

# **PAKISTAN NATIONAL DEVELOPMENT STRATEGY: KEY TO SUCCESS IN THE REGIONAL ECONOMY**

*Mohammad Ali Syed, Anas Yamin*

## **I. Introduction**

In today's world where nations focus on increasing smart power to pursue their foreign policy goals through geo-economics, Pakistan struggles to employ its national comparative advantages to pursue an independent and active foreign policy with regards to the region. This has limited Pakistan domestically and internationally, while neighbouring countries have been taking full advantage of regional integration and cooperation.

Pakistan has great potential for national development and economic growth, especially due to its many valuable resources, good location, and youth population. However, the country faces several obstacles which need to be addressed for it to succeed in the regional and wider global economy. This paper aims to explore Pakistan's development strategy, focusing on its strengths, challenges, necessary conditions for progress, cooperation with other countries, and specific policies for improvement.

## **II. Pakistan's Comparative Advantages**

Pakistan has certain strengths that give it an advantage in the economy and potential for significant economic growth. If Pakistan can utilise its strengths to the best of its ability, as its neighbours China and India has done, it can become a major player in the region. This section explores Pakistan's comparative advantages in more detail, looking at how they can benefit Pakistan. It also discusses the challenges that need to be overcome to fully take advantage of these strengths and the policies needed to overcome those challenges. By understanding and making good use of these strengths, Pakistan can attract more investments, create a prosperous future and become more competitive regionally and globally.

Sr no.	Comparative Advantage	Description	Challenges	Policies to Overcome Challenges
1.	Large, youth and growing population	230 million total population, fifth largest in the world, potential labour force and consumer market, around 63% population is youth	Unproductive population only adds strain to country's resources, limited access to quality education and skills training, high youth unemployment rates, poor healthcare facilities - high maternal mortality rate, high number of diseases	Improve education and skills training systems, promote entrepreneurship and job creation, invest in healthcare infrastructure and services
2.	Geostrategic location	Located at crossroads of Central Asia, South Asia and Middle East, provides it with access to major markets and trade routes	Security concerns and regional conflicts due to hostile neighbours (India, Afghanistan, Iran), political instability	Strengthen security measures, promote regional cooperation and stability, invest in infrastructure development to enhance connectivity
3.	Natural resources: Agricultural land	Large amount of fertile land and water resources,	Low productivity, outdated farming practices, lack of	Invest in water management and irrigation systems,

		<p>favourable and diverse climate suitable for different crops, accounts for about 18% of Pakistan's GDP and employs 42% of country's workforce</p>	<p>access to irrigation, poor infrastructure, water scarcity, high input cost, weather prone to variability, vulnerable to climate change</p>	<p>promote sustainable farming practices, provide access to technology for farmers, develop storage and transportation infrastructure, invest in research and development, provide subsidies, provide training</p>
4.	<p>Natural resources: Mines and minerals</p>	<p>Significant reserves of mines and miners, including copper, gold, coal, gemstones and rare earth elements - opportunities for mining and value addition industries</p>	<p>Capital intensive industry, lack of technology and expertise, inefficient extraction and processing methods, outdated mining practices, limited exploration and surveying, bureaucratic hurdles, environmental concerns</p>	<p>Attract foreign investment and expertise and technology transfer, conduct comprehensive surveys and exploration to identify mineral resources, streamline mining regulations, enforce environmental standards, promote value addition through local processing and manufacturing industries</p>

5.	Textile	Contributes to 60% of the country's exports. (Amounts to USD \$5.2 million, offers competitive labour costs and strong manufacturing base	Energy shortages, outdated machinery, low value addition, stiff competition from other countries	Invest in power generation and sustainable energy, upgrade machinery and technology, encourage innovation and product diversification, strengthen trade agreements to gain market access
6.	Natural landscape	Diverse natural landscapes including mountains, deserts, rivers, and coastal areas - potential for tourism attraction and offering opportunities for adventure sports and nature-based activities	Limited infrastructure and facilities for tourism, security concerns in certain regions, insufficient promotion of tourism potential	Develop tourist infrastructure and facilities, ensure safety and security measures, promote tourism through marketing and social media campaigns, preserve and protect natural sites through sustainable tourism practices
7.	Cultural diversity	Various ethnicities, languages, religions and traditions - vibrant heritage and tourism potential	Lack of awareness and promotion of cultural diversity, inadequate preservation and documentation of cultural heritage,	Encourage cultural exchange and understanding, invest in cultural preservation and heritage sites, promote cultural

			challenges in cultural integration	festivals and events, develop educational programs to raise awareness and appreciation of Pakistan's diverse cultures

### III. Challenges in Employing the Advantages

Pakistan faces numerous challenges in utilising its comparative advantages effectively. With its abundant natural resources, growing population, and strategic geographical location, the country possesses immense potential for economic growth. However, there are various obstacles to overcome, including infrastructure deficiencies, political instability, limited access to capital, and a lack of necessary skills. This section aims to examine these challenges and the impact it has on the National Development Strategy of Pakistan.

Sr no.	Key Challenges	Impact
1.	Political instability	Makes it difficult to attract foreign investment
2.	Security and terrorism challenges	Security challenges such as terrorism and insurgency are often highlighted in international media, affect stability, disrupt trade and transit routes, makes it difficult to do business and also deters foreign investment
3.	Lack of good governance	Weak governance, bureaucratic inefficiencies, and corruption create hurdles for businesses and

		investors. This can impact ease of doing business, discourage foreign direct investment (FDI) and limit economic growth. Lack of prioritisation, accountability and rule of law in administration positions makes it difficult to make advancements in the business and the administrative sector
4.	Education and skills gap	Limited access to quality education and skills training hinders human capital development, lack of skilled workforce affects productivity, innovation, and ability to leverage comparative advantages effectively
5.	Inadequate infrastructure	Inadequate infrastructure including transportation networks, energy supply, and telecommunications, insufficient investment in infrastructure development limits connectivity, productivity and competitiveness
6.	Energy shortages	Hinders industrial productivity and competitiveness, insufficient energy supply impacts manufacturing, agriculture, and overall economic growth
7.	Hostile Neighbours	South Asia, Central Asia are conflict prone regions, deters foreign investors and tourists

#### IV. Cooperation with Neighbouring States for Pakistan's National Development

Cooperating with neighbouring states and the wider region is crucial for Pakistan's national development. Recognising the benefit in working together, Pakistan must actively seek more beneficial relationships and expand on existing relationships with its neighbours. By combining resources, knowledge, and markets, cooperating with the region can unlock opportunities for economic growth, infrastructure development, and regional stability. This section discusses the key areas of cooperation and the potential benefits they bring for Pakistan and the region.

Sr no.	Country	Comparative Advantages
1.	Iran	Geostrategic location - regional neighbour Natural resource - Iran strong energy sector Creating interdependence between Pakistan's Balochistan and Iran's Sistan-Baluchestan province Promotion of regional trade including bilateral trade with Iran Promotion of regional connectivity through ECO which will go through Iran - coastal (Bandar Abbas and Gwadar) and ITI railway
2.	China	Connectivity - giving China access to the Indian Ocean via the Gwadar Port. Growing market for Chinese goods Lower cost of labour
3.	Central Asian Countries	Connectivity - Pakistan shortest trade route for land-locked Central Asia, Establishing an infrastructure of road, rail and air links to support growing economic activity within the ECO Natural resources Vicinity within the Eurasian land masses makes them potential attractive investment and trade hubs Huge potential for tourism
4.	Afghanistan	Larger market More skilled workforce Better connectivity with wider East Asia through Pakistan

		Access to Indian Ocean - Sea Trade Minerals - exports stones, coal briquettes, cotton.
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## V. Specific Conditions and Policies Required for Pakistan's National Development

- Political stability
- Safety and security
- Reduce the cost of doing business, promote the ease of doing business, support for SMEs - provide access to credit, training and marketing assistance
- Foreign policy - broad-based, active foreign policy towards all regional and global players
- Economic - promotion of export based economy, create an attractive market for foreign investment, learning - adopt foreign practices/experiences available to maximise local efficiency and compete in the global market
- Human Resource Development - high quality enhancement of labour skills through education and training
- Promoting regional connectivity while utilising all existing cooperation mechanisms including CPEC (China-Pakistan Economic Corridor), ECO (Economic Cooperation Organisation), SCO (Shanghai Cooperation Organisation), ITI (Istanbul-Tehran-Islamabad Railway), TAPI (Turkmenistan–Afghanistan–Pakistan–India Pipeline)
- Maximise agricultural potential - Pakistan has different types of land, favourable weather, and enough water resources. If Pakistan improves its farming methods, irrigation systems, and invests in research and development, it can produce more food and export it internationally. This will help Pakistan compete in the global food market.

## VI. Conclusion

Pakistan's National Development Strategy entails political stability, safety and security, a conducive business environment, and regional connectivity. Pakistan's path to development and prosperity depends on using its strengths effectively and working with neighbouring countries. Despite the challenges, Pakistan has a large, youth and growing population, a strategic location



and valuable natural resources. By making the most of these advantages and cooperating with neighbours, Pakistan can attract investments and become more competitive globally. However, it must address the challenges it faces, including political instability, security concerns, infrastructure and energy issues, an education and skills gap, and a lack of good governance. By taking strategic steps, promoting an export based economy, promoting the ease of doing business, working towards regional connectivity and improving governance, Pakistan can overcome these challenges and achieve inclusive and sustainable development. As such, the government of Pakistan needs to give direction to work towards overcoming these challenges and utilising its comparative advantages within the next decade in order to accommodate the dynamic situation of regional politics. Overall, the paper identifies Pakistan's overall strengths and challenges, while also some specific policies that Pakistan can implement to address its challenges.