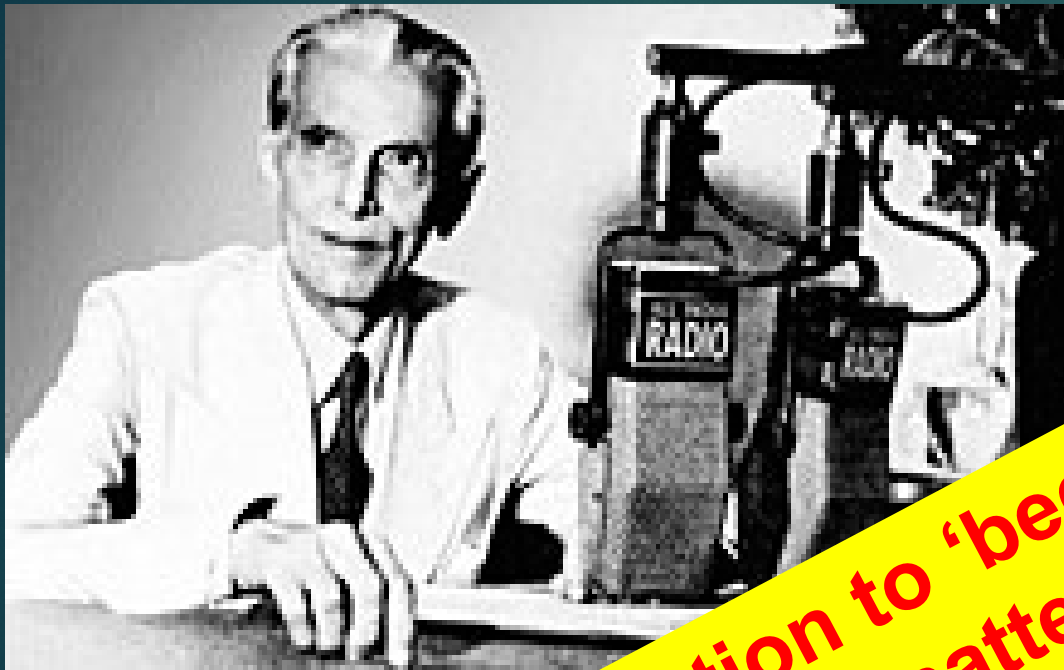


A person in a starting crouch on a track, with the year 2020 painted on the ground. The person is holding a glowing orange orb. The background is a cloudy sky.

Unlocking exponential Growth through Exports

19TH FEB 2020 - TARIO IKRAM (SI)



**It 'Pains' the Nation to 'beg n borrow'
but inevitable - a matter of survival!!**

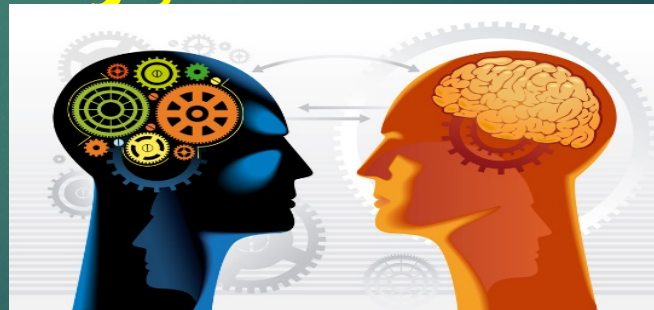
"I have no doubt
in my mind about
the future
of the Nation when its
resources of
men and
material are fully
mobilized.... with
courage and
determination we
mean to achieve
...a strong and
prosperous
Pakistan"

**There are some people who live
in a dream world,**

3



**and there are some who face
reality;**



**and then there are those who
turn one into the other.**



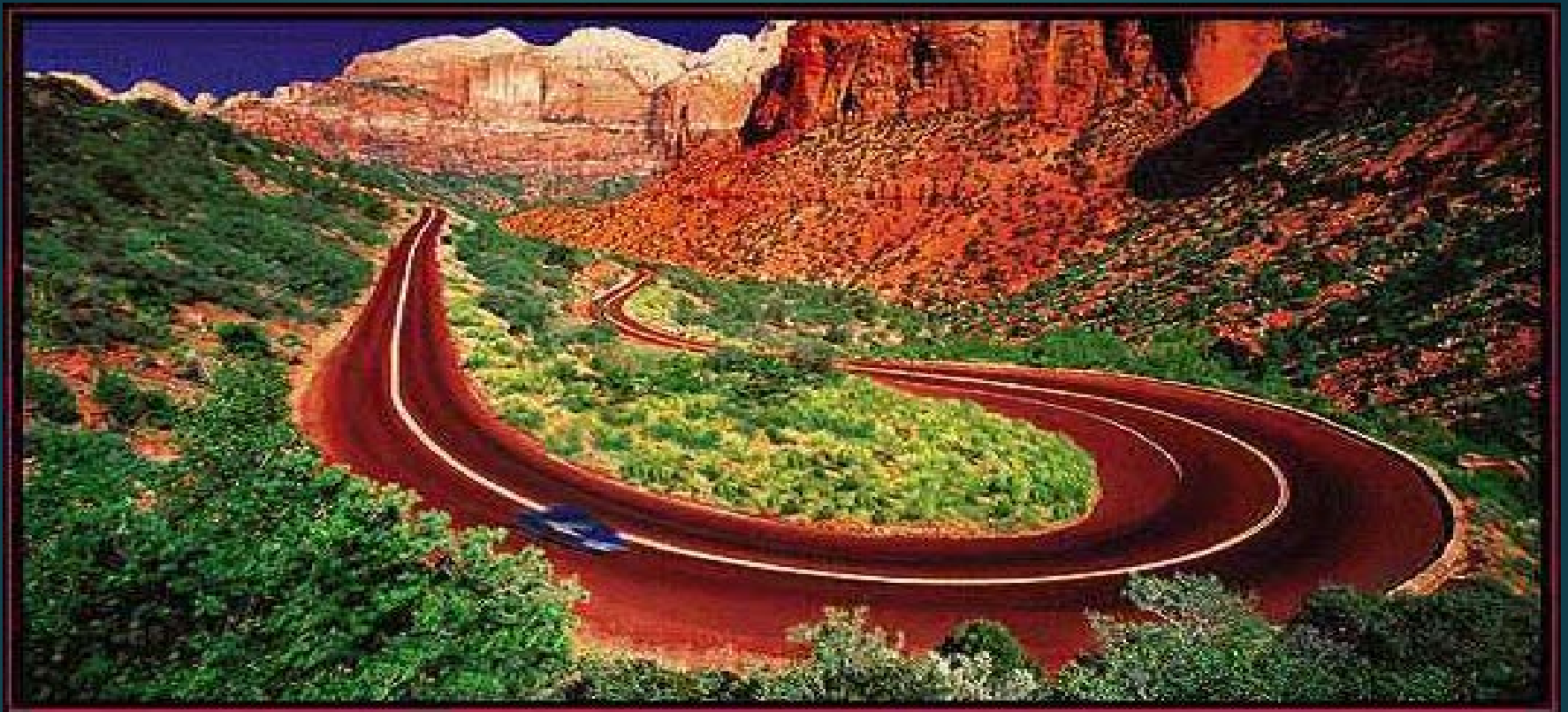
Nothing great
was ever achieved without
enthusiasm!
&
Achievement can never be
bigger than your ambition

Optimism and pessimism during change.... Upto 2 years

5



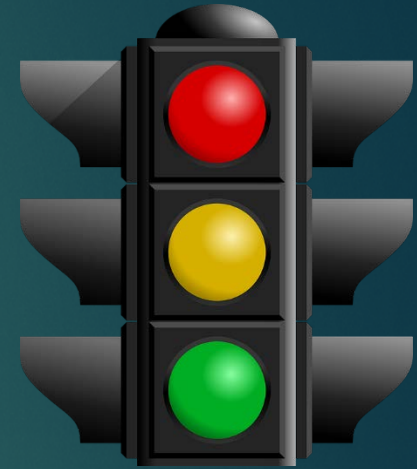
(source: Liz Clarke "The Essence of Change")



Perform or perish.....Change with the Time
A bend in the road is not the end
of the road... unless you fail to
make the turn.

Colour Coding of HS Codes

- ▶ **'Greens'** More than USD 500k
- ▶ **'Yellows'** USD 200-500K pa
- ▶ **'Reds'** USD 50 – 200K
- ▶ **'Whites'** Any USD but unlikely to respond
- ▶ **'Blues'** USD 0- 50K
- ▶ **'Ambers'** Not Exported



Terminology

- ▶ 'Core'

- ▶ 'Developmental
Sectors and Niches'

Pakistan's two fundamental and critical needs to achieve the dream

Rupees



USD



**Major & Sustainable source of Fx is Exports
of goods and services!!**

Achieving a quantum
leap in exports will
need

A paradigm shift
amongst all stake
holders

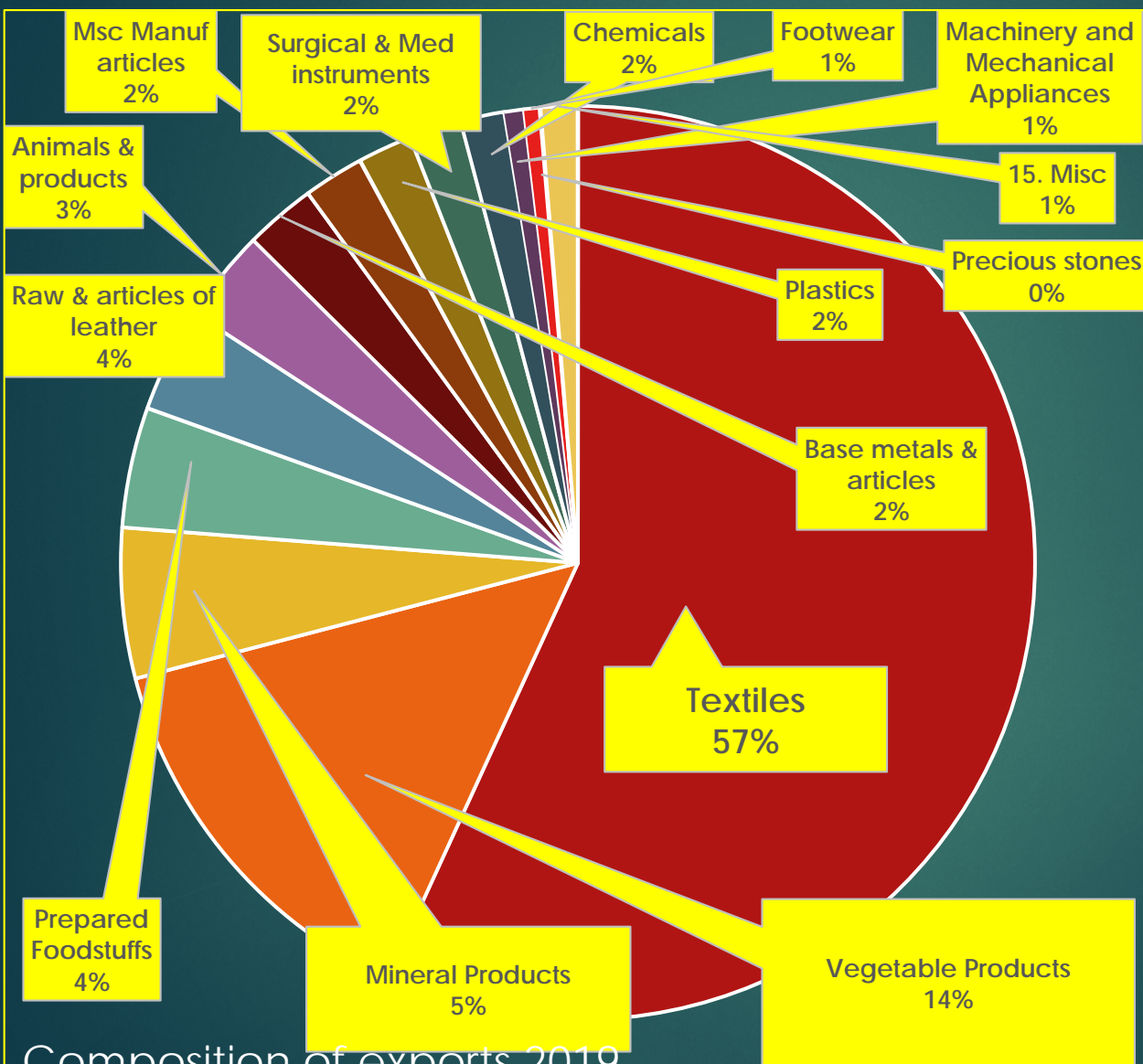


Pakistan's exports... But first what does the world Import?

+ - 2017

▶ Crude oil:	\$1.2 trn	+34%
▶ Integrated circuits/microassemblies:	\$861	+15%
▶ Cars	\$782	+ 3%
▶ Processed petroleum oils:	\$774	+27%
▶ Phone system devices:	\$624	+ 1%
▶ Automobile parts/accessories:	\$421	+ 8%
▶ Medication mixes in dosage:	\$382	+ 6%
▶ Computers, optical readers:	\$380	+11%
▶ Petroleum gases:	\$367	+29%
▶ Gold (unwrought):	\$311	-11%

..... AND WHAT PAKISTAN EXPORTS.... CONCENTRATED AND ARE LOW VALUE ADDED WITH WEAK GLOBAL DEMAND



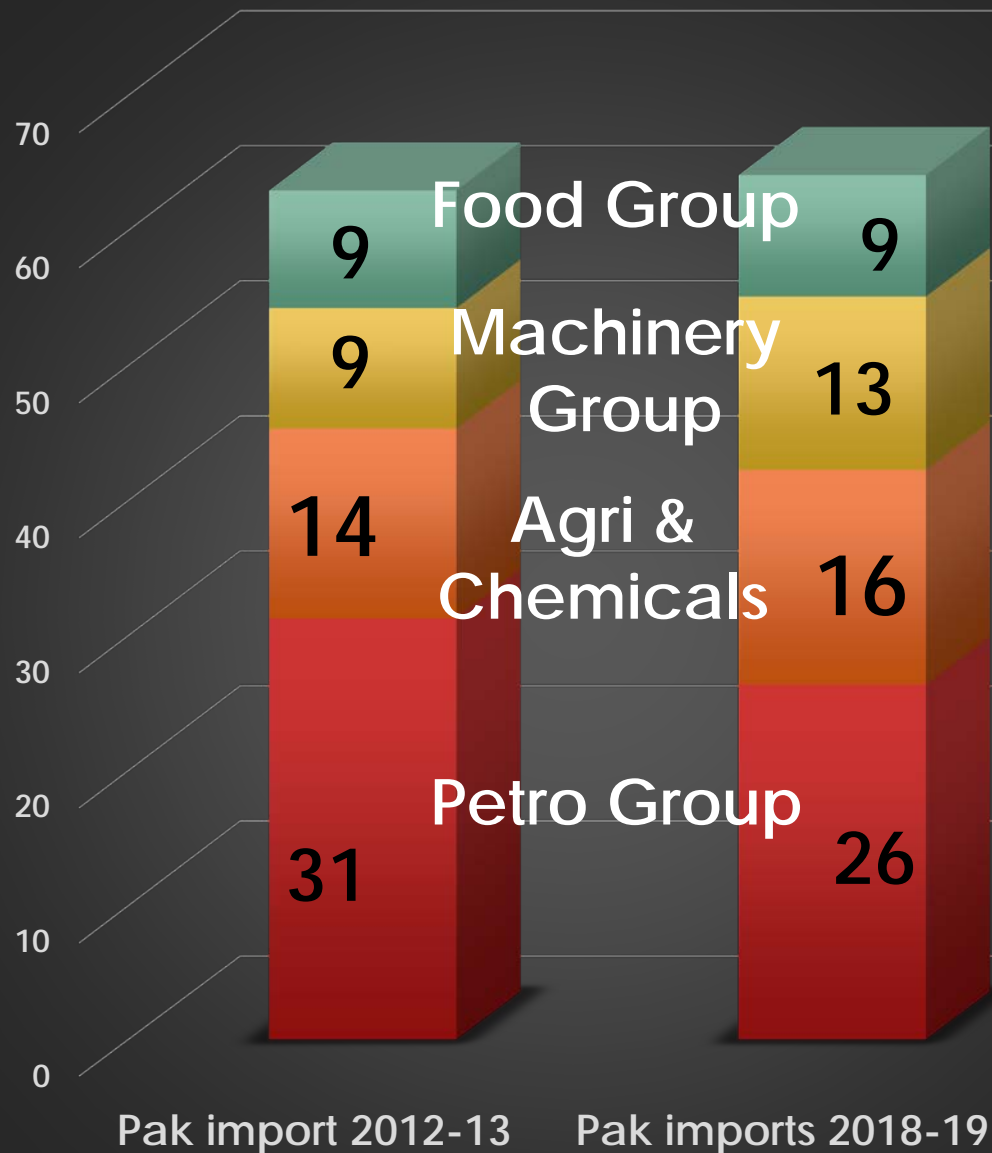
Composition of exports 2019

► 57 % of PK's exports

- Textiles 57%
- Grains and agricultural produce 19%
- Minerals 5%.
- For significant Export increase :
 - product mix
 - Productivity leading to competitiveness
 - Integrating into GSC.

► Good news Pk already exports more than 3000 of the 5200 HS Codes

IMPORTS ARE PREDOMINANTLY NECESSITIES



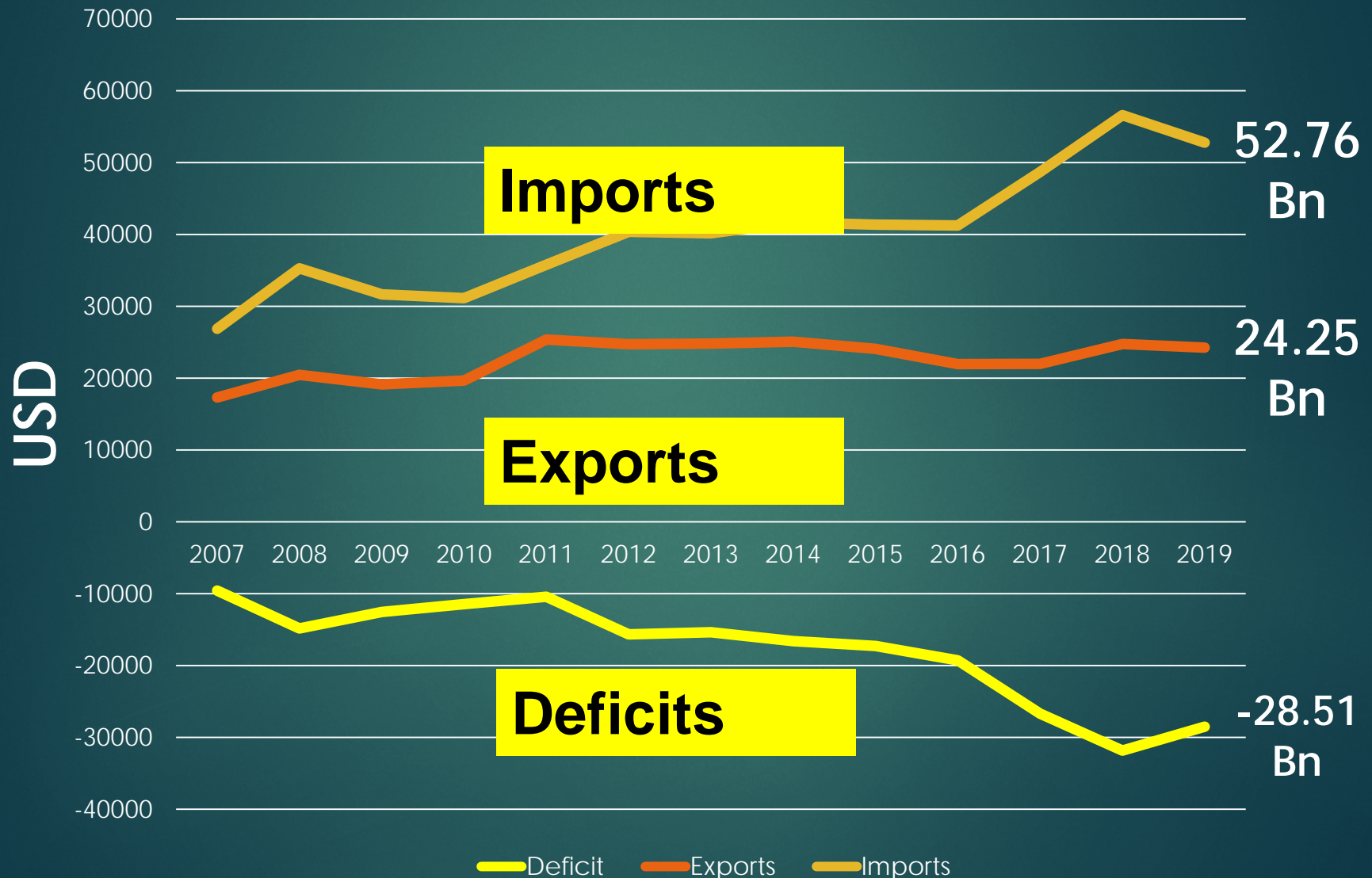
▶ **69%** Machinery and Transport Equipment, Minerals, Fuel, Lubricants and Related Material, and Chemicals.

▶ **15%** Consumer goods account for around of total imports.

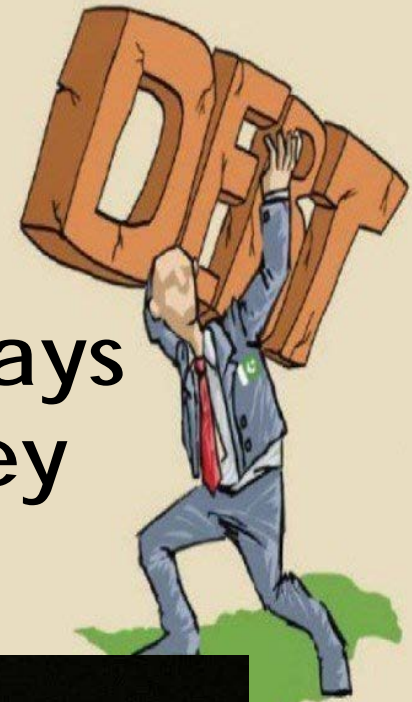
This indicates that:

- i. Cannot significantly reduce its import bill without sacrificing economic growth.

Balance of Trade now improving



New Pakistani Prime Minister Says Debt Crisis One of Country's Key Issues- First speech as PM



So how much do we need?



- ▶ IMF forecast – “Pakistan’s external debt will peak to \$130 billion within four years – a net addition of \$34.6 billion”

So how much do we need?



- ▶ External Debt end NS Govt \$95.4-billion
- ▶ Repayment in 5 years by PTI Gov. \$48 billion
- ▶ Additional Borrowing in 5 years **\$83** billion
- ▶ OUR NEED:
 - ▶ USD +/- 60 BN > CURRENT EXPORTS
 - ▶ USD ADDITIONAL 12 BN A YEAR!

Is it possible?.....



Quantum leap of 147% was achieved by Pakistan's -can be done!!

- ▶ 1999 2000 exports were 7.8 Bn and 2007-2008 19 Bn ie 147% increase in exports, against only 14% increase since 1992

	% incr. 98/99-07/08 (9Yrs)	% incr. 92/93
▶ T&A	up 105%	14%
▶ Rice	up 105%	12%
▶ Leather and products	up 12%	declined 16%
▶ Surgical goods	up 12%	up 12%
▶ Petroleum products	up 2,555%	declined 12%
▶ Fish and seafoods	up 73%	up 32 %
▶ Textiles	up 113%	up 95%
▶ Chemicals and pharma	up 56%	up 56%
▶ Engineering goods	up 706%	decline 52%
▶ Cement	up 65,248%	up 0.6 Mn USD zero
▶ Jewellery	up 1,821%	up 37%
▶ Meat and preparations	up 2,558%	up 2 Mn USD from
▶ Furniture	up 860%	up 3.8 Mn USD

ALL NON-TEXTILES UP FROM USD 900 MN TO 2.4 BN!

TOTAL EXPORTS GREW 147% VS 14% since 92/93

Our Vision and Strategy

Export Vision- its the driver of all efforts

Pakistan, a **sovereign**, progressive, and efficient welfare state, **pursuing nationally**, a **focused** Export-led-growth, of **globally integrated** products and services, aiming to **achieve self sufficiency** for its foreign exchange needs, firmly **anchored in** concepts of **sustainability**, national cohesion, and justice, always **confident of its ever brighter future**.

Strategic options to achieve growth in 8 years

Supply-led
Strategy

Demand-led
Strategy

- Incrementalism: to match supply to world demand
What we export must be produced and do what is necessary
to achieve a pragmatic share of the world Imports

My recommendation is a 'Demand-led' approach if we wish to see a debt free New Pakistan!

Export potential assessment – The Process

ALL 5200 HS CODES IN THE WORLD

CORE
USD 000s

DEVELOPMENTAL
USD 000s

**FUTURE
POTENTIAL**
USD 000s

USD 200 TO 500 k

USD 200 TO 500 k

50 TO 200 K PA

ANY USD < 50K

Low potential

USD 200 TO 500 k

USD 200 TO 500 k

50 TO 200 K PA

ANY USD <50K

Low potential

USD 200 TO 500 k

USD 200 TO 500 k

50 TO 200 K PA

ANY USD <50K

Low potential

**GRAND TOTAL OF ALL
SECTORS**

500k Plus

200 to 500k

50 to 200k

OTHERS

World Import/Pk share

AVG LAST 3 YRS
IN USD BNS

Total world Import
World Import of Pak
exported products

Avg 3yrs

17,702.00

USD 14,418 Bn
81.4%
Of world
Import

Pak Export of all products
exported by Pakistan

22.01

Pak Mkt share :

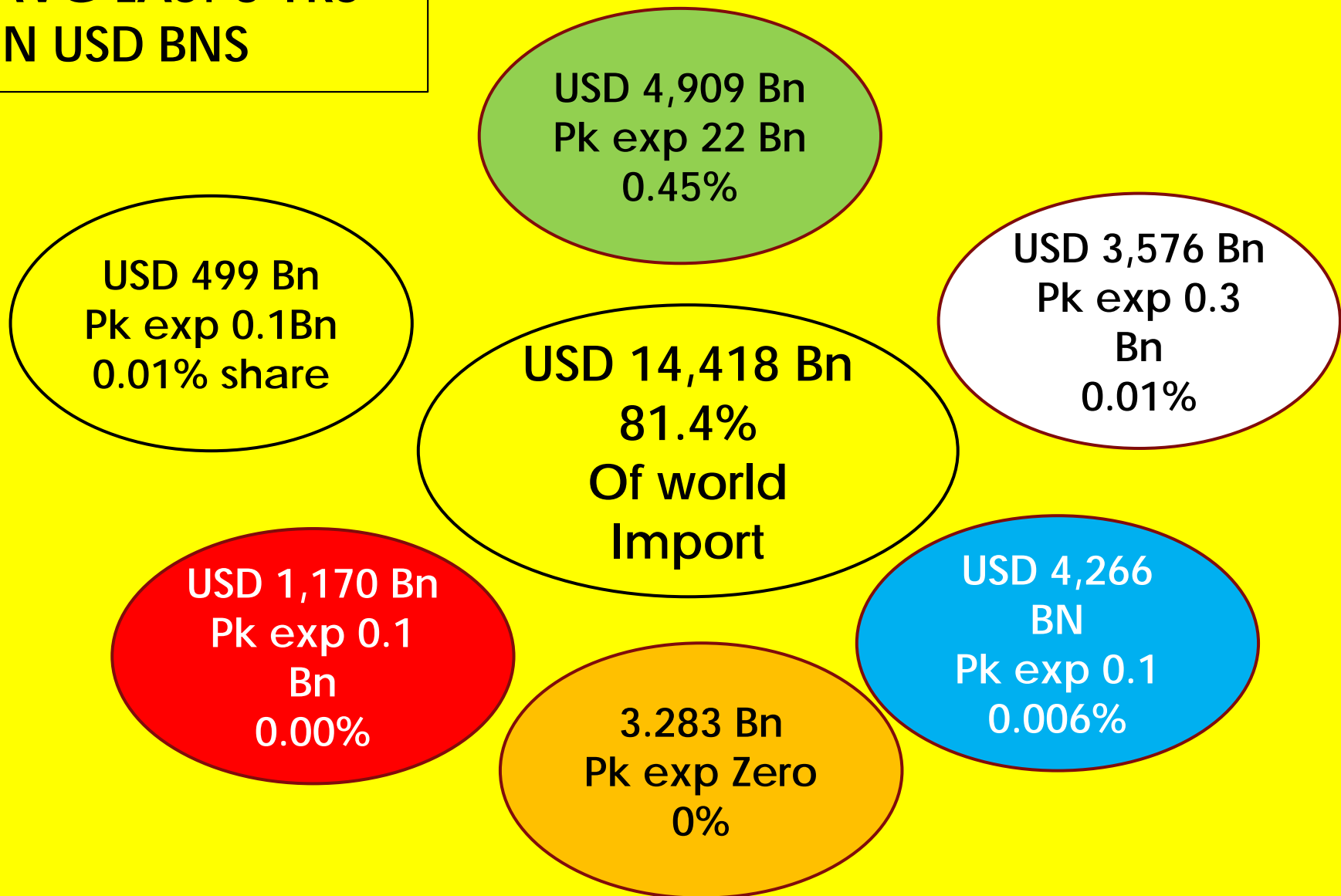
of total world import
of pakistans maket size

0.12%

0.15%

World Import of Pk exported products share

AVG LAST 3 YRS
IN USD BNS



World Import of Pk exported products share

AVG LAST 3 YRS
IN USD BNS

USD 4,909 Bn
Pk 22 Bn
0.45%

USD 499 Bn
Pk 0.1Bn
0.01% share

USD 14,418 Bn
81.4%
Of world
Import

USD 1,170 Bn
Pk 0.1 Bn
0.00%

**World
Import
USD
6,578 Bn**

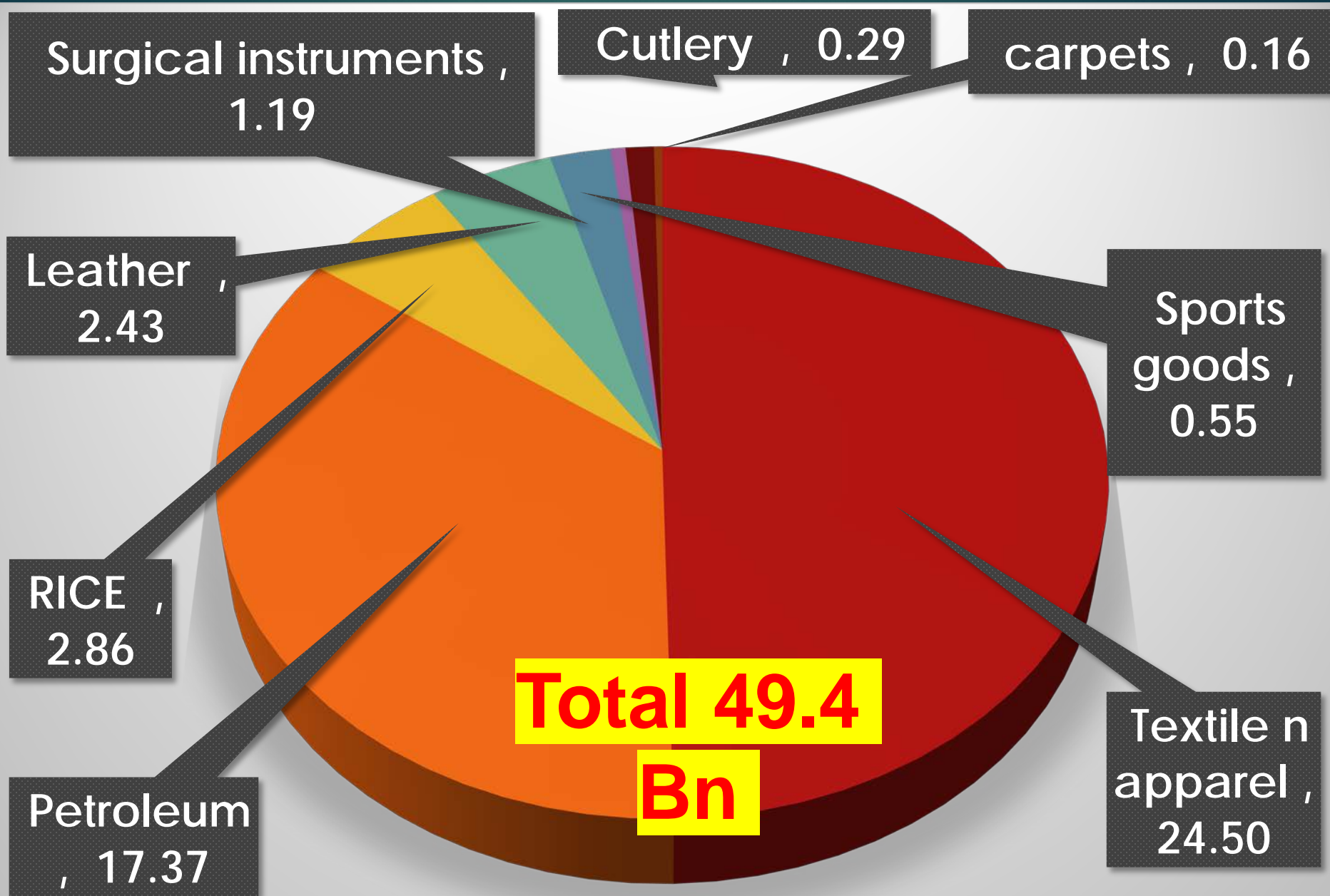
**Pk Exp
USD 22
Bn**

**Mkt
Share
0.33%**

Pakistan's Export Potential by 2026

Estimated world Import in 8 years (USD 000S)	Pakistan's exports to world (USD 000S)	TOTAL PAKISTAN EXPORT POTENTIAL 2026 (USD 000S)	Tgt %age
	Avg 16/18		Mkt Shre
6,661,199,340	21,509,801	101,816,240	1.20%
741,601,381	54,230	5,848,072	0.80%
1,721,311,817	65,243	4,222,438	0.25%
9,124,112,539	21,629,274	111,886,749	1.23%

Export potential Core Sectors

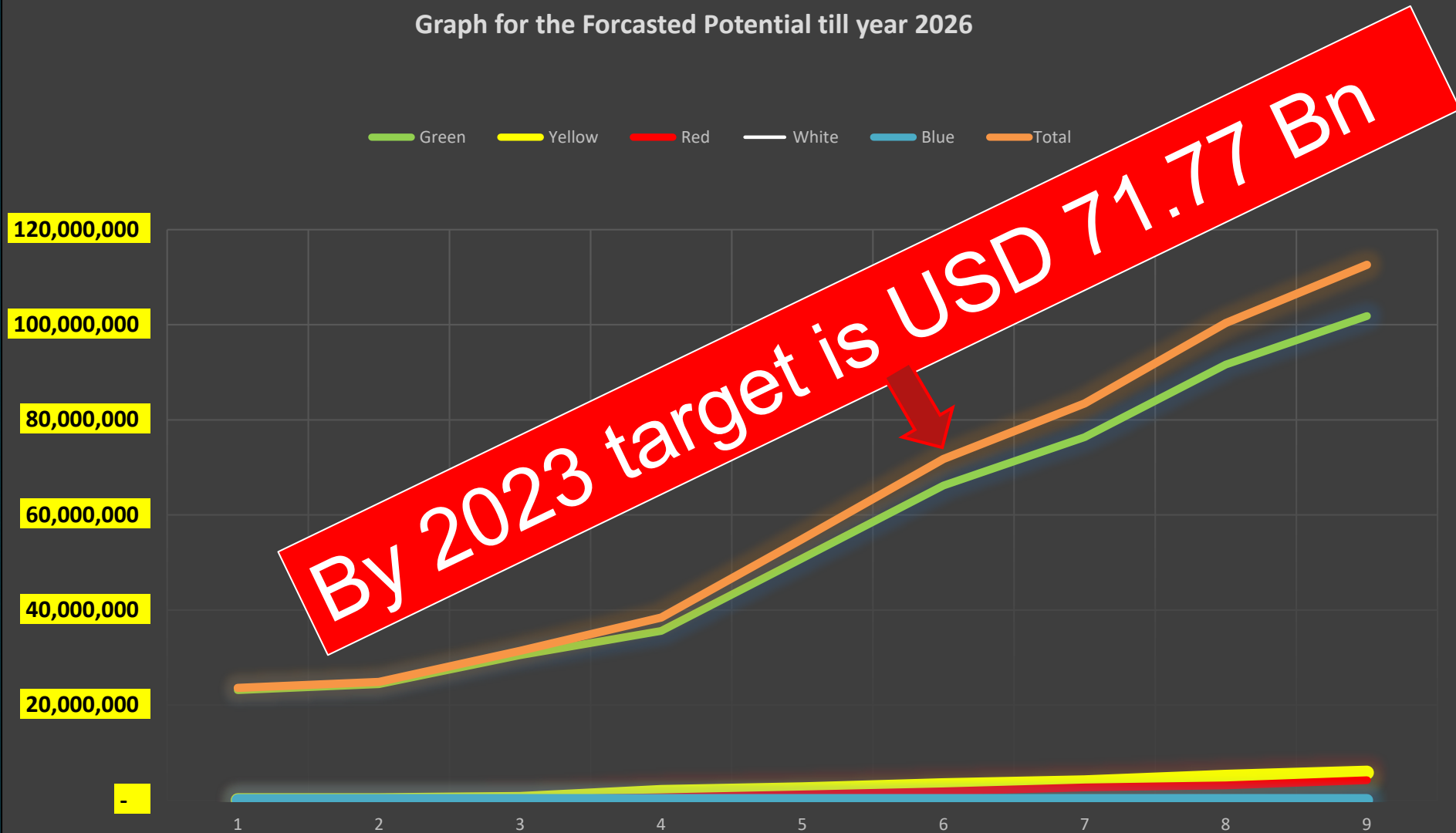


Developmental sectors



Export progression 2019 to 2026

Graph for the Forcasted Potential till year 2026

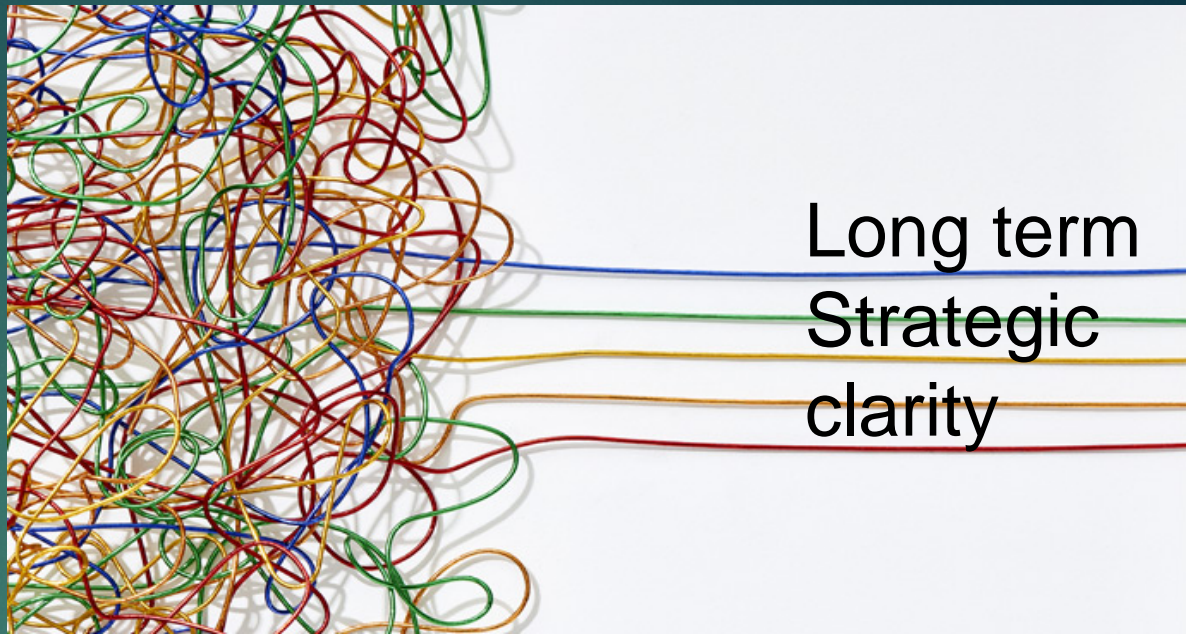


Process for Identification of Geographic 'foot print'

- ▶ Importing Markets – Top 15 importing countries for the priority sectors
 - ▶ Target Markets for market access, promotional focus, up market alliances
- ▶ Exporting Countries – Top 10 Countries for prioritised sectors
 - ▶ Bench marking
 - ▶ FDI, Capacity building Alliances etc
- ▶ Special geographic opportunities (China, Africa, Russia, Afghanistan, Iran & Sri Lanka)

A Tall target... Question is
how can it be achieved!!!

What must be our strategy
and how would it be
implemented



Export Development Strategy

'KICK START – MEDIUM TERM 5 TO 8 YEARS'

- Pillars
- Frame work
- Strategy
- Enablers

Strategy is based on 8 Pillars:

- 'Export intensive'
- 'Demand led'
- Focus and Prioritisation
- Progressive Integration with GSC (Global Supply Chain)
- National effort
- Owned by the Prime Minister
- Facilitation-exporter defined needs
- Challenge of poor implementation

Strategic Frame work

1. Marketing, Promotion and branding
2. Export/Capacity Development - Pvt Sector and GoP
3. SME-Vendors support and Women Entrepreneurship
4. Bold dynamic risk taking and hands on Leadership
5. Export Culture, Recognition and Rewards
6. Implementation Policies, Plans, KPIs and Delivery

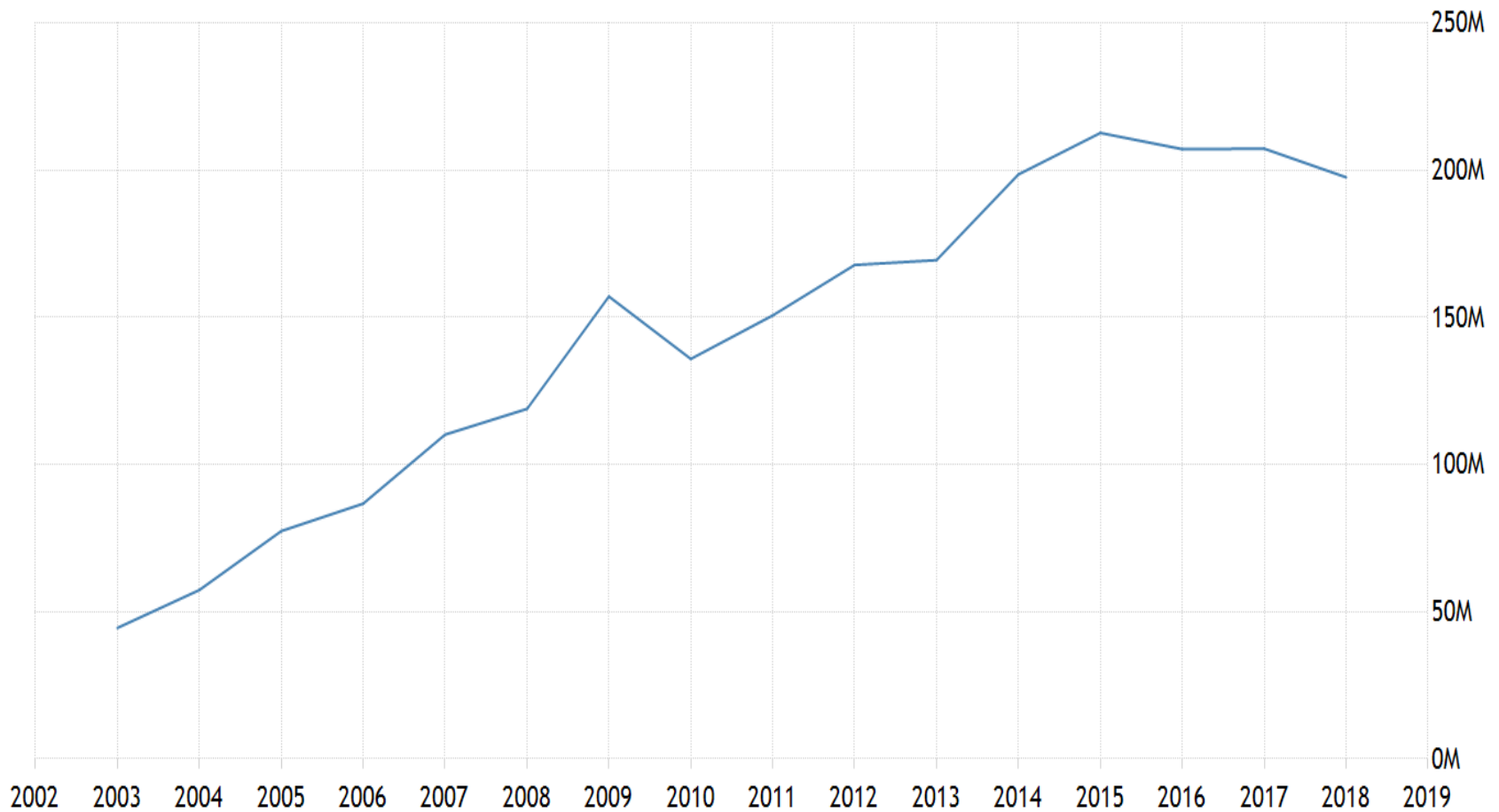
Implementation

THE REAL CHALLENGE!

The Pharma Opportunity for Pakistan

Medicaments – Emerges as
3rd largest potential
for Pakistan, at USD 5.49 Bn by
year 2026 from current level of
almost USD 200 Mn

Pak exports 2002 to 2018 & Learnings



Learnings for GoP

- ▶ Prioritisation and focus
 - ▶ Sector
 - ▶ Product Registration, inspection, compliance
 - ▶ Demand generation
- ▶ Regulatory frame work
- ▶ Availability of good management practices, technology, experience, qualified man power
- ▶ Efficiency, productivity and competitiveness
- ▶ Pvt sector determination and persistence to enhance capacity
- ▶ Pro and reactive facilitation
- ▶ Leadership and encouragement

Size of the Pharma opportunity

MDICAMENTS/ WADDING/GAUZE/ADHESIVE DRESSINGS ETC				
	World Import USD 000s	Pak Exp 2018 USD 000s	Pak Exp Avg 3 yrs USD 000s	Pak Exp Potential 2026
GRAND TOTAL HSCs OF medicaments	682,776,357	197,620	204,051	5,488,520
TOTAL (G+Y+R)	470,093,789	197,505	203,908	5,488,376
TOTAL OF medicaments EXPORTED BY PAK AT 0 to 50K PA AT 6 DIGIT LEVEL	83,694,512	115	144	144
TOTAL OF medicaments NOT EXPORTED BY PAK AT ALL	128,988,056	-	-	-

15 countries that exported (86%) the highest dollar value of drugs and medicines during 2018. (USD Bns)

▶ Germany: US\$62.3	(16.8%)	▶ Netherlands: \$16.8	(4.5%)
▶ Switzerland: \$45.3	(12.2%)	▶ India: \$13.1	(3.5%)
▶ Belgium: \$27.8	(7.5%)	▶ Denmark: \$13	(3.5%)
▶ France: \$25.9	(7%)	▶ Spain: \$9	(2.4%)
▶ United States: \$22	(5.9%)	▶ Canada: \$6.8	(1.8%)
▶ Ireland: \$21.7	(5.8%)	▶ Sweden: \$6.7	(1.8%)
▶ United Kingdom: \$19.7	(5.3%)	▶ Austria: \$5.5	(1.5%)
▶ Italy: \$19.6	(5.3%)		

Top15 countries that imported (74%) the highest dollar value worth of drugs and medicines during 2018. (USD Bns)

▶ U S A: \$72.8 (18.2%)	▶ Italy: \$16.4 (4.1%)
▶ Germany: \$29 (7.3%)	▶ France: \$15.6 (3.9%)
▶ Belgium: \$21 (5.1%)	▶ Spain: \$10.9 (2.7%)
▶ UK: \$20 (5.0%)	▶ Ireland: \$9.5 (2.4%)
▶ Switzerland: \$20 (4.9%)	▶ Russian Fed: \$8 (2.0%)
▶ Netherland: \$19 (4.7%)	▶ Canada: \$7.8 (2.0%)
▶ China: \$18 (4.6%)	▶ Australia: \$5.4 (1.3%)
▶ Japan: \$17 (4.2%)	

49 countries do not require product registration

Opportunity analysis

USD 000s

		World imp	Pak exp avg 3 yrs	Pak Exp Potential
'300490	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic purposes, ...	288,869,547	72,549	3,293,156
'300439	Medicaments containing hormones or steroids used as hormones but not antibiotics, put up in ...	26,378,731	48,612	384,704
'300420	Medicaments containing antibiotics, put up in measured doses "incl. those in the form of transdermal ...	15,333,564	14,673	178,578
'300390	Medicaments consisting of two or more constituents mixed together for therapeutic or prophylactic ...	11,306,558	6,419	136,843
'300590	Wadding, gauze, bandages and the like, e.g. dressings, adhesive plasters, poultices, impregnated ...	4,201,222	2,612	51,594
'300510	Adhesive dressings and other articles having an adhesive layer, impregnated or covered with ...	3,623,411	2,407	46,500
'300450	Medicaments containing provitamins, vitamins, incl. natural concentrates and derivatives thereof ...	4,051,310	2,508	40,980
'300410	Medicaments containing penicillins or derivatives thereof with a penicillanic acid structure, ...	3,645,324	8,789	37,383
'300339	Medicaments containing hormones or steroids used as hormones, not containing antibiotics, not ...	1,050,220	27,206	34,722
'300310	Medicaments containing penicillins or derivatives thereof with a penicillanic acid structure, ...	440,014	17,021	21,724
'300320	Medicaments containing antibiotics, not in measured doses or put up for retail sale (excluding ...	938,764	984	4,976
MDICAMENTS/ WADDING/GAUZE/ADHESIVE DRESSINGS ETC		359,838,665	203,780	4,231,160
'300432	Medicaments containing corticosteroid hormones, their	9,105,719	128	142,955
MDICAMENTS/ WADDING/GAUZE/ADHESIVE DRESSINGS ETC		9,105,719	128	142,955

Pak exports USD 0 to 50K – Opportunities?

		World Import	exp avg 3 yrs	Pak potential
'300190	Dried glands and other organs for organo-therapeutic uses, whether or not powdered; heparin ...	3,136,338	34	4,024
'300210	Antisera and other blood fractions and immunological products, whether or not modified or obtained ...	34,778,117	37	4,012
'300220	Vaccines for human medicine	25,176,726	1	1,648
'300230	Vaccines for veterinary medicine	3,986,150	3	9,241
'300290	Human blood; animal blood prepared for therapeutic, prophylactic or diagnostic uses; toxins, ...	8,417,349	37	2,380
'300610	Sterile surgical catgut, similar sterile suture materials, incl. sterile absorbable surgical ...	4,359,894	3	2,144
'300630	Opacifying preparations for x-ray examinations;	2,998,794	2	5,481

Major countries exporting human blood

Exporters of human blood 2018	USD Bns	% total world Export
Total World import	<p>Among the top exporters, the fastest-growing blood exporters since 2014 were:</p> <ul style="list-style-type: none"> ✓ South Korea (up 387.9%), ✓ China (up 374%), ✓ Ireland (up 267.9%) ✓ United States (up 165.4%). 	
Ireland		
USA		
Germany		
France		
UK		

Products we do not export- OPPORTUNITIES?

Products not exported by Pakistan		World import	Pk Potential
'300212	Antisera and other blood fractions	18,269,373	5,730
'300213	Immunological products, unmixed, not put up in measured doses or in forms or packings for retail ...	5,068,280	6,417
'300215	Immunological products, put up in measured doses or in forms or packings for retail sale	78,247,557	6,944
'300431	Medicaments containing insulin but not antibiotics, put up in measured doses "incl. those in ...	9,572,834	109,450
'300660	Chemical contraceptive preparations based on hormones, prostaglandins, thromboxanes, leukotrienes, ...	3,249,475	5,739

Some of the critical success factors

▶ Private Sector

- ▶ Passion commitment and perseverance for a quantum leap in 5 years
- ▶ Focus to achieve desired market share – not incrementalism
- ▶ Aggressive demand generation via medical reps and distribution channels
- ▶ No compromise on quality
- ▶ Active collaboration with international pharma trade and legislative bodies, medical institutions
- ▶ Acquisitions and mergers, JVs
- ▶ GVC
- ▶ Marginal costing to price exports

Some of the critical success factors

▶ SBP/MinFin

- ▶ Standard and Islamic Finance products
- ▶ Availability of Finance - Inclusion in LTFF plus EFS1 and EFS 2

▶ FBR

- ▶ Ensuring exporters own funds are not held up
- ▶ 100% Tax free status of goods crossing our border

▶ MinCom/MoFA

- ▶ Market access
- ▶ Embassies to support pharma regulatory management
- ▶ Manufacturing space and facilities- Pharma city

Some of the critical success factors

▶ Facilitation

- ▶ MoH, DRAP but ensure strict quality assurance

- ▶ TDAP

- ▶ Provide focussed (Product and geographically) promotional support
- ▶ International assistance with regulatory matters
- ▶ Timely effective facilitation at each stage of export process coordinating with Federal and Provincial agencies
- ▶ Dispute resolution
- ▶ Provide time bound subsidies for medical representation, certification, compliance and HR Development/support

Some of the critical success factors

▶ SMEDA

- ▶ Development of vendors to top 20 Pharma exporters of Pakistan

▶ Bol

- ▶ Assist in specific exporter defined needs for alliances from specified geography

Nationally for exports the Critical Success Factors (CFS)

- ▶ Leadership at PMs level - to overcome challenges of implementation and ensure measured accountability of all
- ▶ National effort - Ownership of all
- ▶ Mindset required of a 'quantum increase' not 'incremental'
- ▶ 'Individualised' approach as opposed to 'generalised'
- ▶ Satisfaction of exporters genuine requirements.
- ▶ Provision of resources required (Finance and lead organisational structure)

Caution before Conclusion

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- ▶ It is never easy!!
- ▶ Two steps forward,
one step back
- ▶ Keep the big
picture in mind
- ▶ Persistence / Focus
/ Stamina



