

NO. 4(3)/2009-P&P-III
GOVERNMENT OF PAKISTAN
MINISTRY OF INDUSTRIES & PRODUCTION

PRESS RELEASE

***Inception report of the new Industrial Policy presented before the Task Force
chaired by Mir Hazar Khan Bijarani on 25th May***

The meeting of the 'Task Force' on Industrial policy was chaired by Mir Hazar Khan Bijarani, Federal Minister for Industries and Production. He said that the formulation of the new industrial policy is at the top of MoI&P's list of priorities. The 'Industrial Policy' has to be a comprehensive document and provide the basis on which the entire structure of the manufacturing sector is to be developed.

2. The government has associated the academia, businesses and the public sector stake holders with the policy formulation exercise. The meeting discussed various aspects of the models adopted by East Asian countries and other emerging economies in terms of technologies of production, sector specific analysis. The spatial development was focused on and showed the development of individual districts and the regulatory framework in the South & South East Asian Countries context that merits attention. It was assured that efforts will be made to consult all the Provinces and get input from a wide section of society to ensure that it is a holistic effort with broad based consultations. The government's prime objective is to come up with an industrial policy aimed at advancing development of the manufacturing sector to drive the economy towards higher growth rates and increase employment opportunities. The Khyber Pakhtoonkhwa chamber offered to hold intensive consultations with the core group of the task force.

3. It was underscored that the revival of the Pakistan economy hinges on the performance of its industry and its forward and backward linkages. In the past years there has been a dramatic retardation of economic activity characterized in particular by a stagnating manufacturing sector. It was stressed that the need is to develop an Industrial Policy which is implementable and has the ingredients to provide the much needed impetus to manufacturing and exports. While focusing on the revival and restructuring of the Industry, these policies would be guided by the overarching objective of achieving efficient, sustainable and equitable development, including specific interventions to connect fast growing areas with lagging regions, promote economies of agglomeration, and foster higher manufacturing specialization to compete in global markets.

4. Attention was drawn o the fact that Pakistan is urbanizing rapidly and today has the highest population growth rate in the South Asian region with hordes of unskilled entrants into the labor force every year.

5. These adverse demographics pose a serious challenge to effective policy making. If the industrial base of the country does not expand to absorb this surplus labor, the bourgeoning unemployment in both urban and rural areas is likely to have serious socio-economic and political ramifications. On the other hand, a growing population has the potential to become a significant economic asset, if adequate policies are in place to facilitate the development of a large, healthy and skilled labor force.

6. Therefore a central motivation and aim of the Industrial policy is to generate widespread employment and raise income levels across the country, with the longer term aspiration of achieving convergence in living standards in rural and urban areas. This would subsequently reduce the incidence of poverty and lessen the widening inter and intra regional income inequality. An industrial policy, which emphasizes domestic as well as international linkages, focuses on the development of small and medium scale industries, and provides an impetus to services, trade, transport and other ancillary sectors, can achieve the objective of inclusive and broad based growth.