



Pakistan as a Regional Manufacturing HUB

Regional Hub



The four macro-level pillars of evaluating a Hub Economy:

- **Business**
- **Political**
- **Social**
- **Human Capital**

* *Source:* A.T. Kearney.

(A U.S based global management consultancy firm that focuses on strategic management issues)



The macro economic picture of Pakistan's economy over the past 5 years is not very promising when compared to regional economies.

** All sources of data: State Bank Of Pakistan, World Bank, IMF and Asian Development Bank*

Performance Indicators



GDP (Billion Rs)	F 10	F 11	F 12	F 13	F 14
Pakistan	14,867	18,276	20,047	22,489	25,402
Growth Rate (%)	F 10	F 11	F 12	F 13	F 14
Pakistan	2.6	3.6	3.8	3.7	4.1
India	10.3	6.6	4.7	5	5.6
Sri Lanka	8.0	8.3	6.3	7.3	7
Bangladesh	6.0	6.5	6.3	6.1	6.2
Growth Rate % MFG	F 10	F 11	F 12	F 13	F 14
Pakistan	1.4	2.5	2.1	4.5	5.5
India	8.9	7.4	1.1	-0.7	NA
Sri Lanka	7.3	7.9	5.2	7.5	NA
Bangladesh	6.6	10.0	10.0	10.3	NA

Performance Indicators



Growth Rate % Service Sector	F 10	F 11	F 12	F 13	F 14
Pakistan	3.2	3.9	4.4	4.9	4.3
India	9.7	6.6	7.0	6.8	NA
Sri Lanka	8.0	8.6	4.6	6.4	NA
Bangladesh	5.5	6.2	6.6	5.5	NA
Growth Rate % Agriculture Sector	F 10	F 11	F 12	F 13	F 14
Pakistan	0.2	2	3.6	2.9	2.1
India	8.6	5.0	1.4	4.7	NA
Sri Lanka	7.0	1.4	5.2	4.7	NA
Bangladesh	6.2	4.5	3.0	2.5	NA

Performance Indicators



Current Account as % of GDP	F 10	F 11	F 12	F 13	F 14
Pakistan	-0.7	-1.1	-1.0	-1.8	NA
India	-3.2	-3.3	-4.9	-2.6	NA
Sri Lanka	-2.1	-7.8	-6.7	-3.9	NA
Bangladesh	1.0	0.3	2.4	1.6	NA
Inflation	F 10	F 11	F 12	F 13	F 14
Pakistan	10.1	13.7	11	7.4	8.6
India	9.5	9.5	10.2	9.5	7.8
Sri Lanka	6.2	6.7	7.5	6.9	3.7
Bangladesh	8.1	10.7	6.2	7.5	7.1

Performance Indicators

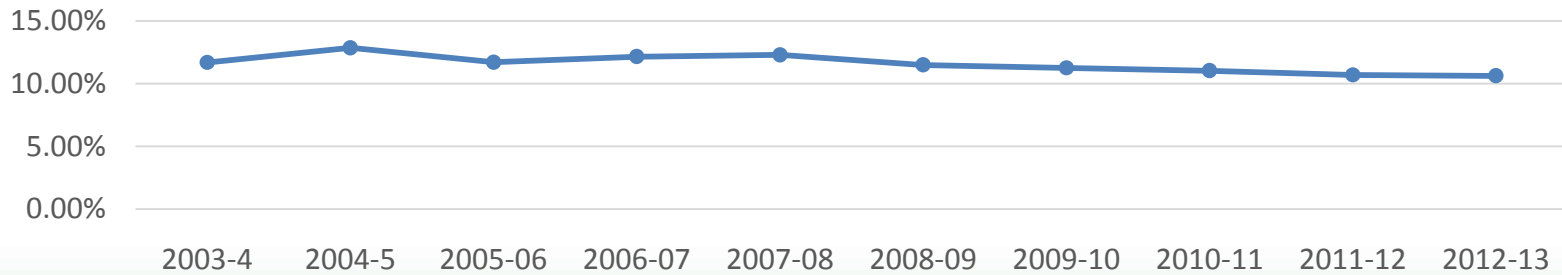


Education Spend % of GDP	F 10	F 11	F 12	F 13	F 14
Pakistan	2.3	2.2	2.1	2.0	NA
India	3.3	3.4	3.3	NA	NA
Sri Lanka	1.9	2.0	1.7	NA	NA
Bangladesh	NA	NA	NA	NA	NA
Health Spend % of GDP	F 10	F 11	F 12	F 13	F 14
Pakistan	3.0	3.0	3.1	NA	NA
India	3.7	3.9	4.0	NA	NA
Sri Lanka	3.4	3.3	3.1	NA	NA
Bangladesh	3.7	3.8	3.6	NA	NA

Pakistan: a dismal picture of manufacturing trends



Large Scale Manufacturing % of GDP (Current price)



Small Scale Manufacturing % of GDP (Current Price)



Amongst other key economic indicators Pakistan is the lowest in the region



Region	FDI as % of GDP	Export as % of GDP (2013)	Global Competitiveness (Relative Scale)
India	1.5	24.8	1
Sri Lanka	1.4	22.5	2
Bangladesh	1.2	22.8	3
Pakistan	0.6	12.7	4

Growth Trends In Key Industries

F10 – F14



Cotton Yarn	1.1%
Cotton Cloth	0.40%
Cement	2.20%
Sugar	12.40%
Fertilizer	1.60%
Chemical	-1.30%
Paper + Board	10.40%
Motorcycles	14.90%
Tractors	-8.10%
Electrical Equipment	-0.56%

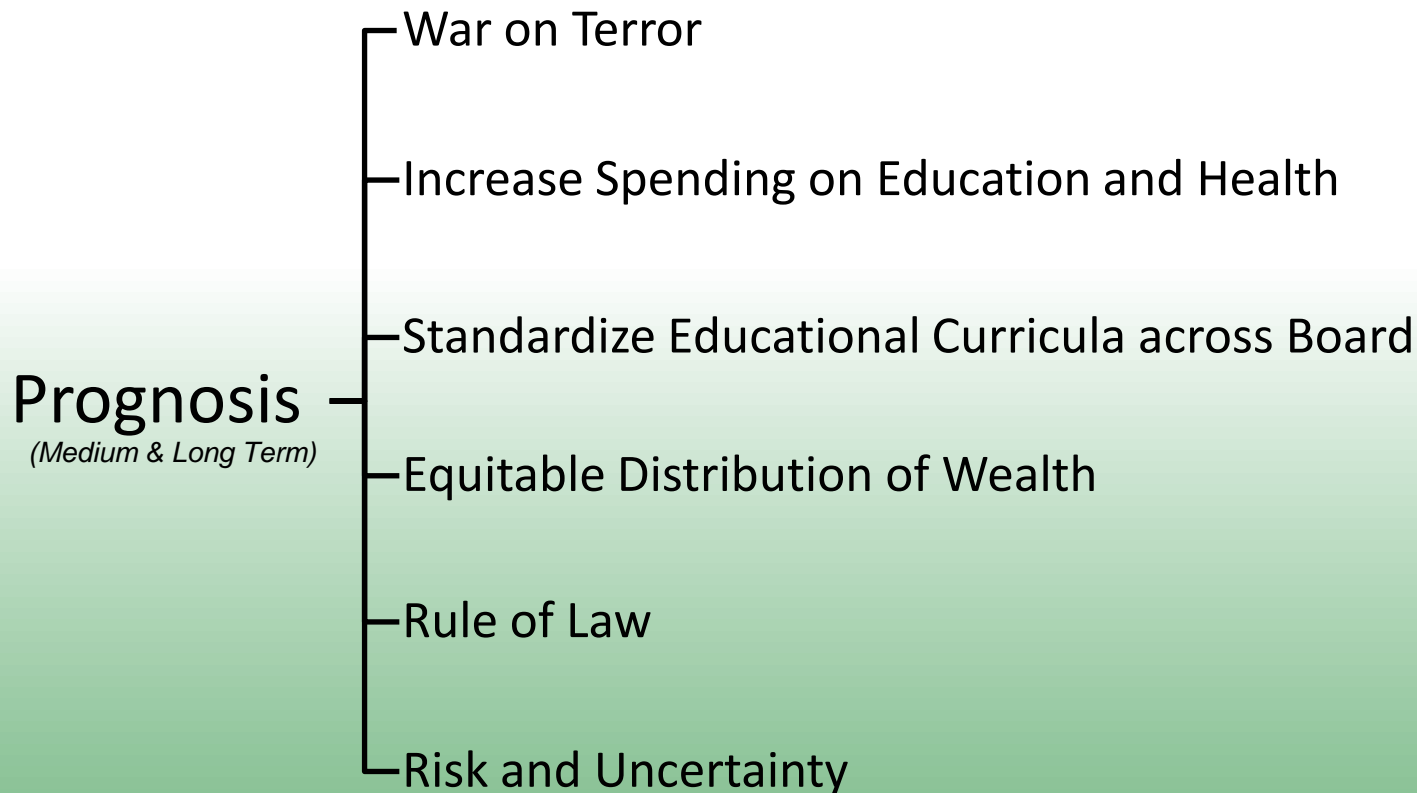


Pakistan has to arrest the declining trend of Manufacturing especially LSM and address other facets of our socio economic model.

Challenges and Prognosis



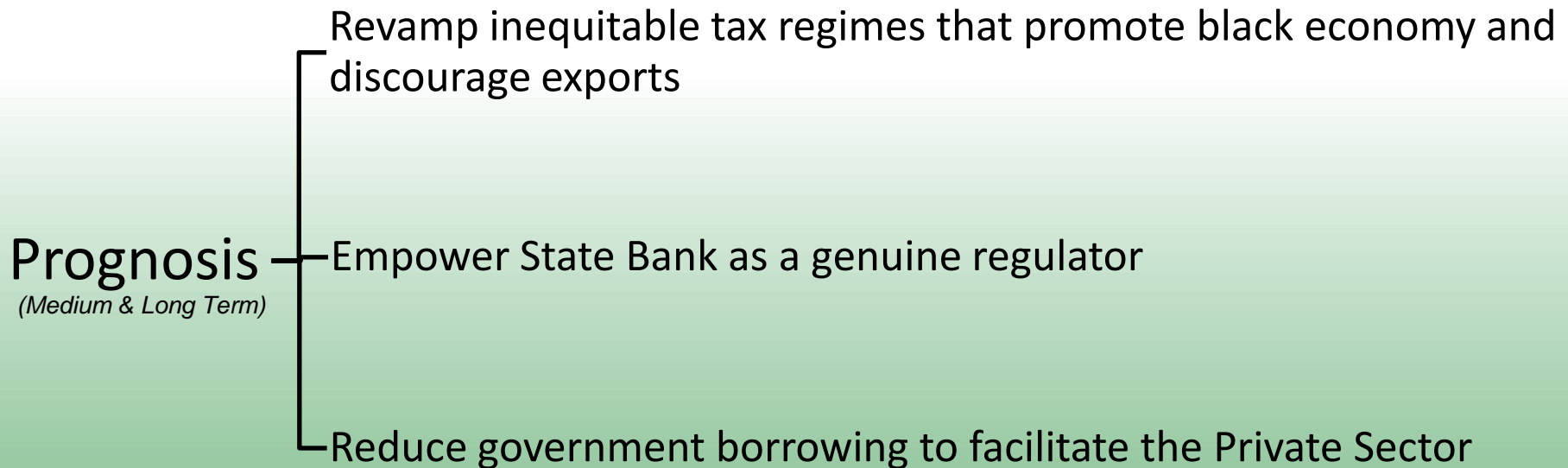
- Law & order, terrorism, sectarianism & extremism.



Challenges and Prognosis



- Immaturity of financial markets resulting in low investment & low FDI.



Challenges and Prognosis



- Inefficiency, Nepotism and Corruption in Public Sector Enterprises

Prognosis

(Short Term)

Privatization

Challenges and Prognosis



- Low Productivity of the Manufacturing Sector

Prognosis *(Medium & Long Term)*

Exponential increase in educational expenditure to produce world class skilled labor, technicians and engineers

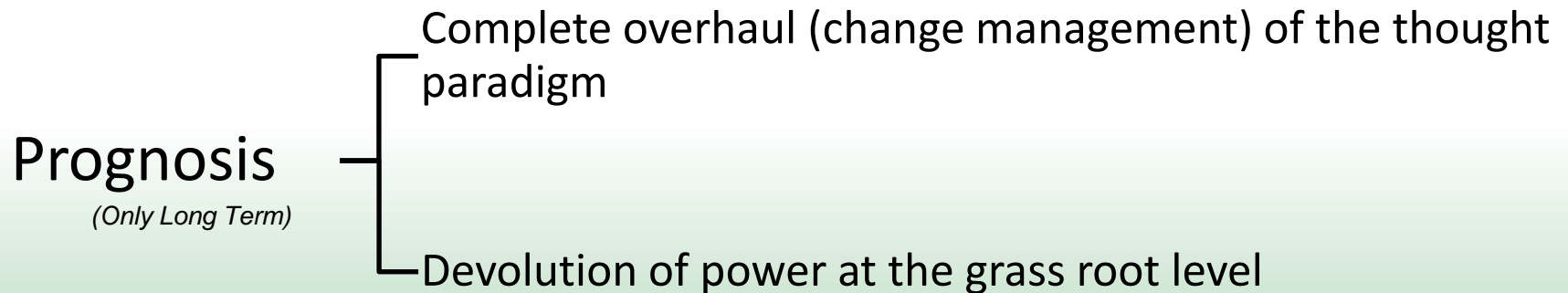
Introduction of good governance and modern management practices to create Brand Value

Role of Regulatory Bodies

Challenges and Prognosis



- Endemic corruption affecting all walks of life



Challenges and Prognosis



- Severe impact on economy of Energy crisis.

Prognosis

(Medium Term)

A complete revamp of the electricity distribution network is required.

Rationalization of tariff to discourage non-productive use of electricity & gas

Theft minimization & removal of subsidies

Regional Hub ?



- **Business environment ?**
- **Political scenario ?**
- **Social indicators ?**
- **Human Capital ?**