

**Media Coverage**  
**Lahore School of Economics – Fourteenth**  
**International Conference on Management of the**  
**Pakistan Economy**  
**Held on March 28, 2018**

March 29, 2018

  
**J. WALTER THOMPSON WORLDWIDE**

# Press Clipping

**March 29, 2018**



## Short-term policies for reviving economy before polls demanded

HASSAN ABBAS

**LAHORE:** Lahore School of Economics Rector Dr Shahid Anjad Chaudhry on Wednesday called for making short-term policies for reviving economy before the elections.

The Rector was addressing the opening session of the 14th International Conference on the Management of Pakistan Economy. The theme of this year's conference is "Accelerating Economic Growth in Pakistan: Key Macro and Sectoral Drivers".

He also called for evolving a system to reduce tax leakages and restructuring the tax collection system of the country. He said they could take the full benefits of opportunities of China Pakistan Economic Corridor (CPEC) only when their local industry worked jointly with the Chinese industry.

He said the objective of organising the conference was to address the challenges faced by Pakistan's economy. He also said the two-day event would include scholarly discourse on key macro and sectoral drivers of economic growth that would generate insights on the short run initiatives as well as structural and institutional measures designed to boost long-run economic growth in Pakistan.

Dr Shahid said papers pre-

sented on day one of the conference would provide the analytical basis for addressing burning issues faced by the country based on rigorous research on macroeconomic stability, poverty and CPEC. On the second day, papers would be presented on industrial strategy, role of trade policy innovation and agriculture sector, he said.

Former Economic Advisor Ministry of Finance government of Pakistan Sakib Sherani discussed causes of country's declining exports. He suggested that exchange rate flexibility was a viable policy tool to enhance exports.

Professor of Economics and Director, Graduate Institute of Development Studies LSE Dr Rashid Anjad presented his paper

Regaining "Macroeconomic Balance: Breaking out Of Pakistan's Impossible Trinity" in which he discussed challenge of maintaining a balance between the fiscal deficit, the rate of economic growth and the external account deficit.

In his paper he identified policy measures needed in the short, medium and long term for Pakistan to break out of the impossible trinity and to move to a sustainable and higher growth path. He said country's economic managers face the

challenge of balancing the current fiscal deficit and maintaining a fixed exchange rate and achieving a rising economic growth rate.

Assistant Director State Bank of Pakistan Abrar Shahid in her presentation titled "Capital Account Liberalisation and Development in Pakistan" talked about Pakistan's experience of capital account liberalisation and tries to assess how it has affected country's economic performance. The paper identifies the substantial share of external debt, insufficient reforms in domestic financial sector and impact of capital flows through informal channels of money transfer as the probable reason for this outcome.

Dr Moazzam Mahmood and Aneel Tahir in their paper "The Macro Determinants of Poverty in Pakistan" matched some macro variables with the long-run poverty trends. Dr Matthew McCartney, Director of Contemporary South Asian Studies Programme, Associate Professor in the Political Economy and Human Development of India talked with reference to his study "The China-Pakistan Economic Corridor (CPEC): Considering contemporary Pakistan through old-fashioned Economics and

historical case studies". He said "his paper looks in detail at the \$46 billion CPEC package of transport, energy and manufacturing projects and asks how we can analyse the impact of a transformative expansion of infrastructure. The paper argues that traditional methods based on social saving are inadequate for such an evaluation. Instead this paper uses the theoretical frameworks of the 'Leading Sector' and 'Unbalanced Growth' and the historical case studies of transformative infrastructure expansion in nineteenth century United States, Mexico, Germany and India to explore the conditions under which the CPEC could promote sustainable long-run economic development in contemporary Pakistan."

Dr Sirimal Abeyratne, Professor in Economics at University of Colombo, presented his work titled "Managing Development with Chinese Investment: The Case of Sri Lanka". The paper argues that, in spite of popular rhetoric, the management of the internal economic affairs with policy and regulatory reforms has been in the heart of the issue, which needs to be addressed for improving the economic and political capacity to benefit from

the country's locational advantage and emerging opportunities.

Dr Rajah Rasiah Professor of International Development at the Asia Europe Institute, University of Malaya presented his study "How can Pakistan Benefit from the China-Pakistan Economic Corridor" co-authored with Shajiat Mahrukh and Nuri Nasser.

The paper discussed in detail the standard trade measures to examine the trends, and to assess the potential impact the highways connecting the Arabian Sea with the Chinese border in the North of Pakistan, and the industrial zones to be developed. The author concluded that while the immediate impact of CPEC is likely to deepen the existing asymmetric trade pattern between the two countries tilting further towards China, this paper focuses on how Pakistan can strategise its role in the relationship to appropriate greater economic synergies.

Khalil Hamsani Visiting Professor at the Graduate Institute of Development Study LSE and Former Director, UNCTAD presented his paper titled "Maximizing the Impact of Chinese Investment in Pakistan".

In his discussion he talked

about how Pakistan, Chinese investment can accelerate economic growth in four ways. He said that increased capital inflows will ease macroeconomic management and the balance of payments. Second, the infusion of investment and technology into infrastructure development will catalyse key productive sectors.

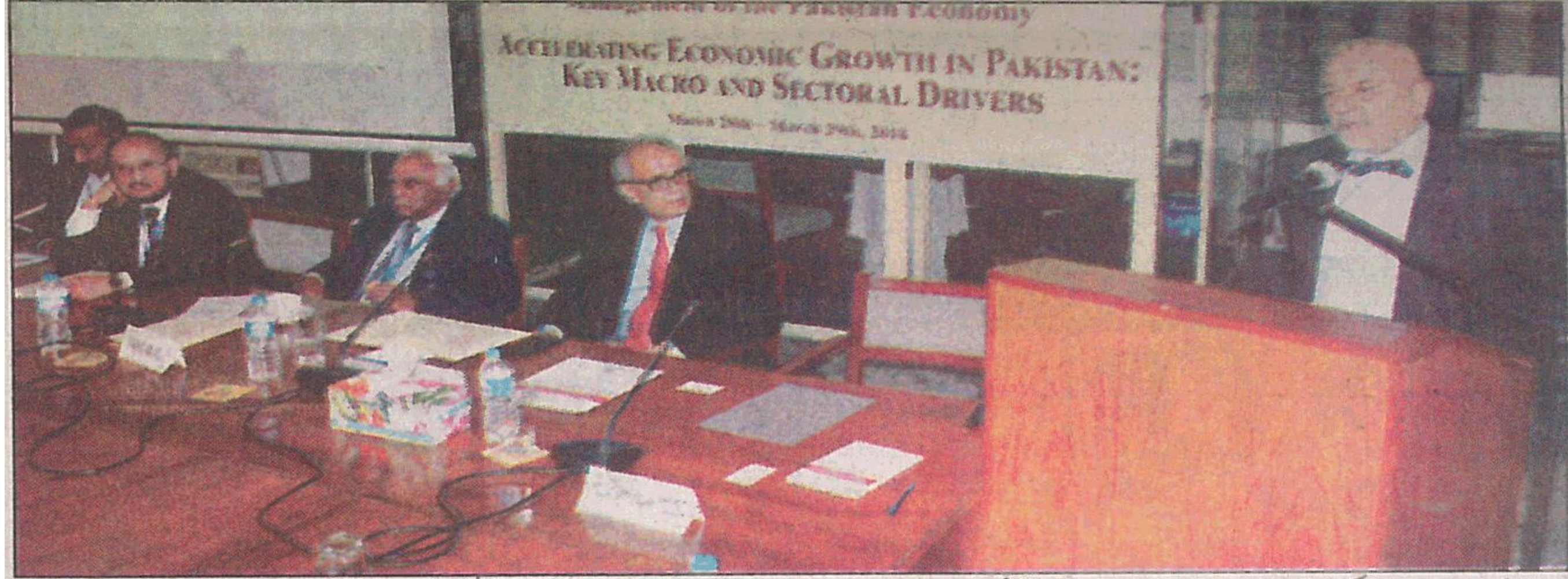
Third, vibrant economic activity would attract investment from other countries, provided domestic investors lead the way. The main finding of the paper hints that the impact of Chinese investment for the Pakistan economy will be positive, and could be substantial with a comprehensive and sustained policy effort.

The second paper of the session entitled "Special Economic Zones (SEZs): A Comparative Analysis for CPEC SEZs in Pakistan" was presented by Cui Yong (Professor at Jiangsu University). The paper was co-authored with Muhammad Mazamenil Zia, Hamid Javed and Beemah Afzal Malik. The study investigated the assessment of socio-economic impacts of various Special economic zones SEZs in diverse regions via comparative analysis. The analysis indicates that overall, African SEZs have not led to significant job creation or

poverty reduction because of failures in implementing proper regulations. However, Asian SEZs on the other hand, have shown many socio-economic benefits. The paper established that to underpin co-opt African experiences with SEZs in order to improve the Asian framework for the same zone-type setup in Pakistan.

Mahmood Ahmad visiting researcher at Lahore University of Management Sciences presented his paper "Agriculture Development Options under China Pakistan Economic Corridor (CPEC)" co-authored with Sara Khalid in which he critically evaluated the policies and investment priorities pursued in developing CPEC in general and agriculture and agro-industry in particular. The paper also highlighted and identified clusters of agriculture value chains in four corridor zones, especially central zone (Indus Basin) classified under CPEC project that carries good comparative advantage in producing a diversified crop mix that has not been fully exploited. In conclusion the authors mentioned that in order to translate this comparative advantage into competitive advantage, there is not only need to in adopting good global production and trade practices.





لاہور سکول آف اکنامکس کے زیر اہتمام 14 سالانہ انٹرنیشنل کانفرنس میں پروفیسر معظم محمود خطاب کر رہے ہیں سٹیج پر احمد، خالد، ناصر اقبال، ایمیل تنویر بیٹھے ہیں

## لاہور سکول آف اکنامکس کی 14 ویں سالانہ بین الاقوامی کانفرنس

پاکستان کی معیشت کے حوالے سے تحقیق کے انتہائی اہم موضوعات پر گفتگو

لاہور (برنس رپورٹر) لاہور سکول آف اکنامکس کی 14 ویں سالانہ انٹرنیشنل کانفرنس کا افتتاح گزشتہ روز مرکزی کیپس برکی میں ہوا، جس کا موضوع تھا ”پاکستان کی اقتصادی ترقی کو بڑھانا: کلیدی میکرو اور سیکٹرل ڈرائیورز“ یہ کانفرنس ملکی اور غیر ملکی اسکالرز کے لیکچرز کے علاوہ پاکستان کی معیشت کے حوالے سے تحقیق کے انتہائی اہم موضوعات کو زیر بحث لانے کیلئے آٹھ نشستوں پر مشتمل ہے۔ معمول کی نشستوں میں 25 مقالات کے ساتھ ساتھ نامور معیشت دانوں نے پاکستان میں اقتصادی استحکام، غربت، چائنا پاکستان اقتصادی راہداری، صنعتی حکمت عملی، تجارت کے کردار، مالیاتی خدمات کی صنعت میں تبدیلی اور زرعی ترقی کے بارے میں ہونے والی جدید تحقیق پر تفصیلی تبصرے کئے۔ کانفرنس کا آغاز لاہور سکول آف اکنامکس کے ریکٹر ڈاکٹر شاہد امجد چوہدری کے افتتاحی کلمات سے ہوا جس میں انہوں نے پاکستان کی اقتصادی ترقی کے حوالے سے اس دوروزہ کانفرنس کی اہمیت پر روشنی ڈالتے ہوئے بتایا کہ یہ کس طرح سے پاکستان کی موجودہ معاشی صورت حال اور پاکستان کو درپیش مسائل کا احاطہ کرتی ہے۔ انہوں نے بتایا کہ کانفرنس کے پہلے روز کے مقالات میں ملک کو درپیش مسائل کا تجزیہ کیا گیا ہے جبکہ کانفرنس کا دوسرا دن صنعتی حکمت عملی، جدت اور زرعی شعبے میں تجارتی پالیسی کے کردار جیسے موضوعات کا احاطہ کرتا ہے۔







## Lahore School of Economics (LSE) 14th annual conference

# ‘Efforts needed to tap CPEC’s potential to reverse growth decline’

### Staff Report

**LAHORE:** The Lahore School of Economics (LSE) 14th annual conference on ‘Accelerating Economic Growth in Pakistan: Key Macro and Sectoral Drivers’ was inaugurated on Wednesday at its Main Burki Campus.

In addition to keynote lectures by renowned international scholars, the two-day conference will include sessions highlighting some of the most important areas of research pertinent to Pakistan’s economy. The regular sessions during the conference feature 25 papers along with commentary from distinguished economists detailing the cutting edge research centered around macroeconomic stability, poverty, CPEC, industrial strategy, role of trade, change in the financial services industry and agriculture growth in Pakistan.

In his opening remarks, LSE Rector Dr Shahid Amjad Chaudhry mentioned that the event would include scholarly discourse on key macro and

sectoral drivers of economic growth that would generate insights on the short-run initiatives as well as structural and institutional measures designed to boost long-run economic growth in Pakistan. He remarked that the issues the conference aims to address were very relevant to the challenges confronted by Pakistan’s economy at present.

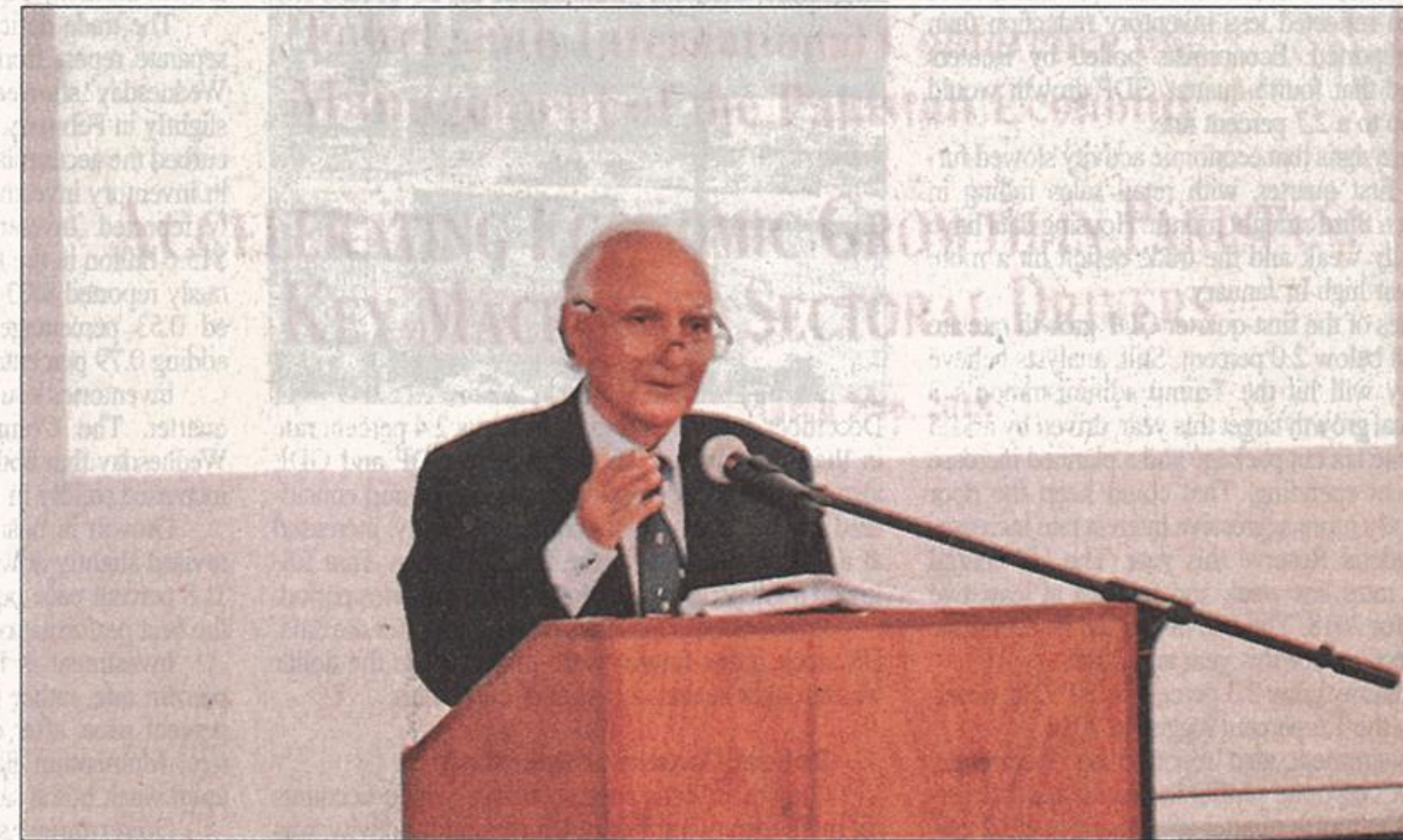
“This conference will be an important contribution to the debate over key issues faced by the country and what can be done to address these,” he said. Highlighting the conference presentations, Dr Chaudhry said that the papers on day one of the conference would provide the analytical basis for addressing burning issues faced by the country based on rigorous research on macroeconomic stability, poverty and CPEC.

He added that more concerted efforts were needed to leverage the opportunities under the CPEC by partnering in regional value chains with Chinese industries. “By instituting these first steps, the gov-

ernment can begin the arduous task of reversing Pakistan’s growth decline.” He stressed the need to study the 7th NFC

how to restructure tax amnesty, as well as how to reduce the tax leakages. “Also the elections are around the corner, and in

Graduate Institute of Development Studies Director Dr Rashid Amjad began the session with his presentation on



award, 18th Amendment and foreign illegal assets and to provide recommendations on

this regard short run policies are needed to revive economic growth.”

‘Redesigning Macroeconomic Policy: Breaking out of Pakistan’s Impossible Trinity’.

His research provided an explanation about the impossible trinity and challenge of maintaining a balance between the fiscal deficit, the rate of economic growth and the external account deficit. He addressed and identified policy measures needed in the short, medium and long-term for Pakistan to break out of the impossible trinity and to move to a sustainable and higher growth path.

The third session of the conference was chaired by Dr Rashid Amjad. The discussion centered on the debate that there was a long tradition of research in South Asia that had criticised large infrastructure projects funded by overseas as being incompatible with the economic development of South Asia.

Dr Sirimal Abeyrante of University of Colombo presented his work titled ‘Managing Development with Chinese Investment: The Case of Sri Lanka’. He argued that in spite of popular rhetoric, the management of the internal economic affairs with policy and regulato-

ry reforms had been in the heart of the issue, which needed to be addressed for improving the economic and political capacity to benefit from the country’s geo-strategic advantage and emerging opportunities.

The last paper of the session and day one of the conference ‘Agriculture Development Options under China Pakistan Economic Corridor (CPEC)’ was presented by Mahmood Ahmad (visiting researcher at Lahore University of Management Sciences), co-authored with Sana Khalid.

The paper critically evaluated the policies and investment priorities perused in developing CPEC in general and agriculture and agro-industry in particular.

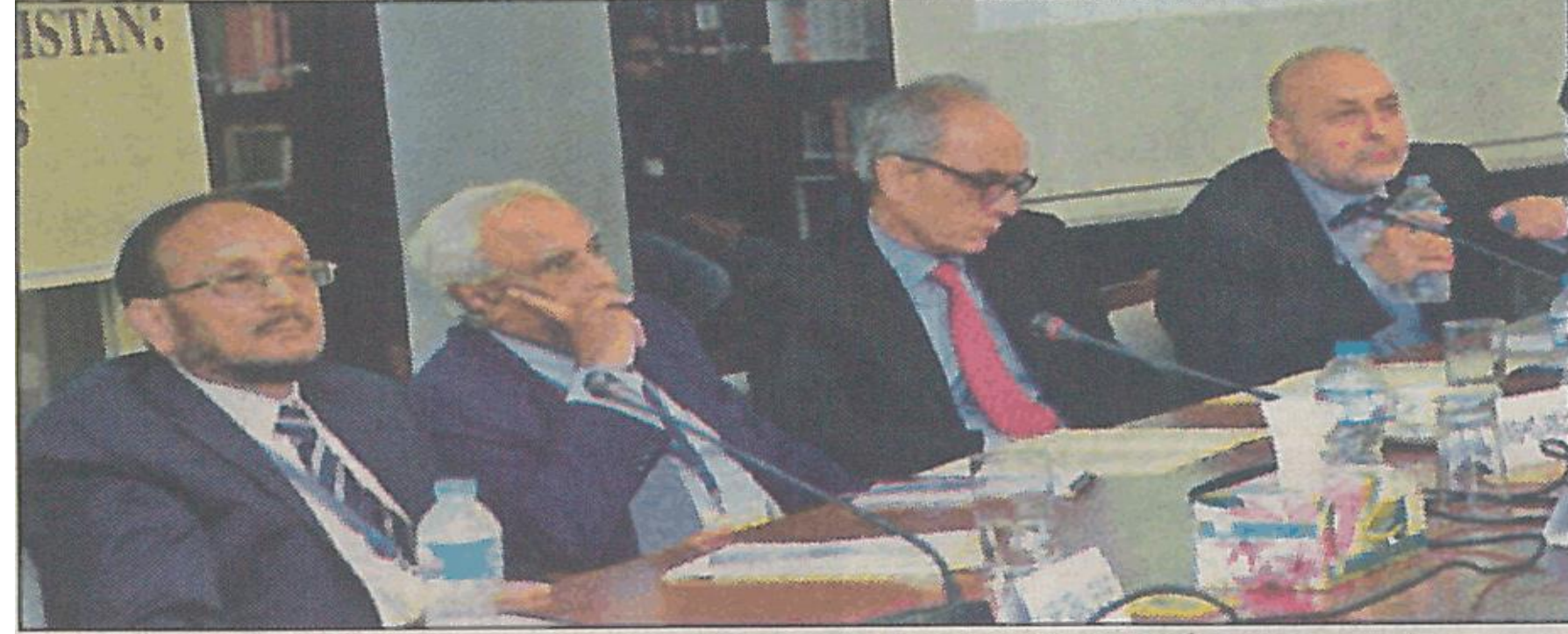
The paper also highlighted and identified a cluster of agriculture value chains in four corridor zones, especially central zone (Indus Basin) classified under CPEC project that carries good comparative advantage in producing a diversified crop mix that has not been fully exploited.





لاہور سکول آف اکنامکس میں پاکستان کی معیشت پر بین الاقوامی کانفرنس میں شمس الحسن خطاب کرتے ہوئے





سکول آف اکنامکس مین کیمپس برکی میں کانفرنس کے شرکاء خطاب کرتے ہوئے

## لاہور سکول آف اکنامکس کے زیر اہتمام چودھویں عالمی کانفرنس

مین برکی کیمپس میں ہونیوالی کانفرنس کا موضوع مینجمنٹ آف دی پاکستان اکنامی تھا

لاہور (نامہ نگار خصوصی) لاہور سکول آف اکنامکس کے زیر اہتمام مین برکی کیمپس میں مینجمنٹ آف دی پاکستان اکنامی ACCELERATING ECONOMIC GROWTH IN PAKISTAN کے موضوع پر چودھویں انٹرنیشنل کانفرنس کا انعقاد کیا گیا۔ اس موقع پر ماہر معشیت مقررین نے 25 مکالمے پیش کیے جن میں مائیکرو اکنامک، استحکام، پاورٹی، پی ای سی، انڈسٹریل منصوبہ بندی، رول آف ٹریڈ چینج ان دی فنانشل سروسز انڈسٹری اور ایگری کلچر گروتھ ان پاکستان شامل تھے۔ مقررین میں ڈاکٹر ناصر اقبال ڈائریکٹر ریسرچ (باقی صفحہ 11 نمبر 14)

آف اکنامکس نے خطبہ استقبالیہ پیش کیا۔ مقررین نے اپنے تجربات کی روشنی میں تجاویز پیش کرتے ہوئے پاکستان کی معاشی ترقی کے لیے شارٹ ٹرم، میڈیم اور لونگ ٹرم گروتھ پاتھ پر زور دینے کو کہا جبکہ اس بات پر بھی زور دیا گیا کہ پاکستان کی معشیت کا انحصار بہترین پالیسیوں کا بھی متقاسی ہے جنکو بروئے کار لا کر فارن انوٹمنٹ کو بڑھایا جاسکتا ہے تاہم اکنامک پالیسی میں نظریہ ضرورت کے مطابق ردوبدل ہوتے رہنا چاہیے۔ کانفرنس کا آخری اور دوسرا دور آج چلے گا۔

عالمی کانفرنس (14)

بے نظیر آئٹم سپورٹ پروگرام، میتھو میک کارٹیٹھ ڈائریکٹر ساؤتھ ایشین سٹڈیز پروگرام، ڈاکٹر سیریل اے رتنے پروفیسر آف اکنامکس یونیورسٹی آف کالمبو، وغیرہ شامل تھے۔ اس موقع پر ڈاکٹر شاہد امجد چودھری ریکٹر لاہور سکول



## لاہور سکول آف اکنامکس کی 14 ویں انٹرنیشنل کانفرنس شروع

ملکی اور غیر ملکی سکالرز کے لیکچرز سمیت معاشی تحقیق جیسے موضوع زیر بحث آئے

لاہور (کامرس رپورٹر) لاہور سکول آف اکنامکس کی 14 ویں سالانہ انٹرنیشنل کانفرنس کا افتتاح گزشتہ روز مرکزی کیمپس برکی میں ہوا، جس کا موضوع تھا ”پاکستان کی اقتصادی ترقی کو بڑھانا“ کلیدی میکر اور سیکٹرل ڈرائیورز۔ یہ کانفرنس ملکی اور غیر ملکی سکالرز کے لیکچرز سمیت پاکستان کی معیشت کے حوالے سے تحقیق کے انتہائی اہم موضوعات کو زیر بحث لانے کیلئے آٹھ نشستوں پر مشتمل ہے۔ معمول کی نشستوں میں 25 مقالات کے ساتھ ساتھ نامور معیشت دانوں نے پاکستان میں اقتصادی استحکام، غربت، چائنا پاکستان اقتصادی راہداری، صنعتی حکمت عملی، تجارت کے کردار، مالیاتی خدمات کی صنعت میں تبدیلی اور زرعی ترقی کے بارے میں ہونے والی جدید تحقیق پر تفصیلی روشنی ڈالی۔ کانفرنس کا آغاز لاہور سکول آف اکنامکس کے ریکٹر ڈاکٹر شاہد امجد چودھری کے افتتاحی کلمات سے ہوا۔ کانفرنس کا دوسرا دن صنعتی حکمت عملی، جدت اور زرعی شعبے میں تجارتی پالیسی کے کردار جیسے موضوعات کا احاطہ کرتا ہے۔ ڈاکٹر شاہد امجد چودھری کے افتتاحی کلمات کے بعد پہلی نشست کا آغاز ”مالیاتی استحکام اور پائیدار ترقی“ جیسے انتہائی دلچسپ موضوع پر مباحثے سے ہوا جس کی صدارت ڈپٹی گورنر آئی بی، ڈی ایف جی اینڈ آئی ٹی ٹمبس الحسن نے کی۔



لاہور سکول آف اکنامکس میں عالمی کانفرنس کے موقع پر ریکٹر شاہد امجد چودھری، ٹمبس الحسن، ثاقب شیرانی و دیگر خطاب کر رہے ہیں







## لاہور سکول آف اکنامکس کی 14 ویں سالانہ بین الاقوامی کانفرنس

لاہور (نئی بات نیوز) لاہور سکول آف اکنامکس کی 14 ویں سالانہ انٹرنیشنل کانفرنس کا افتتاح مرکزی کیمپس برکی میں ہوا، موضوع تھا ”پاکستان کی اقتصادی ترقی کو بڑھانا: کلیدی میکرو اور میکرو ڈرائیورز“۔ یہ کانفرنس ملکی اور غیر ملکی سکالرز کے لیکچرز کے علاوہ پاکستان کی معیشت کے حوالے سے تحقیق کے انتہائی اہم موضوعات کو زیر بحث لانے کیلئے آٹھ نشستوں پر مشتمل ہے۔ معمول کی نشستوں میں 25 مقالات کیساتھ ساتھ نامور معیشت دانوں نے پاکستان میں اقتصادی استحکام، غربت، پاک چین اقتصادی راہداری، صنعتی

حکمت عملی، تجارت کے کردار، مالیاتی خدمات کی صنعت میں تبدیلی اور زرعی ترقی بارے جدید تحقیق پر تفصیلی تبصرے کئے۔ لاہور سکول آف اکنامکس کے ریکٹر ڈاکٹر شاہد امجد چوہدری نے اقتصادی ترقی پر دو روزہ کانفرنس کی اہمیت پر بتایا کہ یہ کیسے پاکستان کی موجودہ معاشی صورتحال اور پاکستان کو درپیش مسائل کا احاطہ کرتی ہے۔ ڈاکٹر چوہدری، ڈپٹی گورنر آئی بی، ڈی ایف جی اینڈ آئی ٹی شمس الحسن، لاہور سکول آف اکنامکس کے پروفیسر اور ڈائریکٹر ڈاکٹر راشد امجد و دیگر نے اظہار خیال اور مقالے پیش کئے۔



لاہور سکول آف اکنامکس میں کانفرنس سے شمس الحسن خطاب کر رہے ہیں، المزایہ شہزاد، شاہد امجد چوہدری، شاقب شیرانی موجود ہیں



لاہور سکول آف اکنامکس میں  
انٹرنیشنل کانفرنس کا افتتاح

لاہور (کامرس رپورٹر) لاہور سکول آف اکنامکس کی  
14 ویں سالانہ انٹرنیشنل کانفرنس کا افتتاح مرکزی کیمپس  
برکی میں ہوا، جس کا موضوع تھا ”پاکستان کی اقتصادی  
ترقی کو بڑھانا: کلیدی میکرو اور میکرو ڈرائیورز“ تھا۔ لاہور  
سکول آف اکنامکس کے ریکٹر ڈاکٹر شاہد امجد چوہدری  
نے بتایا کہ کانفرنس پاکستان کی موجودہ معاشی صورت  
حال اور پاکستان کو درپیش مسائل کا احاطہ کرتی ہے۔



# Economists see positive impact of Chinese investment

Special economic zones in Asia more productive than those in Africa; CPEC likely to deepen existing asymmetric trade patterns between Pakistan and China; policy measures urged for Pakistan to move to a sustainable and higher growth path; exchange rate flexibility termed a viable policy tool to check declining export receipts; foreign and local experts attend LSE moot

Our correspondent

LAHORE: The impact of Chinese investment on Pakistan economy will be positive, and could be substantial with a comprehensive and sustained policy effort.

Chinese investment in CPEC projects can accelerate economic growth in four ways. First, increased capital inflows will ease macroeconomic management and the balance of payments. Second, the infusion of investment and technology into infrastructure development will catalyse key productive sectors. Third, vibrant economic activity would attract investment from other countries, provided domestic investors lead the way. Fourth, the ensuing cross-border economic flows and enterprise supply chains will deepen integration in the global economy.

This was crux of the paper presented by Khalil Hamdani Former Director, UNCTAD on "Maximizing the Impact of Chinese Investment in Pakistan" in the fourth session of the first day of conference focused on "Leveraging CPEC for Balanced Growth II". This session was chaired by Dr Navid Hamid Director, Centre for Research in Economics and Business (CREB), Lahore School of Economics.

Two days 14th International Conference on Management of Pakistan Economy, titling 'Accelerating economic Growth in Pakistan: key macro and sectoral drivers', organised by Lahore School of Economics (LSE) was started here on Wednesday. The regular sessions during the conference feature 25-five papers along with commentary from distinguished economists detailing the cutting edge research centered around macroeconomic stability, poverty, CPEC, industrial strategy, role of trade, change in the financial services industry and agriculture growth in Pakistan.

The second paper of the session entitled "Special Economic Zones (SEZs): A Comparative Analysis for CPEC SEZs in Pakistan" was presented by Professor at Jiangsu University Cui

Yong with co-authored with Muhammad Muzammil Zia, Hasnain Javed and Beenash Afzal Malik investigated the assessment of socio-economic impacts of various Special economic zones SEZs in diverse regions via comparative analysis.

The analysis indicates that overall, African SEZs have not led to significant job creation or poverty reduction because of failures in implementing proper regulations. However, Asian SEZs on the other hand, have shown many socio-economic benefits. The paper established that to underpin co-opt African experiences with SEZs in order to improve the Asian framework for the same zone-type setup as Pakistan.

Mahmood Ahmad and Sana Khalid in their paper "Agriculture Development Options under China Pakistan Economic Corridor (CPEC)" paper critically evaluated the policies and investment priorities pursued in developing CPEC in general and agriculture and agro-industry in particular. The paper also highlighted and identified clusters of agriculture value chains in four corridor zones, especially central zone (Indus Basin) classified under CPEC project that carries good comparative advantage in producing a diversified crop mix that has not been fully exploited. In conclusion the authors mentioned that in order to translate this comparative advantage into competitive advantage, there is not only need to in adopting good global production and trade practices.

The third session of the conference chaired by Dr Rashid Amjad focused on "Leveraging CPEC for Balanced Growth I".

Director of Contemporary South Asian Studies Programme, Associate Professor in the Political Economy and Human Development of India Dr Matthew McCartney started the session with interactive discussion. He presented the paper "The China-Pakistan Economic Corridor (CPEC): Considering contemporary Pakistan through old-fashioned Economics and historical case studies". The discussion



LAHORE: Nasir Iqbal, Benazir Income Support Programme, Islamabad, Dr Rashid Amjad, director GIDS, Shams-ul-Hassan and Moazzam Mehmood at the Fourteenth International Conference on Management of the Pakistan Economy at the Lahore School of Economics on Wednesday. —The News photo

centered on the debate that there is a long tradition of research in South Asia that has criticised large infrastructure projects funded from overseas as being incompatible with the economic development of South Asia. This paper looks in detail at the \$46 billion CPEC package of transport, energy and manufacturing projects and discussed asks how the impact of a transformative expansion of infrastructure can analyze'. He argued that traditional methods based on social saving are inadequate for such an evaluation. Instead this paper uses the theoretical frameworks of the 'Leading Sector' and 'Unbalanced Growth' and the historical case studies of transformative infrastructure expansion in nineteenth century United States, Mexico, Germany and India to explore the conditions under which the CPEC could promote sustainable long-run economic development in contemporary Pakistan.

Professor in Economics at University of Colombo Dr Sirimal Abeyratne presented his work titled "Managing Development with Chinese Investment: The Case of Sri Lanka". He argued that in spite of popular rhetoric, the management of the internal economic affairs with policy and regulatory reforms has been in the heart of the issue, which needs to be addressed for improving the economic and po-

litical capacity to benefit from the country's locational advantage and emerging opportunities.

Professor of International Development at the Asia Europe Institute, University of Malaya Dr Rajah Rasiah presented the last paper titling 'How can Pakistan Benefit from the China-Pakistan Economic Corridor' co-authored with Shujaat Mubarik and Nazia Nazeer investigated the standard trade measures to examine the trends, and to assess the potential impact the highways connecting the Arabian sea with the Chinese border in the North of Pakistan, and the industrial zones to be developed. The author stated the immediate impact of CPEC was likely to deepen the existing asymmetric trade patterns between the two countries tilting further towards China, this paper focuses on how Pakistan can strategise its role in the relationship to appropriate greater economic synergies.

Earlier, in his conference opening address Rector, Lahore School of Economics, Dr Shahid Amjad Ch said that the two-day event will include scholarly discourse on key macro and sectoral drivers of economic growth that will generate insights on the short run initiatives as well as structural and institutional measures designed to boost long run economic growth in Pakistan. He said the conference aims to address very relevant issues faced

by Pakistan's economy at present. 'This conference will be an important contribution to the debate over key issues faced by the country and what can be done to address these'.

Highlighting the conference presentations, Dr Ch said that the papers on day one of the conference will provide the analytical basis for addressing burning issues faced by the country based on rigorous research on macroeconomic stability, poverty and CPEC. The day two of the conference will feature the industrial strategy, role of trade policy innovation and agriculture sector. 'More concerted efforts are needed to leverage the opportunities under CPEC by partnering in regional value chains with Chinese industries. By instituting these first steps, the government can begin the arduous task of reversing Pakistan's growth decline', he said stressing the need to study the 7th NFC award, 18th Amendment and foreign illegal assets and to provide recommendations on how to restructure tax amnesty, as well as how to reduce the tax leakages. Also the elections are around the corner, and in this regard short run policies are needed to revive economic growth, he added. Deputy Governor IB, DFG & IT Shamas Ul Hassan chaired the first session and discussion on the "Macroeconomic Stability and Sustainable Growth" was

made. Professor of Economics and Director, Graduate Institute of Development Studies, Lahore School of Economics Dr Rashid Amjad in his presentation on "Redesigning Macroeconomic Policy: Breaking out of Pakistan's Impossible Trinity" explained about the impossible trinity and challenge of maintaining a balance between the fiscal deficit, the rate of economic growth and the external account deficit. He identified policy measures needed in the short, medium and long term for Pakistan to break out of the impossible trinity and to move to a sustainable and higher growth path. The discussion hinted that essentially, to move the economy from low growth equilibrium to a higher growth rate, the country's economic managers face the challenge to prioritise between balancing the current fiscal deficit, maintaining a fixed exchange rate and achieving a rising economic growth rate.

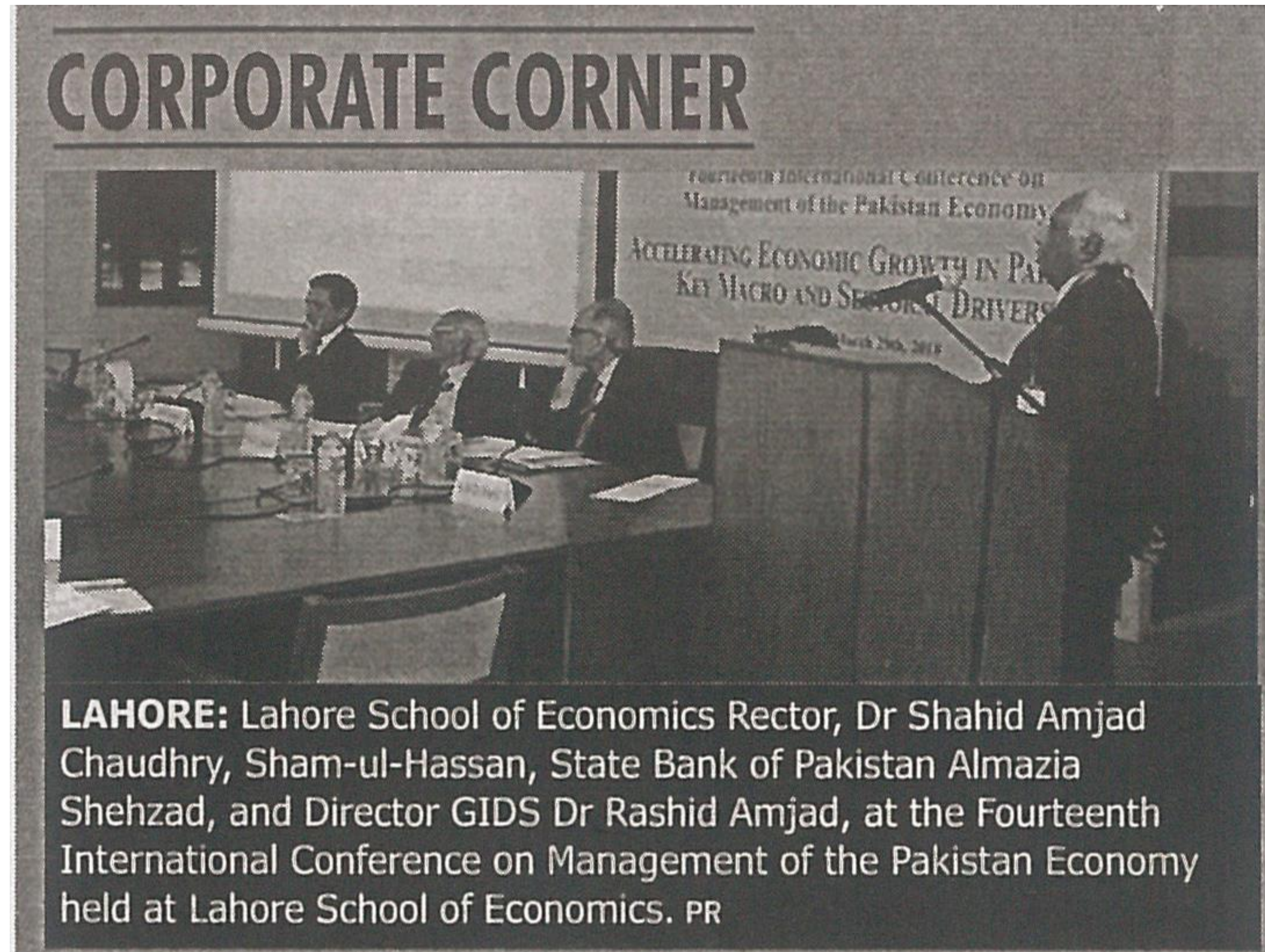
CEO Macro Economic Insights (Pvt) Ltd and former Principal Economic Adviser, Ministry of Finance Sakib Sherani focused his discussion on the country's declining export receipts, which has been compounded by a deep-seated anti-export bias in policies as well as attitudes. He suggested exchange rate flexibility as a viable policy tool.

Sherani mentioned overall, and barring a few areas, Pakistan fares poorly with regard to productivity, especially in comparison to many of its regional competitors. He remarked that there are few channels via which politics — domestic, regional as well as global — have undermined exports from Pakistan. For the past few decades, 'capture' of Pakistan's trade policy framework by a segment of low value-added exports has been a significant factor in preventing a diversification of export products as well as markets. Assistant Director in the Development Finance Support Department Almazia Shahzad concluding the first session with her presentation titled 'Capital Account Liberalization and Development in Pakistan'

explained Pakistan's experience of capital account liberalization and tries to assess how it has affected country's economic performance. She identified the substantial share of external debt, insufficient reforms in domestic financial sector and impact of capital flows through informal channels of money transfer as the probable reason for this outcome. The second session of the conference chaired by Dr Rashid Amjad focused on "Poverty and Economic Growth in Pakistan". Director Research at the Benazir Income Support Program BISP Dr Nasir Iqbal with co-authored work Assistant Professor at the COMSATS Institute of Information Technology, Islamabad Dr Saima Nawaz titled "Social Safety Net Program – BISP in Pakistan: Effectiveness, Challenges and Future Agenda" focused on impact assessment of cash transfers (CT) programmes on poverty, education, health and productive assets. The paper evaluated the performance of BISP with reference to other renowned social safety nets in the world. The authors also explored the future plans of BISP in the light of Sustainable Development Goals (SDGs) 2030 agenda by utilising desk review of impact evaluation and annual reports, payment and enrollment data, National Socio Economic Registry (NSER) and a structured questionnaire. The second session was concluded by Professor of Economics, University Brunei Darussalam Dr Ahmed M Khalid with the presentation on "Informal Economy; Size (sectorial distribution), Trends and Implications for Growth".

This study aimed to estimate the size of informal economy in the context of Pakistan. The paper provides a detailed review of the existing empirical literature on the subject of informal economy, especially in the context of Pakistan. Furthermore, the study investigates sectorial distribution of informal economy to get a better understanding of its impact on economic growth. The study used a variety of estimation techniques to check the robustness of estimates.







# Lahore School of Economics 14th annual conference inaugurated

## F.P. Report

LAHORE: The Lahore School of Economics Fourteenth Annual Conference was inaugurated at its Main Burki Campus on 28th March 2018. This report comes from Shaheen Naseer (Assistant Professor at Lahore School of Economics).

The Lahore School of Economics inaugurated its Fourteenth International Annual Conference on Management of the Pakistan Economy at its Main Burki Campus on the 28th of March, 2018. The theme of this year's Conference is "Accelerating Economic Growth in Pakistan: Key Macro and Sectoral Drivers". In addition to keynote lectures by renowned international scholars, the conference includes eight sessions highlighting some of the most important areas of research pertinent to Pakistan's Economy. The regular sessions during the conference feature twenty five papers along with commentary from distinguished economists detailing the cutting edge

research centered around macroeconomic stability, poverty, CPEC, industrial strategy, role of trade, change in the financial services industry and agriculture growth in Pakistan.

The conference opened with welcome remarks by Dr. Shahid Amjad Chaudhry (Rector, Lahore School of Economics). He mentioned that the two-day event will include scholarly discourse on key macro and sectoral drivers of economic growth that will generate insights on the short run initiatives as well as structural and institutional measures designed to boost long run economic growth in Pakistan. He remarked that the issues the conference aims to address are very relevant to the challenges confronted by Pakistan's economy at present. This conference will be an important contribution to the debate over key issues faced by the country and what can be done to address these. Highlighting the conference presentations, Dr. Chaudhry said that the papers on day one of the conference

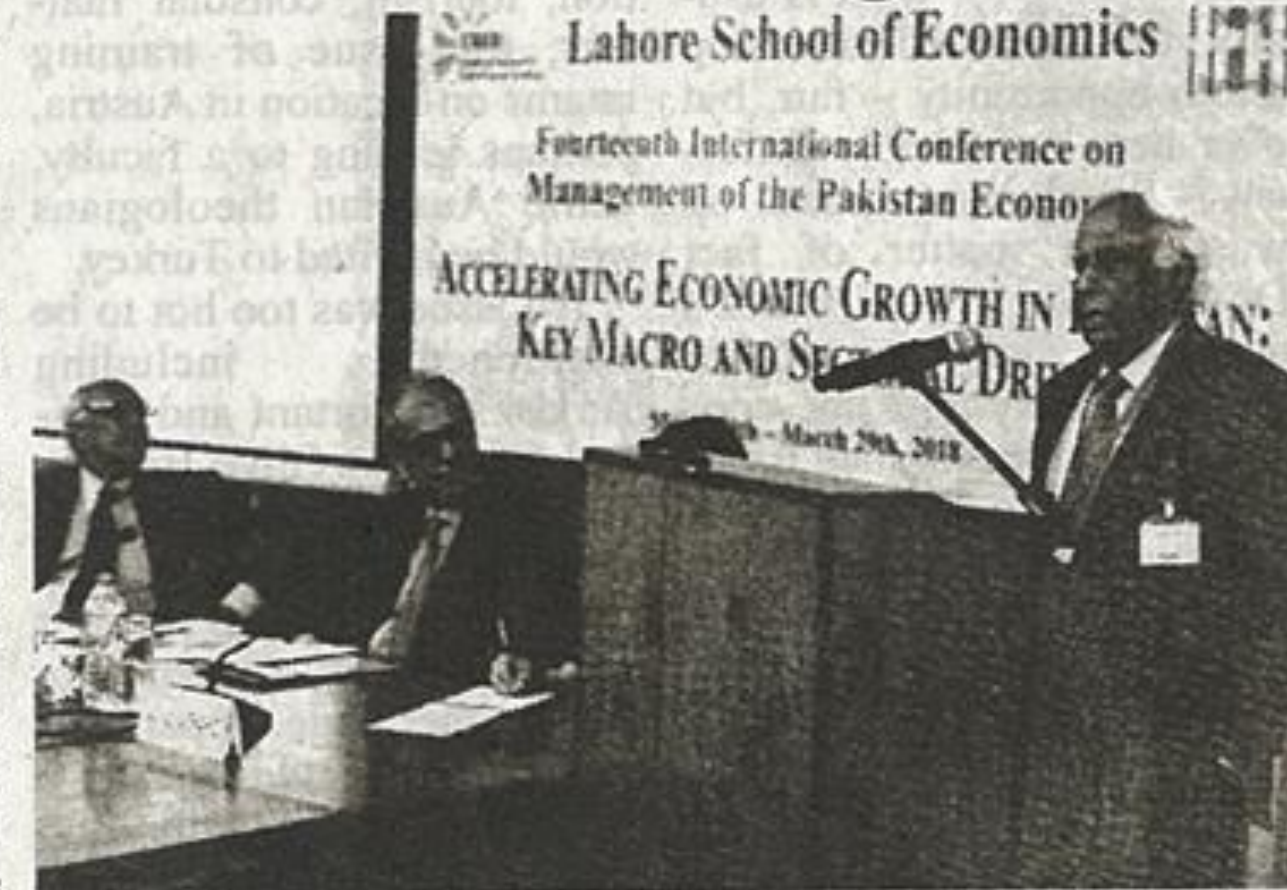
will provide the analytical basis for addressing burning issues faced by the country based on rigorous research on macroeconomic stability, poverty and CPEC. The day two of the conference will feature the industrial strategy, role of trade policy innovation and agriculture sector.

He added that more concerted efforts are needed to leverage the opportunities under CPEC by partnering in regional value chains with Chinese industries. By instituting these first steps, the government can begin the arduous task of reversing Pakistan's growth decline. He further stressed the need to study the 7th NFC award, 18th Amendment and foreign illegal assets and to provide recommendations on how to restructure tax amnesty, as well as how to reduce the tax leakages. Also the elections are around the corner, and in this regard short run policies are needed to revive economic growth.

With these welcoming remarks of Dr. Chaudhry the first session began with a fascinating discussion on

"Macroeconomic Stability and Sustainable Growth, which was chaired by Shamas Ul Hassan (Deputy Governor IB, DFG & IT).

Dr. Rashid Amjad (Professor of Economics and Director, Graduate Institute of Development Studies, Lahore School of Economics) began the session with his presentation on "Redesigning Macroeconomic Policy: Breaking out of Pakistan's Impossible Trinity". This important research provided an explanation about the impossible trinity and challenge of maintaining a balance between the fiscal deficit, the rate of economic growth and the external account deficit. The paper addressed and identified policy measures needed in the short, medium and long term for Pakistan to break out of the impossible trinity and to move to a sustainable and higher growth path. The discussion hinted that essentially, to move the economy from low growth equilibrium to a higher growth rate, the country's economic managers face the challenge to prioritize



between balancing the current fiscal deficit, maintaining a fixed exchange rate and achieving a rising economic growth rate.

The second paper in the session was presented by Sakib Sherani (CEO Macro Economic Insights (Pvt) Ltd and Ex-Principal Economic Adviser, Ministry of Finance). His discussion centered on the country's declining export receipts, which has been compounded by a deep-seated anti-export bias in policies as well as attitudes. Overall, and barring a few areas, Pakistan fares poorly

with regard to productivity, especially in comparison to many of its regional competitors. He remarked that there are few channels via which politics - domestic, regional as well as global - have undermined exports from Pakistan. For the past few decades, 'capture' of Pakistan's trade policy framework by a segment of low value-added exports has been a significant factor in preventing a diversification of export products as well as markets. The author suggested exchange rate flexibility as a viable policy tool.



**March 30, 2018**



## لاہور سکول آف اکنامکس کی سالانہ بین الاقوامی کانفرنس کا دوسرا روز

لاہور (پ ر) لاہور سکول آف اکنامکس کی 14 ویں سالانہ دو روزہ بین الاقوامی کانفرنس کے دوسرے دن کا انعقاد گزشتہ روز مرکزی کیمپس برکی میں ہوا۔ ”پاکستان کی اقتصادی ترقی کو تیز کرنے کیلئے کلیدی میکرو اور میکرو ڈرائیورز“ کے موضوع پر منعقد ہونے والی اس کانفرنس میں ملکی اور غیر ملکی سکالرز کے علاوہ پاکستان کے نامور معیشت دانوں نے موضوع کے مختلف پہلوؤں کا تفصیل کے ساتھ تحقیقی اور تنقیدی جائزہ لیا کانفرنس کے دوسرے روز کا آغاز صنعتی حکمت عملی اور صنعتوں کے قیام کیلئے خصوصی اکنامک زونز کے تعین پر مشتمل نشست سے ہوا۔



## Govt's price control policy, its failure discussed

HASSAN ABBAS

LAHORE: Speakers at a conference discussed the government's price policies and its failure to reform the regulatory framework for agricultural markets.

Due to government policies, the profitability in this sub-sector is extremely low and farmers have neither the resources nor the incentive to invest in increasing agricultural productivity.

They expressed these views while talking on 'importance of reviving agricultural growth in Pakistan' on the second day of the 14th international conference on the Management of Pakistan Economy organized by the Lahore School of Economics (LSE).

The theme of this year's conference is "Accelerating Economic Growth in Pakistan: Key Macro and Sectoral Drivers". The session was chaired by Secretary Ministry of National Food Security and Research Fazal Abbas Maken.

Director Centre for Research in Economics and Business (CREB) LSE Dr Naved Hamid and Mahniya Zafar, M Phil

Student LSE, presented their paper in which they discussed the constraints in the growth of agricultural sector in Pakistan. In their papers, they focused on the crop subsector which accounts for about 40 percent of the value added to the agriculture sector.

They said low profitability in agriculture sector was due to trade and exchange rate policies. The other reason of the low profitability was a wide gap between prices received by farmers and those paid by consumers or received by exporters.

In his paper, Agriculture Economist, The World Bank Dr Johannes (Hans) Jansen discussed an ambitious transformation program to restore agriculture sector's competitiveness and dynamism in Punjab.

He discussed rapid shift in domestic demand from food grains to high-value agricultural products, large unexploited comparative advantage for products which can provide opportunities to generate export revenue and jobs and the exhaustion of options for new sources of irrigation water. He said production systems should be more resilient

as climate change progresses.

Vice Chancellor University of Veterinary and Animal Sciences Professor Dr Talat Naseer Pasha discussed in detail the existing constraints and potential policy reforms for promoting growth in the livestock sector. Reliance on traditional marketing systems, little value addition in the livestock value chains, and high processing costs were identified as major constraints to growth in this sector.

The session on determining industrial strategy and optimal locations for industrial clusters and special economic zones was chaired by Secretary Industries, Government of the Punjab, Dr Mujtaba Paracha.

Professor and Dean of the Economics Faculty, LSE, Dr Azam Chaudhry provided a brief overview of the sessions on industrial policy. The aim of this session was to explore the current industrial environment of Punjab to identify synergies and opportunities arising from China-Pakistan Economic Corridor (CPEC) and establishment of special economic zones.



## LSE hosts 2nd session of 14th International Conference on Management of Economy



**LAHORE:** The second day of the conference opened with a session determining an industrial strategy and optimal locations for industrial clusters and special economic zones. The session chair was Secretary Industries, Government of the Punjab Dr Mujtaba Paracha. This marked the end of the 14th International conference on management of the Pakistan economy, organised and hosted by the Lahore School of Economics. Day 2 of the conference ended with concluding remarks from Director, Graduate Institute of Development Studies LSE, Dr Rashid Amjad, and Dean of the Economics Faculty at LSE, Dr Azam Chaudhry. PRESS RELEASE





**LAHORE:** Dr Shahid Amjad Chaudhry, rector of Lahore School of Economics, and others at the 14th International Conference on Management of the Pakistan Economy held at LSE.



LSE conference Day-II

Govt policies rendering profitability in crop subsector extremely low

Our correspondent

LAHORE: Due to the government policies, or the lack thereof, the profitability in crop subsector is extremely low, and farmers have neither resources nor incentives to invest for increasing the agricultural productivity.

This was stated by director, Centre for Research in Economics and Business (CREB), and a professor at the Lahore School of Economics (LSE), Dr Naved Hamid, on Thursday.

He was discussing the government price policies and the failure to reform the regulatory framework for agricultural markets as important constraints to agricultural growth in the country, on the second day of an international conference. The 14th International Conference on Management of the Pakistan Economy, Accelerating Economic Growth in Pakistan: Key Macro and Sectoral Drivers, organised by the LSE, concluded here on Thursday. Dr Hamid attributed the low profitability in crop subsector to trade and exchange rate policies of the government, which discriminate against the agriculture sector and dysfunctional agricultural markets with a wide gap between prices received by farmers and those paid by consumers, or received by exporters.

Agriculture economist at the World Bank, Dr Johannes (Hans) Jansen, in his presentation, discussed transformation programme to restore agriculture sector's competitiveness and dynamism in Punjab. He suggested rapid shift in domestic demand away from food grains to high-value agricultural products. Secondly, the significant yet largely unexploited comparative advantage for products, which could provide opportunities to generate export revenue and jobs. Thirdly, the exhaustion of options for new sources of irrigation water, and lastly the need for production systems to become more resilient as climate change progresses.

In his paper, Dr Talat Naseer Pasha, a professor at the University of Veterinary and Animal Sciences, highlighted existing constraints and potential policy reforms for promoting growth in the livestock sector. He identified reliance on traditional marketing systems, little value addition in livestock value chains, and high processing costs as major constraints to growth in this sector.

The second day of the conference opened with a session, determining an industrial strategy and optimal locations for industrial clusters and special economic zones. LSE Dean of the Economics Faculty Dr Azam Chaudhry presented a brief overview of the industrial policy. The aim of the sessions was to explore current industrial

**CREB director says farmers lack resources & incentives to increase agricultural productivity; WB's Dr Hans stresses transformation programme to restore farm sector's competitiveness in Punjab; Talat Pasha terms traditional marketing methods, lack of value addition, high processing costs major constraints to growth of livestock sector; experts discuss industrial policy, CPEC opportunities, role of new SMEs**



LAHORE: Dean of Economics Dr Azam Chaudhry presents a paper at 14th International Conference on the Management of Pakistan Economy at Lahore School of Economics on Thursday. —The News photo

environment of Punjab to identify synergies and opportunities arising from China-Pakistan Economic Corridor (CPEC) and establishment of special economic zones. The session was chaired by Secretary Industries Punjab Dr Mujtaba Piracha.

Dr Azam Chaudhry proposed a systematic step-wise approach towards formulation of an effective industrial policy. He suggested identification of the right sectors, deciding the optimal location of special economic zones and industry-specific clusters, maximising benefits from CPEC-related infrastructure development, devising a strategic trade policy in support of the industrial policy, determining if the lack of borrowing is simply a supply issue or if the demand plays a role in it.

Further, he suggested defining the role of innovation and technology in an industrial strategy, in addition to realising the importance of women and environment. Lastly, he recommended using firm-level data as a key input for drawing coherent policy lessons. Another expert, Maryiam Haroon, discussed the relationship between agglomeration and firm-level productivity in Punjab. She concluded that spatial concentration of firms and sectors is not uniform, with heavy concentration in central Punjab.

Another speaker, Umair Ayaz, analysed the pattern of firm location for a set of identified sectors in Punjab. Using recent demographic and industry statistics and spatial data on planned national highways and

motorways under CPEC, his paper identified suitable regions for locating special economic zones. Papers presented in the second session focused on the role of trade policy, finance and innovation in an optimal industrial strategy. The session was chaired by Dr Theresa Chaudhry.

Nida Jamil and Rabia Arif identified a potential export gap for Pakistan; sector specific products where the world demand is high but Pakistan's export share is low. They proposed an industrial strategy with tariff reductions on intermediate inputs as a potential mechanism for overcoming the export gap. Dr Waqar Wadho and Dr Azam Chaudhry discussed distinguishing features of fast growing firms in Pakistani textile and apparel sectors. They claimed that small, young and innovative firms grow faster and generate higher employment.

Tariq Raza and Amar Shuja investigated the extent to which Sialkot-based small and medium enterprises (SMEs) in the manufacturing sector are credit constrained. The study provided valuable insight into optimal financing terms for SMEs, their financial needs and easing access to credit to improve financial inclusion of SMEs in the country. Dr Moazam Mahmood chaired the third session on implications of innovation and change in the financial services industry for economic growth. Dr Jamshed Uppal and Dr Inayat Mangla provided an overview of the linkages between financial

Continued on page 4

Govt policies

Continued from page 2

services and economic growth, evaluated the development of Pakistan's financial market and concluded with a discussion on the challenges and policy recommendations for making Pakistan's financial services sector an effective driver for an economic growth.

Dr Kunal Abbas Rizvi provided a qualitative assessment of economic, demographic and technological factors that could be conducive for the penetration and growth of Fintech in Pakistan. He also discussed the regulatory framework, governing Fintech and its potential role in making the segment an active or dormant player in the financial services industry. On the basis of global best practices, he concluded with a set of forward-looking policy recommendations aimed at industry players and regulators.

Yet another speaker, Dr Ayesha Afzal, reviewed risks surrounding the use of crypto currencies. She discussed various regulatory solutions to improve management and create a safer environment for financial innovation.



***Thanks***