

Policy Brief on

Industrial Development; Job Creation, Special Economic Zones and Urban Development

33rd AGM PIDE December 14th 2017

CPEC Centre of Excellence in collaboration with PSDE organized a panel discussion on “Industrial Development; Job Creation, Special Economic Zones and Urban Development” at 33rd session of AGM. The distinguished panelists included:

- **Naeem Y. Zamindar** (Chairman, Board of Investment (BOI))
- **Dr. Tariq Banuri** (Executive Director, Global Change Impact Studies Centre (GCISC))
- **Dr. Aliya H. Khan** (Professor/Formal Dean Social Sciences QAU, Islamabad)
- **Mr. Ijaz Gillani** (Chairman, Gallup Pakistan)
- **Ms. Anjum Asad Ameen** (Additional Secretary, M/O Commerce)
- **Mr. Azhar Zia Ur Rehman** (Governance, Assurance, Cyber Security BIM & IT Executive)
- **Dr. Shahid Rashid** (Executive Director, CE-CPEC, PIDE)

Following are key points of the session

- GDP in industrial sector has declined in past recent years.
- Growth of industrial sector is fluctuating between 4% to 7% over the past few years.
- Key bottle-necks to industrial development include security, energy and finance. There is no appropriate framework of risk management in Pakistan.
- Corporate governance doesn't exist in Pakistan.
- Pakistan's banking industry is aging.
- Special Economic Zone can be used as vehicle to support industrial development.
- Sustainable urban ecosystem much needed to ensure success of SEZs and industrial development
- Develop Agro Value adding Special Economic Zones to modernize agriculture.
- Product diversification could be focused for expansion of industrial base.
- Cyber Economy could be developed and promoted based on foundation of the Information Communication Technology infrastructure already in use.
- Focus on the untapped “blue economy” is required by developing the marine and sea food industries at commercial level and develop coastal tourism. Also Green and Environmentally Friendly industries could be promoted for sustainability.
- Promote spillovers from one industry/firm to another rather particular industry that's where development corridors and special economic zones (SEZs) come in.
- SEZs are one component of overall growth strategy they cannot be a sole mover of and shaker of growth strategy.

- SEZ are notoriously famous for labor mismanagement practices so it needs to be addressed.
- Need to utilize and absorb our labor force as much as possible in SEZs.
- Ensure women employment in SEZs.
- The trade and investment imperative of Pakistan should be closely linked to SEZs development.
- Leverage theory and empirical evidence to get the most from job creation under these SEZs.

Policy Recommendations

- Development of SEZs as smart cities rather than isolated from urban areas/markets.
- SEZs should enhance the capacity of workers and make them more productive rather than mere employment generation.
- For capacity building of workers, vocational training institutes in collaboration with China should be established within the premises of particular industries/SEZs.
- Most of SEZs have potential (according to proposed industrial mix) to create jobs for women which will create gender balance.
- SEZs production should be in line with products in which Pakistan has comparative advantage.
- Proper corporate governance (standard of information security) and quality standards to be established within SEZs with the help of governance and IT experts.
- To smoothen day-to-day operations of SEZs, some proper regulatory framework should be constituted.
- Product diversification and innovations should be encouraged through R & D (research and development) activities and mechanism in SEZs to achieve competitiveness and value addition.
- Special efforts should be made for joint venturing and public-private partnerships especially for technology transfer as well as for carrying out R & D activities.