Joe Biden is leading President Trump in popularity polls. There is a growing likelihood that there will be a change in the White House on Jan 20, 2021. With that comes a misplaced expectation of radical change in US policy towards Pakistan.

The hope is that the United States will adopt an aggressive stance to outdo the Chinese influence through trade and investment.

Senator Elizabeth Warren, the most vocal candidate on trade during the Democratic primaries, outlined nine principles that aspirants for trade deals with the United States needed to meet. These covered labour and human rights, child labour, religious freedom, curbing bribery and corruption, climate change, transparency in taxation and currency movement (read the Financial Action Task Force. Given the country's own record on some of these principles, the list indicated that for her trade deals per se were not a particularly high priority.

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Mr Biden believes that prior to entering into further trade deals, the United States needs to improve its ability to compete. He has spoken about creating 10 million new jobs in environment-friendly sectors.

The United States is Pakistan's largest export destination. Nearly 80 per cent of its exports are textile products. Yet we rank seventh, with a mere 2.8pc share in the total textile imports of the United States. Thirty-two of the top 50 textile items that the United States imports are made from man-made fibres in which Pakistan has less than 1pc share. Also, most countries ahead of Pakistan in the US textile import league do not enjoy more favourable market access than Islamabad.

Thus, Pakistan needs to address productivity and product range. Of course, a limited preferential trade agreement covering (mainly) textiles and rice from Pakistan in exchange for cotton and soybean from the United States will help close the productivity gap but reduce the incentive to address it. A wider free trade agreement is not in Pakistan's interest owing to its weak agriculture sector.

There are a number of reasons why the United States is unlikely to get into an investment race with China. Unlike China's, the US private sector is independent of the government and will not take direction. Government guarantees can facilitate investment, but it is Pakistan's investment fundamentals that will influence the decision.

Issues such as the ease and cost of doing business and enforcement of intellectual property rights are major determinants in the investment decision, which Pakistan needs to address. A country that is unable to attract local investment (other than in guaranteed-return or protected sectors) cannot realistically hope to attract foreign investment. Not surprisingly, there is hardly any Chinese private-sector investment here.

Secondly, Pakistan's foreign direct investment (FDI) policy has failed to guide foreign investment in sectors other than fast-moving consumer goods (FMCG) that leverage the country's demographic dividend. It has brought limited new technology and led to no meaningful exports. There are several US, UK, Dutch and other FMCG investors operating here already. However, Pakistan needs policies to attract investment in agriculture, horticulture, cold chain, tourism and fisheries. There isn't even a single foreign investor of note in Pakistan's major export sector — textiles. If the customer is (nearly) always right, the

United States is our largest customer of textiles and can surely invest and help improve our range and sophisticate our offerings.

One of the core impediments to competitiveness of Pakistan's industry is productivity which, in turn, is a function of education and training. The energy cost, other than for some export sectors, is also higher than that in the region. Per-acre productivity of all major crops is well below the global best. The cost of moving goods is high. Provinces don't compete for investment. Special economic zones exist on paper only. The tax base is narrow. Industry carries a disproportionate fiscal burden. Pakistan has been de-industrialising. The National Accountability Bureau (NAB), established to check public-sector corruption, keeps 'nabbing' private-sector investors. This is hardly an investment-friendly environment.

Whilst the United States and others can guide in improving the investment climate, we — the government, parliament and the private sector — need to address key issues. Let's stop dreaming. Santa Claus isn't coming anytime soon. Let's fix our house.

The writer is the CEO of Pakistan Business Council