

What Pakistan Needs for Carrying Out Favorable Exports

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ABSTRACT

It has been witnessed that in all the developed countries exports have played a vital role in their development. Following their path Pakistan will have to speed up the process of export - led growth if we do not want to be left behind in this era of competition. Pakistan's exports are dominated 62% by the textile industry while other exportable items altogether contribute 38%, which is negligible. We will have to diversify our exports and exploit the other non-traditional items of Pakistan. It is also the need of the hour to explore new markets for both the traditional and non-traditional items.

This research article is written with a purpose to analyze the position of Pakistan's exports and to suggest ways to improve the position. The data is collected from secondary sources and tertiary data has been collected through comprehensive web research.

The paper starts with the introduction and the organization of the paper is as follows: Section 2 has analyzed and found that Pakistan is far behind in the Asian Regions. Section 3 compares the role of private sector and its competitiveness. In Section 4, it is discussed and found that exports are highly concentrated in a few items. Section 5 investigates the supporting role of the government of Pakistan. Finally, Section 6 draws some conclusions & suggestions from the study.

1. INTRODUCTION

When Pakistan came into being in 1947, there existed hardly any industry and the exports mainly confined to agricultural produce such as rice, raw cotton and jute. In 1950s industrialization process began which reached its peak in 1960s. A large number of industries were set up which pushed the exports up to such level that at the end of 1970, Pakistan exports far exceeded the collective exports of countries which are now regarded as "Asian Tigers"¹.

Pakistan's exports of manufactured products in 1965 exceeded the collective export of similar products from Indonesia, Philippines, Thailand, Turkey and Malaysia. To day exports of each of these countries exceed those of Pakistan by a considerable margin. The quality of these countries' export is also much better than that of Pakistan².

There are goods or services that are produced in one country and then sold and consumed in another country. Because many companies are heavily dependent on exports for sales, any factors such as government policies or exchange rates that affect exports can have significant impact on corporate profits.

Export is critical for any country for a variety of reasons. One of them is that export sector usually has a high rate of profits and a higher propensity to save. The profits are high because they produce for world market and therefore achieve greater economies of scale and production efficiency. Another reason is that export sector generates foreign exchange earnings and overcome, the foreign resource constraints for greater imports and the attendant rise in the level of economic activity. Third is that exports and particularly manufactured exports are highly employment intensive. An increase in exports creates jobs for workers directly engaged in the production of the export commodities. If raw materials and machinery used in such production are supplied by domestic industries increased demand for their products create more employment opportunities. Fourth is that higher export growth helps achieve higher economic growth. Given the apparent

importance of exports in the economic transformation of nations, the ability to achieve strong export-led economic growth has become vital for Pakistan's overall economic progress and prosperity³.

Experiences of the East Asian nations are before us. Exports have played a noteworthy role in sustaining economic growth of 9- 10% per annum over a fairly long period of time in that part of the world. Whereas Pakistan's performance compared with the East Asian Countries Pakistan's export performance has been less than satisfactory. It took 10 years to add \$ 2 billion in exports during the 1980s and it took 9 years to add \$ 1.5 billion in exports during the 1990s. It is only over the last 5 years that Pakistan has made considerable progress in exports⁴. During the last 5 years we have added \$ 4.5 billion in exports increasing it from \$ 7.78 billion to \$ 12.3 billion. The performance of exports during the last 5 years has been unprecedented as it took 19 years (1980 – 99) to add \$ 3.5 billion but it took only 5 years (1999-2004) to add \$ 4.5 billion. Pakistan's shares in world exports have also gone up over the last 5 years from 0.14% to 0.164%. We have set \$ 13.7 billion exports target for the current fiscal year and the country has already made a good beginning in the current fiscal year by exporting \$ 1.2 billion in the month of July 2004 which is 33% higher than the corresponding month of July 2003⁵. If we maintain this trend we may even surpass the target, not withstanding our impressive performance over the last 5 years.

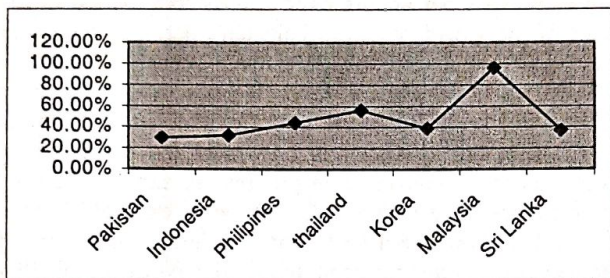
2. PAKISTAN IS STILL FAR BEHIND MANY COUNTRIES IN THE ASIAN REGION

Pakistan is still far behind many countries in the Asian region as far as export is concerned. Pakistan's exports to GDP percent stands at 29.8% as compared with 32.3% for Indonesia, 44.4% for Philippines; 56% for Thailand; 39% for Korea; 96% for Malaysia; and 37% for Sri Lanka. This simply suggests that Pakistan has to catch up with others, and improve export position⁶.

The following Figure-1 shows the evidence

Figure-1

Pakistan is still far behind many countries in the Asian region



The trade as percent of GDP in Pakistan is shown in the following Table-1, which shows the percent of GDP from the year 1999-00 to 2004-2005.

Table-1

Trade as Percent of GDP in Pakistan from 1999-00 to 2004-05

Year	Percent of GDP
1999-00	25.8
2000-01	28.0
2001-02	27.2
2002-03	28.4
2003-04	29.0
2004-05	29.8
Total	168.2
Average	28.03
Increased over the period	15.50

Source: Government of Pakistan (2004-2005) Economic Survey, Finance Division, Economic Advisors Wing, Islamabad, pp., 115

It is clear from the above table-1 that Pakistan's exports to GDP percent averagely stand at 28.03 from the period of 1999-00 to 2004-05. In this way it increased by 15.50% during the year 2004-05 when compared with 1999-2000.

3. PRIVATE SECTORS AND ITS ROLE IN COMPETITIVENESS

What the private sector must do is to improve their competitiveness by employing state of the art machinery, through better management, through cost effectiveness; and by improving their working atmosphere and environment. They have a comparative advantage in terms of relatively cheap labor, relatively low cost of capital, a strong macroeconomic environment represented by a stable exchange rate, relatively low inflation and strong growth. The government has attempted to reduce the cost of raw materials by not only reducing but also rationalizing the tariff structure of imports. The objective of the exercise was to make our exports competitive in international markets. The electricity charges are though high but these are not bad when compared with other countries in the region. For example, Sri Lanka has much higher electricity charges than Pakistan. It may be pointed out that the government has inherited higher electricity prices, which cannot be reduced in a short period of time. The effort is however on to reduce the electricity charges and government should think to generate electricity more from renewable and hydle. It has been done so recently and we will continue to improve upon in future as well to more reliance on solar energy. The second most important task that the private sector must undertake is to look for new markets and new products⁷

4. EXPORTS ARE HIGHLY CONCENTRATED IN A FEW ITEMS

Today our exports are highly concentrated in few items and going into a few markets. More than 79.3% in the year 2003-04 of our exports originate from five items, namely cotton, rice, leather,

synthetic textiles and sports goods⁸. The table 2 shows the evidence.

Table -2
Pakistan's Major Exports (Percentage Share)

Commodity	90-91	92-93	94-95	96-97	98-99	99-00	00-1	01-02	02-03	03-04	04-05*
Cotton	61.0	59.8	58.7	61.3	59.1	610.0	58.9	59.4	63.3	62.3	57.3
Leather	9.1	9.3	8.0	7.7	6.9	6.3	7.5	6.8	6.2	5.4	5.4
Rice	5.6	4.7	5.6	5.6	6.9	6.3	5.7	4.9	5.0	5.2	5.9
Synthetic Textiles	5.7	7.4	7.1	6.1	5.1	5.3	5.9	4.5	5.1	3.8	2.2
Sports Goods	2.2	1.9	3.2	3.7	3.3	3.3	2.9	3.3	3.0	2.6	2.1
Sub-Total	83.6	83.1	82.6	84.4	81.3	82.2	80.9	78.9	82.6	79.3	72.9
Others	16.4	16.9	17.4	15.6	18.7	17.8	19.1	21.1	17.4	20.7	27.1
Total	100.	100	100	100	100	100	100	100	100	100	100
July*- March											

Source: Ministry of Commerce and Federal Bureau of Statistics, pp, 3-30.

It is evident from the above table-2 that these five categories of exports accounted for 79.3 percent of total exports during 2003-04 with cotton alone contributing 62.3 percent, followed by leather 5.4%, rice 5.2% and synthetic textiles 3.8%. The degree of concentration remained almost unchanged during the current fiscal year. Further disaggregation reveals that almost all the export earnings of cotton group have originated from textile and clothing. The same degree of concentration, by and large, persisted during 2004-05. Such a high degree of concentration of exports in a few items is a major cause of instability in export earnings. A poor cotton crop would thus seriously affect total export proceeds, as has been the case in the past. Similarly more

than one-half of our exports go to 7 countries in the world⁹. The following table-3 shows the evidence.

Table-3
Major Export Markets (Percentage Share)

Country	90-91	92-93	94-95	96-97	98-99	99-00	00-01	01-02	02-03	03-04	04-05p
USA	10.8	13.9	16.2	17.7	21.8	24.8	24.4	24.7	23.5	23.9	25.6
Germany	8.9	7.8	7.0	7.5	6.6	6.0	5.3	4.9	5.2	4.9	4.9
Japan	8.3	6.8	6.7	5.7	3.5	3.1	2.1	1.8	1.3	1.1	1.5
United Kingdom	7.3	7.1	7.1	7.2	6.6	6.8	6.3	7.2	7.1	7.6	7.0
Hong Kong	6.0	6.6	6.6	9.4	7.1	6.1	5.5	4.8	4.6	4.7	4.2
Dubai	2.8	5.9	4.0	4.6	5.4	5.7	5.3	7.9	9.0	7.3	2.4
Saudi Arabia	3.6	4.7	2.7	2.6	2.4	2.5	2.9	3.6	4.3	2.8	2.6
Sub-Total	47.7	52.8	50.3	54.7	53.4	55.0	51.8	54.9	55.0	52.3	48.2
Other Countries	52.3	47.2	49.7	45.3	46.6	45.0	48.2	45.1	45.0	47.7	51.8
Total	100	100	100	100	100	100	100	100	100	100	100
*July-October											

Source: (1) Ministry of Commerce, Government of Pakistan.

(2) Government of Pakistan (2004-05) Economic Survey, Finance Division, Economic Advisors Wing Islamabad, p., 120.

It is clear from the above table-3 that although Pakistan trades with a large number of countries its exports nevertheless, are highly concentrated in few countries. About one-half of Pakistan's exports went to seven countries namely, the USA, Germany, Japan, the UK, Hong Kong, Dubai and Saudi Arabia. Among these countries, the maximum export proceeds have come from USA making up approximately one-fourth of the total. Japan's share (July-October 2004-05) has slightly picked up after exhibiting a continuous decline on account of a protracted recession in the Japanese economy. The share of exports to Germany, the UK,

Hong Kong and Saudi Arabia remained relatively stagnant while that of Dubai has declined mainly due to textile manufactures.

This study reveals that this state of affairs will not take us at higher export path. Diversification of exports, both in terms of commodity and regions will be needed. For new markets we need to look at China, Japan, Latin America and in ASEAN Region. With Pakistan becoming member of the ASEAN Regional Forum the task of the private sector is to establish contacts in that part of the world and exploit the advantage that now exists for us as a member of the ASEAN Regional Forum. A more diversified export mix may enable the country to accomplish stability and growth - oriented policy goals. Further, by providing a broader export base, replacing commodities with positive price trends and adding value to commodities through additional processing and marketing a diversified export portfolio would be expected to minimize the volatility in export earnings and to foster economic growth¹⁰.

5. SUPPORTING ROLE OF THE GOVERNMENT

The government will play its supporting role in achieving the objectives of increasing exports. The first and foremost duty of the government is to provide a strong macroeconomic environment, an environment where exchange rate is stable, a comfortable foreign exchange reserves, low cost of capital, low inflation, low budget deficit and no debt crisis and consistent and transparent macroeconomic policies. By the grace of God, we have a conducive macroeconomic environment in the country today and we are pursuing consistent and transparent economic policies. The second most important duty of the government is to provide strong infrastructure transport and communication, railways, roads and highways, power, well-functioning air and sea ports because they all are the essence of the economy etc. In highly competitive international markets, poor and over stretched infrastructure facilities can greatly limit the potential gains from an export-oriented trade regime. Buyers in the international market have a

range of alternative suppliers, and they value dependability of on time delivery, ease of communications with their suppliers, and other attributes that exports can only achieve if infrastructure is adequate. The government has already allocated Rs.87 billion or 59% of the Federal Public Sector Development Programme FPSDP in the budget 2004-05 for strengthening the country's infrastructure. The third most important duty of the government is to enter into active Trade Diplomacy. Our Commercial Attaché in embassies abroad will have to change their culture from pushing papers to pushing real goods. The government will have to work hard in getting market access and level playing field in major countries and regions. We have to explore the possibilities in joining various Preferential Trading Arrangements (PTAs); we have to enter into bilateral negotiation at all levels for Free Trade Arrangements (FTA); and we have to use our political clout for raising trade with different countries. Institutions also play important role in increasing exports for any country. East Asia is full of examples as to how their institutions have succeeded in enhancing exports. The case of Malaysia is before us. The main features of their success have been the level of professionalism of their agencies responsible for export promotion. We need to reorganize and strengthen our Export Promotion Bureau (EPB) by inducting trained and skilled professionals. This organization needs to be reorganized as a corporate body and not as a government organization. The government is aware of the importance of the Export Processing Zones (EPZs) and as such is poised to revive these Zones. We are also establishing the Textile City in Karachi with a view to enhancing textile exports in a quota free regime. So far FDI in Pakistan has come to serve domestic market. Time has come to look for FDI in export sector¹¹. This is what we need to pursue. It has generally been observed that exporters some time demand that government should pursue a discriminatory policy in favor of exports and provide adhoc incentives under the guise of export promotion. Empirical evidence suggests that discriminatory policy and adhoc incentives to promote exports have not worked on sustained basis. Therefore, we should not pursue discriminatory

policies and avoid giving adhoc incentives to promote exports. It has also been observed globally that rapid export growth has not led to more rapid overall economic growth when increase in exports has largely been attributable to changes in terms of trade or largely attributable to increase in prices in international market. A clear example to quote is the oil price increases of 1973 and 1979 and failures of the member of the OPEC to achieve rapid economic growth. A lesson for us is to increase exports through increasing quantity and not relying exclusively on increases in price of our exportable. Some increase in price is understandable if we move to higher value addition but our efforts should be to increase exports through increasing quantity for which we have to find new markets¹².

Pakistan has made significant progress in exports during the last 5 years but this is not enough. We need quantum jump in export earnings. The Trade Policy 2004-05 is an excellent policy. What is required is the implementation of this policy to achieve the \$ 13.7 billion export target. International environment is becoming highly competitive and therefore, this is a wake up call for our exporters. They will have to play the leading role while the government will play the role of a facilitator. Together we can transform Pakistan into an export-oriented country. Export is our future. Let us build our future by working side by side for economic development.

6. CONCLUSIONS AND SUGGESTIONS

It is concluded from the above study that Pakistan exports only few items namely, cotton, leather, rice, synthetic textiles and sports goods. Federal Bureau of Statistics accounted for 79.3 % of total exports during 2003-04 with cotton alone contributing 62.3 percent, followed by leather 5.4%, rice 5.2% and synthetic textiles 3.8%. The government of Pakistan is fully aware of the innumerable challenges facing the exporters in the face of the severe competition, which requires us to improve our export scenario and also expand the export menu consolidated by both

price and quality of product, particularly of non-traditional and value-added goods. Due to the inconsistent policies of the past governments, industrial growth is not satisfactory as a result of which there are not many exportable surpluses available. Because lack of adequate R&D efforts in agricultural and industrial sectors, ever increasing cost of input, insufficiency of technical and vocational institutions to improve the skills and productivity of labor, shortage of export refinancing facility, high mark-up rates, delays in payments of duty drawbacks, labor cost higher than in other regional countries are some of the main impediments in the growth of our export.

It is suggested that if these impediments are not removed urgently the future looks bleak as the developed countries by using the umbrella of WTO and international Donor Agencies are putting up non-tariff barriers on the exports of the developing countries while at the same time forcing them to open up their markets. In this connection, the developed countries employ the issues such as child labor, environment, quality standards such as ISO 9000 and ISO 14000, anti - dumping measures.

It is finally suggested that export diversification initiatives need to be undertaken within a broad policy approach where the government should design and support a coherent macroeconomic policy framework consistent with export promotion strategies. While export diversification programs should be implemented primarily by the private sector the role of the government, in this context, should be to prevent distortion and create an environment, which promotes diversification.

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An Assessment of Women's Psychological Needs for Higher Education: A Case Study of the University of Sindh, Jamshoro

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ABSTRACT

The study aims to assess the psychological needs of the female students to enter the higher-education level. The research will enable to describe, interpret, understand, analyze, predict and control the changing behavior of today's female students, who have been entering into modern fields of study of natural and social sciences, such as physics, chemistry, mathematics, computer and information technology, commerce and business, psychology, engineering and public management science, etc, instead of selecting the conservative and orthodox ideological fields of studies by women like: arts, medicines, teaching, nursing, home-economics, etc. The research findings will help explore and understand the dynamic forces to change female behavior in the selection of fields within the domain of a socio-psychological cultural stereo-typed society and to strive to fulfill the desired objectives that arise from psychological needs within the unconducive or unfavorable environment. The research will evolve certain fruitful and meaningful results, create psychological stimulation and will establish the space for the common women in general and female under-graduates in particular to avoid further prejudice and discrimination against them. The reader of this research paper will be positively influenced and motivated to come out of social taboos (boundaries), which have been established by stagnant socio-cultural and conservative ideological society. Furthermore, the research will be an ideal and a motivational force for young female students to select the fields for their career which will best compensate them