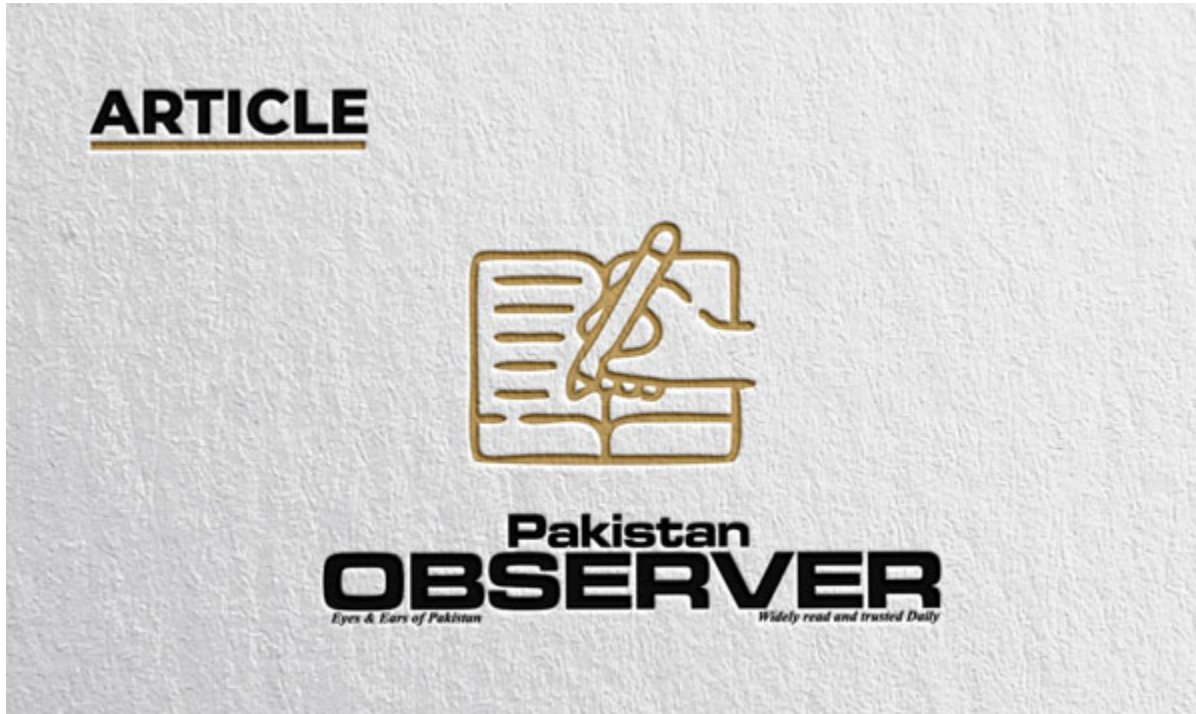


Achieving exports goal: Challenges and opportunities | By Dr Muhammad Zeshan - Pakistan Observer

News desk



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PAKISTAN'S economy is beset with a multitude of formidable challenges that are thwarting its potential for robust growth and prosperity. Alas, despite its abundant resources and copious population, the country has lagged behind many of its neighboring nations, its economic progress having been sluggish and arduous.

It is an irrefutable fact that Pakistan's government has set its sights on an audacious goal, a goal that entails boosting its exports by an eye-watering USD 100 billion. Yet, this tantalizing and ambitious target is far from achievable without a meticulous and profound contemplation of the deep-seated, underlying issues that have stunted the country's economic growth for decades on end. It is imperative that the country formulate a comprehensive plan that comprehensively addresses the multifarious and intricate challenges that have bogged down the economy, including but not limited to low productivity, insufficient competitiveness, lamentable infrastructure, and a business environment that is far from favorable. To achieve this, the regulatory framework must be reformed with alacrity, tax policies must be improved, and investments must be encouraged in both domestic and foreign sectors, among other necessary measures. Additionally, diversifying the export base and

exploring novel markets for Pakistani products is paramount to fostering sustainable and robust economic growth in the nation.



In this erudite and discerning op-ed, we will conduct a rigorous analysis of the myriad challenges and opportunities that are presently extant in the hallowed halls of Pakistan's economy. Furthermore, we shall proffer a multitude of prudent and viable measures that can be undertaken to promote sustainable and inclusive economic growth. To this end, the triumvirate of government, private sector, and civil society must join hands and strive to create a felicitous and propitious environment that is conducive to fostering innovation, entrepreneurship, and a dynamic economy that benefits each and every citizen of the nation. With the adoption of pragmatic policies and concerted action, Pakistan is well-poised to achieve its overarching and coveted goal of transforming into a prosperous, flourishing, and thriving nation.

Pakistan's aspiration to augment exports by a whopping USD 100 billion is a formidably ambitious but urgently necessary target that demands scrupulous and well-coordinated strategic planning alongside the active participation of various stakeholders. The realization of this objective is fundamental to Pakistan's economic development, employment creation, and augmented revenue generation. To turn this aspiration into a tangible reality, Pakistan must concentrate on enhancing its tax-to-GDP ratio, escalate its investments in both domestic and foreign markets, and delve into novel products and markets that exhibit great potential for exports.

Foremost among the daunting challenges that Pakistan needs to surmount to boost its exports is its rather puny tax-to-GDP ratio. The ratio has experienced a considerable plummet from 16-18% to a dismal 9%, thus rendering this target an uphill climb. The Pakistani government must bolster revenue collection and diminish its dependence on foreign borrowing, which has only served to aggravate Pakistan's debt servicing. Consequently, it is incumbent upon the government to alleviate the burden of taxes on the industry to stimulate economic growth, which is pivotal to the attainment of this target.

The lack of both domestic and foreign investment is yet another thorny issue that Pakistan must address to bolster its export sector. To this end, Pakistan must put in place an investment-friendly milieu that will attract more investment inflows. The government must streamline its regulatory procedures, trim down the cost of doing business, and secure a stable political environment. Moreover, the government must proactively formulate policies that promote and aid small and medium enterprises (SMEs) and spur innovation and entrepreneurship, which are the sine qua non for economic growth and job creation.

Diversifying its export base is critical to Pakistan's export aspirations.

The lion's share of Pakistan's exports is still primary goods and textile-related products, which is a rather limited scope. Pakistan needs to broaden its horizons and scout for new markets and products that are globally competitive to augment its export base. This requires a significant investment in research and development, innovation, and education to keep abreast of the ever-evolving global trade dynamics. Notwithstanding the imperative nature of these goals, they are far from easy to attain, given the multiple obstacles that lie in their way. One of the most daunting obstacles is Pakistan's exorbitantly high energy costs, which significantly undermine its global competitiveness in the export sector. This conundrum can be surmounted by fostering the uptake of alternative sources of energy and ramping up the utilization of technology to trim down energy consumption.

Yet another hurdle that Pakistan must overcome to realize its export targets is the daunting regulatory environment that has long bogged down businesses in the country. The government must muster the necessary political will, sound governance, and institutional reforms to streamline regulations, rationalize the myriad regulatory agencies, and establish a business-friendly milieu. This calls for sweeping reforms and effective enforcement mechanisms that are instrumental in creating a nurturing environment for businesses to operate and flourish. Furthermore, the hitherto ineffective import-substitution policy adopted by Pakistan has wrought havoc on its export potential, resulting in a low ratio of exporting firms. To circumvent this challenge, the government must embark on a more assertive policy framework that incentivizes businesses to expand their export base and provides a level playing field for all enterprises.

The resultant increase in exports will spur economic growth, create jobs, and put Pakistan firmly on the path to prosperity. In today's global market, Pakistan has set its sights on increasing its exports by a whopping USD 100 billion. A Herculean feat, to be sure, but one that is not unattainable. However, the journey towards achieving this ambitious goal is paved with several challenges that require prompt and strategic resolution. As an emerging economy, Pakistan has a lot on its plate, with numerous obstacles that must be overcome to ensure sustained growth and competitiveness in the global arena. Though there is no silver bullet to solve these problems, identifying and addressing them would go a long way in bolstering Pakistan's economy.

From the myriad of challenges that Pakistan currently faces, the three most pressing and thorny issues that require immediate attention are: Improving the regulatory environment. This is no easy feat, but with concerted effort, streamlining regulations, reducing the number of regulatory agencies, and doing away with redundant paperwork would significantly reduce the compliance burden on businesses, ultimately encouraging investment in the country.

In the quest for attaining its audacious target of augmenting exports by a colossal USD 100 billion, Pakistan finds itself navigating through a treacherous terrain fraught with a plethora of obstacles that

could easily derail its efforts. Alas, the situation is far from bleak, for if Pakistan can surmount the three biggest stumbling blocks that stand in its way, it could potentially turn the tide in its favor and surge ahead in the global economic arena. The first hurdle is enhancing productivity and innovation. A seemingly straightforward task, but one that requires a multifaceted approach, including channeling resources into research and development, establishing stronger synergies between academia and industry, and inculcating an atmosphere of creativity and ingenuity that would pave the way for diversified exports and greater competitiveness.

Secondly, confronting the energy crisis, a thorny issue that has plagued Pakistan for years. Although the way forward is not entirely clear, one possible solution would be to reduce the cost of commercial energy by investing in alternative energy sources and augmenting logistics and transportation infrastructure. Such measures would mitigate the cost of doing business in Pakistan, making exports more appealing to prospective buyers, and increasing their competitiveness in the global market.

However, to achieve these objectives would necessitate a concerted and harmonious endeavor by both the government and the private sector, as the task at hand demands nothing less than a complete overhaul of the existing system. But if Pakistan rises to the occasion and seizes the moment, it could position itself as a major player in the global economy, generating fresh opportunities for consumers and firms alike within the country.

—The writer is Research Fellow at
Pakistan Institute of Development Economics ,
Islamabad
zeshan@pide.org.pk>