



**TOWARDS A RETURN OF INDUSTRIAL POLICY?
ARTNeT SYMPOSIUM
25-26 JULY 2011
ESCAP, BANGKOK**

The Case of Pakistan

Experiments with industrial policy

Vaqar Ahmed
Hamid Mahmood
Sahar Hussain

**Planning Commission of Pakistan
Pakistan Institute of Trade & Development**

Contents

- Brief history of industrial policy in Pakistan
- Industry, trade and growth – Pakistan's experience
- Global best practices
- Need for consensus-building in Pakistan
- The way forward

Brief history of industrial policy in Pakistan

A brief history of industrial policy

- Pakistan's policies were either formulated in response to a crisis
- Industrial policy has been specific to how each government viewed different productive sectors (sector-picking)
- Pakistan has experienced 5 waves of significant industrial policy changes (next slide)

	Wave 1 Pre-1955	Wave 2 (1955-70)	Wave 3 (1971-73)	Wave 4 (1989-99)	Wave 5 (1999-08)
Based on	Indian trade embargo after partition	Second (1960-65) and third (1965-70) 5 year plans	Nationalization	Privatization	<ul style="list-style-type: none"> ● Privatization, deregulation ● Macro stabilization
Policy focus	Consumption goods	Industrial licensing policies (e.g. sugar, textiles, cement) and development finance co's.	Public sector corporations	<ul style="list-style-type: none"> ● Deletion ● Deregulation 	<ul style="list-style-type: none"> ● Automobile ● Consumer electronics
Outcome	Protection from external competition	Spinning mills below optimal capacity and the start of distortion in textiles	<ul style="list-style-type: none"> ● deep rooted distortions ● projects were chosen on political grounds 	No competitive practices thus privatization did not improve industrial activity	<ul style="list-style-type: none"> ● Reversal of trade liberalization post 2008 ● Inadequate consumer protection and competition

Conclusions drawn from history

- Past policies suffered 3 major weaknesses:
 - (1) Lead role of the govt. even during times which stressed upon privatization and trade openness
 - (2) They did not focus on raising productivity (in agri or industry)
 - (3) The structure and incentives of the governing institutions were distortive; corruption increased

- Brecher and Abbas (1972): Import substitution did not cause high industrial growth, it was due to poor initial conditions after independence
 - (i) growth in manufacturing due to excess unutilized capacity
 - (ii) agricultural growth due to favourable weather conditions and not productivity growth
 - (iii) Investment expanded, however productivity growth was stagnant

Industry, trade and growth – Pakistan's experience

Industry, Trade and Growth

Asleh-ud-Din (2006) find no strong relationship between public investment and long-run economic growth in

Developing investment rates have been associated with changes of political regimes and balance of trade stability (Naseem 2008)

And Klinger (2008) show that most factors influencing P growth are institutional or policy-based in

Developing seen phases of import substitution, export-led and now back towards protectionism (PC Growth

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_7934

