluable source of information and statistics on the state of commerce in Pakistan, said in a

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other problems. He highlighted the growth potential of several entities within sectors such as construction, retail, chain stores, food, franchises, and transport. Dr Haque said that PIDE’s research

shows that the government’s footprint on the economy is at over 70% of the economy, with heavy-handed government involvement in trade and markets, stifling market development and growth. The cost

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# BUSINESS RECORDER

Founded by M. A. Zuberi

December 21, 2023

## Govt's 'overwhelming' involvement in economy major reason behind stagnant growth: PIDE study

ABDUL HASHEED AZAD

ISLAMABAD: A study has revealed that the government's overwhelming involvement in the national economy is one of the major reasons behind the stagnant growth of the national economy, further recommending a broader discussion on an immediate cessation of absolute policies on import substitution and export promotion.

The study carried out by the Pakistan Institute of Development Economics (PIDE), "The State of Commerce in Pakistan - International and Domestic" released here on Wednesday said that Pakistan's commerce and industry must develop as part of the global value chain. While highlighting the government's involvement in economic activities, it said that it was active in over 70 percent economy-related activities from trade and markets, stifling market development and growth.

The report further said that the cost of regulation, estimated at over 60 percent of the GDP, particularly affects segments larger than 50 percent of the GDP, turning regulation agencies into a burgeoning industry in Pakistan.

The report said that Pakistan's current approach is to fragment out the markets and segment ourselves from the global value chain. The

report explores the challenges and opportunities shaping the landscape of Pakistan's commerce sector while shedding light on the current state of commerce in the country.

In his opening remarks, Dr Nadeemul Haque, Vice Chancellor (VC) of PIDE said that the institute has developed this report for the Ministry of Commerce and Industries, and to explore all facets of internal and external trade in Pakistan. The primary objective is to gain a profound understanding of markets, growth and international and domestic trade. He emphasised that despite the sector being vibrant it faces challenges stemming from the various governments' indifference, regulatory problems, and various other problems.

The PIDE has presented proposals to the government for deregulation, specifically targeting markets such as real estate, and improvements in tax documentation to foster the creation of large multinational businesses. However, the government's preoccupation with borrowing and reliance on lenders to decide policy remains a significant challenge.

According to the report, there is a systemic failure to diversify across manufacturing, exports, and domestic markets. Notably, the import substitution policy, exemplified by the Mobile Phone

Manufacturing Policy, 2020, has fallen short of its targets. Despite the significant contribution of domestic commerce to formal and informal employment and GDP, this sector has been historically overlooked in policymaking, with the first domestic commerce policy formulated only in 2021.

On the international trade front, the report highlights obstacles such as high tariff cascading, minimal progress in moving up the export product value chain, and limited destination diversification. Urban design, zoning regulations, and city planning negatively impact businesses in Pakistan, particularly in domestic commerce.

The prevalence of the "seth" culture, characterized by family-owned businesses dominating the stock market, raises concerns about market efficiency. Furthermore, the challenges faced by the real estate and construction sectors are highlighted, with a dominance of plots and limited commercial real estate negatively impacting domestic commerce. Deputy Chairman of the Planning Commission Dr Mohammad Jehanzeb Khan attended the event as the chief guest, while Special Secretary of the Ministry of Commerce Sarah Saeed participated as a special guest.

In his address, Dr Khan underscored the paramount

role undertaken by PIDE and appreciated it for spearheading cutting-edge research crucial for the nation's immediate requirements.

He said a fundamental tenet of effective governance was the government's responsibility to generate revenue and ensure its judicious utilisation through enhanced public expenditure. Emphasizing the need for improvement in public expenditure, he said, "We are committed to optimizing the impact of public funds for the betterment of our society and fostering sustained economic advancement."

In her remarks, Sarah Saeed commended PIDE's efforts in highlighting the importance of domestic commerce in Pakistan, as rightly emphasized and consistently advocated by PIDE.

Consequently, she said the ministry had established a separate domestic commerce department. While domestic commerce has become a provincial subject after the 18th Constitutional amendment, she said, adding coordination and collaboration among the federal and provincial governments were essential to set the direction of policies supporting the external trade sector and domestic commerce.

December 21, 2023

## PIDE report highlights challenges, opportunities in commerce sector



ISLAMABAD, Dec 20 (APP):The Pakistan Institute of Development Economics (PIDE) here on Wednesday launched its latest research report titled "The State of Commerce in Pakistan – International and Domestic," highlighting challenges and opportunities shaping the landscape of the country's commerce sector.

"As a premier institution dedicated to fostering economic development, PIDE's report serves as an invaluable source of information and statistics on the state of commerce in Pakistan," a news release said.

In his opening remarks, PIDE Vice-Chancellor Dr Nadeem ul Haque said his institution had compiled the report for the Ministry of Commerce and Industries so that it could explore all facets of internal and external trade in Pakistan. "The primary objective is to gain a profound understanding of markets, growth and international and domestic trade."

He emphasized that despite the vibrant sector, it faced challenges stemming from the various governments' indifference, regulatory problems, and various other problems.

The PIDE VC highlighted the growth potential of several entities within sectors such as construction, retail, chain stores, food, franchises, and transport.

Dr Haque said PIDE's research showed that the government's footprint on the economy was at over 70 percent of the economy, with its involvement in trade and markets, stifling market development and growth.

The cost of regulation, estimated at over 60 percent of the Gross Domestic Product (GDP), particularly affected segments larger than 50 percent of the GDP, turning regulation agencies into a burgeoning industry in Pakistan. "Our current approach is to fragment out the markets and segment ourselves from the global value chain."

PIDE has presented proposals to the government for deregulation, specifically targeting markets such as real estate, and improvements in tax documentation to foster the creation of large multinational businesses.

More specifically the report recommended a broader discussion on an immediate cessation of absolute policies on import substitute and export promotion could be discontinued. "Our Commerce and Industry must develop as part of the global value chain."

The report suggested diversifying across manufacturing, exports, and domestic markets.

Despite the significant contribution of domestic commerce to formal and informal employment and GDP, this sector has been historically overlooked in policymaking, with the first domestic commerce policy formulated only in 2021, it added.

On the international trade front, the report highlighted obstacles such as high tariff cascading, minimal progress in moving up the export product value chain, and limited destination diversification.

It said urban design, zoning regulations, and city planning negatively impacted businesses in Pakistan, particularly in domestic commerce.

The prevalence of the "Seth" culture, characterized by family-owned businesses dominating the stock market, raises concerns about market efficiency.

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Emphasizing the need for improvement in public expenditure, he said "We are committed to optimizing the impact of public funds for the betterment of our society and fostering sustained economic advancement."

In her remarks, Sarah Saeed commended PIDE's efforts in highlighting the importance of domestic commerce in Pakistan.

She said the Ministry of Commerce acknowledged the significance of domestic commerce in Pakistan, as rightly emphasized and consistently advocated by PIDE.

Consequently, she said the Ministry had established a separate domestic commerce department.

While domestic commerce has become a provincial subject after the 18th Constitutional amendment, she said coordination and collaboration among the federal and provincial governments were essential to set the direction of policies supporting the external trade sector and domestic commerce.

December 21, 2023

## PIDE launches report on 'the state of commerce in Pakistan int'l and domestic'

T.M. Report

PESHAWAR: The Pakistan Institute of Development Economics (PIDE) launched its latest research report, "The State of Commerce in Pakistan - International and Domestic". The report explores the challenges and opportunities shaping the landscape of Pakistan's commerce sector. It sheds light on the current state of commerce in the country. As a premier institution dedicated to fostering economic development, PIDE's report serves as an invaluable source of information and statistics on the state of commerce in Pakistan, said in a press release issued here on Wednesday.

In his opening remarks, Dr. Nadeem ul Haque, Vice Chancellor of the Pakistan Institute of PIDE, has developed this report for the Ministry of Commerce & Industries to fill the comprehensive report, and ex-

plore into all facets of internal and external trade in Pakistan. The primary objective is to gain a profound understanding of markets, growth and international and domestic trade. He emphasised that despite the sector being vibrant it faces challenges stemming from the various governments' indifference, regulatory problems, and various other problems.

He highlighted the growth potential of several entities within sectors such as construction, retail, chain stores, food, franchises, and transport. Dr Haque said that PIDE's research shows that the government's footprint on the economy is at over 70% of the economy, with heavy-handed government involvement in trade and markets, stifling market development and growth. The cost of regulation, estimated at over 66% of the GDP, particularly affects segments larger than 50% of the

GDP, turning regulation agencies into a burgeoning industry in Pakistan. Our current approach is to fragment out the markets and segment ourselves from the global value chain.

PIDE has presented proposals to the government for deregulation, specifically targeting markets such as real estate, and improvements in tax documentation to foster the creation of large multinational businesses. However, the government's preoccupation with borrowing and reliance on lenders to decide policy remains a significant challenge.

More specifically the report recommends a broader discussion on an immediate cessation of our absolute policies on import substitute and export promotion could be discontinued. Our Commerce and Industry must develop as part of the global value chain.

According to the report, there



is a systemic failure to diversify across manufacturing, exports, and domestic markets. Notably, the import substitution policy, exemplified by the Mobile Phone Manufacturing Policy 2020, has fallen short of its targets. Despite the significant contribution of domestic commerce to formal and informal employment and GDP, this sector has been historically overlooked in policymaking, with the first domestic commerce policy formulated only in 2021.

On the international trade

front, the report highlights obstacles such as high tariff cascading, minimal progress in moving up the export product value chain, and limited destination diversification. Urban design, zoning regulations, and city planning negatively impact businesses in Pakistan, particularly in domestic commerce.

The chief guest on the occasion was Dr. Mohammad Jehanzeb Khan, Deputy Chairman of the Planning Commission, Government of Pakistan, while

Ms Sarah Saeed, Special Secretary of the Ministry of Commerce attended the event as special guest. In his address Khan underscored the paramount role undertaken by the Pakistan Institute of Development Economics (PIDE). He commended PIDE for spearheading cutting-edge research crucial for the nation's immediate requirements. In her remarks, Ms Sarah Saeed commended PIDE's efforts in highlighting the importance of domestic commerce in Pakistan.