

ENGINEERING SECTOR EXPORTS: A revolution waiting to happen

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Most South East Asian economies started growing with a textile and garments base, they quickly graduated to engineering sector goods, which continuously became more and more featured and hence more value added. In sharp contrast, Pakistan has continued to try to move more and more out of its textile base while for the most part ignoring opportunities to develop its own textile machinery as well as opening up other value added sectors for export.

How it Started?

Engineering Vision

Mindful of the significance of engineering industry and the central role it has played in strengthening the economies of countries like Malaysia, Korea, China, India, Thailand and Indonesia, the Government of Pakistan, finally, supported and approved a ten-year '**Growth Strategy for Engineering Industry to Achieve Rapid Industrialization and Economic Growth**' or more precisely the 'Engineering Vision 2010 on August 22, 2002. This historic decision from the highest level marked the beginning of government's watchful shift from textile-based export growth to engineering-led export push. The 'Engineering Vision 2012' outlined policy guidelines for developing a cohesive engineering growth strategy. It envisioned a development strategy based on the broad parameters of Human Resource Development, Maximum Participation of local industry in engineering projects, technological upgradation, globalization of industry, rapid growth through market enhancement and institutional & regulatory framework.

EDB Re-organized

To pursue its mission and taking Engineering Vision 2012 to the next logical phase of implementation based on guidelines of EV 2012, EDB, was restructured and mandated to internationalize Pakistan engineering sector. The Chairman and CEO of the Board were inducted from the engineering manufacturing sector with proven track records of running profitable, export based, manufacturing businesses of their own.

Engineering Sector Exports: A revolution waiting to happen

The important task before an evolving EDB was putting in place a well knitted operational structure aiming at enhancing exports of engineering goods in global engineering goods trade and making engineering industry the main driver of economic growth and development.

Aware of the fact that without engineering goods exports, Pakistan could not achieve the desired breakthrough in exports, the immediate goal for EDB, therefore, was to embark on an effective export marketing strategy. To achieve these objectives, EDB adopted a market-led approach of exploring global markets for indigenously produced goods in all potential engineering sub-sectors, selecting and preparing champion companies within specific sub-sectors to exhibit their products and services at leading trade fairs like Hannover Messe , MIDEST and EUROMOLD .

German Chancellor Visits Pakistan

Mr. Gerhard Schroeder, Chancellor of Germany visited Pakistan in 2005. The Prime Minister of Pakistan arranged a display of Pakistan's engineering sector products at the PM house which was appreciated by the German Chancellor who advised his hosts to market these products in Germany, as was already being done by a few Pakistani companies.



PRIME MINISTER SHAUKAT AZIZ AND H.E. GERHARD SCHROEDER, CHANCELLOR OF FEDERAL PUBLIC OF GERMANY, SEEING EXHIBITION AT SERENA HOTEL ISLAMABAD ON 10-10-04

How it was done?

Creation of Business Development Group in EDB

To embark on the important initiative of export promotion and market expansion for engineering goods, a Business Development Group (BDG) was created in EDB which was led from the front by leading and reputable private sector industrialists. The initiative was essentially driven under public-private partnership which proved highly successful as would be seen from the concrete results achieved highlighted in the proceeding paragraphs. A large number of volunteer businessmen were invited to sit on the various committees created for creating an effective entry into the European trade fairs. This contributed greatly to the success of the Engineering Development Board in meeting its mandated goals.

Ministry of Industries and TDAP Support for the Initiative

The support extended to EDB by the Ministry of Industries and Trade Development Authority of Pakistan (TDAP) and the visionary leadership of the then Minister for Industries, Mr. Jahangir Khan Tareen proved the main driving force behind this successful initiative.

Profiling and Selection of Champion Companies

The strategy to field good engineering companies at leading international trade fairs consisted of careful selection and profiling of successful engineering sector companies having the potential and capability of becoming part of the global supply chain. The companies thus selected had a track record of technology as well as reasonable management expertise needed for a cross border liaison.

The export development exercise was conducted in a thoroughly professional manner. A close coordination between the organizers and the participants was all along maintained in building up to the events. Minor detailing like e-mail addresses, website contents, brochure inspection, product selection for display etc. were looked at for almost each individual company selected. Valuable inputs were given for improvement in each / all aspects of participant's offering, so as to field a winning team.

Preaching the Export Gospel

The message of EDB to engineering industry was loud and clear – enter exports for growth. Preaching the export gospel to engineering industry became the prime focus of EDB to change mindsets and preparing them for export markets in a big way. Logo of EDB was changed to read : “The World is Our Market”.



Market Expansion Verses Protection

For too long, Pakistani industry had existed behind high tariff walls. Protectionist policies always lead to complacency, if not made time bound. The striking feature of the export development initiative has been mentally empowering the companies to seek the course of market expansion for growth instead of taking recourse to surviving behind the tariff protection wall. Developing such a mindset enabled most of the companies to abandon the protection incentives mantra and focus on achieving competitiveness, taking the market expansion route.

The role of CBI in Pakistan Engineering Exports Development

Being an exporter himself, the CEO EDB knew the shortcomings of Pakistani exporters, whom he had observed during participation at

various trade fairs. The need for formal training of the shortlisted companies for being taken to trade fairs was recognized and a request was made to Mr. Cor Dieleman at the CBI for assistance with a brief two day training of participants selected for the Hannover Messe 2005.

The role of CBI (the Dutch agency for promoting imports from developing countries www.cbi.eu) has been instrumental in developing mindsets of Pakistani engineering companies towards exports and market expansion. The EDB joined hands with CBI in 2005 with initial focus on imparting training to Pakistani engineering companies participating in international trade fairs through their Effective Trade Fair Participation (ETFP) program. CBI experts Mr. Cor Willemse, Mr. Ton Willemse, Mr. Staff Henderieckx and Mr. Dick Vos were invited by EDB in 2005 to conduct ETFP training program in Lahore and Karachi. The program covered critical areas of stand behavior, product selection, brochure and website development, effective communication and negotiating trade enquiries.

The ETFP program of CBI played a critical role in export orientation of Pakistani engineering companies and helping them realize the benefits of exports and understand international market requirements. The CBI, while spotting the export potential, gradually expanded their program for Pakistan's Engineering Sector by identifying and enrolling companies in their long term Export Developing Programs and for trade fairs participation from the CBI stand. Companies that got into the fold of CBI for EDP have seen tremendous transformation in their outlook, production techniques, export marketing and above all product quality all at nominal cost. Today, an increasing number of companies enroll with CBI to avail these unique opportunities and enter the lucrative export markets.

Results and Achievements

Under the EDB's Engineering Sector Export Development and Market Expansion initiative, a total of 116 companies from potential sectors of automotive, agricultural implements, plastic & rubber parts, electrical machinery, automation, engineering design and services, castings and forgings, home appliances and oil and gas equipment were identified and given international exposure by way of exhibiting their products, benchmark themselves against best international practices, study modern technologies and agile manufacturing techniques and explore business development opportunities to become part of the global sourcing chain.

Out of 116 companies (Details in Annexure – A), 30-35 companies entered into export business as a result of EDB’s initiative. Around 10 companies have been successful in forging alliances, establishing joint ventures or entering technical collaboration agreements with foreign companies for supply of parts/components/equipment.

As far as export development is concerned, exports worth US\$ 25 million has been achieved (actual exports and in pipeline). Details are given separately in Annexure – B. Most of the exporting companies have undergone CBI’s Export Coaching Programs.



Some Star Performers

Given the opportunity to go global produced many stars in the process thus necessitating that many more good companies need to be explored and taken to international market. Some star performers that



made themselves conspicuous through their achievements are:

1. Research and Development Engineering Company.
2. Innovative Automation and Engineering Company (now Avanceon Pakistan).
3. Ravi Autos
4. Infinity Engineering
5. Mecas Engineering
6. Thermosole Industries
7. Power Wheels
8. Darson Industries
9. Transmission Engineering
10. AE Design
11. SIMCON
12. Alnoor Refractories
13. Precision Forging
14. SPEL

Looking into the Future

Pakistan can only achieve trade surplus by sensitizing and developing its engineering sector by offering it limited incentives for exploring global markets through trade fairs participation. There are many star performers awaiting one time opportunity to become part of the global sourcing chain. It is high time to search for these champion companies, support them through handholding and providing them the right guidelines and export orientation. It can be seen from the graph showing engineering sector exports that since the program began at the end of 2004, a steady increase has taken place in Pakistan's engineering goods export.

This is just the beginning and if the Government of Pakistan as well as the Chambers of Commerce & Industry, together with the relevant trade bodies give attention to key factors for growth of engineering sector exports, this sector will shortly outshine the hallowed textile sector of Pakistan.

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Pakistan