

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.