

July 18, 2024

Mr. Jam Kamal Khan  
Federal Minister for Commerce  
Islamabad

Dear Minister,

## **EXPORT TARGET**

The Pakistan Business Council (PBC) has been at the forefront, dedicating significant time and resources to promoting exports and reducing import reliance. We firmly believe that exports are the most sustainable way to manage the balance of payments. Unlike debt, which has to be repaid, net export proceeds remain in the country. The availability and cost of debt in Pakistan's current state are other factors that lend an advantage to exports.

It has come to our attention that the government, including the Ministry of Commerce, has set an ambitious export target of \$65 Bn to be achieved in three years. This represents a 113% increase over FY24 and compares with the IMF's much lower \$37.2 Bn forecast. We at the Pakistan Business Council have some significant concerns with the target-setting process, which we believe are crucial to address:

1. To the best of our knowledge, exporters were not included in the group which deliberated on the export target;
2. We note from press reports that the terms of reference excluded both the implications of the Federal Budget 2024-25 and the impact of uncompetitive energy tariffs;
3. We also understand that the group did not comprehensively review export competitiveness with Bangladesh, India, and Vietnam. In particular, concessional funding and export incentives were not factored;
4. Was the quantum of investment required to broaden the export basket and geographic reach considered? Were ways to incentivize and fund this investment discussed?
5. The information available to us lacks granularity between the aspiration to add value to existing export lines, develop new lines and geographical expansion;
6. It is unclear if the \$65 Bn target is gross or net exports, the latter after taking account of imports required to generate exports;
7. We wonder if the export target envisions the indigenization of presently imported materials or incentives for new exporters or exports to new markets;
8. We are not aware if the need for an industrial policy was considered to sharpen the focus on our comparative advantage;
9. Were renegotiations of the China-Pakistan Free Trade Agreement and other ways to secure improved market access considered?

10. Has Pakistan's carbon footprint been factored into the export ambition, given the reliance on fossil fuel and the EU's border carbon tax?
11. Is there a robust plan to meet the EU's conditions for the continuity of the GSP Plus Program?

We would be grateful if you could share the basis on which the export target has been set and outline how the government expects to support this ambition and what it realistically expects the private sector to do to achieve it. In particular, we would like to understand how the policy framework will differ from the past and how and when you intend to take exporters into confidence on the export strategy. We at the Pakistan Business Council are fully committed to supporting the government in furthering this objective and assure you of our cooperation.

Yours faithfully,



Ehsan Malik