

COMPETITIVE PHARMACEUTICALS
A PATH TO PAKISTAN'S MODERNIZATION

NEWSLETTER
AUGUST 2021 EDITION



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MACRODATA IN FOCUS

- Pakistan's Current Account Balance
- Pakistan's Trade Balance
- Regional Trade Balance
- Food Inflation in Pakistan

Pakistan's Current Account Balance

Year-on-Year Trend in Pakistan's Current Account Balance

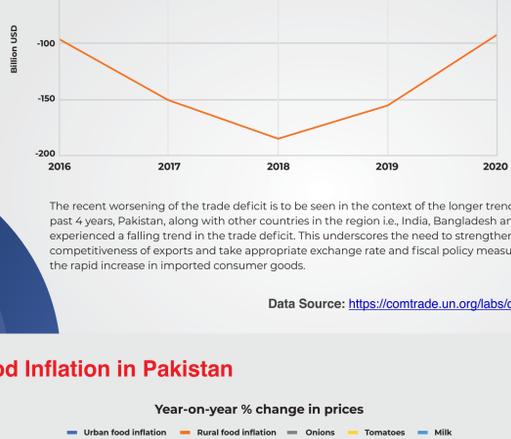


Pakistan's current account balance has again gone into deficit at the end of FY 2020-21 after remaining in surplus for the first 11 months of the fiscal year. This deficit is largely caused by a spike in the import bill especially due to higher oil imports and covid vaccines compared to a sluggish growth in exports and remittances.

Source: State Bank of Pakistan

Pakistan's Trade Balance

Year-on-Year Trend in Pakistan's Balance of Trade



Pakistan's trade deficit in 2021 increased compared to the previous year. This trend is mainly led by exponential growth in imports and comparatively slow growth in exports.

Data Source: Pakistan Bureau of Statistics

Regional Trade Balance

Regional Trends in Balance of Trade



The recent worsening of the trade deficit is to be seen in the context of the longer trend. Over the past 4 years, Pakistan, along with other countries in the region i.e., India, Bangladesh and Sri Lanka, experienced a falling trend in the trade deficit. This underscores the need to strengthen international competitiveness of exports and take appropriate exchange rate and fiscal policy measures to check the rapid increase in imported consumer goods.

Data Source: <https://comtrade.un.org/labs/data-explorer/>

Food Inflation in Pakistan

Year-on-year % change in prices



A 5-year comparison in changes in prices of food items shows increases in food inflation and a pattern of price volatility in the fresh produce market.

Source: Pakistan Bureau of Statistics

WHAT'S IN THE NEWS?

- The Analytical Angle: Engagement with Community Leaders can Help Mitigate the Covid-19 Crisis

THE ANALYTICAL ANGLE: ENGAGEMENT WITH COMMUNITY LEADERS CAN HELP MITIGATE THE COVID-19 CRISIS

With the onset of the fourth wave of Covid-19 in Pakistan, the findings from this research based evidence are even more important to implement. While the government's vaccination rollout is steadily picking up pace, there is still a considerably large population that is unlikely to get itself vaccinated. Vaccine efficacy is high coupled with unfounded myths regarding vaccines and the disease itself.

HOW MANY ARE CONCERNED ABOUT SAFETY OF THE VACCINE

Recent studies conducted in Punjab have found that 54% of the respondents are concerned about the safety of the vaccine.



HOW MANY ARE NOT CONCERNED ABOUT SAFETY OF THE VACCINE

38% believe that they have a healthy immune system and are not worried about contracting Covid-19.



Fighting vaccine hesitance, where the government engages with the public and enlists the help of local community leaders.

The Centre for Economic Research in Pakistan (CERP) has designed a study to measure the impact of one-on-one engagement with local religious leadership on the compliance of protocols at their mosques. Such an engagement of community leaders is particularly effective in bringing about behavioral change and can be a beneficial tool for the government in fighting Covid-19 and boosting its vaccination roll-out program.

READ THE FULL ARTICLE AND THE FINDINGS OF THE STUDY

<https://www.dawn.com/news/1613956/the-analytical-angle-engagement-with-community-leaders-can-help-mitigate-the-covid-19-crisis>

POLICY ANALYSIS

Pakistan's pharmaceutical sector has been identified as a sunrise export sector for the country. The value of the pharmaceutical sector of Pakistan in 2019 was estimated to be around USD 3.2 billion, doubling from USD 1.64 billion in 2011. Yet exports from the sector accounted for only 0.9% of Pakistan's total exports to the world in 2019. Looking to realize the true potential of this sector, the Pakistan Business Council requested Consortium for Development Policy Research to undertake a study that provides an in-depth overview and analysis of the pharmaceutical sector of Pakistan to determine its future outlook. The study provides a comprehensive assessment through detailed analysis of the bottlenecks at every stage of the pharmaceuticals value chain, that could help Pakistan become a cost-efficient manufacturer of high-quality generic drugs, and potentially evolve into providing more lucrative product offerings such as super-generics and vaccines.

Report: [Unleashing the Potential of Pharmaceuticals in Pakistan](#)

REPORT: UNLEASHING THE POTENTIAL OF PHARMACEUTICALS IN PAKISTAN



TOTAL EXPORTS COMPARISON 2003-2019
Exports from the sector accounted for only 0.9% of Pakistan's total exports to the world in 2019, palling in comparison to Pakistan's exports of other commodities in the health sector like surgical instruments and medical equipment.

INDUSTRY INSIDERS
claim that exports from the sector could reach USD 0.5-1 billion in about 3 to 5 years. After reaching this critical mass, export growth could become exponential.

MARKET VS GROWTH OPPORTUNITY
5TH LARGEST GLOBAL MARKET → USD 5 bn BY 2024-25
PHARMACEUTICALS INDUSTRY IN PAKISTAN
Due to recent expansion of public healthcare Pakistan is now the 5th largest global market by size, the value of pharmaceuticals manufactured in Pakistan could rise to USD 5 billion by 2024-25.

NEWSPAPER ARTICLES BY FELLOWS & PARTNERS

- Pakistan's Economy: What's Next? (Mr. Hasaan Khawar)
- The Story of Pakistan's Public Debt (Mr. Hasaan Khawar)
- Managing Human Agency (Dr. Faisal Bari)
- Demanding Power in Pakistan (Dr. Umair Javed)



Mr. Hasaan Khawar
Public Policy Expert / Honorary Fellow CDPR

PAKISTAN'S ECONOMY: WHAT'S NEXT?

"Pakistan has been getting quite a lot of good news lately on the economic front. The country posted impressive growth numbers for the last financial year. The large-scale manufacturing sector grew by more than 14% during July 2020 to May 2021, on the back of astounding growth in automobile, textile, pharmaceutical and chemical sectors. Pakistan received record remittances of \$29.4 billion during the last financial year. The country has 'almost' completed the FATF action plan, with only one outstanding action. And the vaccination drive and handling of the pandemic have been truly impressive, mitigating the adverse economic impacts."

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THE STORY OF PAKISTAN'S PUBLIC DEBT

"The PTI government claims that it has paid back record debt. This is correct. During the last three years, the foreign debt repayments amounted to almost Rs.3.5 trillion, much more than ever before. PML-N claims that PTI added much more to the debt pool in three years, than it did in five. This is also correct. While PML-N government added Rs.10.6 trillion to the gross public debt from 2013 to 2018, the PTI government added Rs.13 trillion so far (till March 2021). But then we must also mention that the PPP government merely added Rs.6.5 trillion to the gross public debt from 2008 to 2013. The fact of the matter is that all sides pick numbers that suit their narrative, but the real story is somewhat different."

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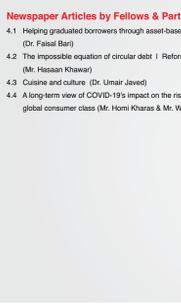
Dr. Faisal Bari
Associate Professor, Department of Economics, LUMS

MANAGING HUMAN AGENCY

"Teachers in the public sector are paid a lot more than the teachers in the low-to-medium-fee private schools in Pakistan. Most low-to-medium-fee private schools, charging less than Rs.2000 or so per child per month, do not pay their teachers even the 'minimum wage' that has been set for unskilled labour across the country. Public-sector teachers also get better benefits, pension facility and a very high level of job security. Public sector teachers in general, are also a lot more educated than their counterparts in low-fee schools.

The key question here is: why? Why are children from public-sector schools not performing a lot better than children from these private schools when teachers are better compensated, better looked after and more qualified?"

[READ MORE](#)



Dr. Umair Javed
Assistant Professor of Politics and Sociology, LUMS

DEMANDING POWER IN PAKISTAN

"Between 2007 and 2015, over 450 protest incidents took place in Pakistan in response to the electricity supply crisis, which, at its peak, saw outages last for up to 14 hours per day. The origins of this crisis lay within a variety of issues, including supply chain and debt management, political expediency, and the 2008 economic recession and its resulting oil price shocks. The public outcry as well as the state's response to the energy issue at the time, in turn, is tied to overarching problems relating to public accountability and is an example of mobilization in an elite-biased and largely unaccountable political environment."

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In Pakistan, policy decisions and public discourse are often uninformed by available research. The Consortium for Development Policy Research (CDPR) bridges this gap by communicating cutting-edge, evidence-based research on development issues in Pakistan to an audience of policymakers, students, the media and the wider public. With support from the International Growth Centre (IGC), CDPR disseminates policy briefs, hosts events, engages with the media and produces digital content to make topics in development research such as economic growth, energy, education, health and governance intelligible to both decision makers & the public.

