

Submission for the Australian Foreign Policy White Paper

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Australia should have strong Trade links with Pakistan due to a number of reasons including:

- 1 Pakistan is an emerging market of South-Asia, with a population of 200 million people (50% less than 30 and rising middle class touching 100 million mark), with per capita income of US\$ 1600 (nominal) and US\$ 5500 (PPP);
- 2 According to the World Bank, Pakistan is estimated to have achieved 5.2 per cent growth this year. After India, It is the second largest economy of South-Asia.;
- 3 Pakistan annual GDP may increase from \$280 billion to around \$300 billion this year and for the first time, the Purchasing Power Parity may cross the \$1 trillion mark. In accordance a recently prepared report by PwC, Pakistan's economy could become the 16th largest by 2050 based on its gross domestic product (GDP) at purchasing power parity (PPP). This means the country would overtake Italy and Canada, which currently rank at 12th and 17th places, respectively. In terms of GDP at real market exchange rate (MER), Pakistan's economy is projected to rise from 28th place (\$284bn) at present to 27th by 2030 (\$776bn) and to 19th (\$2.8tr) by 2050.
- 4 Pakistan will enter Morgan Stanley Capital International's (MSCI) Emerging Markets category in May 2017, meaning larger amounts will inflow. In 2016, Pakistan Stock Exchange (PSX) provided 46 per cent returns. KSE-100 benchmark index is also likely to cross 55,000 points from current nearly 49,000 points. Forty per cent stakes in PSX will go to Chinese consortium and this is likely to bring large institutional investors from other countries.
- 5 Ease of doing business index: Pakistan, at 144 out of 190 countries, was among top 10 global improvers in World Bank's 2017 Doing Business rankings. In the 2018 ranking, it will improve further;
- 6 Chinese investment of about 56 billion US Dollars for Chia Pakistan Economic Corridor (CPEC), indicates Pakistan's potential critical position/connectivity in the future trading activities within a wide region;
- 7 Mining is an important but untapped industry in Pakistan. Country has known deposits of several minerals including coal, copper, gold, chromite, mineral salt, iron ore, bauxite and several other minerals. In Pakistan; there are no large scale mining operations, nor capability in mine design, resource evaluation & estimation and modern mining operation equipment. Pakistan currently offers opportunities in coal mining sector with a focus on its large unexploited resources of Thar Coal mines, which has one of world largest deposits of lignite coal with resource estimation at 175 billion tons. Opportunities for Australia in this sector may include mine design; especially in open cut mines, resource evaluation & estimation, mining equipment, technology and services, coal handling & transportation, mining safety & environmental services, consultancy services in Coal fired Power plant designs, develops and implements energy solutions and fly ash management and its use in various industries;
- 8 Pakistan is expected to be the future home for labour-intensive industry being shifted from China. The shifting process is on. Australia has an opportunity to benefit from the cheap but capable Pakistani manpower;
- 9 Auto industry: Pakistan may need additional 100,000 trucks to meet the CPEC-related material and freight transport needs and it is unlikely that this demand is planned and met in time. Demand for locally manufactured new and imported used cars will continue to rise. Australia should explore this market to support their struggling auto industry;

- 10 As the 8th biggest English speaking nation, home to legions of entrepreneurs, and with one of best investment environment, Pakistan is a very good long-term trading partner; and
- 11 Because of its inherent abilities, well-trained professional (Pakistan has seventh largest collection of scientists and engineers) capable manpower, natural resources, CPEC, strong links with China, Central Asia, Middle East and Turkey, Pakistan will soon be a hub of trade in Asia. Ignoring Pakistan in the Australian foreign policy would be against the long-term interests of Australia.