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**PAKISTAN TO ACHIEVE 28 bn. DOLLARS EXPORT
TARGET BY 2010: DR. SHAMSHAD AKHTAR.**

The Governor, State Bank of Pakistan, Dr. Shamshad Akhtar has said that Pakistan would be able to achieve its target of 28 billion US dollar exports in the year 2010. 'In view of the past performance shown by Pakistan in exports (exports increased by 8.6 billion in the past 5 years), a target of 28 billion US dollars in year 2010 was very much possible', she added.

She made this observation while addressing the Expo 2006 Investment Conference on 'Pakistan Export Trends and Structure and Issues of Competitiveness' which has been jointly organized by the State Bank of Pakistan and the Export Promotion Bureau at a local hotel in Karachi today.

Dr. Akhtar stressed that export potential is high in areas such as, food processing and milk processing, seafood, gem stones and software and IT services. She also said that Pakistan has developed special export zones and clusters. If these segments are effectively exploited, Pakistan will be able to realize its 2010 target. She supplemented her optimism by pointing towards the continued foreign flows, increased public investment for improvement in infrastructure, and greater trade liberalization in the form of Preferential Trade Agreements. She emphasized that the Pakistan has a road map for further deepening of reforms and addressing any policy, legal and regulatory distortions which would ensure the continuation of recent strong economic performance well into future.

She pointed out that Pakistan's export structure in terms of share of value added goods, both in the textile and non-textile sectors, has improved. However, she also stressed that there is a further room for improvement. She also emphasized on the importance of diversifying the international export markets of Pakistani products.

The Governor told the conference participants that the effectiveness of macro economic reforms and the trade policies at the micro level (on firms operating in the economy) is linked to strengthening of export competitiveness. However, a host of other factors also impact competitiveness such as: a good business environment; comparative advantage which a country has in various sectors; elimination of anti export bias due to preference given to import substitution policies; and whether the firms can actually combine the various factor inputs in a sophisticated and efficient manner to come out with high quality products.

Praising the recent economic turnaround, the Dr. Akhtar was of the view that it was sustainable and largely an outcome of sound macro economic reforms such as improved fiscal discipline, deregulation and privatization, reforms introduced in the capital market as well as the financial sector etc. In fact, a strong commitment to the reform agenda has elevated Pakistan's relative position compared to its peer group countries. She highlighted the improvements in non-debt flows such as increase in remittances, increase in foreign investment and decreasing external debt to GDP ratio as well as declining public debt.

Talking about the recent high inflation rates, the Governor informed the participants of the conference that due to right monetary stance taken by SBP, the inflationary pressures have started to ease off. Continued vigilance will be the key going forward given the demands of growing requirement.

Dr. Akhtar emphasized the fact that the private sector is the real engine of growth and indicated that credit, which is vital to facilitate its growth and robust performance, has been increasing steadily over the past many years. Likewise, she also highlighted the good build up of forex reserves, which has eased Pakistan's external position and has played an instrumental role in bringing exchange rate stability. She stressed the importance of a stable exchange rate regime in ensuring inflow and subsequent retention of foreign portfolio investment. She said that a stable exchange rate was one of the key factors behind the recent buoyancy shown by the Pakistan's stock markets.

The Governor highlighted the advantages available to the foreign buyers and investors of doing business with Pakistan which have resulted in Pakistan achieving a better ranking compared to its peer countries in World Bank's "Doing Business in 2006" annual ranking. She also spoke about the recent trends in productivity, capacity utilization etc in Pakistan.
