



Pakistan's Trade with India: The Case of Health Services, Pharmaceutical and Surgical Products

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Medical tourism is now commonly pursued by patients seeking high quality treatment abroad at relatively economical expense (Connell 2011)¹. The quantum and value of medical tourism has grown recently because of high cost of health in developed countries, long waiting lists (even in advanced economies), ease of transfer of fee and low travel costs (Ibid: 2005).

In most countries, medical tourism has generated revenues from foreign patients, thus contributing to the growth of medical industry as a whole (Mohammad 2012)². For instance in 2005, an estimated 500,000 people travelled abroad from the United States for medical treatment (Herrick 2007)³. In South Asia, India and Pakistan are the most popular destinations for foreign patients. As medical tourism industry is yet to be fully established worldwide due to limited collaboration and health facilitation regulations between countries, patients usually obtain information on medical services through intermediaries and specialized agents in home countries. Health trade between India and Pakistan is no exception to the above mentioned limitations. Health trade between India and Pakistan is yet to be fully understood because of data gaps and reliability of primary sources. Under different modes of trade⁴, there are potential benefits of trading in health sector such as access to medical specialism, low cost treatment and medical research. Since potential benefits of health trade across borders are well documented, there are also constraints in improving and regulating bilateral health trade between India and Pakistan. Currently, limited knowledge exists concerning the flow of patients from

Pakistan to India for medical treatment.

Anecdotal evidence, unpublished case studies and informal acquaintances of people and patients travelling from Pakistan to India, suggest several bottlenecks in trading health services. For instance, under mode (2), patients in Pakistan can acquire high-quality specialized health services from India in areas such as endocrinology and liver transplant. Moreover, medical research and the "movement of health personnel" have hardly received attention. Besides procedural and policy constraints in health trade, secondary evidence also suggest several challenges in the demand for



Ms. Rabia Manzoor interviewing Dr. Hadia at LUMS, Lahore

Source: http://sdpi.org/research_programme/researchproject-375-26-60.html

trade between these two neighbouring countries in areas such as pharmaceuticals and medical equipment. An analysis of pharmaceutical sector shows that limited trade is taking place between India and Pakistan (Ahmed and Batool 2014)⁵. Several factors are at play such as protection of industry; non-tariff barriers; weak intellectual property rights; and, lack of interest on both sides (Majid and Mukhtar 2013)⁶. This, however, does not imply that the demand for medicine does not exist across borders. There is evidence of high informal trade in pharmaceuticals and herbal medicine (Ahmed and Batool 2014)⁷. Scant literature on the surgical industry of Pakistan suggests that trade in surgical instruments to India is low. Moreover, despite land route, existing trade of surgical goods from Pakistan to India is taking place through Germany and Dubai (Majid and Mukhtar 2013)⁸. The only pronounced producer and exporter of surgical instruments in Pakistan is the Hilbro International Surgical Group. This particular group has recently expanded its business to four

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Indian companies because of meeting quality and standards of EU and Japanese industries (Ibid 2013). The growing demand for Indian health tourism clearly indicates prospective gains and opportunities from the Indian surgical industry.

Documented and anecdotal evidence strongly suggest that patients from Pakistan are travelling to India for better health facilities. The demand for medical treatment across the border is not without problems which are associated with visa regime and informational gaps. Patients in Pakistan primarily rely on informal and unreliable sources for seeking medical services in India. This adds to frustration, delays and financial obligations of uncertain nature. It turns out that the time factor in visa processing and the absence of a central bank involvement in remittance, etc., seem to be the biggest constraints. Special type of visa regime may be introduced for the movement of patients. On the other hand, effective knowledge information centres have to be established particularly in Islamabad, Lahore and Karachi. In doing so, medical patients may be given priority besides the availability of different options of meeting treatment costs. People interviewed also felt that political

relations between India and Pakistan are further aggravated due to trust deficit and fear of harassment. The prevailing inhospitable and security situation are also discouraging factors in the movement of doctors and patients. In our study, we also found certain people advocating for promoting and streamlining health trade through telemedicine and research. Pakistan can hugely benefit from telemedicine in assisting rural population to get access to faster and perhaps cheaper medical diagnoses. However, it must be borne in mind that all these measures would require inter-country agreements because of weaker consumer protection. The study also opines that video conferencing and joint research can immensely contribute to acquiring access to latest medical techniques. These measures can lessen the burden of financial resources on formal health sector as well as contribute to upgrading medical care and services. The movement of health professionals, paramedics and doctors should be encouraged in the short run in order to benefit from latest research and medical skills. Currently, it is felt that there is no exchange or transfer of skills initiatives between India and Pakistan. In this regard, exchange of students or research can immensely contribute to constructive knowledge and promoting people to people contact. This study also advocates policy coherence in promoting trade in health sector. A national health policy must evaluate the risks and benefits of trade in health services.

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² Mohammad, S. 2012, *Pakistan-Afghanistan Relationship: A Journey of Friendship*, Ministry of Foreign Affairs, Government of Pakistan, accessed 15 January 2016, <<http://mofa.gov.pk/content.php?pageID=Afghanistan>>

³ Herrick, D. M. 2007, 'Medical Tourism: Global Competition in Health Care' by National Center for Policy Analysis, Report No. 304, ISBN#1-56808-178-2, accessed 25 December 2015, <<http://www.ncpa.org/pdfs/st304.pdf>>

⁴ Under article 1 of General Agreement on Trade in Services (GATS), there are four types of health services: cross-border delivery of trade (mode 1); consumption of health services abroad (mode 2); commercial presence (mode 3) and movement of health personnel (mode 4).

⁵ Ahmed, V. and Batool, S. 2014, 'India-Pakistan Trade: A case Study of the Pharmaceutical Sector', Working paper 291, Indian Council for Research on International Economic Relations (ICRIER), accessed 1 January 2016, <<http://www.slideshare.net/vahmed/indiapakistan-trade-a-case-study-of-the-pharmaceutical-sector>>

⁶ Majid, H. and Mukhtar, N. 2013, 'Pakistan-India Trade: An Analysis of the Health Sector', Social Science Research Network, accessed on 27 December 2015, <<http://ssrn.com/abstract=2397015>>

⁷ Batool, S. and V. Ahmed 2014, 'Trading with India: Lessons Pakistan must learn from Bangladesh and Sri Lanka', *Criterion Quarterly*, vol. 9, no. 4, accessed on 12 January 2016, <<http://www.criterion-quarterly.com/trading-with-india-lessons-pakistan-must-learn-from-bangladesh-and-sri-lanka/>>

⁸ Majid, H. and Mukhtar, N. 2013, 'Pakistan-India Trade: An Analysis of the Health Sector', Social Science Research Network, accessed 27 December 2015, <<http://ssrn.com/abstract=2397015>>

Youth Bulge in South Asia

Anam Khan*

The key driver towards achievement of the sustainable development goals is human resource development. Effective utilization and investment in human resource development will create production employment which in turn will lead to sustainable growth and development. Productive employment is that which provides sufficient wages (and other benefits) and respects fundamental human rights and labour rights. Many experts put it as the nexus of economic development, poverty reduction and social protection as job creation will lead to inclusive and poverty reducing growth (Engel 2012). Today the global market as a whole is lacking decent work opportunities, investments and consumption which means that employment is not resulting in reducing poverty. Nearly 2.2 billion lives even today live on US\$2 a day.

Youth unemployment is an even bigger challenge. In 2012, 202 million people in the world were unemployed out of which 75 million were young entrants (ibid). The South Asian labour markets share a number of commonalities, out of which one is the hefty young labour force. This evident increase of youth in labour force is further pressing on the already stressed demand for new (productive) jobs.

South Asia is one the most populated regions in the world, home to 1.65 billion people. Population is estimated to increase by 25% till 2030 and by 40% in 2050. Labour force will consequently grow by 35% in 2030 due to the young entrants and by 50% in 2050. It is further predicted that the countries in South Asia will add approximately 1.2 million new entrants into the workforce every month.

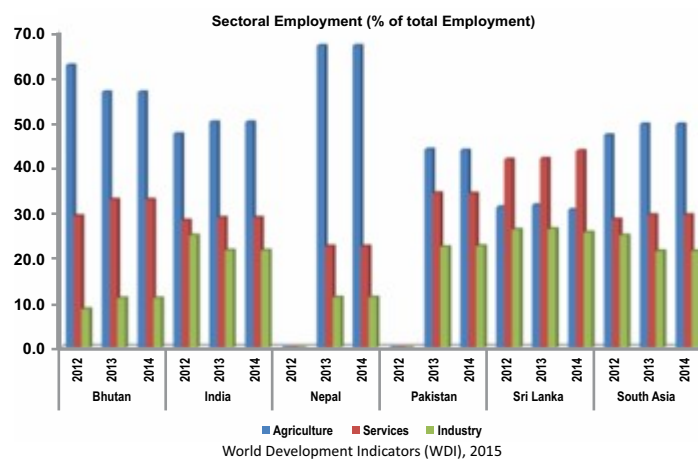
This challenge can also be an opportunity in the offing for South Asia. By tapping on the potential of the young labour force, the region can work to improve its productivity and growth towards elimination of poverty. The “youth bulge” of South Asia can in fact be looked at as an edge over other developing regions. Hence, skill development should be at the top of every South Asian policy maker's priority list. Governments should realise the importance of human resource development and focus policies on education and training. Skill development can be the driver for socio-economic development in the region. It can be acknowledged that participation rate of primary and secondary education plus labour force skill development

across the region has improved.

With the exception of Afghanistan and Bhutan, employment has risen from 473 million in 2000 to 568 million in 2010 with 800,000 new jobs created (Likhi 2013). Despite some successes, youth unemployment and underemployment are still critical issues in South Asia. When analysing employment trends for the region as a whole it can be noticed that unemployment has increased across different sectors; mainly in agriculture followed by services sector keeping manufacturing sector fairly constant. Value addition in agriculture and manufacturing has remained stable while decreasing employment in the sectors.

There are still gaps evident between international education and work patterns in South Asia. Recognizing these leaks and working to mend these will aid in ensuring preparation

of youth for long term focused occupational roles linked to industrial placements, upgradation of workforce already available for increasing productivity, re-skilling individual for career development helping to reduce under employment and support to domestic business enabling economies for keeping pace with changing global business environment.



Fragmentation of the skill agenda and mismatching of skill development with national policies is seen in most countries of South Asia as governments have not taken skill development as a crosscutting theme. Providing development opportunities and training for these young people is one end of the problem; the other end is creating appropriate productive jobs for these well-trained young entrants. Job creation which includes generation of decent work opportunities should be the central focus of every policy-making development plan which will lead to economic growth for the society, its people and ensure sustainable development.

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² <http://www.un.org/sustainabledevelopment/economic-growth/>

Social Enterprise in Pakistan: Challenges and Way Forward

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Pakistan is currently facing a demographic youth bulge with a majority population under the age of 30 years. The rising underemployment and unemployment levels in the country portray a dreary picture of socio-economic engagement of the youth. It is imperative that the opportunity of capitalizing on the potential of a large young population is not lost and that spaces are created for young people to develop their talents and ideas into something impactful. Social enterprise and related concepts of social entrepreneurship and social innovation present an ideal opportunity for young people in Pakistan to transform innovative ideas into businesses and at the same time, contribute positively to the society by addressing some of the critical development challenges being faced by the country.

The concept of social enterprises is gaining popularity around the world, and indeed South Asia has been a pioneer in developing the social enterprise movement. In many parts of the world including the UK, the social enterprise sector is an integral part of economy. Developing a robust and vibrant social enterprise sector can contribute to addressing some of the most pressing development challenges whilst contributing to inclusive economic growth.

The role of government in developing an effective and enabling environment for social enterprises to thrive is critical in accelerating the development of the sector. Creating an enabling environment for the development of a social enterprise sector requires policy and regulatory support.

The lack of direct financing and project financing, sector-specific capacity building programmes and weak government support for social innovations is hindering the developing of social enterprises (SEs) in Pakistan. The political, legal, social and business environment in the country has been uncertain. This year Pakistan slipped downwards by 10 ranks (138 out of 189 countries) in the World Bank's cost of doing business ranking.

The youth and gender aspects of SEs also require attention of public policy. According to the Global Entrepreneurship Monitor Report 2012, only 1% of Pakistani women are participating in entrepreneurial activities and almost half do

not have any formal education. Access to capital for women is a key issue due to lack of financial literacy. Banks are also reluctant to give loans to women who do not have any male guardians.

Pakistani youth are passionate and have tremendous capacity to contribute to the progress and development of Pakistan. There is however insufficient career counselling regarding the future possibilities. Many of those who can, choose to migrate to other countries for better opportunities. While there has been an increase in low-cost education and skill providers, these initiatives have yet to take roots in many parts of the country. The skill development facilities tend to be deficient, gender discrimination is high and market-oriented skills development for the girls is almost non-existent. There is stark disparity between access to skills and capital for rural and urban populations. The latter having greater access to capital and mentoring often have a higher likelihood to generate and implement innovative ideas.

Perhaps the most significant challenge to the promotion of SEs is a fragmented set of public sector rules that govern the entry and survival of SEs in the market. There is no federal or provincial level policy for SEs. They usually end up competing with profit making entities for their working capital loans (from the banking or non-banking institutions). SEs unable to pay competitive salaries to their human resource also face a high attrition rate. In order to support trained human resource in this sector, SEs do not receive any seed or augmenting capital from the public or private resources.

According to The Next Generation Report 2009 by the British Council Pakistan, Pakistan will need 36 million more jobs in the next 10 years. The population will increase by 44% over the next 20 years. The current and future governments will need to come up with innovative strategies strongly grounded in evidence based research in order to offer out-of-box solutions to improve investment climate. A failure to do so will imply increase in cost of doing business for social entrepreneurs.

The federal and provincial governments will need to work together for creating avenues and platforms for the

promotion and encouragement of social entrepreneurship in the country.

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Inter Provincial Conflicts over Diamer Bhasha Dam

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On 17 January 2006, the then President of Pakistan (Pakistan People's Party) announced construction of Diamer Bhasha Dam under the following 10-12 years of the construction of five multi-purpose storages. The location of dam is Bhasha near Diamer district of Gilgit Baltistan. Its foundation was laid in the year 2011 with the aim to be completed in 2016. However, no progress has been observed so far because of various reasons and the most important is the conflict over disputed territory between Khyber Pakhtunkhwa (KPK) and Gilgit Baltistan (GB).

The project is located on Indus River, about 315 km upstream of Tarbela Dam, 165 km downstream of Gilgit and 40 km downstream of Chilas.¹

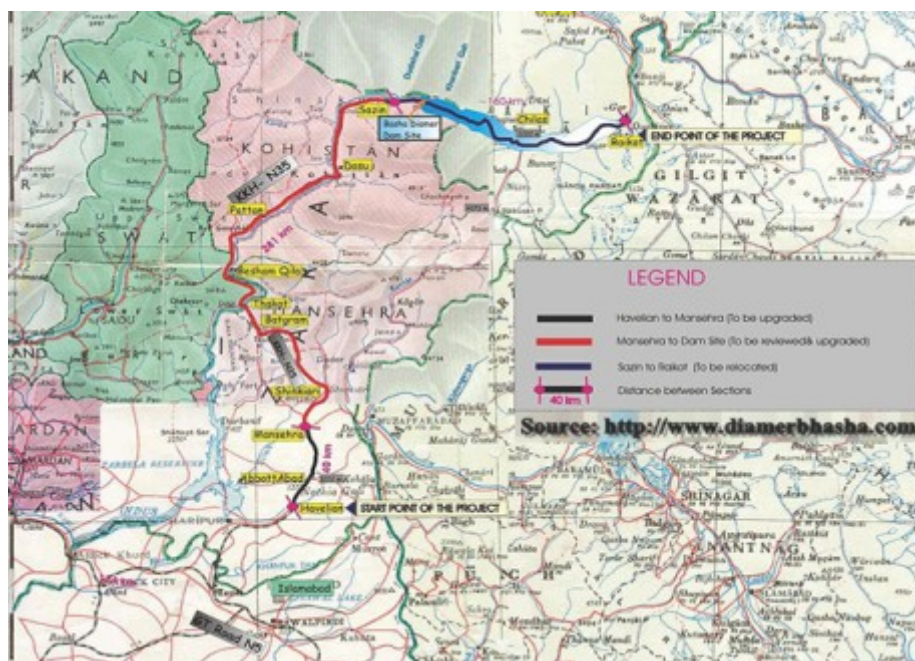
KPK claims an area of 8 kilometres in Kohistan will be affected due to construction of Bhasha Dam. KPK government demanded for the compensation for the potential affectees but the GB legislative assembly rejected claims of KPK government over the territory.² Chief Minister Mehdi Shah and the Chief Secretary of Gilgit Baltistan divided one billion rupees among 214 potential affectees of Diamer area in the same year given by the Federal Government.³ However, the KPK legislative assembly passed a resolution in the same year for the claim over this disputed territory (ibid²). The Federal Government has failed to resolve this dispute so far and deployed forces

on this territory to avoid any clash on the request of Ministry of Kashmir Affairs and Gilgit-Baltistan. But this could not resolve the issue and as a result residents of Kohistan protested for their compensation and blocked the main Karakorum Highway for several days. Disputed piece of land has no proper revenue record and needs government attention for proper implementation of the project.⁴

To resolve this issue, the Minister for Planning Development and Reforms, Prof. Ahsan Iqbal; Minister for Inter-Provincial Coordination, Mr. Riaz Pirzada; Information

Minister, Mr. Pervez Rashid, the then Federal Secretary and chief secretaries of Gilgit Baltistan and Khyber Pakhtunkhwa suggested forming of neutral commission so that the construction of Bhasha Dam would not be affected. Decision by the Federal Government is still pending. This issue is also very important to resolve because hydel power benefit as after completion of dam, it will also raise conflicts between the two provinces.⁵

Diamer Bhasha Dam was supposed to be completed by the year 2016 and compensation to the potential affectees was given in year 2011 on the fixed rates of year 2009. Since the price of land and non-land assets has inflated in these years, the potential affectees are demanding compensation at the current market rates (ibid⁵).



Source: <http://www.diamerbhasha.com/>



Source: nation.com.pk

Source: nation.com.pk

Some 37,419 acres of land is required under this project and to dislocate such a huge population of 22,000 of 30 villages is a great challenge for the government.^{6,7}

To complete this project, the Federal Government needs to pay serious attention to this issue before going ahead. Since the Government has made this project as part of the second phase of China Pakistan Economic Corridor (CPEC), so compensation of people of Kohistan can be included in the same.

If issues of resettlement and territory are not resolved, then Pakistan will be witnessing more floods and droughts in the coming years. Hence there is a dire need for the storage reservoirs for agriculture as well as to meet the energy demands of the country.

In addition to this, the Federal Government also needs to take the Sindh nationalists into confidence as they already have lesser share of the Indus water and they are afraid that construction of such a huge dam will turn all areas of Sindh into a desert.

Earlier in 2010, they gave sit ins as a protest. If the Council of Common Interest (CCI) does not play its effective role, then consequences like Kalabagh Dam are expected for the Diامر Bhasha Dam project as well.

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Source: blogs.arynews.tv

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CPEC: A New Economic Horizon
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The China-Pakistan Economic Corridor (CPEC) is a bilateral initiative consisting of a comprehensive development programme which will connect Gwadar Port to China's North Western region of Xinjiang. It is a 2,700 km long highway, railway links for freight trains, oil and gas pipelines and an optical fibre link with an astronomical investment of \$46 billion (Shaukat 2016).

CPEC is a flagship project which will bring economic development to Pakistan.

It is a framework and platform for comprehensive and authentic economic cooperation between China and Pakistan. Furthermore, it will promote economic and social development in Pakistan. There are four main Joint Cooperation Committees under the CPEC:

1. Long term planning
2. Gwadar port
3. Energy
4. Transport infrastructure

Pakistan has faced lower investments in the past which is also a greater challenge for Pakistani economy (UNCTAD 2015). CPEC will enhance Pakistan's local and foreign direct investment. Pakistan has to first become an enhanced industrial economy in a sense that not only does it have to have greater production but also be a production hub. For this to happen, Foreign Direct Investment (FDI) has to be attracted that focuses on enhancing local production capacities with an additional focus on human resource such as attracting high skilled workers and general upgrades of existing human labour force.

What exactly is an economic corridor? What differentiates it from a north-south road building project? It is clearly more than just roads and bigger cities.

According to the ADB, an Economic Corridor has the following characteristics:

- “Covers smaller, defined geographic space, usually, straddling a central transport artery such as a road, rail line, or canal.
- Emphasizes bilateral rather than multilateral initiatives, focusing on strategic nodes particularly at border crossings

between two countries.

- Highlights physical planning of the corridor and its surrounding area, to concentrate infrastructure development and achieve the most positive benefits” (Banomyong 2010)

The government has to make a choice between the cost and preferences among the routes they will use for the economic corridor. The economic factors in this are of prime importance. For example, it is easily surmised that the western route, though preferable for the less developed provinces, may not be infeasible. This lack of feasibility stems from a lack of cities' pre-existing routes and general lack of infrastructure in the area. Lack of development means that the pre-requisite development has to take place first before any route may be built.



Source: <http://defence.pk/threads/cpec-another-kala-bagh-dam.416932/page-9>

China's route to the west from the east and the routes from north to south have been enhanced based on ancient routes that have existed for many centuries. This was of great help as the existing cities in the area offered a rudimentary level of infrastructure to even the most basic trading company. With government funding (i.e. these were public infrastructure projects), these cities were used as land

transit points, and therefore development took place in such a manner that former villages became cities and even metropolises. Today development continues to take place and transform the economic landscape of China.

An example is the city of Guzhen in the Guangdong province of China that in recent years has become home to thousands of SMEs and factories. It has become the fourth largest lighting equipment fittings production centre in the world and the number one in China. It has had unprecedented growth in the recent past, the highest being around the new millennia, with a 50% annual increase per year from 1999 to 2001. Its exports went from \$40 million to \$250 million in the same period (Internet World Stats 2015).

This is due to economic development in China particularly as Guzhen is situated near land and air routes. This wave of urbanization and technical infrastructure created local

demand and increased productivity of the workers.

The urbanization and technological infrastructure improvements that helped Guzhen were engineered to fit the needs and requirements of the city. A crucial aspect of this is the need for labour, which was abundantly available from the rural areas. The productivity increase due to urbanization melded well with the technological infrastructure improvements which matched the pace of overall economic development.

This must be repeated in Pakistan. While it is not that Pakistan's labour force is less productive than the Chinese labour force, there are several disadvantages that will need to be overcome:

1. The lack of scale in production using labourers
2. The lack of technological infrastructure development or the slow speed thereof
3. Slow urbanization or too rapid urbanization resulting in negative externalities

The above factors are crucial that need to be solved with the solutions potentially helping to change the results of economic development in the corridor.

With the above example in mind, we can assess more surgically the development potential of the three routes under consideration. For instance, a basic conclusion for the western route is that it is expensive as the lack of pre-existing development means extra funding for extremely small villages, and expensive mountain roads, lack of close by supply depots due to mountainous areas, etc. Eastern route is much more developed as compared to other routes but this conclusion would mean the loss of arable lands, displacement of local populations, etc.

The verdict in the central route remains a bit more ambiguous. There is a medium level of development but some things may have to be undone in order to go ahead with the required CPEC roads, cities and general infrastructure projects. The case of CPEC is not about how or which routes would be built or utilized respectively. It is about being able to make the most of limited funding to achieve the best economic results within a short period of time.

It is imperative that we also view this project as a purely economic venture, and its politicization will spell disaster for this project. This brings us to the most important step after the economic preparations are done: the somewhat capricious world of political economy. From the above analysis, it is apparent that each route has advantages and disadvantages. However, politicization of a project tends to highlight certain aspects while disregarding others, creating a distorted view of the economic feasibility of said project. We have learnt our lesson from the Kalabagh Dam debacle.

While economic opportunities and development will largely benefit Pakistan, CPEC's importance to China's geopolitical and economic goals is reflected with the CPEC's inclusion in China's 13th five-year development plan. This reinforces the fact that this is a joint economic initiative, and will help develop China's regions as much as it will help Pakistan.

In conclusion, the CPEC is an astronomical project which will require stellar foresight, intense preparation, and a well-oiled bureaucracy capable of fully coordinating the above mentioned aspects of CPEC. CPEC is an economic project, no doubt, but politically it may either be a boon or a bane. However, that is a matter for further research.

As for further research, the sheer scale of the CPEC allows us to build upon each aspect separately. Research must be conducted on the aspects of technological and urban infrastructure, energy requirements, etc. It is imperative that research covers all facets of this project as a lack of research will mean potentially poor policy choices. The research must strive to provide the economic grit and foundation for the best results in analysis and policy making.

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Book Review: Good to Great

Brig. (Retd.) Mohammad Yasin*

“We were surprised, shocked really, to discover the type of leadership required for turning a good company into a great one. Compared to high-profile leaders with big personalities who make headlines and become celebrities, the good to great leaders seem to have come from the mars. Self-effacing, quiet, reserved, even shy – these leaders are a paradoxical blend of personal humility and professional will”.

Jim Collins, with a research team of 25, extensively researched hundreds of companies over a five-year period to find out what it takes to become a great from a good company. Why some companies make the leap and others don't.

The study propounds six important concepts which I will briefly discuss and comment on.

1. Level 5 Leadership

“Level 5 leaders build enduring greatness through paradoxical blend of deep personal humility and intense professional will. They look out of the window to attribute success to factors other than themselves. When things go poorly, however, they look in the mirror and blame themselves, taking full responsibility.”

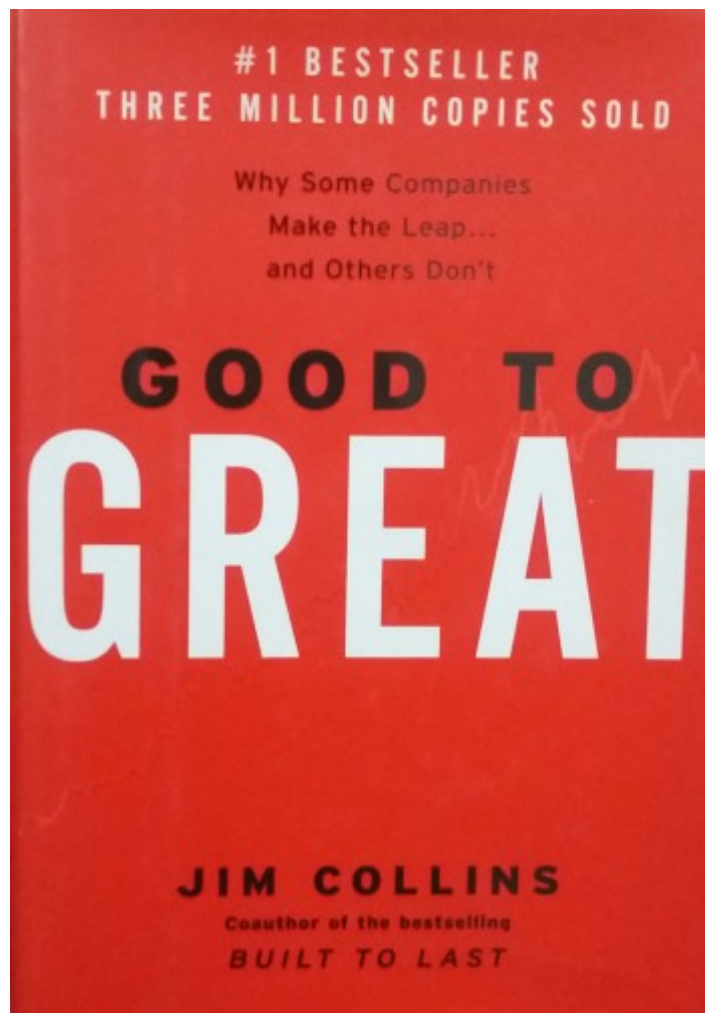
How to become a level 5 leader? Are level 5 leaders born or can they be made through training and grooming? I would suggest that there has to be a spark of leadership in an individual and if so, his / her leadership qualities and traits can be given a finishing touch through training, grooming, and mentoring. It will depend on parents, teachers, and mentors how they inculcate leadership traits in their protégé. It would depend where and with whom such potential leaders work.

2. First Who ----- Then What

In the course of their study, the author and his team thought that good to great leaders would begin by setting an inspiring vision and a sound strategy. But, what they found instead that such leaders got the right people on the bus, the wrong people off the bus, and the right people in the right seats and then they figured out where to drive it. Later, they concluded that the saying, “people are your most important asset” was wrong. People are not the most important asset. The right people are.

How can you induct the right people when there is a dearth of such people and how can you get the wrong people off the bus, especially when labour laws and powerful labour unions protect employees.

The author and his team conducted extensive research to find out whether incentives, higher salaries and bonuses motivated people to change their behaviours and they performed well. They expected a correlation between



incentives and behaviours. “We were dead wrong,” they said. “The compensation and incentives are important but for very different reasons in good-to-great companies. The purpose of a compensation system should not be to get the right behaviours from the wrong people, but to get the right people in the bus in the first place, and to keep them there.”

It's tough to work in good to great companies, but the system is not ruthless, it's rigorous. Such a system has three practical disciplines:

- (1) When in doubt, don't hire, keep looking.
- (2) When you know you need to make people change, act.
- (3) Put your best people on your biggest opportunities, not your biggest problems.

The right people have the right behaviour. They do not need to be motivated or given monetary incentives. In fact, the right people do not value monetary incentives. They aim at turning a good organization into a great entity no matter what it takes to do so.

3. Confront the Brutal Facts (Yet Never Lose Faith)

Good to great companies made a series of good decisions and their cumulative effect facilitated their success. These were no chance decisions, but well thought out and calculated. Successful leaders looked into the future with creative imagination, yet they squarely faced reality. In the face of serious threats and major difficulties, they never lost faith to prevail in the end.

The secret of success of great leaders was not that they had inspiring vision; vision is important, but they created a climate where the truth was heard and the brutal facts were confronted. Good to great leaders:

Lead with questions not answers, because finding answers is important, but coming up with the right questions is more important.

Engage in dialogue and debate to face reality.

Conducted autopsies, without blame. "When you conduct autopsies without blame, you go a long way towards creating a climate where the employees come up with brutal facts, where the truth is heard.

Build "red flag" mechanism

Great leaders created the environment where employees proactively identified weaknesses and dangers. They shaped up the information in a way that could not be ignored.

Lesson Learnt. "Retain faith that you will prevail in the end, regardless of difficulties. And at the same time confront the most brutal facts and your current reality, whatever they may be".

4. The Hedgehog Concept (Simplicity within the three Circles)

"To become good-to-great requires transcending the curse of competence. It requires the discipline to say, just because we are good at it – just because we're making money and generating growth doesn't necessarily mean we become the best at it. The good-to-great companies understood that doing what you are good at will only make you good, focusing solely on what you can potentially do better than any other organization is the only path to greatness".

The "hedgehog concept" has been defined as a parable of a hedgehog and a fox, where the fox knows many things, but the hedgehog knows one big thing in which he is best at.

The three interlocking circles is an idea that they depict: one, what you can be the best in the world at; two, what you are deeply passionate about; and three, what drives your economic engine or what you can make money at. The good to great companies work at the intersections of these three circles.

A company's core competency is not a guarantee that it is the best in the world. The leadership has to stand in the balcony

and scan the world to understand as to what it must do to leap from good to great. Passion does not come from senior management's motivational lectures or monetary incentives. If you have the right people who are committed to the company's mission, they would be self-motivated. Cash flow is important, but if a company is in the line of business in which it is the best at and the employees are passionate regarding the achievement of its mission, the economic engine will continue to be driven.

5. A Culture of Discipline

Dr Stephen Covey defines discipline as "the executing, the making it happen, the sacrifice it entails in doing whatever it takes to realize the vision. Discipline is will power embodied. It defines reality.

It's the process of subordinating today's pleasure for a greater, long-term good. Only the disciplined people are truly free. The undisciplined are slaves to moods and appetites. There is no happiness if you never subdue and impulse in the obedience to a principle. Discipline comes from being "disciplined" to a person or a "cause".

Jim Collin and his team found that good to great companies could remain in the three interlocking circles because they worked in the three key areas:

- (1) Disciplined people
- (2) Disciplined thought
- (3) Disciplined action

In good to great companies, because of disciplined people, there was no hierarchy; because of disciplined thought, there was no bureaucracy; because of disciplined action, there were no excessive controls.

In great companies, along with discipline and responsibility there is flexibility and latitude for individual action. There are no "tyrants" who enforce disciplines. The right people are self-disciplined to drive the bus to its destination.

Good to great companies also work on a "stop doing list". They have the culture of discipline to stop doing what is not central to their business.

5. Technology Accelerators

"When used right, technology becomes an accelerator of momentum, not a creator of it. The good-to-great companies never began their transitions with pioneering technology for the simple reason that you cannot make good use of technology until you know which technologies are relevant. And which are those? Those – and only those – that link directly to the three intersecting circles of the Hedgehog concept".

My view is that technology is important, especially with the on-going technological revolution; companies must keep pace with the technological advancement. However, in such a rush, beware of adopting a wrong technology because that

would slow down the travel from good to great. Technology adoption must be well thought out. If you have the right people they debate rather than rush to embrace something that is near.

6. The Flywheel and the Doom Loop

It requires a lot of power to move a heavy flywheel and it takes time and continuous effort before it gains momentum. The good to great companies put the right people in the bus, they faced the brutal facts, and with disciplined thought and disciplined action they travelled to greatness.

Unsuccessful companies who changed strategies and directions without thoughts were up for "doom loop". They changed crew in the mid-stream hoping the next leadership will propel the company into greatness. The new leadership without taking stock of the situation completely changed direction. Such companies met the obvious fate.

As they say, "slow and steady wins the race". Good to great companies adopted methodical approaches rather than revolutionary change.

In conclusion, I would say that 'Good to Great is an enjoyable and absorbing book. Arguments and findings are based on extensive research and are backed by hard evidence. The key points covered in the book are:

Level 5 leaders are a paradoxical blend of personal humility and professional will. When things go right they give credit to the team and when things go wrong they blame themselves.

- If you put the right people in the bus and the right people in the right seats, you won't need to give them any monetary incentives and they will not need any motivation.

- You must be willing to face the brutal facts but retain faith that you will prevail in the end.
- To be and remain great you must work in three interlocking circles; what you are the best at in the world, what you are passionate about, and what you can make money at.
- Three key areas are vital; disciplined people, disciplined thought and disciplined action.
- Technology is an accelerator and not a creator of greatness. It's important provided the selection is the right one.
- Flywheel is a heavy wheel which takes time and effort to gain momentum. Similarly it takes time and a great effort to make a good company a great one. It's not a dramatic or a revolutionary change.

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The Gas Crises in Pakistan

Danish Hasan*

Pakistan has one of the largest reserves of natural gas in the world. The discovery of the Sui gas fields in 1952 was seen as a major milestone in the exploration of natural resources in the country. Ever since then the fields have been used to supply gas to various parts of the country.

However, over the past few years there has been a decrease in the efficient supply of gas, whereby Pakistan is facing a gas deficit of 3 billion cubic feet¹.

This has resulted in the load-shedding of gas in various parts of the country. This is also worrisome for the economy as well as a 10% shortfall in energy leads to a 2.7% reduction in economic growth if no adjustment is made².

Some reasons for this scarcity of gas supply are the ever increasing demand for gas in the country, gas theft, inefficient distribution of gas, and corruption in the gas

regulatory, exploration and distribution bodies.

Gas losses / Unaccounted For Gas (UFG) have been above 12% in recent years which is quite high by international standards and this equals around US\$ 1.5 billion per annum, if valued at the cost of Re-gassified Liquid Natural Gas (RLNG)³.

These losses are then recovered from consumers which on most occasions signify a regressive move, whereby the consumers are burdened. Another important issue is the price of gas, which is not explicitly linked to the price of substitute products (petrol or diesel) which means that the pricing is not competitive but rather the price is determined on a cost plus basis with allowance for investment by Sui companies, and sometimes the price is charged lower than the purchase price, leading to inefficiencies due to lack of

competition. Gas is also cheap these days, therefore, it is a bad time for new investments in the sector. Moreover gas imports are either less regulated or completely unregulated, which shows the inefficiencies of the regulatory bodies in the sector.

Moreover the current governance structure of the energy sector has run its course. There is a need to deregulate the energy sector by making it a competitive market. For instance, WAPDA's single-buyer model has to be changed to a multiple buyer model to create competition in the energy market. Over the past years there has been talk about deregulating or privatizing gas distribution companies.

However, there is no practical move to deregulate gas distribution companies, as companies like the Sui Northern Gas Pipeline Limited (SNGPL) and Sui Southern Gas Pipeline Limited (SSGPL) are still ruling the gas market.

The regulatory bodies have to face intense political pressure from the ruling governments and politicians and are unable to function transparently, which results in corruption, nepotism and inefficiency.

There is a dire need that new potential areas of gas reserves must be explored based on competitive price bid instead of announced/notified prices by the government.

The price at which gas is sold to the end consumer must be competitive with the oil and coal prices so that competition and profit maximization is ensured.

Moreover natural gas has been an important source of revenue for the government. If it is priced at par with other fuel prices it will generate a large gap between purchase and sale price of gas, which can be taxed as well.

UFG losses should be reduced by installing smart meters network for large consumers and hierarchical gas accounting. Moreover the gas authorities, particularly the regulatory bodies, must be allowed to function independently and whenever board of governors is elected for any gas body, they must be given complete independence and autonomy with minimum external political interference.



Source: <http://tribune.com.pk/story/477007/pakistans-gas-crisis/>

Regarding de-regulation, the transmission and distribution has to be regulated by the government, but all other segments of the energy sector should be made competitive in the least.

This is because distribution for instance poses a dilemma to the private sector firm as to whether it will be in its interests to distribute gas to far-flung and remote areas, whereas a regulatory body can be private as it will be free from government pressures.

Most importantly the role of the judicial system is also very important. If the detection and conviction of gas theft is not hastened, the people responsible might avoid the punishments of such theft, and might also be motivated to carry out such acts in the future due to absence of rule of law.

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¹ Presentation by Mr. Rashid Aziz, Fellow, Consortium for Development Policy Research, at an event organized by SDPI on 'Gas Distribution and Costs' on 14 January 2016.

² Ibid

³ Ibid

Dear Readers,

The Sustainable Development Policy Institute (SDPI) will be moving to Taimoor Chambers, AK Fazal-ul-Haq Road, Block D, Blue Area, Islamabad, from May 2016.

Please visit our website for further updates:
www.sdpi.org

Thank you.



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