

Saarc

Need for an Emerging Force

By ABMS Zahur



Future of Saarc looks bleak. With India and the United States entering a new era of relationship and India's aspiration to become the superpower in Asia, the subcontinent may shortly be under tremendous American influence. In its quest to becoming a major power, India may increase its pressure on its small neighbours. It may even try to compel these states to follow its policies. With its closer relationship with the US, India may be treated better by Russia (the recent defence pacts indicate so). Indian attitude towards China and Pakistan may change. However, Kashmir issue will remain the bone of contention between India and Pakistan no matter what the US and Russia think about it. Pakistan's diplomatic future seems uncertain. The observations of political commentators differ in many ways. If Parvez Musharraf fails to bring back democratic rule in his country, the bad days are waiting for Pakistan.

In these circumstances, it may be appropriate for other members of the Saarc to think about formation of a sub-regional group with the inclusion of Myanmar to accelerate the pace of economic development. Except Sri Lanka, all these small countries are least developed ones. There appears to be enough potentials for growth in all these countries. Apart from human resources these countries have petroleum, natural gas, silver, lead, coal and gypsum. Total population of these countries is more than 180 million comprised of more than 105m Muslims, 50m Buddhists and 23m Hindus. Thus distribution of population for the proposed sub-region is fairly balanced.

Two of these countries have Muslim majority (Bangladesh and Maldives), three Buddhist (Bhutan, Myanmar and Sri Lanka) and one Hindu (Nepal). Literacy rate varies from less than 10 per cent (Bhutan) to around 95 per cent (Maldives). Except Myanmar (where military government is reluctant to hand over power to democratically elected party), all these nations have democratic form of government. Good relation exists among Bangladesh, Bhutan, Maldives, Nepal and Sri Lanka. Myanmar is also trying to

develop good relations with its neighbours.

Bangladesh has offered transit facilities to both Bhutan and Nepal. With development of the Asian highway through Bangladesh and Myanmar bilateral trade and visits between these countries will increase appreciably. In fact, with Indian cooperation these countries would enter a new era of co-operation.

To be successful in the truest sense the group will have to wait for some time, because it will have to overcome such problems as: small number of items for export, disturbed eastern provinces of India, possibility of Indian interference in evolving a uniform foreign policy if not suited to India and lack of infrastructural development.

Restoration of Myanmar-China highway and development of Asian highway may result in greater interest of China in the region. This may make the region politically hot. However, we need not worry about it because all these countries believe in peaceful coexistence and desire to maintain good relationship with both India and China.

Without the spirit of mutual sacrifice, no good understanding can be expected. One of the main reasons for failure or slow progress of Saarc was the lack of sacrifice. If we do not learn anything from 15 years of Saarc, the prospect of the proposed sub-regional body will be bleak.

At the initial stage, co-operation may be practicable only in limited areas such as tourism, agriculture and livestock and sports. If concessional airfares, hotel tariffs etc were introduced, there could be appreciable increase in number of tourists. In the field of agriculture, Bangladesh may make good contribution to increase rice production. In the field of livestock feeding, Sri Lanka has been able to develop cheap feed. Development of sports, such as football, cricket, hockey and swimming can be a good area.

Small states find enough difficulty in any negotiation. Their voices are often ignored in any multilateral negotiation. If the small states unite, these can be a force to reckon with, maybe not militarily but economically and politically. The proposed group will certainly prove to be a political force in South Asia, perhaps in the whole of Asia.

Still no hope for Saarc summit

By Zaglul Ahmed Chowdhury



Fate of the next South Asian Association for Regional Cooperation (Saarc) summit clearly hangs in balance. The recently held three-day meeting of senior officials from the member states in the Sri Lankan capital of Colombo has been a silver lining in the dark Saarc cloud. However, a meeting at this level could not provide any positive indication whether the summit cycle would be restored in near future. Any breakthrough is still not in sight. In any case, it must come from the top level. However, the meeting of senior officials in Colombo at least sent across the message that the member countries want to keep the Saarc wheels going despite the impasse that has gripped the conference at the highest level.

The next summit was to take place in the Nepalese capital of Kathmandu in November last year and the chairmanship of the organisation was to move to Nepal from Sri Lanka. Differences between India and Pakistan again proved to be an obstacle. Bitter bilateral relations hit the depth over Kargil and a subsequent military takeover in Pakistan further queered the pitch in the New Delhi-Islamabad ties. India asked for postponement of the summit presumably for the reason that Prime Minister Atal Bihari Vajpayee wanted to avoid meeting Pakistan's military strongman General Pervez Musharraf, the architect of the Kargil conflict in New Delhi's eyes. India does accept that the military matter but it dropped enough hints that it did not mind an indefinite wait for the next sum-

mit. The pattern of governance in a member country did not stand on the way of SAARC before and should not be the case in future. After all, when the concept was launched through the first summit in Dhaka in 1985, there was a military ruler in Pakistan and the government in the host country was also not democratic.

The delay in the summit is affecting SAARC activities. Two important conventions relating to women trafficking and children welfare along with some other decisions like those involving trade and business were to be approved by the heads of the government. These are obviously put on the backburner.

Sri Lankan foreign minister Laxman Kadirgamar told the Colombo meeting that he finds little chance for an early SAARC summit. He also held out the assurance that the problems revolving the next summit are no doubt intractable, but not insurmountable. "We will hopefully overcome the problems that beset us now," he said. The Colombo meeting raised hopes towards breaking the stalemate centring the SAARC programmes. Kadirgamar hopes that the "vast reservoir of goodwill among the people of the region which will propel the members states to bury their differences and move SAARC along." His beliefs hopefully will not be proved wrong. The SAARC leaders will come out from the present state of despair surrounding the next summit as early as possible even though sensitivities and other issues can not possibly be totally divorced from the otherwise innocuous co-operative venture. The summit can cast sobering effect on the region.

Gore or Bush, US interest in India won't change

By Mansoor Mamoon



The result of the November 7 US Presidential Election is now bogged down in the increasingly intense legal battle between both the two main contenders -- Democrat candidate Vice President Al Gore and his Republican rival Texas Governor George W Bush. In matters of foreign policy, the United States traditionally believes in continuity and preservation of its own interests. So the two major parties, regardless of their differences on domestic issues, have a somewhat common stand on foreign policy matters. Hence whether eventually it is Al Gore or George W Bush there is not likely to be any radical transformations in US foreign policy except some modifications, thrusts and cosmic changes.

During the period of the Cold War, the United States was propping up Pakistan, as India was inclined towards the now-defunct Soviet Union. Pakistan was used to facilitating Washington's two-pronged geopolitical strategy. Its western flank served US interest in Central Asia and in the Middle East through the Baghdad Pact, subsequently Central Treaty Organisation with Iraq, Iran, Turkey and UK and erstwhile eastern province through SEATO (South East Asia Treaty Organisation) with a number of South East Asian Nations. In the process fledgling democracy in Pakistan was stifled. Both the military pacts no more exist and died their natural deaths. Delhi was told that arming Pakistan was not designed against it but against possible communist insurgency. But in the 1965 War between India and Pakistan, the latter did not hesitate to use US arms against its neighbour. India, on its part, entered into 25-year treaty of friendship with Moscow.

In 1971 relations between India and the US reached their lowest ebb centring Delhi's direct support to Bangladesh's War of Liberation. Nixon, a Republican, took a rigid stand in favour of Pakistan. Washington continued its arm supply to Pakistan when Kashmiri Mujaheddin started their protracted guerrilla war against Soviet

Union's suzerainty over it. This continued until the disintegration of the Soviet monolith. But after the visit of President Bush and Secretary of State Shultz to New Delhi the ice began to melt. President Clinton showed renewed interest to India in particular and South Asia in general. The series of nuclear tests by India and Pakistan and their refusal to sign Nuclear Non-proliferation Treaty halted Clinton's overtures.

But the US interests in the region was so pressing that finally Clinton came on a visit to Bangladesh, India and Pakistan. India is a big market and the US has huge investment there. Bangladesh has a vast reservoir of natural gas and Washington has an eye on it. Pakistan is the dependable bulwark against Islamic fundamentalist states like Afghanistan, Iran, etc as well as for serving US interest in Central Asia. This is why despite India's clamour and urgings the United States did not term Pakistan as a terrorist state. After Prime Minister Atal Behari Vajpayee's visit to the United States in September this year two countries relations have entered a new phase. Notwithstanding their differences on certain issues, particularly against what New Delhi terms as incursions of terrorists into the Jammu Kashmir controlled by India, both agreed to work in close concert in global and regional issues, particularly fighting terrorism.

India's long cherished dream is to emerge as the regional power. But noted South Asian analyst Bhabani Sen Gupta has rightly said that without normalising relations with Pakistan and co-operation with China India can not hope to become a regional power in the foreseeable future. Sheikh Hasina, the Bangladesh Prime Minister, during her recent visit to Washington, has agreed to the proposal of US assistance in energy sector and removing the impediments to the construction of a private sector terminal port in Chittagong. The US oil companies have already put pressures on the Bangladesh government for exporting gas in India through pipelines. The government has not agreed for fear of public backlash.

The Bush impact

By Harun ur Rashid



The outcome of the US Presidential election will be determined by who wins Florida, hopefully on November 17. Six million voters in Florida are about as evenly divided as it is possible. Be it Texas Governor George W Bush or Vice President Al Gore, one who gets one vote more than the other go on to winning all the electoral college votes (25) and the presidency.

Bush has not said publicly anything concrete on South Asia, but one thing we all remember that he could not name India's Prime Minister in a TV interview.

If Governor Bush (56) wins, analysts believe that his policies, both in international political and economic areas, will have impact on South Asia. Bush's views appear to have been moulded by the Republican Party. He calls himself a "compassionate conservative" which implies "dry" on economic issues but "wet" on social policies. His defence policy appears to be militarily strong but has a tendency towards isolationism rather than engagement overseas including Asia. Some say it has its roots in the Nixon administration 30 years back. Nixon said: "We're not going to get our fingers burned in another Vietnam War." It is argued that this non-engagement policy may provide more muscles to the regional big powers.

Four issues appear to be vital for South Asia in the US campaign: (a) foreign and defence policies (b) its possible attitude towards China and India (c) trade because it affects South Asia's export markets and (d) the monetary policy.

If Bush wins, a view prevails that he would have more combative attitude towards China than Gore. China is a competitor, not a partner. Bush says, Mr Bush has taken cue from former Republican President Ronald Reagan's Defence Initiative and proposed unilateral action to pursue a national defence missile system. This is an anathema to China because they see it as containment of China, pure and simple.

Pakistan

It's a Long Way to be an Investor's Paradise

By Anna Khaihsy



Pakistan with its confused political environment and unstable economy is always being a difficult choice for foreign investors. Particularly in the present era of globalisation, things are becoming more complex for the government to be part of a new global economic competition. Before discussing the factors that are creating hindrances to foreign investment in Pakistan, let's briefly review the economic condition of the country.

Pakistan's economic performance during the outgoing fiscal year must be evaluated against a backdrop of the developments taken place on the economic scene during the 1990s. The macro-economic performance in the 1990s has been marked by: declining growth, stagnant/declining tax-to-GDP ratio, which caused persistently large fiscal imbalances, stagnant exports leading to unsustainable current account deficit, double-digit inflation, declining public sector investment, constraining growth potential, deterioration in physical infrastructure, poor state of social sector and institutional weaknesses resulting in poor governance.

There is a clear and perceptible evidence that growth performance of Pakistan's economy has deteriorated in the 1990s. As against an average growth rate of 6.0 per cent in the 1980s, real GDP growth slowed to an average of 5 per cent and further to 4.0 per cent during the first and second half of the 1990s, respectively. While agriculture maintained an average growth rate of slightly above 4 per cent during the last two decades (1980s, 1990s); it is the large-scale manufacturing and services, which contributed to the deceleration of growth in the 1990s. As against an average growth of 8.2 per cent per annum in the 1980s, large-scale manufacturing slowed to an average of 4.7 per cent and further to 2.3 per cent in the first and second half of the 1990s, respectively. Services sectors grew at an average rate of 6.6 per cent in the 1980s but slowed to an average of 5.1 per cent and 4.1 per cent during the first and second half of the 1990s respectively.

Fixed investment as per cent of GDP declined significantly in the 1990s. As against an average rate of close to 17 per cent in the 1980s; it declined to 15.3 per cent in the second half of the 1990s. Similarly during this period, public sector investment also declined sharply in relation to private sector.

As against an average of 9 per cent of GDP, it has declined to 6 per cent in the second half of the 1990s while private sector investment in fact remained around 8 per cent during the same period.

Current account deficit is yet another indicator of macro-economic imbalances. It has deteriorated since the 1980s rising from 3.9 per cent of GDP to 4.5 per cent in the first and the second half of the 1990s. Declining economic growth, persistence of severe macro-economic imbalances, lack of social development programs and poor governance in the 1990s have adverse effects on the country's development. The incidence of calorie-based poverty has increased from 22.4 per cent in 1992-93 to 32.6 per cent in 1998-99. In other words, the number of poor people who cannot meet their daily minimum nutritional requirements and fell below the poverty line increased up to 44 million in 1998-99. It is well known that entrenched poverty and rising income inequality can themselves be impediments to growth.

Thus with the realisation of the open market competition and Pakistan's status as a backbencher have forced the government to move ahead. As a result, some positive developments have taken place on the economic scene in the outgoing fiscal year. A modest recovery in growth is certainly a positive development of the outgoing fiscal year 1999-2000. Real GDP grew by 4.5 per cent as against 3.2 per cent of last year and an average of 4.0 per cent for the second half of the 1990s. It is fully supported by an impressive recovery in agriculture with bumper cotton and wheat crops and a good rice crop.

Agriculture grew by 5.5 per cent as against 1.9 per cent of last year. According to the recent reports, wheat crop may exceed 21 million tonnes, leading to the 7.1 per cent of growth and accordingly, the real GDP growth would be 4.9 per cent. Excluding sugar, the large-scale manufacturing grew by 6.4 per cent as against 3.5 per cent of last year. In fact, the performance of large-scale manufacturing (excluding sugar) has been the best over the last five years.

Another progress of the outgoing fiscal year has been the fall in inflation. Inflation, measured on the basis of Consumer Price Index, declined to 3.4 per cent during July-April 1999-2000 as against 6.1 per cent of the comparable period of last year. This has been the lowest inflation in the last two decades. Food inflation has also been the lowest in the last two decades, revolving around 2.0 per cent in the current year as against 6.2 per cent last year. The containment of monetary growth to the targeted level is yet another positive development. Money supply grew by 3.2 per cent during the first nine months of the current fiscal year against the whole year target of 9.4 per cent. The slower growth in money supply played an important role in reducing inflation in the current year.

A strong rebound in exports also indicated the healthy signs in the national economy. Firstly, the bumper cotton crop and its reduced prices made the textile sector buoyant. This coupled with a good rice crop and pick up in manufacturing output (excluding sugar) improved the graph of export chart. Secondly, the policy of maintaining a stable and predictable exchange rate following the sharp depreciation in

previous years helped Pakistan to maintain its external competitive-ness.

Along with this, the strong recovery in global economy by the continued strong growth in the United States, recovery in Europe, and stronger than anticipated recovery in the crisis-hit East Asian economies, firmed up the demand for Pakistani export in its major markets. EEhence, the improved supply of exportable goods, stronger demand in international markets and a much greater degree of exchange rate of stability have been mainly responsible for a strong recovery of exports in the outgoing fiscal year. Exports during the first ten months of the current fiscal year grew by almost 10Eper cent as against a decline of almost 12 per cent in the comparable period of last year.

Like exports, imports have also picked up. Overall imports grew by 10.9 per cent as against a decline of 9.4 per cent in the comparable period of last year. Although, most of the increase in imports is mainly due to higher import bills of petroleum products, that have increased about 4.3 per cent, suggests that economic revival appears to be taking place. Despite being current in all external payment obligations, Pakistan's foreign exchange reserves remained stable at around \$ 1.5 billion. The stable foreign exchange reserves provided much needed stability in the exchange rate.

Total investment outlay in 1999-2000 is estimated at Rs.476.3 billion as against Rs.435.9 billion during the last year, which shows an increase of 9.3 per cent in nominal term. Fixed investment increased by 9.5 per cent in nominal term from Rs. 387.9 billion in 1998-99 to Rs.424.6 billion in 1999-2000. The public sector investment grew by 9.6 per cent while private sector investment increased by 9.4 per cent in 1999-2000. The increase in public sector investment is attributed to 35.9 per cent increase in capital formation in agriculture sector and 16.5 per cent increase in transport and communication sector. The private sector investment increased by 23.9 per cent in manufacturing, 15.6 per cent in agriculture and 17.6 per cent in construction sector during 1999-2000. Total investment and fixed investment rates (as per cent of GDP), stagnated around 15 per cent and 13.4 per cent, respectively in 1999-2000.

Besides these positive developments there are still some weak areas which are affecting the investment environment in the country and demand serious attention. First and foremost is the issue of fiscal deficit, which has emerged as a major source of macro-economic imbalances. Although, Pakistan has succeeded in reducing fiscal deficit from 7.7 per cent of GDP in 1997-98 to 5.8 per cent in 1999-2000 (as per Eon May 30, 2000) an adjustment of 2 percentage points in 2 years, the current size of the deficit itself is unsustainable. Further fiscal adjustment is essential for restoring macro-economic stability. Unlike in the past, any fiscal adjustment will have to rely mostly on revenue raising measures with focus on taxation. Reducing fiscal deficit by cutting development expenditure is no longer a viable option.

Continued weaknesses in the tax effort and substantial debt service payments have constrained policy choices, particularly by limiting much-needed outlays for infrastructure and social sectors (health and education). Increasing tax-to-GDPE ratio by broadening the tax bases and strengthening the tax administration along with improving the composition and effectiveness of budgetary expenditure will go a long way in reducing fiscal deficit in orderly and qualitative fashion. The effort of the present government to document the economy through the "Tax Survey" is a step in the right direction. This will help in widening the tax bases. Furthermore, elimination of "Whitener Scheme" and "Tax Amnesty Scheme" will help in reducing tax evasion.

Restoring investors' confidence is also an important domain, which needs immediate attention. Furthermore, the attempts taken by National Accountability Bureau (NAB) in the name of "catching the big fishes" is hampering the both foreign and domestic investors. Institutions like NAB are termed as a very sensitive government organisations and could only be beneficial for the state if they restrict to their basic responsibility that is to eliminate corruption garbage form the road of development. However by engaging in irresponsible and short-sighted ingenuity, the flow of investment directly effects. One should realise that the investor whether domestic or foreign would definitely consult the existing performing business groups in order to evaluate the business friendly environment of the investing state. If the potential investor heard the stories of dramatic and baseless arrest, obviously he would be hesitant to enter in such trader hunted society.

For instance, the recent arrest of two important personalities from Lakhani family, owner of Lakson group of company, the one of the biggest business houses in Pakistan (that also hold some important international franchises including Medonald), have shattered the local business community. Though the government claimed the RS 10 billion taxes on them, the mode of arresting the Lakhani brothers and further processions are being argued in both local and the international media. Does these criticisms haven't put a negative impact on Pakistan's image as an investor's friendly state? Catching big fishes at the cost of economic development is certainly not a sensible approach. Therefore, such activities of any government institutions must be checked seriously so that the investor could feel comfortable in the country and invest their money with mutual confidence.

The Private terminal in Chittagong is to facilitate shipment of US imports and exports to the north-eastern states of India as Calcutta port has already choked up. India has long given up its rigid command economy and has taken up Liberalisation and opening as per the dictates of the IMF and World Bank. India has lifted the ban on the entry of fifteen hundred US items to India. The US is also keen to develop hydropower in Nepal and Bhutan in which the two countries have vast potentials. Sri Lanka and the Maldives might play Washington's blue water interests for monitoring China's presence in the area. But the United States would like to treat the South Asian region as a co-operative structured whole rather than to deal with individual countries on a case by case piecemeal basis. It is therefore calling for the revival of Saarc which is in limbo for the last two years due to hostility between India and Pakistan. If Saarc can once again be revived it will be to the advantage of the United States as entire South Asia can be easily dealt with under an integrated policy. There will then be no bickering in the supply of gas from Bangladesh or use of the proposed Chittagong terminal port instead of Calcutta, a common South Asian Energy policy for the tapping of hydro-energy in Nepal and Bhutan. All the South Asian countries right at this moment are eager to co-operate with the United States which will, therefore, want to utilise this positive attitude on the South Asian leaders. Sri Lankan Foreign Minister Laxman Kader Gama has also called for the revival of Saarc spirit and holding of its summit. He said in Colombo that as Saarc has been sent to hibernation due to intense rivalry between Pakistan and India the smaller member countries are to pay the price. His remarks have substance. But the United States call for the Saarc to restart its journey is driven by an altogether different reason. Against this backdrop, it can be deduced that whoever occupies the White House there is likely to be no shift in the growing interest of the United States in the South Asia region. Rather, the US interest might increase day by day as has been enumerated by Karl Inderluth in a recent write-up on South Asia.

mir dispute than Al Gore who claims that the US has a "sense of mission" to promote its values in the world.

Furthermore, the US might be inclined to supply arms and ammunition to India for its defence against China. As a result, the strategic balance in South Asia could be in jeopardy and Pakistan ties with the US could be strained. South Asia may find itself swept into a renewed arms race. India is already a 'big brother' in South Asia and India could be more bolder and stronger under the Bush administration. This might not be comfortable to many small neighbours in South Asia.

On economic front, Mr Bush is believed to be in favour of greater freedom of trade and that would help open US markets. Unlike Gore, he is not tied down to the strings of the Labour Unions that do not favour freedom of trade because their workers would lose jobs. However, one may be cautious about it. Mr Bush won a high proportion of his vote in the mid-west farm states and he is not expected to upset them by withdrawing subsidies and allowing foreign goods from other countries.

It is argued that his tax cuts proposal will give the consumers to spend more and the interest rate could rise. If interest rates rise in the US it will have impact on interest rates of other countries and may bring pressure on the local currency vis-a-vis US dollar. Also, the tax cuts could be as risky for the surplus and balanced US budgets as the bigger spending by Al Gore.

However, many analysts believe that given the thin margin victory, Bush will have difficulty in pushing through his programmes. He will be constrained by the reduced majority of the Republican Party in the Congress -- the House of Representatives and the Senate. Therefore, there is a view that impact may not be as great as it is speculated.

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Yet another area that would require immediate action is arresting the increasing trends in poverty. Sustainable economic growth accompanied by macro-economic stability is ultimately the most powerful means of reducing poverty over the medium term. Sustained pro-poor growth based on private sector activity and investment should be the key element of the poverty reduction strategy. During the current fiscal year, RS. 136.8 million have been provided to the Social Welfare Sector under the Annual Development Programs, which is 25.1 per cent higher than last year's utilisation of RS. 109.4 million.

Macro-economic policies should be integrated with social objective to ensure that plans are mutually supportive and consistent with a common set of objectives to spur growth and reduce poverty. It is equally true that focus on growth alone will not be sufficient to reduce poverty. Direct anti-poverty programs would be required to have greater impact on reducing poverty. The role of NGOs in reducing the poverty and to improve to the living standards must be encouraged both by the state and the society. It is eminent in the contemporary world that efficient NGOs always bridge between the government and the people and accelerate the development pace in the country.

Likewise, strong infrastructure is also an important factor for attracting the foreign investment. Presently, the total length of roads in the country was 249,959 km, including 138,726 Km of high type and 111,233 km of low type. The construction work on Islamabad-Peshawar Motorway which started in 1998, is expected to be completed with the cost of Rs.26 billion by December 2001. Pakistan Railways network consists of 7,791 route km during July-March, 1999-2000. Its major assets include 582 locomotives, 2,029 passenger coaches and 22,247 freight wagons. During 1999-2000 (July-March) it carried 49.2 million passengers and 3.8 million-tonne freight and E its gross earnings stood at Rs.7, 208 million. The network of Pakistan International Airlines covers 37 international destinations and 35 domestic stations covering almost all parts of the country. The country has two major seaports namely, Karachi Sea Port and Port Qasim. Besides, two Fish Harbour-Cum-Mini Ports are being developed at Gawadur and Keti Bunder. The Karachi Port has handled 18.0 million tons of cargo during July-March, 1999-2000, compared with 17.6 million tons of cargo during the corresponding period of last year. Pakistan is now connected with most of the countries of the world through international gateway exchanges. Value added services such as the Internet, e-mail, cellular mobile telephone, optical fibre system, card payphone, paging services etc are now available in the country which are providing innovative and modern services to the consumers. At present, about 21,000 customers are connected through the Internet, whereas the total number of the Internet users in Pakistan up to March 2000 is 120,000. There are more than 3.8 million telephone lines, out of which about 3.03 million lines are connected to the customers, 2,663 telephone exchanges, 1,362 NWD exchanges, 10,256 VHF PCs, 393 telegraph offices and 112 customers service centres are working in the country.

Political incoherence in the country pushes the investors two step back. The weak democratic institutions and the authoritarian rule both in democracy and military regime, is never being appreciated globally and directly effect the country's reputation in the world politics. Pakistan sadly, is not being able to establish itself as mature democratic states. The failure of democratic governments has created uncertainties among the foreign traders, who are hesitant to invest the money in a country that does not provide the constitutional protection to its citizens.

The recently held, international investor conference in Pakistan (organised by Jardine Fleming and Chase Manhattan-the two multi nationals) indeed have shown brighter signs of more investments in Pakistan. The participation of more than fifty foreign investors insinuated the revival of confidence between both the government and investors. On the occasion, the chief executive of Pakistan assured the government sensibly follows stability both in the political and the economic milieu with strong infrastructure and social developments, which would further restore the confidence of the trading class-- who are the real imperials of contemporary times.

During the conference, energy sector appeared as the focal area of interest. As the demand of petroleum product will increase up to 40 per cent in the coming years from 18 million tons to 25 million tons per annum, the petroleum ministry offers several incentives to attract more investment in the energy sector, with the commitment of \$700 million of investment in this sector.

Pakistan has all the potential to be the paradise of foreign investment, due to its vast unexplored resources and the untouched market. The country could be benefited with its richness only if the government sensibly follows stability both in the political and the economic milieu with strong infrastructure and social developments, which would further restore the confidence of the trading class-- who are the real imperials of contemporary times.

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