

National Economic Agenda



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December 24, 2011

Objectives - NEA



- Sustained annual GDP growth rate in excess of 6% accelerating to 8% as reforms take hold and a virtuous cycle of increased savings and investments is put into place.
- Reduction of inflation to a single digit level.
- Reduction in unemployment / underemployment rates.
- Substantive reduction in poverty through a combination of reduced inflation , higher job creation, significantly increased targeted social protection programs and skill development of the people
- Elimination of load shedding and gas shortages
- Elimination of crowding out of private sector from the credit markets and enhancing the ability of the private sector to increase investment
- A 50% increase in the next five years in the percentage of children in this Country who enroll in, and stay in schools.
- Significant new economic opportunities because of greater integration of Pakistan's economy in the larger regional economy
- An improvement in the underlying conditions so that they lead to a reduction in both internal and external security threats to the nation

National Economic Agenda Summary



In order to achieve the objectives - PBC focus on the following main areas:

- Energy for Growth
- Better Macroeconomic Management of the Economy
- Protecting the Poor
- Educating for the Future
- Regional Trade as a Growth Driver

Energy for Growth



- Take urgent decisions to fast track the import of LNG
- Carry out an urgently needed revamp program for the existing assets in the power generation and distribution system.
- Rationalize price distortions between different fuel sources and different consumption segments
- Revisit the gas prices being offered to E&P companies to encourage accelerated exploration and development of indigenous gas resources.
- Carry out focused development work on other indigenous fuel sources particularly hydel and Thar coal.
- Put in place a structured program to deregulate the energy sector in the next 3-5 years.
- Have an integrated energy ministry which, with the help of the best professionals available in the field, should oversee the implementation of an integrated energy plan

Better Macroeconomic Management of the Economy



- Reduction in the fiscal deficit to 3 – 4% of the GDP in the next three years through:
 - Increase in the Tax-to-GDP ratio to 15 % in the next 5 years through better collection of existing taxes and a reform of the tax system by adopting the principle of taxation regardless of source of income
 - Bringing all sectors into a uniform documented tax net
 - Setting a target of 10% Reduction in public sector waste both at the federal as well as the provincial level through implementation of the recommendations of the National Commission on Government Reforms.
- As a first step eliminate Public Sector Enterprise (PSEs) losses by transferring the PSEs to a professionally managed Holding Company along the lines of the “Khazanah” in Malaysia with ultimate objective of privatizing the PSEs.
- Eliminating non targeted subsidies and phasing out the role of government in commodity operations
- Once the fiscal situation stabilizes, gradually bringing down corporate tax rates to make them competitive with other emerging economies

Protecting the Poor



- Ensure government spending on social protection is increased from under 1% of GDP to close to 3% of GDP which is close to the regional average.
- Subsidies intended for the poor should be targeted and monitored to ensure that the poor are the actual beneficiaries. All non targeted subsidies must be eliminated
- Fully leverage the capacity created in the public-private partnerships as delivery vehicles for targeted programs for the poor.
- New social protection programs in the areas of nutrition , employment and health insurance need to be designed and implemented
- Rationalize and consolidate the existing social protection instruments to eliminate duplication and overlap.

Educating for the Future



- The starting point is political will. Demonstrate at federal and provincial level that education is priority one
- Implementing legislation already in place to ensure that the government increases the education budget by at least 0.5% of GDP per annum so that it reaches 5% of the GDP
- Liaise with the provinces so that after the 18th Amendment provinces have a common curriculum
- Retain HEC and modify its role in consonance with the provisions of the 18th amendment
- Substantially increase scope of technical and vocational education
- Incentivize private / not-for-profit sector participation
- Mainstream madrassah education
- Revamp Exam boards and Text book boards

Regional Trade as a Growth Driver



- Revisit the national security paradigm especially with respect to regional trade.
- Develop a strategy for trade policy to use it to strengthen linkages with our neighbors and beyond, the strategy to also include a policy to promote transit trade.
- Invest in supporting infrastructure.
- Grant India MFN status
- Use the SAFTA framework to address non tariff barriers on both sides
- Creating an environment which fosters cross border investments

Reprioritizing expenditure

PHASED OVER THREE YEARS

