MAKING PAKISTAN BANKABLE.
Country S.W.O.T. Analysis.

Strengths.

• Large Market Size and attractive location for exports to South Asia, Central Asia and Middle East.

• Per Capita Income of PPP $2000 and 40 years’ record of 6 percent GDP growth annually

• Abundance of Water Resources, Natural Gas. Easy Sea Port, Airport Connections with Europe, Asia and Middle East.

• A large emerging middle class with growing demand for consumer durables, autos, services

• English speaking educated and trainable manpower with aptitude for fast learning

• self-sufficiency in food production and a buoyant agriculture.

• A liberal foreign exchange regime which allows un-restricted repatriation of profits, dividends and remittances.

• Quantitative restrictions on imports have largely been removed and tariff rates being brought down to maximum rate of 25% with average incidence of 14-15%.

• Financial Sector is open to foreign investors is diversified and has been strengthened in the last three years.

• Capital markets offer a range of instruments for raising domestic finance.

• A fibre optic backbone infrastructure up and running for Information Technology enabled services.
Weaknesses.

• Poor governance record in the nineties with serious adverse consequences for efficiency and equitable distribution of growth.

• Failed democratic regimes with frequent changes in government in the last decade have nurtured political uncertainty, discontinuity and inconsistency in policy implementation.

• Lingering dispute with the Hubco and freezing of foreign currency accounts in May 1998 have shaken foreign investor confidence.

• Key economic institutions have been in a state of financial and management disarray creating strains on public finances as well as banking system.

• Bureaucratic procedures and enforcement of contracts are slow, time consuming and cumbersome encouraging lobbying and rent-seeking opportunities.

• Public service delivery of essential services is poor and inefficient and under investment has led to congestion, shortages and access limited to the privileged far.

• Non-governmental Organizations (NGOs) have not so far played a major role in social development and Micro Credit allocation to the poor.

Opportunities.

• **Oil and Gas resources**: To be further explored, developed and distributed.

• **Investment in Physical Infrastructure Development**: Open to private sector to meet the growing demand in the areas of power, highways, ports, airports etc.
• **Information Technology**: Relatively low cost manpower available with ample scope for investing in Information Technology Education.

• **Agriculture**: Productivity still behind production possibility frontier and requires technical and financial inputs.

• **Agro-based Processing and Industries**: Highly Competitive and oriented towards Exports but still in state of infancy and need to be upscaled.

• **Value added exports in textile sector**: Has plans to modernise its textile industry for capturing world market share and positioning in post MFA period through technology, marketing and design improvements and investment in machinery.

• **Financial Sector**: Deepening to improve the mobilisation and allocation of financial resources.

• **Exports in non-traditional commodities**: Fisheries, Gems and jewellery, Fruits and Vegetables, Information Technology, are still under utilised.

• **Privatization**: Public Sector assets worth $3-4 billion are available for sale to strategic investors including foreign investors.

• **Non-Resident Pakistanis**: Offer a large and rich reservation of talent, skills and capital for joint venture partnerships.

Threats.

• External and Domestic Debt burden is quite high relative to the capacity to service and need to be reduced to manageable levels.

• Tax-GDP ratio is one of the lowest among the developing countries and resource mobilisation effort has to be stepped up.

• Fiscal deficits have been traditionally high and need to be gradually narrowed down.
• Public Sector Corporations riddled with excess manpower, poor management and weak financial base have to be restructured and strengthened.

• Incidence of poverty has risen during the last decade and poverty targeted interventions need to be accelerated.

• Stagnation in Domestic and foreign investment during the last several years has increased and given rise to educated unemployment

• High degree of centralization had eroded provincial autonomy and local government capacity both of which need to be enhanced and strengthened.