

Project: SCI-Pak
Place: Ministry of Industries and Production (MoIP), Pak Secretariat, Islamabad\ http://www.moip.gov.pk/
Date: Wednesday, 22 December 2010
Interviewee: Ms. Shaista Sohail Joint Secretary +92-51-9201212 shaista.sohail@civilservice.org.pk
Interviewer: <ul style="list-style-type: none"> • Shafqat Ullah (CPI) • Ahmed Ammar Yasser (IHT)
Topic(s): Interview of Existing Policy Framework Regarding Sustainable Production
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	Topic(s)
1	Interviewing team thanked Ms. Shaista Sohail for her time and briefed her about the project.
2	<p><u>SCI-Pak Project Participation:</u></p> <p>On the Industrial Equipment Manufacturers Training component of the project, she asked if the Heavy Mechanical Complex (HMC), a government institution and part of MoIP, was contacted. It was informed that it was contacted however no response was received from them. She suggested to include them in upcoming activities for IEMs. Interviewing teams informed her about the proposal video training on Efficient Biomass Boiler Design and assured her that HMC would be invited to attend the session.</p> <p>She also enquired about the pilot project component of the project and showed interest in that.</p>
3	<p><u>Existing State of Industries:</u></p> <p>On the existing state of industries, she mentioned that the greatest problem faced by the industries these days was of the energy crisis. The government is stuck between devil and the deep sea on the question how to accommodate domestic sector needs without compromising industrial sectors production. In this regard, preference is being given to energy supply to domestic sector. As a</p>

	<p>result, plants are running under capacity due to energy shortage. She gave the example of fertilizer sector. This sector is facing huge short fall of natural gas (raw material) supply due to gas curtailment to the sector and supplying it pro to ensure gas supply to the domestic sector. Although it is more productive in terms of return on capital to supply gas to fertilizer yet due to political nature of the decision (common man's interest against interest of corporate sector), the industrial sector is facing the curtailment. Similar situation is being faced by other industrial sectors as well. This is resulting in layoffs.</p>
4	<p><u>Existing Policies:</u></p> <p>The industrial policy draft is under review and is open for comments (copy attached) on the website of the ministry. Ms. Shaista shared the draft and asked for comments. She said that comments could be incorporated in the policy.</p> <p>She mentioned that the industrial policy required a horizontal dimension as well. Each policy is drafted keeping in view a certain set of assumptions. If the assumptions are not realistic or does not realize, the policy does not yields the desired results. She emphasized the need of horizontal planning for certain areas related to industries like energy and water supply.</p>
5	<p><u>Impact/ Work for Policies on Sustainable Production:</u></p> <p>She told that Small and Medium Enterprise Development Authority (SMEDA) and National Productivity Organization (NPO) (both departments of MoIP) have conducted energy audit program in different industrial sectors in collaboration with GTZ and Bureau of Energy Efficiency India, while Engineering Development Board is conducting such efforts in steel sector with the collaboration of Dutch government's PUM Program.</p>
6	<p><u>Proposed Policy Interventions:</u></p> <p>She informed the interviewing team that government offered tax reduction on captive power generation. She asked if such items could be revised and energy efficient equipment could also be included in the list with the cooperation of SCI Pak project, they would be glad to have the comments.</p>
7	<p><u>Access to Finance:</u></p> <p>On access to finance, She shared a document that numerated different instruments devised by the State Bank of Pakistan for SMEs. (copy attached) She offered insight into the latest trend of capital availability. Because the interest rates are very high, capital from various countries is being offered in Pakistan for various financing purposes. The phenomenon is known as Carry Trade.</p>

	<p>Similarly she noted that the venture capital fund of the State Bank of Pakistan was not being utilized for the purpose it should have served. This is due to the excessive borrowing from the government.</p> <p>She also noted that one of the large sources of income to Pakistan was through foreign remittances. Instead of utilizing them for some constructive revenue generating purposes, it is used only for luxury items. Government should devise a policy to offer better returns and utilizing the amount for venture into power generation/ energy efficiency measures.</p>
8	<p><u>Access to Technology/ Technology Transfer:</u></p> <p>On access to technology, she informed that they were pursuing the government to allow Technological Up-gradation Fund which was envisioned to be used for providing support in terms of indigenization of technologies.</p> <p>She informed about the Common Facility Centers concept adopted by Ministry of Industries of Production. Under this concept, the centers are developed within the cluster of different industries like fan, steel melting etc. These centers offer different services to the industrial clusters.</p> <p>She also mentioned that Pakistan Machine Tool Factory had worked on indigenization of stone cutting machines and success had been achieved in a project in Mastoong, Baluchistan, where marble was being mined using the inefficient local machines. locally manufactured.</p>
9	<p><u>Problem Faced by the Ministry:</u></p> <p>She said that Public Sector Development Program funding was shrinking constantly every year. This is resulting due to the fact that different development projects conceived and approved by ministry of industries are not able to yield the requisite results of improvement in capacity of local industries.</p>
10	<p><u>Barriers of Policy Implementation:</u></p> <p>She also mentioned that the political influence on the policy decisions also impacted the decisions. There are lobbies about various sectors. In this regard, she mentioned the scenario of software industry. Local lobbies made it impossible for the government to ratify World Trade Organization's on agreement on Information Technology. As a result, Pakistan software industry was not able to grow. This only benefited the suppliers and traders of information technology industry.</p>
11	<p><u>Follow Up:</u></p> <p>She agreed to participate in the upcoming policy dialogue as well as consented to be contacted in case of any further queries.</p> <p>She also agreed to be quoted for the interview contents.</p>

