



# HABIB PUBLIC SCHOOL ALUMNI ASSOCIATION

## HPSAA Literary & Business Review

### OIC MEMBER COUNTRIES – A SIZEABLE MARKET FOR PAKISTANI EXPORTS

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“Sharing economy,” is the rave today in most countries. It is being advocated by many different names, such as, “peer-to-peer economy” platform economy,” but Geoffrey G. Parker, an engineering professor at Dartmouth and the author of “Platform Revolution,” says that name is too broad because it includes giants like Google, Facebook and YouTube. Others like the “app-based on-demand economy” (the Abode economy), the “gig on-demand economy” or the “platform on-demand economy” (the POD economy), whose workers could be called pods.

Despite the criticism that “sharing economy” is inaccurate and sounds like corporate spin, Professor Sundararajan says we might be stuck with that description because corporations and the public so often use it. When Silicon Valley and Madison Avenue latch on to a phrase, it’s not easy to shake it off.

(The above Para’s are quoted from “The Whatchamacallit Economy By STEVEN GREENHOUSE; DEC. 16, 2016”)

The above quote brings back Habib School memories of 1966. One of our teacher then laid emphasis on “Cooperative Farming” a good concept. I distinctly remember his passion on the subject. Yet, the idea stuck with me. It is redeeming to acknowledge that the world is now referring to this concept for achieving greater progression in economics. Of course, it is being carried off from agri-based economy to actual business possibilities. It is now commonly known as setting up of CLUSTERS.

Cluster as dictionary definition means: A group of similar things that are close together...

A cooperative business possibility exists in cluster today. A group of people manufacturing the same product clustered together in one area makes business promotion and marketing easier. Further a haven for buyers.

Can this idea support Pakistan in advancing its export today?

Let’s take this idea for a spinoff. Question is can Pakistan double its exports through this idea using modern methodology/technology? The answer is yes. It can be done in next few years through mutual response/bilateral trade prospects between fifty-six Islamic countries excluding Pakistan.

Pakistan’s Minister for Commerce while addressing the second OIC-LCCI Trade Conference sometimes back said, “We should discuss among ourselves candidly and openly the issues related to globalisation, economic liberalization, agriculture, environment, science and technology and of course, trade co-operation stands out as a priority area”. He further added that existing intra OIC trade hovers around 16 per cent of the total OIC trade in the world which is far below than its real potential.

Let us observe/review, where and why do we need to increase our exports?

Pakistan’s economic survey/indicators tell the following tale: One-third of **Pakistan's** population lives under the poverty line, and the **country** ranks at 150 out of 189 **countries** in the latest United **Nations** Human Development Index.



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The economic situation in Pakistan today is indeed worrying. Last Pakistan Economic Survey, a government-issued document reports that annual budget painted a dismal picture of the domestic economy.

Almost all financial indicators have shown a downward trend. The growth rate fell by almost 50 percent from 6.2 percent to 3.3 percent. It is expected to go down even further to 2.4 percent next year, which will be the Pakistan's lowest in the past 10 years. The Pakistani rupee has lost a fifth of its value against the dollar since the beginning of this fiscal year. Inflation is expected to hover around 13 percent over the next 12 months, reaching a 10-year-high as well.

Then there is the issue of the ever-increasing debt, which eats up some 30 percent of the budget every year.

Government admits missing exports target by \$3b despite depreciating currency, providing reasonable incentives in exports for 2018-19 estimated to be \$24,656m against the target of \$27,996m. Total export proceeds during 11 months fall by 0.3pc to \$19.2b. Even though, Pakistan is the 67th largest export economy in the world and the 106th most complex economy according to the Economic Complexity Index (ECI). Source: The Nation

A serious thought process is required both to increase and sustain our exports especially under the current trade policy whereby our export targets needs to be enhanced to US \$ 50 (B).

While government today is failing to raise revenue flows it is also failing to cut non-developmental expenditures.

To meet our own created 50 (B) export target, dedicated and sustainable efforts are needed to diversify our traditional/non-traditional products to OIC markets. ICCI (Islamic Chamber of Commerce & Industries) with its proper usage provides a pragmatic opportunity for this purpose.

So far, Pakistan's total trade with the OIC countries stands around 40%. A major portion of which goes in importing oil.

Not with holding the present export promotion measures and Pakistan's efforts to increase its trade specially exports, the idea to improve trade prospects by enhancing our exports within the fold of Islamic countries is not only worth considering but contains a bright future for marketing Pakistan's exportable products in some of the untapped countries inviting, thereby, good prospects of increasing exports thus improving our negative balance of payment.

Over a period of time, most trade promotion requirements pertaining to WTO/IPR have posed technical issues and at times threats under the guise of antidumping, countervailing, safeguards measures and host of other technical/non-technical & tariff/non-tariff barriers.

Export is now a very technical subject. Like any other business, it hardly forgives people who make wrong decisions. Exporters lose money. Old or new exporters need strong support from all Government Organizations and other stakeholders to ensure timely delivery.



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Export, therefore, cannot be treated in seclusion and gauged in isolation. Enhancing & promoting export is a collective function through shared wisdom.

With the advent of a new world trade order, Pakistan must make a concerted effort to increase its exports. Historically we have been doing what we can i.e. Pakistan have been concentrating on facilitating/promoting exports. At the time, this idea worked out without much ado. Today, promotion, facilitation and marketing are just tools in a given holistic setup.

More dynamic and pragmatic concepts have replaced this age-old concept of just export facilitation and promotion. Today trade development provides a potential prudent push. Besides Trade and Development, the connotation now conveys host of other equally important issues including: domestic commerce, supply chain management, investment probes, viable export plan, workable import backup etc. all meant for improving the health of exports.

Based on this, a sustainable market strategy should be devised which must meet with the present trade requirements internationally. Owing to myopic focus, earlier, Pakistan suffered due to wrong initiatives undertaken by people who did not belong or understood even major requirements of Commerce & trade and were placed at the helm of affairs. Due to their lack of professional ability, Pakistan historically lost out to avert following key negativities: -

- ❖ Narrow exports base has handicapped acceleration in export growth as only five (5) products account for 80% of our exports earnings.
- ❖ Narrow market focus: 54% exports goes two (2) only to two major markets USA and EU.
- ❖ Business models largely in use in Pakistan have not been able to mobilize critical inputs for uplifting domestic commerce, provide quick legal relief to SME's, create enabling environment for increasing investment, pursue industrial/commercial designs for acquiring technology and create inroads for benefiting from vast distribution networks of Multi-National Corporations.

A three-pronged research initiative must be launched first to understand, second to rectify and third to implement the following in letter and spirit: -

- a) Government being a service provider, restructuring in all its organizations which deal directly or indirectly with trade, Industry, Investment and domestic commerce including setting up of specialized Tribunals/Courts for dispensing off with quick and cheap justice; is required to be undertaken for developing, managing and catering to better business administrative and management issues thereby assisting in achieving to meet with its targets/objectives.
- b) The upshot invites critical changes to meet the above requirements in right sizing all Government owned organizations present TOR's/ SOP's.

Framework for economic cooperation when linked with international best business practices can produce better results. Following will pave way for this activity:



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- a) There are 57 OIC member countries including Pakistan. Under the auspicious setting of ICICI, promotional work may commence meeting goals/objectives in phases. The Government of Pakistan, discerning through Trade Policy initiative, devise a procedure by selecting 4 to 5 countries every twelve months with defined geographical proximity where Pakistan can achieve market access by overcoming major supply chain issues and increasing its present share by at least 10 – 15% in selected products/markets.
- b) How to select markets/products has been discussed at length ahead. Meanwhile certain ground rules need to be brought to light; to be understood in its entirety for developing greater trade interaction: -
  - i) Commerce and Trade has no boundaries. Even enemies must trade to do better and improve their prospects through better business processes.
  - ii) Export and other commercial transactions money making ideas helping Pakistan should be encouraged.
  - iii) Integrated economic development has progressed to become mandatory need of the day.
  - iv) Acceptance of Pakistani products in this market stands a good chance/better prospects due to long heritage, cultural and traditional attachments.
  - v) Mutual benefits can easily be derived from our permanent presence/commercial interaction and greater cooperation.
  - vi) Maintaining a socio-economic parity entails better trade results.

Good prospects exist if SWOT analysis is conducted to determine and implement effective ideas for capturing Pakistan's market share in the OIC Countries. It is important to identify and analyze strengths, weaknesses, opportunities and threats (SWOT). The processes will help to negotiate better terms/conditions quickly and effectively, thereby, building a structure based on a solid foundation.

### STRENGTHS

- Pakistan is blessed with all types of natural resources
- In-road/implementation plan can immediately be put together for certain countries as they already have developed infra- structure
- Realization for a planned/coordinated effort is required for enhancing economic development exists
- Abundance availability of most of the needed basic raw material
- Vast resource of manpower available
- Pursuance of technological development
- Communication access available.
- Defined trade prospects exist

### WEAKNESSES

- Poor management of both resources and finance
- Maximum wastage of natural resources
- Little uplift for Un-skilled manpower
- Un-stable financial position



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- Historical exploitation of resources by others
- Dependency on developed nations for infra-structure
- Interstate/provincial rivalries
- Dependence on strong ancient culture/traditions
- Resistance to change/development
- Absence of Islamic trade bloc
- Constant change in economic/political policies

### OPPORTUNITIES

- Total world population is 7.4(B). Huge marketing opportunities exists as over 1.6 (B) are Muslims population making it nearly 23% of the world population
- Total world trade is equal to US \$ 37.473 trillion. Estimated 23% Muslims holds approximately **US\$ 8.62 trillion** market is a plus point
- Broad based mutual economic prospects
- Greater prospects through unifications for collective bargaining as a trade a bloc
- Strong possibilities for FTA's/commercial union
- Uniformity of tariff structure among the member countries
- Economic development schemes/policies to benefit each
- Meeting requirements of each country
- Integrated trade development opportunities
- Phasing out weaknesses by creating trade opportunities
- Synthesize to reduce paper work/trade problems
- Collective bargaining to obtain better price from other non-Muslim countries on goods & services
- Formulation of Islamic Commercial Bank to monitor and enhance financial gains
- Enhance service sector gains
- Increase combined technological development prospects
- Best means for transfer of technology
- Device country specific sector development schemes

### THREATS

- Fragmented political concepts must be delinked to ensure better commercial prospects
- No serious commercial unification efforts so far
- Under the control and domain of various developed nations
- Internecine tribal war.
- Total exploitation by developed countries of the existing natural resources
- Absence of systems/institutions/united commercial well being
- Absence of basic infra- structure in certain countries
- Very little financial management or discipline
- Key commercial positions manned by outsiders

Data/information/statistics must be collected and analyzed. The same can lead to preparing a feasibility study or an action plan pertaining to OIC member countries depicting:

- i) Select top 25 Pakistani products, value their pricing structure, find out their channel of distribution, understand business cycle, import regime, competition etc.



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- ii) Then find out OIC member's countries imports from Pakistan, export of Pakistan to the world and OIC member countries import from the world.
- iii) The above data/statistics will convey Pakistan's market share to OIC as well as indicate real time potential trade opportunities.
- iv) Based on this data, we can divide OIC member countries into different regions as per geographical proximity.
- v) Initially, we can select and start our export activities from lowest five economic countries in the OIC assigning 10 – 15% export targets for each based-on Pakistan's current export/import figures for that country, achievable after twelve months through focused marketing efforts.
- vi) This exercise can be repeated for other OIC countries if found feasible.

After obtaining real business knowledge as pointed out above, we can then proceed to hire/purchase ware houses/display centers/commercial outlets etc. in major commercial cities of identified country. We can man these commercial stations from predetermined selected organizations from Pakistan as well as local people. Assign targets. Enforce midterm review and devise ways to reward those who meet their commitments.

There are historical/traditional reasons/links for cooperation coupled with religious affiliations can all help to bear testimony for future cooperation and economic/trade development. Among the OIC countries, a common bond of understanding exists in relation to the present world trade scenario. The significance to merge together as a trade bloc under one umbrella ensuring a common bond to develop inter trade relationship does not only exists but is the need of the hour for cultivating rapid economic growth.

There exists a sizeable demand for obtaining commercial success by pooling in resources as especial percentage under an agreed formula within Islamic trade block to be created. Following suggestions will testify details:

- a) It is envisaged that by constant cooperation, continuous coordination by strengthening best commercial opportunities, phasing out weaknesses as a bilateral then multi-lateral effort, weaker economic conditions of the OIC member countries can improve tremendously.
- b) We need to pool in our resources, allow business transactions to take place without hassle, create business & trade opportunities and assist/aid each country to meet its requirement promptly, smoothly & economically.
- c) Pakistan to commence bilateral trade agreement with five countries every 12 month to increase the pace of its export both for goods and services. This will give us time to benefit mutually and collectively. The formulae can be applied amongst other OIC countries to their mutual benefits.

It is imperative to review our sliding position in the international market. We need to do enhance our commercial and economic Image. We must identify issues and rectify the situation. Focusing the following is suggested:



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- a) Islamic countries in general and certain other countries in particular carry a common misnomer of not being understood by some of the developed world. The established criteria for this are neither specific nor identifiable and can best be judged as being in the gray zone.
- b) Due to this perception, trade suffers the most. Common factors influencing this judgment are prejudice believes, rampant media campaign and no international safe guard exist to counter these threats effectively. These conditions isolate and seclude a community internationally.
- c) Today, economic strength is one of the major factors that determines positive image. The international scenario demands collective efforts to meet this challenge. A surge is needed to enhance positive trade image, which can be attained through this effort/endeavor.
- d) Trade linkages/cooperation will also help to identify problems that retard existing image hurting trade and commerce. This will also help to create a voice, which can be used jointly to ward off negative impressions, and perpetuated wrong beliefs against a community.

The ultimate question is of management. How best can we support our strengths and overcome our weaknesses. We can emphasize our efforts for implementing the above concepts by strengthening ICCI to act as a Secretariat for meeting all promotional objectives through consensus among the OIC countries. Pakistan should and must take the initiative to ensure that following steps are taken for attaining commercial success: -

- a) ICCI Karachi may be strengthened to act as a secretariat for coordinating with all OIC members and work through its offices based in other OIC member countries. ICCI Karachi can take up the role of Pakistan's Commercial Ambassadors providing initial spadework before signing of bilateral agreements.
- b) Country specific MOU's for cooperation may be approved and sent to each OIC member country though ICCI, where products and proposed markets may be identified for both import & exports.
- c) The bilateral trade agreement (cooperation treaty) should specify the needed tariff concessions on which increased market access through trade is possible.
- d) Country specific cooperation treaty may hold workable solution for trade in goods; trade in services and IPR issues within the OIC members.

## Way Ahead

It is proposed that Government of Pakistan including other stakeholders both from private and public sector formulate viable strategy to enhance and progress exports to OIC countries from Pakistan.





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On finalization, a feasibility report/action plan can be made for achieving our objectives in phases. At this point, ICCI could be brought on board which is also based in Karachi. Further discussions need to be held with ICCI as to how this plan can best be implemented by chalking out workable solutions based on actual export/import requirements and through suggestions/cooperation of other OIC member countries.

Action plan for increasing exports within Islamic countries consists of entire 56 OIC member countries excluding Pakistan, which need to be further divided into regions as follows: -

- a) African countries
- b) Central Asian countries
- c) Middle Eastern countries
- d) Asian countries
- e) European countries

To jump-start the process, African continent may be given preference due to positive results in earlier held Envoys Conference and the focus being given to African countries by Government of Pakistan in its various policy initiatives. The entire program has been devised to progress on chosen five countries from Africa where Pakistan's share is zero to perform on twelve monthly bases to achieve the desired results i.e. enhancement of 5% export in the selected products/countries.

It is expected that these five countries initially selected will help to create in roads for achieving market access and enhancing out selected export products in these countries.

Regional Cooperation for Development (RCD). The project may be given the name of Regional Cooperation for Development (RCD). The name is already well known and has been abundant in favor of ECO. It, however, fits well in this scheme and there is no need to re-invent the wheel.

(Some of the ideas reflected in this article are taken from my book, "TO WHOM IT MAY CONCERN")  
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