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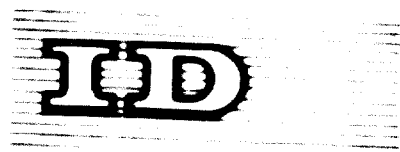
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INTERNATIONAL BUSINESS CO-OPERATION:

EXPERIENCE OF PAKISTAN ^{1/}

by

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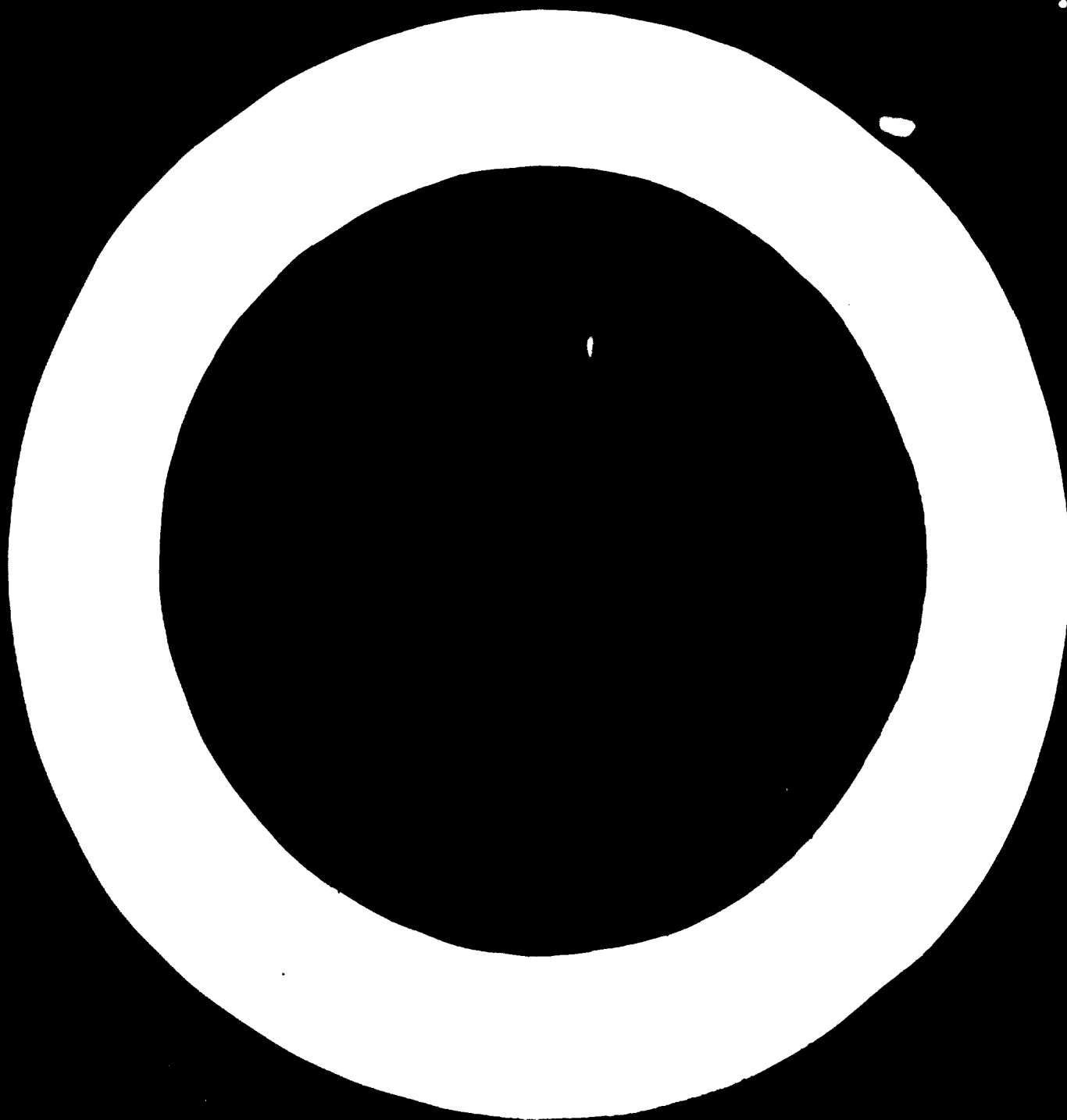


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I. INTRODUCTION

Industrial participation of developed countries with Pakistan has helped her industrial development. The participation has been in such forms as direct investments, machinery supply, technical and management know-how, and in promoting marketing operation. The Government of Pakistan has adopted an extremely liberal industrial policy to give the necessary fillip to her industrial development. The basic aims and objectives of this policy follow*.

A. Objectives of Industrial Policy

1. Industrial activity should lead to expansion in production, increase in employment, training of technical personnel and ultimately improvement of the standard of living of the people.
2. Maximum scope would be given to private enterprise in the development of the resources of the country within the scope of the National Five-Year Plans.
3. For encouraging smaller investments, small and cottage industries will be particularly encouraged. Among other things, the Government will endeavour to facilitate the supply of raw materials and the provision of marketing and credit facilities. It will also make arrangements for the introduction of new designs, better methods of production, standardisation of quality and reservation of certain selected varieties of goods for the exclusive manufacture by such industries.
4. Industries will be classified according to priorities depending upon demands for goods manufactured, export potential and the extent of foreign exchange savings brought in by their operations. Existing industrial under-

*Guide to Investment in Pakistan, The Department of Investment Promotion and Supplies, Ministry of Industries and Natural Resources, Government of Pakistan

takings which are uneconomic in operation or require additional equipment for expansion, necessary balancing modernisation or replacement will be undertaken.

- 5. Healthy competition in industry will be encouraged and monopolies curbed.**
- 6. Industries based almost entirely on imported raw materials may be permitted if these are in a position to produce goods at reasonable prices, and would earn or save foreign exchange.**
- 7. Tariff protection may be given to industries where necessary, and in selected cases incentives may be provided for exporting the products.**
- 8. Where industries are engaged in the packing of materials imported in bulk, or in the assembly of imported parts of finished item, these will be encouraged to undertake manufacturing of imported materials, or parts progressively within a reasonable period or procure such material and parts from indigenous producers.**
- 9. The Government of Pakistan will help develop specifications to encourage standardisation of industrial products in general and to enforce these standards particularly in exportable products.**
- 10. Scientific and industrial research will be intensified for developing new processes and uses of raw materials and industrial wastes in Pakistan.**
- 11. In order to avoid congestion and to bring about uniform economic development of the country, new industries will be dispersed at suitable places.**
- 12. Special attention will be paid to the industrial development of economically backward areas.**

B. Impact of Investment Policy

Since Pakistan's economy is predominantly agricultural, the Government has been placing emphasis on industrial development. Foreign participation is particularly welcome in industries which are either highly technical such as heavy mechanical, electrical and petro-chemical complexes and machine tool factories or industries where modern technology is required such as electronics, pharmaceuticals and telecommunications.

There is also a notable shortage of foreign exchange in the country, and for this reason the Government has been encouraging foreign participation in export-oriented and import-substitution industries. The Government has also been encouraging establishment of joint-ventures in agro-based industries to utilise local raw materials. The Government of Pakistan has provided provision for 89 such industries in the Priority List of Industries for the Third Five-Year Plan period (1965-1970). Eighteen of these 89 industries have been listed under the heading "Export-oriented"; 40 under "Import-substitution" and 31 under "Agro-based Industries". For details please see Appendix A.

II. PROCEDURES FOR JOINT-VENTURES

Since the Government is trying to encourage foreign participation in Pakistan's industrial development a procedure has been adopted to provide as much assistance as possible. Only four major steps have now to be taken to complete the formalities of establishing a joint-venture. These are:

- A. Secure permission from Pakistan Government for setting up an industry.
- B. Register the undertakings under the Companies Act.
- C. Obtain sanction of the Controller of Capital Issues (CCI).
- D. Secure permit from the Chief Controller of Import and Export (CCI&E) for the import of machinery and equipment and subsequently for raw materials.

These steps are discussed briefly:-

A. Permission for Industry

The permission for setting up the industry can be obtained through the Department of Investment Promotion and Supplies, Ministry of Industries and Natural Resources. This Department acts as a clearing house for all problems which investors may face. Potential investors may refer not only their investment proposals but also their difficulties, without running from one Government agency to the other. The Department of Investment Promotion was set up in April 1959 in pursuance to the declared objectives of government's industrial policy. Its main task is to promote investment, including joint-ventures, in the country. It disseminates information regarding investment opportunities and conditions in Pakistan and offers advice and guidance to foreigners. It also actively assists foreign investors in obtaining import licences, land, building materials, water, power, railway siding, raw materials and any other facility, for which approval of Central or Provincial or any other statutory bodies is necessary and in solving any problem or difficulty encountered by them. Draft agreements between prospective foreign investors and the Pakistani

participants have to be enclosed alongwith the application for permission sent to the Department of Investment Promotion and Supplies.

B. Registration under Companies Act

Once the Government has given permission for setting up an industry in Pakistan, it may be established under either the Companies Act of 1913 if it is a company (corporate enterprises are known as "companies in Pakistan"), or Partnership Act of 1932 if it is a partnership. Foreign investors may organise a Pakistani company or participate in a company already formed in Pakistan, subject to the same company regulations, as are applicable to Pakistani investors. They may establish also a branch or a subsidiary of a foreign company in Pakistan by registering of the branch or subsidiary under the Companies Act, 1913.

C. Sanction of Controller of Capital Issues

An industrial undertaking, after receiving approval of the Government and getting itself registered as a company or partnership, has to make an application to the Controller of Capital Issues (CCI), Ministry of Finance, Government of Pakistan. No company or industrial undertaking can issue any capital or prospectus, without the consent of the CCI, or invest in shares or security, or raise a loan against the assets of a company or industrial undertaking not authorised by him.

D. Issue of Import Licences

An investor in possession of a permission from Government is required to make an application to the appropriate authorities for the issue of an import licence for plant and machinery.

In case where foreign investment is involved, the import application should be sent to the Vice-Chairman, Department of Investment Promotion and Supplies, Karachi, who will act as the sponsoring authority for the application and forward it to CCI&E, Karachi, for the issue of necessary licences.

Investors whether foreign or local, have to make an application for import of raw materials to the Director of Industries, East/West

Pakistan, Dacca/Lahore, as the case may be. The responsibility for issuing licences for importing raw materials devolves upon the Provincial Government in the jurisdiction of which the industrial unit is located.

It has been Pakistan's experience that foreign investors generally do not adhere to the information provided and commitments made in the application form. They indicate a product mix, rate of production, and costs which generally are changed soon after they have gone into production. One reason for deviations from original plans is that the foreign investors are often handicapped in the preparation, appraisal and examination of viable economic projects. Difficulties for them arise because they are neither familiar with the socio-economic situation of Pakistan nor they alone can gather adequate statistics to prepare a meaningful study. With a view to assisting investors in preparing pre-investment or feasibility studies, the Ministry of Industries, Government of Pakistan has established an autonomous business and industrial consultancy organisation - Investment Advisory Centre of Pakistan (IACP) - with the Director-General of Investment Promotion and Supplies Department as Chairman of its Board. IACP has so far completed over 400 studies for private investors, semi-government and government agencies, international organisations like Regional Co-operation for Development (RCD), Indonesia-Pakistan Economic and Cultural Co-operation (IPECC) and United Nations Industrial Development Organisation (UNIDO), and for certain institutions located in other countries. These reports have been used by the clients for appraising specific aspects of different industries, clearing sanctions from the Government of Pakistan, obtaining loans and formulating investment plans and policies.

Another reason for the deviation from original plan is that sometimes the potential foreign investors become too anxious to obtain permission from the Government that they submit to the Government the most attractive plans possible. Subsequent deviations in plans call for many changes in Government's overall planning and reshuffling of projects. Sometimes this also causes delays in obtaining sanctions for projects.

It has also been Pakistan's experience that the foreign collaborators take too long a period to import plant and machinery, erect them and start production. A lapse of 2-3 years may not be too uncommon between the time of obtaining permission from the Government to establish an industry and the date of starting production for commercial purposes. The overheads spent during this period of non-production and, consequently, of no revenue, is an unnecessary burden which can easily be avoided if foreign investors follow their planning more seriously.

III. EXISTING JOINT-VENTURES

Foreign investment in Pakistan has come from over thirty countries of the world. The United Kingdom is the most active participant and claims almost 36 % of the total foreign investment. The United States of America is another major participant in joint-collaborations with 18% of the total foreign investment. The third major collaborator is West Germany with 6 % of the total foreign investment. Japan also now enjoys an important position in this regard. Although total Japanese investment is only 5 % of the total foreign investment, she is fast coming up as an important industrial collaborator in Pakistan. Table 1 shows the investment from foreign countries as of December 1967.

Table 1

Investment from Foreign Countries
As of December 1967

C o u n t r y	Investment in million Rs	Percent
1. The United Kingdom	1062.4	35.7
2. The United States of America	519.2	17.6
3. West Germany	177.2	5.8
4. Japan	144.9	4.8
5. France	106.0	3.6
6. Switzerland	48.0	1.7
7. Yugoslavia	16.3	0.6
8. The Netherlands	15.2	0.5
9. Italy	12.5	0.4
10. Sweden	9.7	0.3
11. Belgium	9.4	0.3
12. Union of South Africa	3.8	0.1
13. Austria	3.4	0.1
14. Canada	2.0	0.1
15. Denmark	2.0	0.1
16. IBRD	502.7	16.7
17. IFC	47.1	1.6
18. Others	300.4	10.0
T o t a l	2976.6	100.0

Source: State Bank of Pakistan, Department of Statistics

The State Bank of Pakistan has released statistics on "Foreign Liabilities and Assets and Foreign Investments in Pakistan (1965-1967)". These statistics has been developed through a survey to assess Pakistan's international position as on 31st December 1967 and evaluate the net inflow of foreign account in the private sector of the economy. The survey indicated that there were 727 firms operating in Pakistan. A breakdown of these firms by type of collaboration and their investment is provided in table 2 below.

Table 2

Number of Industrial Joint-Ventures by Type of Collaboration and Total Foreign Investment As of December 1967

Type of Collaboration	Number of Clients	Foreign Investment (in million Rs)
1. Firms and companies registered or incorporated outside Pakistan	226	753.4
2. Companies incorporated in Pakistan in which foreigners hold interests	458	1921.2
3. Partnerships in which foreigners hold interests	43	13.5
4. Others		288.5
Total	727	2976.6

Source: State Bank of Pakistan, Department of Statistics

The major fields of joint-collaboration is in the manufacturing sector, followed by commerce, mining, quarrying, utilities, and agriculture-based industries.

We obtained from the Department of Investment Promotion and Supplies a list of all industrial cases excluding commerce approved by Central Investment Promotion and Co-ordination Committee (CIPCOC) for foreign investment (repatriable, non-repatriable and for finance by Pakistan Industrial Development Bank during 1965-1967). We have arranged these investments by quantum to determine whether the same trend still exists in manufacturing, mining, agriculture, etc. as it did previously. Table 3 on page 10 shows the total investment approved by CIPCOC during the years 1965-1967.

Only the top 5-6 of table 3 absorbed over half of the total investment approved by CIPCOC during this period. This shows that manufacturing still retains an important place in joint-collaboration in Pakistan. Appendix B lists investments for each sector by industry as approved by CIPCOC during the years 1965-1967.

Table 3

Investment Approved by CIPCOC During July 1965 to June 1967

(Rs in lakhs)

Name of Industry	Local Investment	Foreign Investment	Total Investment
1. Manufacture of textile	523.61	580.31	1103.92
2. Transport equipment	395.89	541.65	937.54
3. Manufacture of products of petroleum coal & gas	329.70	338.71	731.41
4. Manufacture of metal products except machinery and transport equipment	311.50	419.85	731.35
5. Manufacture of chemical and chemical products and fertilizers	262.91	226.80	489.71
6. Manufacture of rubber products	250.94	334.73	585.67
7. Food Manufacturing industries	256.58	244.89	501.47
8. Manufacture of non-metallic mineral products except products of petroleum and coal	249.54	161.15	410.69
9. Service industries	186.79	89.04	275.83
10. Paper and paper products	186.50	126.50	312.50
11. Plastic and glass	120.80	161.90	282.70
12. Machinery except electrical	117.36	107.52	224.88
13. Electric machinery apparatus and appliances	46.00	63.95	109.95
14. Manufacture of footwear; other wearing apparels and made-up textile goods	44.34	60.72	105.06
15. Printing press & publishing	25.00	0.18	25.18
16. Miscellaneous industries	4.72	3.95	8.67
17. Basic metal industry	3.00	3.00	6.00
18. Manufacturing of wood cork and other allied products (except furniture)	1.50	1.50	3.00
19. Tobacco manufactures	1.37	6.00	7.37
20. Beverage industries	0.61	2.01	2.62
21. Manufacturing of leather and leather products	-	9.05	9.05
22. Manufacture of furniture fixture	-	0.06	0.06

Source: Department of Investment Promotion & Supplies, Ministry of Industries & Natural Resources, Government of Pakistan

IV. MAJOR INDUSTRIAL FIELDS OF JOINT-VENTURES

The joint-ventures in Pakistan have resulted mostly in the industrial sector where the market was large enough to absorb industrial output of at least one minimum economic size plant, or where the capital or technical know-how was not available locally. The whole philosophy behind a joint-venture is to enter into a market where the foreign collaborators can supply capital goods, technical know-how, scientific management and marketing; or any other elements of production where the local parties are unable to establish the business.

Generally speaking, joint-ventures in Pakistan have come up in fields where either the total fixed cost of a plant was too high to establish the plant by local manufactures alone, or the industry was so new that without technical collaboration it could not run efficiently. The major share of the foreign collaborators as such has been in the following fields, because of this complexity and capital intensiveness :

- A. Fertilizer
- B. Petroleum
- C. Pharmaceutical
- D. Cigarette

Since these are the major industries for joint-collaboration in Pakistan, we have tried to describe the situation in each, and the impact these joint-ventures have exercised on Pakistan's economy as well as its industrialisation.

A. Fertilizer Industry

Developing countries throughout the world are concerned with finding the most effective ways of increasing agricultural production. Many countries now have population growth rates of 2 to 3 per cent per annum. This, together with increasing demand for other farm products generated by higher per capita incomes, means that agricultural production must annually increase by 4 to 5 per cent to keep pace with economic requirements. If these needs are not met, inflation results, and economic development would be retarded.

Nitrogenous fertilizers were previously being imported by the Government of Pakistan in sizeable quantities to solve the food crisis. Phosphorous and potassium fertilizers were also imported in large quantities. The agriculture production in Pakistan has recently gone up with the introduction of fertilizers, though the yield per acre is still very low.

In Pakistan chemical fertilizer production started first in 1957 with a capacity of 3600 tons of nutrient. There are four plants of chemical fertilizers in operation now having a combined capacity of 124,000 N and 3600 P₂O₅ nutrient tons and no potassium. These plants are located at Daudkhel, Lyallpur and Multan in West Pakistan and Fenchuganj in East Pakistan. The fifth plant at Mari with a capacity of 77,900 nutrient tons went into production in December 1968.

Joint-ventures in the fertilizer manufacturing play an important role. Of the four existing fertilizer factories, two have the foreign participation. These are Pak American Fertilizer Ltd., Daudkhel and Esso Pakistan Fertilizer Co. Ltd., Dharki. The former started production in 1958 and was built at a cost of Rs 90 million in collaboration with WPIDC. The factory had an initial capacity of 50,000 metric tons, which has now been expanded by 40,000 tons to produce ammonia sulphate. The extension is estimated to cost about Rs 35 million and production is expected to start during the current year.

Esso's Urea Fertilizer plant, the first to be completed in private sector, started production in December 1968. The total investment in the project is about Rs 200 million and has an annual capacity of 173,000 tons. The plant uses natural gas from the Mari gas field, 12 miles from the site of the plant. It is estimated that \$5 million in foreign exchange will be spent every year to run it at full capacity and the foreign exchange would amount to \$12 million in a year. The factory

has 520 employees of which only 22 are foreign nationals. By 1972 their number would be 11, gradually being replaced by Pakistani staff. According to the agreement between the Government of Pakistan and Esso Pakistan Fertilizer Co. Ltd. in 1964, the company could repatriate its profit if so desired.

In February 1966 the government approved a sizeable fertilizer production programme for making the country self-sufficient in fertilizers, and accordingly a number of plants have since been sanctioned which are now either in planning or registration stage. Among the new plants the work on Dawood-Hercules Chemicals Fertilizer plant near Lahore on Shekhupura Road has begun. This plant will produce 340,000 tons of urea. The project, a joint-venture (Pakistan and US) in the private sector, will go into production in about two years' time and will consume natural gas as the main raw material. This plant will cost Rs 155 million of which :

1. Pakistani banks will provide Rs 19 million
2. the government customs debentures will find a loan of Rs 14 million
3. the Dawood Industries will invest Rs 56 million for a 40% equity in the enterprise, a 10% equity, worth Rs 19 million will be offered for sale and public subscription
4. The World Bank will provide a loan of \$30 million
5. Hercules Inc, of USA will invest \$11.7 million for 40% equity and
6. International Finance Corporation will invest \$2.9 million, which is equal to a 10% equity

The other three plants in private sector of M/s Hyecons, Adamjee and Jaffer Brothers are still under negotiation and planning stage and are expected to be the joint-ventures with foreign companies.

B. Petroleum Industry

Since independence Pakistan has been seeking international co-operation and assistance in developing the country's natural resources. This has brought in large amounts of foreign private investment in Pakistan for investment in this industry. The international oil companies which have made investment in Pakistan are engaged in exploration, refining and distribution of petroleum and petroleum products. The investments made by these companies have helped a great deal in the growth of Pakistan's economy.

In 1947 the total consumption of petroleum products was about three billion barrels of which one-sixth was met through indigenous resources and the rest was imported, distributed by the four foreign oil companies. By 1968 the consumption has risen to 3.1 million tons of which 3.8 million barrels were available through local resources and the rest was imported. At present the foreign oil companies engaged in petroleum distribution are: 1) Burmah Oil Company, 2) Caltex Oil Co., 3) Shell Petroleum Co., and 4) Esso Oil Co. These companies have capital assets of about 23 crores of rupees, and employ a total regular staff numbering 4252 persons. The labour on daily wages runs in thousands. The regular staff is mostly Pakistani and is almost completely managed, controlled and operated by it, which include specialist work such as financial control, technical operations, technical advice on utilisation of sophisticated products and top management functions.

Oil Exploration

The search for oil in Pakistan is going on now for a number of years without any fruitful results. The oil exploration companies have not, however, lost the hope and the search is on. During this exploration natural gas deposits have been discovered which are now being explored further and gas utilised.

The discovery of natural gas, however, attracted the attention of the British and American oil industry and the following eight exploration companies have joined in exploration work in the country:

1. Attock Oil Co.
2. Pakistan Oilfields Ltd.
3. Pakistan Petroleum Ltd.
4. Standard Vacuum Oil Co. Ltd.

5. Pak-Hunts Petroleum Co.
6. Sun Oil Co.
7. Tidewater Oil Co.
8. Pakistan Shell Oil Co.

The Russians are the latest entrants in the field, and they are working alongwith Pakistani oil exploration. According to the agreement signed between the Governments of Pakistan and USSR, the Russians are providing equipment and technical know-how.

Despite long search the only oil found in Pakistan was in the Potwar plateau, Rawalpindi area. The Attock Oil Co. drilled the first commercially productive oil well, almost forty-five years ago at Khur in the Potwar region in West Pakistan. Pakistan Petroleum Ltd. and Pakistan Oilfields Ltd. have now drilled few more wells in the same region.

Huge investments have been made in oil and gas exploration during the period 1955-65. A total of over Rs 1000 million has been put into the search for oil, and most of this investment has been from the private sector. During the Third Plan period (1965-70) an estimated investment of Rs 300 million, both by oil companies and government is likely to be made.

Refining

At present there are four oil refineries in Pakistan, three of which are located in West Pakistan and one in East Pakistan. Out of the four refineries, three are joint-ventures.

Until 1958, Pakistan had only one refinery, viz. Attock Oil Co. about five miles from Rawalpindi. This refinery based on indigenous crude was built by Attock Oil Co. in 1928. It was basically a fuel refining company, producing motor spirit, kerosene, high speed diesel oil, light diesel oil, furnace oil, lubricants, bitumen, solvent oil, mineral turpentine and wax. The present annual refining capacity is 0.5 million tons, but it can only meet partial requirements of the northern region of West Pakistan.

The Attock Oil Co. Ltd. was incorporated in 1913. The authorised capital is £4 million. The Steel Brothers and Co. Ltd., London, are the managing agents and hold 70% shares out of the issued and paid-up capital of £2.9 million.

The second refinery of the country, Pakistan Refinery Ltd., went on stream on October 1962, in Karachi, with an initial refining capacity of 1.5 million tons of crude oil per annum. The capacity was raised making it 2.5 million tons in 1968. Its products mix are motor spirit, kerosene, aviation turbine fuel, jet fuels, high speed diesel oil and furnace oil.

Pakistan Refinery Ltd. is a joint-venture of four foreign oil marketing companies operating in Pakistan having a 60% equity, and local private investment with 40% share. The authorised capital is Rs 200 million whereas issued and paid-up capital is Rs 60 million. The four foreign oil companies which have the share in the refinery are Burmah Oil Co. Ltd., California Texas Oil Corp., The Shell Petroleum Co. Ltd and Standard Vacuum Oil Co.

The Eastern Refinery Ltd., Chittagong, East Pakistan, has the annual 1.5 million tons of crude oil refining capacity. It has an authorised capital of Rs 100 million of which Rs 30 million are in foreign participation. The company was incorporated in 1963 and agreement was signed with M/s Regie Autonome Des Petroles of France for financial and technical participation. The French associates later withdrew in 1966 and now the Burmah Oil Co. Ltd., London, has the shares with Rs 15 million paid-up in foreign currency.

C. Pharmaceutical Industry

Pharmaceuticals are important consumer products and self-sufficiency in pharmaceuticals, therefore, can be described as a reasonable objective of planners as well as a good measure of progress in health conditions in the country. However, self-sufficiency especially with respect to pharmaceuticals has many meanings and implications, and it might be useful to examine these separately.

In this connection we could consider the following: i) increase in per capita consumption, ii) change in emphasis from cheaper drugs to more expensive drugs and iii) imported raw materials.

The pharmaceutical industry has made a remarkable progress during the past 16 years. Expressed in terms of the quantities of various dosage forms, the reported capacity of this industry in 1963 and 1967 is shown in the following table.

Table 4**Annual Installed Capacity of Pharmaceutical Industry
in Pakistan - By Categories of Products**

Category of Products (Units of Measurement)	1953	1967
Tablets (Number)	100 million	3 billion
Injections (No. of vials)	1 million	100 million
Liquids (lbs.)	10 million	3 million
Powders (tons)	500	4000
Ointments (lbs.)	25,000	500,000

Source : IACP Survey

Pakistan's pharmaceutical industry is now in a position to meet 85% of her requirements in drugs and medicines. This tremendous development is the result of continued co-operation between the pharmaceutical manufacturers abroad and their Pakistani counterparts. Besides meeting the local demand the pharmaceutical industry has entered the export market and from a total of about Rs 0.5 million exports in 1960-61, exports in 1967-68 rose to about Rs 6.5 million. This phenomenal increase has been due to the concerted and unflagging efforts of the Export Promotion Bureau, pharmaceutical manufacturers and the Pakistan Pharmaceutical Manufacturers' Association (PPMA).

Drug companies range in size, from one man concern to large industrial complexes. There are at present more than 250 units in the country which are registered as pharmaceutical factories. Hardly three dozen units can, however, be considered genuine manufacturing units. Almost all of these three dozen units are joint-ventures.

The future market for the pharmaceutical industry depends upon the population growth within the country and the rise in per capita income. The drug consumption figure in Pakistan at present stands at two rupees per person per annum.

We have estimated the future production value of the pharmaceutical industry based on the population projections prepared by IACP.

Under the above assumptions the following table gives the future requirements.

Table 5Future Production Value on Population Projection

Years	Projected population	Per capita consumption	Estimated value of production in Rupees
1968	121,438,000	Rs 2	240,000,000
1975	144,588,000	Rs 25	290,000,000
1985	187,053,000	Rs 75	370,000,000

Source: IACP Estimates

It is expected that by 1975 the country would have achieved self-sufficiency in pharmaceuticals. At present the country's pharmaceutical industry is operating much below its installed capacity.

Foreign collaboration in Pakistan's pharmaceutical industry is represented by such companies of international repute as Pfizer Laboratories Ltd., Upjohn International Inc., and Abbot Laboratories (Pakistan) Ltd. from the USA; Glaxo Laboratories Ltd. from the UK; Bayer Pharma Ltd. and Hoechst Pharmaceuticals Co. Ltd., from West Germany and Ciba Pakistan Ltd. from Switzerland. These companies produce ethical as well as popularly advertised medicines and they own outright or are majority shareholders, their subsidiary organisations set up in Pakistan.

Active foreign participation is essential because pharmaceuticals have to be manufactured in accordance with the accepted international standards. There is also the problem of internationally protected patents of world-known drugs and medicines which can be produced within this country only under joint-ventures or royalty accords.

Besides the brands and patents, joint-collaboration is also necessary from the point of view of manufacturing techniques. Its technology represents years of research and development. Medical science is advancing rapidly and new medicines are fast replacing old ones. Primary research cannot possibly be conducted and Pakistan has to rely mostly on applied research in this field in order to promote the production and consumption of pharmaceuticals in the country.

Pakistan's experience in joint-collaboration in this industry has been satisfactory. The experts in pharmaceutical industry who were personally interviewed for this study conveyed their satisfaction on the maintenance of international standards by foreign pharmaceutical manufacturers in Pakistan in manufacturing drugs and providing services to medical profession, hospitals, public health service organisation, and traders.

The joint-venture companies have also been leaders in ensuring the efficiency of distribution and the ready availability of every medicine produced throughout Pakistan. However, there is a general complaint and some of the higher officials of joint-venture pharmaceutical companies themselves stated to the authors of this paper, that parent companies charge exorbitant prices for raw materials they supply to their companies in Pakistan. Consequently the customers have to pay very high price for the medicine. The producers pass on the burden to the customers, naturally without absorbing the burden and finally remitting the high profits outside the country.

On the whole, however, the participation of foreign pharmaceutical manufacturers in Pakistan is highly desirable to make modern drugs and medicines available to the people of Pakistan.

D. Cigarette Industry

Cigarette manufacturing industry in Pakistan developed only after 1947. The primary reason for the development of this industry, as for most other industries was that Pakistan was spending large sums of foreign exchange on the imports of tobacco and tobacco manufactures. Until 1932 Pakistan was spending Rs 55.69 millions on imports of these goods. The Government gradually cut down the imports of "bidi" leaves (a local smoking material similar to cheroots which use tobacco leave as a wrapper instead of using paper as it is used in cigarettes. The tobacco leave used as wrapper is grown in India and was entirely imported) and accelerated the pace of development of cigarette industry in the country. As a result of these measures, and with increased production of leaf tobacco worth over Rs 350 million a year in the country, imports under this account not only dwindled but Pakistan produces substantial quantities for exports with the collapse of "bidi" industry due to restrictions imposed by the Government on imports of bidi leaves, cigarette industry has emerged quite successfully despite the fact that the industry involves a good deal of technical know-how, finance and management.

Cigarette industry in Pakistan occupies a place of distinction in the industrial field for two reasons: 1) it is the largest single source for central excise, contributing about 25% of the total revenue and 2) it has helped to promote the rapid growth of packaging industry in the country.

Cigarette Manufacturing

There are at present 32 cigarette manufacturing plants operating in East and West Pakistan. Pakistan Tobacco Co. (PTC) which is a joint-collaboration between Pakistan and British-American Tobacco Co. Ltd. (BATC), is an outstanding example of mutual benefits that can be derived from a harmonious association of foreign finance and know-how with domestic capital and skills. The company came into being in 1949 as a wholly owned subsidiary of BATC. In 1955 the shareholders invited local capital participation which has grown progressively to the present level of 35% out of the total paid-up capital of Rs 380 million. The company's three factories at Karachi, Jhelum and Chittagong are together the leading producers of cigarettes in the country. Pakistan Tobacco Co. is also associated with the Post-War Services Reconstruction Funds (PWSRF) in the management of Khyber Tobacco Co. Ltd., Mardan, West Pakistan, through the incorporated and jointly owned Managing Agency.

PTC now controls over half of the total present cigarette market of Pakistan. Besides quantitative share of the industry, its share in superior quality cigarettes in the country's cigarette production would come even higher. Some of the top brands like Three Castles, Players No. 3, Goldleaf and Gold Flake are manufactured exclusively by PTC. It has the most efficiently run plant and well organised marketing structure. For example, the storage, re-drying, seasoning and processing of tobacco are done by them under on roof. The processing, blending, making and packing divisions of the factory are completely air-conditioned to ensure that at all stages tobacco is handled under ideal conditions and stands all climatic effects. It has revolutionised the traditional packing of cigarettes in soft paper packages and have now introduced American-type hard paper packaging with flaps open which is quite popular in Pakistan.

As far as distribution is concerned, PTC has a far more efficient and far more extensive distribution chain that provides an almost complete coverage of town and villages both in East and West Pakistan.

PTC has also promoted the production of cigarette-type virginia tobacco for their own consumption but also by encouraging growers to cultivate it and by providing technical assistance to the growers. Besides running their own operations efficiently and successfully, PTC also has helped a number of Pakistani firms to establish themselves as important manufacturers in this country.

The overheads in PTC are comparatively much higher than any of the leading Pakistan's cigarette manufacturers. Amongst many the obvious reasons are that PTC is manufacturing various high priced brands which are not sold in a huge quantity. The personnel including the foreign experts are paid much higher salaries which also adds to the high production costs of this company.

V. TYPE OF JOINT-VENTURES BY COUNTRIES

As has been described earlier (pp 7 & 8), foreign investment in Pakistan has come from over 30 countries of the world, primarily from United Kingdom, United States of America, West Germany and Japan. East European countries have also now started setting up joint-collaborations on small scales and have been giving assistance in various forms to help Pakistan develop industrially. This assistance has been forthcoming in the forms of loan, technical know-how, joint-industrial collaborations, barter deals, etc. Inasmuch as approximately two-third of the total foreign investment comes primarily from the above four countries, we have dealt in detail the types of assistance Pakistan has been receiving and the specific industries in which joint-collaboration is taking place in each country. Besides these four countries, some joint-ventures have also been set up by other countries including Sweden, which are rather unique and their joint-ventures have been very successful in Pakistan. Therefore, we have also tried to describe such joint-collaborations in our report. Since east European countries are quite unique in their approach to the joint-industrial collaboration and the technical assistance they provide a description of east European communist countries has been dealt with separately. A detailed description of the following countries or groups of countries follows :

- A. United Kingdom
- B. United States of America
- C. West Germany
- D. Japan
- E. Other west European countries
- F. East European countries
 - 1. Yugoslavia
 - 2. Poland
 - 3. Bulgaria

A. United Kingdom

The United Kingdom continues to lead in terms of new investment. In the past 5 years, the UK has provided over half of new foreign investment, as compared to the United States of America, with only about 1/4 of the total new foreign investment. However, one factor that ought to be taken into consideration while analysing the trends in investment is that the subcontinent of India (including Pakistan) has had long political and economic ties with the UK. Business has traditionally been going on with them and substantial investments had already been made in the areas now comprising Pakistan. The UK investment is divided between following sectors :

Table 6

Percent Distribution of British Investments in Pakistan by Sector as at December 31, 1967

Sectors	Rs in million	Per cent
Manufacturing	594.95	56
Commerce	223.10	21
Agriculture	201.86	19
Construction	21.25	2
Utilities	10.62	1
Transport	10.62	1
Total	1062.40	100

Source: British High Commission in Pakistan, Rawalpindi

The Burmah-Shell Group, Imperial Chemical Industries (ICI) and National and Grindlays Bank Ltd. have been operating in Pakistan even much prior to 1947. Lever Brothers, Liptons and Brooks Bond though new in Pakistan, had also been operating in the subcontinent of India. These companies have not only invested money but they have set business traditions in this country, which Pakistani business has been following their examples. The policy of the British Government, in the words of one of their officials in Pakistan is "to leave the investors alone as much as possible and let them make their own choice of the

industry as well as the local business partners in Pakistan". The UK High Commission does not even require the British investors to report about their investments, and they have no records to indicate the number and types of joint UK-Pakistan private business ventures. A partial list of major joint-venture collaborations can, however, be obtained from the Overseas Chamber of Commerce in Karachi for those who are members of this Chamber.

Another important factor to note is that a large number of Pakistanis are presently residing in the UK. They annually remit home a substantial amount of sterling. An estimated £70 million are remitted through the banks only. Besides, a substantial amount comes into Pakistan through postal remittances and money transferred illegally. This figure is estimated around £20 million annually.

B. United States of America

The United States of America is the next important country in terms of foreign private investment. Though the United States aid programme favours the American suppliers, yet US businessmen have failed to take full advantage of this opportunity. During our visits regarding this study, we received numerous complaints of high US prices of plant and machinery, and raw materials. It has been stated by some respondents that their costs sometimes are as high as 40% or 50% than others. It must be borne in mind that regardless of how the business has been financed the ultimate cost is borne by the customer, and such high US costs are impediments to further the cause of joint-ventures. However, American machinery, equipment and technical services are highly regarded in Pakistan and generally considered desirable or superior for their design, durability and performance.

The American joint-ventures are found in fields such as chemical and pharmaceuticals (e.g. Abbot, Cyanamid, Merck Sharp & Dohme, Parke Davis, Pfizer, Searle, Smith Kline & French); in petroleum (e.g. Esso, Caltex, International Tank Terminals Ltd.); in food and beverages (e.g. Coca-Cola, Corn Products, General Foods) and various service industries. A list of American firms and their affiliates now operating in Pakistan can be seen in Appendix C. This list has been supplied by the United States Department of Commerce and includes names of the firms in existence as of March 1968.

C. West Germany

The Federal Republic of Germany takes third place in the trade balance of Pakistan and a number of Pakistani and German firms have established joint-ventures in Pakistan. This co-operation in partnership enterprises is highly welcome. "In long run", says Prof. Dr Karl Schiller, ex-Federal Minister of Economics, "this is a promising road to promote economic development of Pakistan not only through government assistance, but especially through private capital investment and the use and exchange of knowledge and experience". The Federal German Government plans to orient its assistance even more in the future than in the past to such projects as will lay the foundation of new joint-ventures, and thus an increase in financial and personnel agreements of the German industry in Pakistan. Dr Schiller had further commented that German government was well aware of the importance and necessity of an increased capital export to developing countries, as a supplement in continuation of public assistance. A country like Pakistan which, as the first developing country, concluded in 1962 with Germany an agreement for protection and promotion of capital investment, seems to be especially suited for such capital export, especially so because its market holds a great future. As far back as 1959, Pakistan showed her interest in private German investment by negotiating an investment incentive agreement. Groups of executives representing the whole range of German business enterprises have visited Pakistan to discuss possibilities for an intensified co-operation between privately owned German companies and Pakistan.

The most important German-Pakistan joint-ventures now operating here are Siemens Pakistan Engineering Co. Ltd. in the fields of electronics, telecommunications, signalling equipment, power generation-distribution equipment and electro-medical equipment; AEG-Telefunken in the fields of communications equipment; Hoechst Pharmaceutical Co. and Bayer-Pharma Ltd. in the field of pharmaceuticals, etc.

A sizeable German technical collaboration also exists in Pakistan particularly in the fields of agriculture and vocational education. For example, a training and demonstration centre in the field of agriculture, a model livestock and dairy farm in East Pakistan, technical schools in Lahore, West Pakistan and Dacca, East Pakistan are example of technical collaborations.

D. Japan

The economic relations between Japan and Pakistan have steadily developed over the past ten years and the prospects are bright for a still closer economic co-operation between the two countries.

In early 1969, Japan sent a Survey Mission to Pakistan to evaluate the effects of the economic assistance she was providing to Pakistan as well as to explore new venues of co-operation between the two countries. The leader of this Mission, Prof. Noburo Yamamoto stated that "there are bright prospects for further private investment flowing in Pakistan from Japan".

Already a number of Japanese concerns have undertaken production of some essential goods and services in collaboration with Pakistani firms or institutions. Nine such industrial projects for the production of ceramics, fluorescent tubes, three-wheeled automobiles, transistor radios, textile equipment, umbrella cloth, rayon, chemicals and thermos flasks have been set up. Besides, several Japanese banks have shares in Pakistan Industrial Credit and Investment Corporation (PICIC) and the Television Corporation of Pakistan has been set up through Pak-Japanese private sectors.

In addition to Japan's private investment, certain development projects in Pakistan have been financed from Yen Credits which amount to approximately US\$130 million. The projects include :

1. The Chittagong Steel Mills, which is the first steel mill in Pakistan. Its present production capacity is 150,000 tons annually. Japan is also extending financial assistance in the expansion of this steel mills by raising its capacity to 250,000 tons annually.
2. Two sugar mills in East Pakistan at Mymensingh and Shyampur.
3. Viscos Rayon Plant at Karnaphuli, near Chittagong, East Pakistan, to which private investment from Japan has also contributed.
4. PVC plant near Karachi which is at present under construction and expected to be completed soon.

5. Caustic soda plant for the above.
6. Jettys for the Chittagong harbour in East Pakistan.
7. Sulphurtation plant at Mianwali, West Pakistan.
8. Electric generators for the Karachi Nuclear Power plant, expected to be ready by 1970.
9. Number four generator and turbines for the Mangla Dam project in West Pakistan.
10. The Dacca Television Station
11. The Karachi Television Station
12. Urea fertilizer factory in Ghorasal, East Pakistan, which is the biggest so far in the world. The completion of the project is scheduled for 1970. Its production capacity will be 1137 tons per day.
13. Two cement factories at Wah and Rohri which are expected to go into operation in 1970.
14. The Meheran Sugar Mills near Hyderabad, West Pakistan, completed last year.
15. The Fauji Sugar Mills near Hyderabad, West Pakistan, which is scheduled to go into operation within this year.
16. The Karachi Alloy Steel Mill on which construction work has already started. The mills is expected to be completed in 1971.
17. The Ammonium Sulphate Factory in Fenchuganj, East Pakistan, is scheduled for completion in the beginning of 1970.
18. The Chittagong Fish Harbour in East Pakistan, now under construction, is scheduled for completion in 1971.
19. Various projects of the Telephones & Telegraphs Department.
20. Transmission line in East Pakistan.

Apart from the above-mentioned projects, TV equipment for the Television Corporation of Pakistan has also been supplied by Japan under the Yen Credits.

E. Other West European Countries

Recently other west European countries have also started taking interest in joint-venture collaborations in Pakistan. The prominent among these countries are France, Switzerland, Sweden, the Netherlands and Italy. However, there are a number of joint-venture collaborations from anyone of these countries. Italy, for example, has no private joint-venture in Pakistan of any significance. Even the technical collaboration is in the form of such large contracts as the building of the huge Tarbela Dam (West Pakistan); During the construction period, Pakistani engineers will be trained and the technical know-how will be useful for this work and also in future. Scholarships are also awarded to Pakistanis for training in such institutions as Istituto Per La Ricostruzione Industriale, Rome and I.S.V.E; - the Institute of Studies in Economic Development in Naples. Trade delegations often visit from these countries to explore possibilities in trade and industries.

Similar situation exists regarding our industrial collaboration with other countries. For example, there are only a few joint-ventures from the Netherlands and Sweden, but these are making important contributions to our industry.

The Philips Electrical Co. (PEC) of the Netherlands is very active in Pakistan in the fields of radio and television. Philips is manufacturing electric equipment in Pakistan in collaboration with local enterprises and also operates two factories in West Pakistan and two in East Pakistan. The company intends to further broaden this collaboration. Mr J.J. Philips of PEC who recently paid a short visit to Pakistan told a press conference here that his company has several new plans for further investments. One of these is a full-fledged television factory which is already under negotiation with the Government of Pakistan. The Philips has already achieved more than 50% foreign exchange savings in the television industry in this country and hopes to achieve much greater growth without any corresponding increase in prices. The company has a declared policy to stay-on in this country, contribute its share in its developments. Philips would be interested in expansion in Pakistan not as a separate identity but as an integral

part of the economic development of the country. The company lays special emphasis on the exchange of technical know-how between different countries of the world. The company is planning to bring in more foreign private investment and provide technical know-how to Pakistan for development of electronic industry.

Philips has submitted a plan to Government of Pakistan for manufacturing television components. The request is under consideration. If this plan is approved, it will reduce dependence on imported television spare-parts to mere 15%, thereby saving a sizeable amount of foreign exchange annually.

The company officials stress that developing countries should import technical know-how from abroad. Philips alone has spent about Rs 1000 million on research and acquiring new sophisticated techniques in manufacturing electronic equipment. This expertise is available to developing countries on easy terms and Pakistan could also make use of it for the benefit of her economy. Even countries like Japan, which are highly industrialised still obtain technical know-how from abroad. Expert advice helped Japan in achieving enormous success in industrial expansion.

Some unique experiences have also been gained from companies like the few joint-ventures from Sweden. Three prominent Swedish-Pakistani joint-ventures are now operating in Pakistan. They are: Packages Ltd., Lahore; Pak-Bofors and Wah Bofors, both located in Rawalpindi area, West Pakistan. All the three joint-ventures are unique in the sense that they have helped set up many new subsidiary industries in the country which previously either did not exist in the country at all, or were not run scientifically, even if they existed on a small scale.

Packaging industry, prior to the establishment of Packages Ltd. only comprised unintegrated, small and uneconomic units. Most of the work was done manually, and crude machines were employed, if any. Now, Packages Ltd. with an investment of approximately Rs 80 million has fundamentally reconstructed this industry. Packages Ltd. has been used as a case study in this paper to describe the contributions made by successful joint-ventures in Pakistan. (Please see pp 44-46 for the case study).

Pak-Bofors is a joint-venture engaged in the manufacture of basic chemical, while Wah-Bofors is primarily in making and packing of dynamite. These industries are also new for Pakistan. Pakistan has gained a unique experience of social benefits from these Swedish companies. Somehow, these joint-ventures have been emphasising more on the social impact rather than profit making. For example, the Bofors

companies have revolutionised the life of community by hiring only female employees on high pay-scale in the dynamite manufacturing factory. The women are making as much money as their husbands; and in many cases, if more than one woman are working, the family income has tripled or quadrupled. The Swedish companies also pay much attention to benevolent salary for their employees. For example, the Packages Ltd. has set up a dairy farm and a chicken farm on its own premises and has been supplying dairy products on subsidised rates. Housing and schools are provided to lower-level employees almost free of cost. Many of the collaborations indicated to the authors that Swedes have sentiments against their own companies if they make "too much" profit. They consider it "exploitation" of locals. But if the companies can show to their people that they have made some social impact in the developing countries it is appreciated and goodwill earned.

F. East European Countries

The joint-ventures between east European countries and Pakistan are few but are on gradual increase. The important factor in the expansion of economic relations between Pakistan and these countries is that some of the west European countries and the USA have created barriers by putting quotas and quantitative and tariff restriction on some of the basic goods produced by Pakistan. While some of these countries through their strength has bulk buyers have changed to reduce the prices of raw-materials and commodities produced and exported by Pakistan, they have increased the prices of the articles which they manufacture and export to developing countries such as machinery and equipment.

The economic policies followed by various east European countries are a little different from each others because of different socio-political system, which are generally based on trade rather than establishing industries in other countries. Pakistan has been dealing with these countries mostly on the basis of bilateral commodity exchange. Pakistan has been bartering such items as jute, cotton yarn and textiles, leather and leather products, handicrafts, for items such as chemicals, machinery, road construction equipment, tools, workshop equipment, and mining equipment.

Under the circumstances an increase in trade with countries like Yugoslavia, Poland and Czechoslovakia is of mutual benefit. The communist countries so far have been mostly providing assistance

through government to government credit arrangements. Generally speaking these countries provide two types of credits : (1) General Credit and (2) Credit for specific projects. The terms of credits are usually soft and interest charge is 2-1/2%. Usually the larger portion of the credit is tied and the machinery and equipment have to be purchased from the credit giving countries. Approximately 10% to 20% has to be paid as down-payment and the first payment may start after 6 to 9 years. Over half of the total amount is generally paid in Pakistani goods.

There has now been a trend in some of the communist countries to either directly collaborate with private companies and set up joint-ventures in Pakistan, or establish industries in collaboration with either the government organisations or government sponsored industrial organisations, like the Pakistan Industrial Development Corporations in East and West Pakistan. Poland has also set up a consortium which represents a group of Polish industries, which is now setting up industries in collaboration with Pakistani businessmen.

Such barter agreement and joint-ventures, rather on limited scale, have been arrived at with Pakistan by Yugoslavia, Poland and Czechoslovakia. Other countries are also now coming forward and recently a Bulgarian Credit agreement of US\$3 million, first of its kind, has been signed last month.

Separate descriptions of some of the important countries of eastern Europe follow :

1. Yugoslavia

Yugoslavian Government has been extending general and project credits to Pakistan since 1961 and a total of equivalent US\$153.5 million has so far been granted as of now. Of this \$105 million were granted for General credit, whereas \$48.5 million were granted for specific projects. The trend has been a gradual but steady increase in the quantum, e.g. the general credit was extended for \$10 million in 1961, \$15 million in 1964, \$30 million in 1966 and \$50 million in 1968. The breakdown of \$48.5 million granted for specific projects is as follows :

\$7.7 million for 2000 tube-wells
\$19.8 million for hydro-electric power
\$21.0 million for rural electrification

The officials of the Yugoslavian Government have indicated that they now want to establish industries in Pakistan for manufacturing products which may be exported to Yugoslavia.

The trade between Yugoslavia and Pakistan can be divided into three major groups: (1) barter, (2) cash and hard currency and (3) cash and local rupees. The barter trade is simple and once the items to be exchanged have been agreed upon, the trade can take place. With respect to trade in hard currency, if Pakistan is in a position to pay in foreign currency the trade takes place. The trade in local rupees is aimed to reimbursing the costs incurred by Yugoslavian companies operating in Pakistan.

Yugoslavia has been a pioneer in ship-building industry. So far eight ships have been built for Pakistan in Yugoslavia for which some Pakistani engineers have been trained in that country. The Karachi Shipyard has also now successfully built ships for Pakistan and the technical know-how gained in this industry is of immense value. The breakdown of the credit extended is as follows :

Industry	Amount of Credit in US\$ (million)
1. Ship-building	20.0
2. Electrification of tube-wells in Rangpur, East Pakistan	3.0
3. 1000 tube-wells	2.6
4. Fishing trawlers	2.0

2. Poland

Poland is another important east European country which is actively participating in setting up joint-ventures in Pakistan. The credit extended by the Polish Government is also tied for purchasing machinery and equipment from Poland. The credit is extended for 9 years @ 2.5% interest, 15% down-payment with 50% of the total to be paid in Pakistani goods such as jute, cotton, readymade goods, e.g. shoes, textiles, etc. They have also established joint-ventures in collaboration with private business in Pakistan. The local currency expenditure is paid by Pakistani partners whereas the machinery and

equipment is supplied by Poland. Poland has been a pioneer in sugar industry, and in this respect aid has been provided in setting up a sugar mills at Bahawalnagar, West Pakistan, which is now in full operation and the business has been running very successfully. The manager of this factory has been trained in Poland whereas the technical workers have been given in-plant training by Polish experts.

Another project where Poland is collaborating with Pakistan is in the Forest Complex. This includes logging, sawing and other wood processes. Two factories are planned for East Pakistan and two factories for West Pakistan. This will be the first Polish undertaking in East Pakistan. The foreign expenditure will be met by the Polish Government, whereas Pakistan is to supply rupee expenditure.

Fishing is another important industry where Poland wants to collaborate with Pakistan. The Polish Government plans to supply three big trawlers with all modern equipment alongwith Polish technical know-how. The new trend in the Polish collaboration is to find private Pakistani collaborator in setting up the fishing industry.

A breakdown of the Polish credit is as follows :

Industry	Amount in US\$ (million)
1. Forest	8.50
2. Sugar	2.86
3. Credit to Industrial Development Bank of Pakistan	1.60
4. Spinning of textiles	Less than one million

Poland has also been thinking of supplying machinery and technical know-how on "Pay-as-you-Earn-Scheme". She wants to try this first in the edible oil industry and possibly export the oil cakes from Pakistan to Poland.

3. Bulgaria

In the month of October 1969 the Bulgarian Deputy Prime Minister visited Pakistan and had a wide-ranging discussion on economic co-operation with Pakistani officials and also signed a credit agreement.

This agreement signed provides Pakistan the first Bulgarian credit equivalent to US\$8 million which Pakistan plans to utilise for importing various types of machinery and equipment. The agreement which comes into force with immediate effect further provides that the entire repayment of the credit including the down payment will be made by Pakistan in the form of goods. The amount will be utilised for payment of 85% of the f.o.b. value of the machinery and industrial installations for cotton textile mills, sulphuric acid plant, ceramic factory, tannery and wood working plants. The credit will be available to private investors as well as to public corporations.

The possibilities of Pak-Bulgarian joint-ventures in various industrial fields were discussed at length by the Bulgarian Economic Mission with the officials of the Planning Commission of Pakistan. The two countries explored specific areas like food processing, pharmaceuticals and machine building industry for possible joint-ventures. The possibilities of Pak-Bulgarian collaboration in the field of agriculture and for supplying agricultural machinery to Pakistan were discussed. The deputy premier offered technical assistance to set up a modern agricultural farm in West Pakistan. A particular feature of this agreement is that payment on delivery will be effected exclusively through the purchase of Pakistani goods, with special priority to industrial items. Another peculiar feature of this agreement is that the credit can be utilised both by the private as well as public companies.

Besides setting up of joint-ventures Bulgaria has also shown interest in Pakistan's film industry. The Bulgarian officials think that there is a tremendous scope of closer collaboration between Pakistan and Bulgaria in the development of Pakistani film industry.

The two governments have also signed an air agreement. This will enable PIA and the Bulgarian Airlines to fly between Karachi and Sofia on routes agreed to by both sides. This will help Pakistan gain experience in the field of aviation from Bulgaria.

VI. IMPACT OF JOINT-VENTURES

It is not possible to estimate all the contributions that each joint-venture has made towards the industrial growth of the country. However, it can be safely stated that these collaborations have produced noticeable results in quickening the pace of industrialisation in Pakistan.

The notable contributions made by these joint-ventures are such intangible items as the technical know-how introduced in the country, improving the marketing techniques, suggesting better management practices and scientific selection and recruitment of personnel. Besides these intangible contributions, magnitude of certain tangible contributions can be assessed by studying examples of specific companies and determining such factors as the subsidiary industries that have been established by joint-venture corporations, pioneering work taken in certain specific industries, more employment provided and foreign exchange savings effected.

Let us take each of the items and try to measure up contributions by these joint-ventures.

A. Subsidiary Industries

Two outstanding examples of subsidiary industries stand out here: (1) the case of Lever Bros. and (2) the case of Packages Ltd.

The production plant of Lever Bros. is in the city of Rahimyar Khan in West Pakistan, a city with a population of about 100,000 people. This is only because Lever Bros. has established such secondary industries as oil milling, which have sprung up mainly because of the demand for Levers' plant of banaspati edible oil. This town is prosperous and greatly extended and much of this growth is due to regular incomes spent in Rahimyar Khan by Levers' employees. Certain micro-ingredient which are used in making poultry feed have primarily been imported into Pakistan, but Levers are now encouraging local drug companies to manufacture these items in the country. They are willing to provide technical know-how to these drug companies and are willing even to extend financial assistance in some cases.

Levers specialise in the manufacture of finished goods. It encourages other people to supply them with their raw materials as well as packaging materials for wrapping their finished products. The result of this has been the growth of an oil industry for manufacturing "Dalda" especially around Rahimyar Khan, and good quality printers of paper to supply the needs of the company for packaging "Lux" soap.

Packages Ltd. is another example of successful extension of subsidiary industries. The primary packaging plant for Packages Ltd. was established in Lahore with a cost of approximately Rs 20 million. Since they are the largest packaging company in Pakistan, they are utilising a huge quantity of paper and board of various kinds. This led to the expansion of establishing a paper manufacturing plant on their own premises. This is a most modern and self-contained manufacturing plant which is now supplying the entire paper and board requirement of Packages Ltd. It is even more interesting to know the cost of this subsidiary - paper and board mill - has cost approximately Rs 60 million three times the cost of the primary plant. The other industries such as ink manufacturing have also been undertaken by Packages Ltd. These subsidiary industries are not only providing base for huge industries and developing technical know-how for them but also employment opportunities to many new people who are residing in that area.

B. Employment

In the developing countries where unskilled labour is available in abundance but technical know-how is rather limited, joint-venture companies have been instrumental in creating new employment. As an instance, 20 large joint-venture pharmaceutical companies in Pakistan provided employment to about 6000-8000 Pakistanis of whom a large number were science graduates, mostly employed in departments which dealt with production, quality control and sales. As the pharmaceutical industry grows in future, larger employment opportunities would come up.

Siemens Co. provides about 8000 job opportunities to Pakistanis who are engaged in the production and sales of electrical and tele-communication items produced by them. More than 6000 workmen have been trained in their training workshop. Over 200 technicians, engineers and executives have received overseas training in Germany.

The same holds true to a much larger extent in the other industries where joint-venture, such as petroleum, cigarette, chemical and fertilizer industries. However, due to the limited time available for writing this paper it was not possible to estimate the total employment created by these joint-ventures.

Most of the industries where joint-ventures are now operating in Pakistan have been rapidly expanding and a much greater number of people will be employed in these industries in future. One thing very important to be noted is that these joint-ventures are employing people in technical fields as well as managerial positions. Unlike projection of skilled and unskilled workers in various joint-venture industries forecast of managerial position is quite complex. The top management is not so easily disposed of creating a managerial position until such time it is assured of a higher return than the expenses likely to be incurred by appointing a manager. Another important fact in creating managerial position is that the distribution of work among managers has to be carried through by working with several persons under them. In other words it will be the ratio factor of a manager to workers who could form the basis of projecting future requirements. However, if we know that the total number of skilled and unskilled workers will increase in future we can be sure that the managerial positions to be filled by Pakistanis in joint-venture collaborations in future will also be increased.

C. Balance of Payment

Another major contribution which may be measured and where joint-ventures have definitely contributed is in the balance of payment situation. During 1968, for example, the top 19 joint-ventures in pharmaceutical industry spent Rs 23.9 million worth of foreign exchange on raw material imports as packaging companies were not available in Pakistan and these imports after processing would have cost Rs 76 million had they been imported as such. In short so far as concerns import substitution these foreign collaborations have been very successful. In 1960 moreover the industry paid Rs 13 million to the Government of Pakistan in the form of income-tax, customs, excise, etc. During the same period they spent a sum of Rs 900,000 on quality control of pharmaceutical products in the country.

Another example of Lever Bros. may be quoted here. Its products command a premium in the market and it pays taxes accordingly. For instance tax on a tablet of Lux soap is over 15% of its selling price. These taxes are regularly collected and paid to the government treasury, and in 1966 the total payment by taxes such as customs, excise and sales was over Rs 20 million.

D. Quality

The qualitative share of joint-ventures in Pakistan would come higher than their quantitative share of the markets. Many case example can be cited for it. Pakistan Tobacco Co., for example, bids to command about 70% of the total cigarette market of Pakistan. However, almost all the top brands like Three Castles, Players No. 3, Goldleaf and Gold Flake are manufactured exclusively by PTC; Lever Bros. is another good example. Vanaspati (Dalda brand) and toilet soaps (Lux and Rexona) and detergent (Surf) are its main lines of production. The chief competitors of Dalda are Tullo and Bano. The chief competitors of Lux and Rexona are Palmrose and Capri while the chief competitor of the Surf is Burq (the newly introduced detergent). It is worth mentioning here that none of Levers' competitors is a joint-venture and the installed plant capacity of Levers is much larger than that of any one of them.

The joint-ventures have acted as price and quality leaders in their own fields of manufacture or service. The joint-venture companies have set standards of quality and price which their competitors have to respect and follow. With respect to soaps, the superior quality of soaps are almost all monopoly of Levers and their prices are not at all high in relation to the general price level and to the cost of production. It should be mentioned here that Levers have not been making the allowable 20% profit on soap.

The contribution that Levers has made to the balance of payments situation derives from the fact that its products are foreign exchange savers, although they have not reached the point of being foreign exchange earners.

E. Management and Technical Know-how

The industries newly being set up in Pakistan are comparatively more difficult to manage and involve intricate technique of production. Therefore, the "know-how" can broadly be categorised in two groups namely : "management know-how" and "technical know-how".

Management is an essential and a basic part of any successful business. Since the joint-collaboration are taking place in Pakistan in large and more complicated industries, expert management is required for guidance and organisation. A recent survey conducted on the subject of Professional Management in Private Sector indicated that many of the local companies' chief bosses were inward looking and they gave managerial positions to professional managers only where they could not find a suitable person within their own family. If they felt that they could do away with the services of professional managers, they immediately discharged these managers on flimsy grounds. In many instances, the survey revealed, the top management comprised of persons who did not know much about various organisational operations, but at the same time they liked to offer their guidance in all spheres, amounting to a certain degree of suppression of the freedom of action of professional managers. Contrary to this, it has been observed that joint-venture companies lay enough importance on proper selection and training of managers and spend a good deal of money in grooming the potential managers.

As far as technical know-how is concerned, it can broadly be categorised in three groups : 1) highly technical, 2) technical and 3) line workers.

1. Highly Technical

Highly technical personnel may be defined as "technical managerial" personnel such as chief engineer and other senior engineers and chief chemist under whose supervision and control the entire operation of the plant is carried out. They direct the entire work force to co-ordinate work between different jobs and departments. The large established industries such as machine tool and heavy engineering complex, chemical, fertilizer, electronics and various industrial complex are new to Pakistan. Though, most of the industries prefer to have Pakistani personnel, yet it is difficult to run the factories by placing entire responsibility on them, particularly in the initial stage of setting up factories and starting production. Foreign experts are required to guide such large industries and

take part in the erection of the plant and thereafter help in operation. The foreign experts are to guide Pakistanis in organising the manufacturing process and teach them the use of tools and equipment in the plant. A good amount of training has to be imparted to highly technical staff because newer technologies have to be applied which Pakistanis have to learn afresh. It has been observed that in a particular industry comparatively more serious shortages occurred in plants where foreign collaboration was absent. Higher education level personnel are required as technical managers but the tendency in Pakistan is that people with higher technical education, particularly foreign degree holders, prefer to sit in luxurious air-conditioned offices instead of working on the machines. The foreign technicians, on the contrary, work on production line in the plant along-with their workers. They have demonstrated that this has increased the productivity of a plant and increased efficiency. The "dignity of labour" taught to Pakistanis has been a major contribution of joint-venture in Pakistan.

2. Technical

The supervisory staff which is considered as the middle order management have been defined as technical staff for the purpose of this paper. They are responsible for getting the actual work done. Their qualifications are usually limited, most of them being diploma holders in engineering, but their experience is usually very long in the industry as they have risen from the lower ranks to the supervisory level*. The respondents interviewed for this study indicated that there is a need for more and better trained personnel in many occupational categories, particularly in apprenticeable types. The need is prevalent amongst all the industries in Pakistan to a certain extent. Within a given industry, plants with no foreign collaboration suffered more from insufficient supply of technical personnel because no proper training facilities were available to them. Joint-venture enterprises, on the other hand, supplemented the insufficient number of desired labour by hiring more educated people (for example, graduates of high school instead of middle school) because they could pay more lucrative salaries. Also they could devote higher proportion of time for on-the-job training which small enterprises were unable to do. Therefore, the quantitative

* Industrial Manpower Skills, Report prepared to Pakistan's National Commission on Manpower and Education, Islamabad February 1969

shortages of technical people is not a true indicator of the actual shortages. More serious qualitative shortages occur because local firms fill the jobs with persons of lower qualifications. The higher technical foreigners should be able to train them (the supervisory level) and there seems no justification for bringing in foreigners of supervisory level.

3. Line Workers

Line workers are the persons who actually carry out the orders of the managerial and supervisory staff. The line workers can easily be trained in the plant. There is not much difference in a local or joint-venture plant, except that things like safety measurement are followed more strictly in joint-venture plants.

F. Marketing Research

The development of marketing research in Pakistan has also been a prominent feature of joint-collaboration. This is not to say that there have not been sincere efforts on the part of some individuals or firms to promote the use of marketing research in Pakistan. However, the growth of marketing research has frequently met with lack of co-operation from management. Top management is still reluctant to rely on marketing research. They are sceptical of its usefulness and are sadly uncommunicative. Despite some growth in this field in last 10-12 years, marketing research is far from being universally accepted. Therefore, our managers should be educated to the necessity for a programme of high standard marketing research.

The modern concept of marketing research is in effect the application of all known tools and techniques available to the solution of marketing problems. Marketing research now occupies an important place in the overall activities of business in countries from where investment is coming into Pakistan. Although business in developed countries depend heavily on marketing research, it is developing countries, a National Conference Board (USA) report estimates, "now at about the same stage that American Marketing research reached a quarter century ago". Pakistan is one of these countries where marketing research has not developed. Until early 1960's there was no marketing research organisation in Pakistan, and there were only a few advertising agencies that undertook some market analysis, but no

marketing or opinion research in the specialised sense*. But most joint-ventures in Pakistan prefer to do their own marketing research work, and even to employ their own staff of investigations, if possible. These marketing research departments are set up to provide the company with quantitative analysis of the capacity of their market, of consumer attitude, competition, and channels of distribution. The advantage of a marketing research department within their own companies they say, is that it is more intimately acquainted by its management than outsiders can ever be. They also regard this as a guarantee that their work will be closely linked with the work of other departments. But it is our feeling that primary reason is to keep information in strict secrecy.

Some of the major joint-venture organisations that have pioneered in the field of marketing research and have fairly good marketing research departments are Burmah-Shell Oil Storage and Distributing Company of Pakistan Limited, Esso Standard Eastern Incorporated, Lever Brothers (Pakistan) Limited and Pakistan Tobacco Company Limited. Some large foreign advertising agencies in Pakistan also undertake market analysis, and marketing or opinion research. These agencies have their own research 'units' which strictly work for their clients. J. Walter Thompson Far Eastern Company and Lintas Limited are important advertising agencies from the point of view of marketing research.

G. Recruitment Practices

Another major contribution of joint-ventures in this country is that recruitment practices have been given their due importance in the overall efficient running of the organisation. The Pakistani industrialists are still using crude processes of recruitment for matching men and jobs. The owners (and that includes some of the biggest industrialists of the country) specify worker characteristics in a subjective manner rather than by the calculated minimum needs of production pattern. Newspaper advertisements, personal knowledge of the employers about availability of a particular person and nepotism are some of the methods adopted by them to recruit personnel.

*Foreign Advertising Agencies and Marketing Research Organizations, United States Department of Commerce, Bureau of Foreign Commerce, Washington, D. C. pp 86-87

The joint-venture organisations, on the other hand, have been more objective in their selection of personnel. They have introduced vocational advice for young people choosing careers and for mature workers needing to adopt new skills to help match worker qualifications to jobs available. Various types of tests are given by these companies to the candidates who apply to them for a job. For example, special aptitude tests are given to measure various special aptitude such as spatial and perceptual abilities, speed and reaction time, steadiness and controlled movements, and mechanical comprehension. Achievement tests are given by some joint-venture organisations to determine the amount individual knows about a particular job or subject. Interest test and personality test have also been introduced by some organisations.

VII. A CASE STUDY:
Packages Limited

The last 22 years in Pakistan have seen considerable changes and a great deal of progress in printing and packaging industry. With the improvements in printing technology, the traditional packaging materials such as wood and tin are being replaced more and more by carton, cardboard, corrugated sheets, plastics, transparent film whose outstanding advantage is low weight with resultant savings in transportation. Like many other countries, the manufacturers in Pakistan are laying now more emphasis on good and creative package designing for their products. As more products and companies compete for the market, the package designing exercises a motivating factor. For attracting larger number of consumers, increasingly more sophisticated designs and art works have to be developed and used. Greater emphasis is now being laid on tasteful presentation, information with objective, better selection of type faces and artistic composition of colour.

In the development of this industry, Packages Ltd., Lahore (West Pakistan) has a big hand and is an outstanding example of how Pakistan can gradually utilise technical know-how obtained from highly industrialised countries.

Packages Limited which has completed twelve years of its life, made its impact on the consumer goods industry in Pakistan with two or three years after beginning its operations in 1957. By its untiring efforts through door-to-door selling of new ideas and items on high quality production, it has brought a new awakening to the people of this country of modern packaging as a powerful demonstration effect and sales builder.

Syed A&M Wasir Ali Group joined hands in 1956 with Akerlund & Rausing and G-Man (two companies of Sweden) to establish Packages Limited. The house of Wasir Ali was founded in 1858 by Syed Wasir Ali and continued, after his death in 1889, by his sons, Syed Ahsan Ali and Sir Syed Martab Ali Shah, who formed a partnership under the name of Syed A&M Wasir Ali. There are at present, five partners, who are the descendants of the founder. Akerlund & Rausing are one of

Europe's largest and most progressive packaging companies. This firm has successfully pioneered a variety of developments in the packaging industry, and its innovations and techniques have been accepted worldwide. G-Man is the leading ink manufacturer in northern Europe. Its research in devising and informing the suitability of inks for particular types of material is benefitting the packaging and inking industries in Europe and the East.

This association of one Pakistani and two Swedish companies have their well-equipped factory at Kot Lakhpat, Ferozpur Road, Lahore, West Pakistan. Packages Ltd. was converted into public limited company in the year 1965 with a paid-up capital of Rs 31 million as against an authorized capital of Rs 50 million with the following equity rates :

	Rs (million)
1. International Finance Corporation	4.00
2. Swedish participants	6.32
3. Pakistani shareholders (including PICIC & NIT)	20.68
	31.00

Packages Ltd. has the largest "offset" presses in Pakistan. Cartons are printed in multi-colours and designs, with emphasis laid on quality printing. The education of technicians and improvement in their knowledge never stops. As they are kept acquainted with the latest techniques through lectures, technical literature and training with associate factories in Sweden. Packages Ltd. also manufactures solid board containers which have almost entirely replaced the wooden containers all over the world due to low cost, ease of handling and pilferproof sealing arrangements. Multiple layers of chip board presses than painted with customers trade makers, and then cut and creased before being finally stitched. Ghied sealing tape is another item which is manufactured by the company.

The ink factory is equipped with machines that produce offset, letter press, Roto gravure, newspaper and flexographic inks. They have the fullest access to all the latest developments in the ink industry in Europe through their associates G-Man.

For quality printing and packaging that serve today's marketing requirements, they need fine paper and board. To achieve this end, the company's paper and board division have just started rolling the basic

material. A 24,000 tons paper-board mill costing over Rs 80 million went into production in March 1968. Most of the belting problems were overcome within the first six months and from September 1968 onwards the mill has operated at a profit. This was a rare expansion of the paper industry and in its achievements they have had the assistance of Swedish technicians. Their programme of training Pakistani paper technicians is proceeding satisfactorily and it is hoped that the number of 33 Swedish employees will be reduced to about 10 by the end of 1969.

Packages Ltd. has made a significant contribution to Pakistan's economic sales and marketing development by providing scientifically designed and attractively produced containers to carry the manufacturers' goods safely and efficiently to the consumer. The packaging revolution started by the company is gaining strength from day-to-day and is bound to produce far-reaching and healthy changes in the patterns of manufacture and distribution of consumer goods.

Very few enterprises in a developing country have been so successful in such a short time as Packages Ltd. The industry is vital to the fast growing consumer goods industry and fulfils an urgent and ever-increasing demand for them. Packages Ltd. is a model of international co-operation between the Swedish collaboration and Pakistani entrepreneurs. Sweden contributed the right equipment and highly skilled engineers and technicians while Pakistan provided able, enthusiastic and ambitious youngmen to team up with the Swedes, learn from them, and ultimately take over the running and development of this sophisticated enterprise. Further the specialised nature of the company's operation has fostered a genuine team spirit among its employees. For nine out of ten people working at Packages today, this has been their first employment. New and useful skills have been imparted to them and their living standards have been improved very substantially. In return, they have worked hard and sincerely to maintain, and even improve, the quality standards and prestige of the company.

VIII. SUMMARY

Pakistan has had the benefit of collaboration from several countries and in different forms, in the process of industrial development. The participation has been in such forms as direct investment, machinery supply, technical and management know-how and in promoting marketing operations. This has been a result of Government of Pakistan's extremely liberal industrial policy to give the necessary fillip to her industrial development. The industrial policy has included various forms of concessions to foreign investors such as tax concessions, repatriation of money to their parent countries, licences for importing raw materials, etc. The joint-ventures have been provided with all facilities that are extended to Pakistani companies and no discrimination is used.

The Government of Pakistan has adopted a procedure for setting up industrial joint-ventures in Pakistan by minimising the number of hurdles and steps in the process of getting the sanction and has provided as much assistance as possible. Only four major steps have now to be taken to complete the formalities of establishing a joint-venture. These are : 1) secure permission from Government of Pakistan for setting up an industry; 2) register their undertaking under the Companies Act. ; 3) obtain sanctions of the Controller of Capital Issues and 4) secure permit from Chief Controller of Imports and Exports for the import of machinery and equipment and subsequently for raw materials.

Foreign investment in Pakistan has come from over 30 countries of the world. United Kingdom is the most active participant and claims almost 38% of the total foreign investment; the United States is another major participant in joint-venture collaboration in Pakistan with 18% of the total foreign investment. The third major collaborator is West Germany with 6% of the total foreign investment. Japan also now enjoys an important position in this regard. Although total Japanese investment is 5% of the total foreign investment she is fast coming up as an important industrial collaborator in Pakistan. The other collaborators include mainly some countries from western Europe and some communist countries of eastern Europe. The total investment from various countries as of December 1967 was Rs 2976.60 million. The major portion of foreign investment has been in the manufacturing industries followed by commerce, agriculture, construction, etc.

A. Gains Through Joint-Ventures

Pakistan has benefitted in several ways through joint-ventures. The most notable of these are introduction of technical know-how, better management practices, latest techniques in marketing, business research and development, methodology of selection and recruitment of personnel, employment of intricate technical devices for various operations, etc. The joint-venture projects have helped setting up of those industries which were difficult to establish either for want of sufficient capital or non-availability of technical know-how required for establishing complex projects. This has resulted not only in harnessing indigenous resources but also has provided substantial employment to Pakistanis. The joint-venture enterprises in Pakistan have mostly taken up production of such items which were heretofore available only through imports, and now, as a result of these enterprises, Pakistan is able not only to substitute imports through local production but also enter into export market.

Many of the products of joint-venture enterprises are sold by brand names and the consumers pay a premium for it. In many instances it has been found that the brand names have also adversely affected the sale of better quality products. This is, however, a temporary phase, and until such time some working adjustments are made between the foreign and the local products, the consumers will continue to be hard pressed. However, certain brand names of foreign companies have lost ground to local products, and this has curtailed significantly the market share of these established products. The examples of such products are Dalka vegetable oils and certain brands of cigarettes. If the joint-venture companies make some adjustment in the price charged as the premium for the brand, perhaps they can do still better alongwith the products of national companies.

The most important contribution of joint-venture enterprises has been the example of maintaining a high standard of quality of the products and a meticulous system of quality control. However, we have the other side of the picture also which requires some consideration.

B. Loss of Equilibrium

The existence of joint-ventures does create some disequilibrium in the economic activities in Pakistan. The economic structure of Pakistan is mostly found on the basis of our existing level of production

and consumption, and value paid for raw materials and amounts disbursed as salaries to the employees. We, therefore, give it a great importance that any advancement in the present structure of financial disbursements is sufficiently balanced so that all aspects of our economic life grow in harmony.

1. Salaries

The present level of salaries and total emoluments (including benefits and amenities in kind) given to Pakistanis working in joint-venture enterprises is much higher than those in purely Pakistani competitive production lines. This has created a fair amount of competition among the services and a large number of brilliant persons are taken away from other enterprises to work in joint-ventures. Similarly, those people who have worked with joint-ventures found themselves misfits in other national organisations if they happen to go over there. A realistic approach to salary-scales by such organisations is highly desirable.

2. Prices

The prices paid by consumers for products of joint-enterprises are fairly high as compared to prices for similar products produced by Pakistani companies. This high price is, by and large, in addition to high salaries, caused by elements such as cost of raw materials and quality of end product.

In most instances it has been observed that joint-venture enterprises prefer to import raw materials from countries from which the foreign participants are forthcoming, which in most cases are costlier than prices for similar raw materials in other countries. This particularly holds true in case of the pharmaceutical industry. It has been estimated that the cost of raw materials purchased from parent companies is 3 or 4 times higher than elsewhere. Such high prices add up to the cost of production, and unwittingly it helps growth of companies manufacturing cheap quality products. This tendency is mostly found with the participating countries belonging to the western world.

The joint-venture companies from east European countries, however, have followed a different way out. These countries emphasise on mutual benefits by establishing industries wherein the Pakistani raw

materials can be used, but at the same time the finished products of these joint-ventures are also consumed in loan-giving countries, thus assuring a ready market. This seems most desirable for a joint-venture.

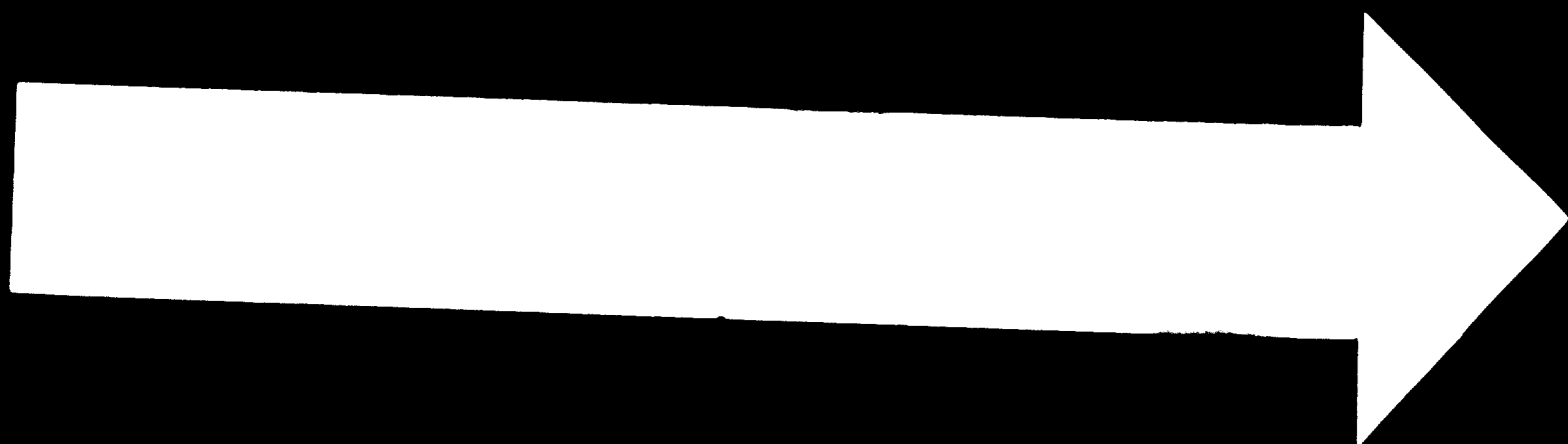
Undoubtedly joint-venture enterprises have maintained a certain standard and quality of products, but the prices the consumer has to pay for it are in many ways sufficiently high. It is, therefore, suggested that the joint-venture enterprises produce goods of standard and quality at a price which is commensurate with the existing price structure and this would certainly create a healthier competition with other national products.

APPENDIX A

List of Industries Preferred for Foreign Participation***A. Export-Oriented Industries**

1. Processing, canning and preservation of fruits and vegetables
2. Catching, canning and preservation of fish and other sea foods
3. Miscellaneous food preparations
4. Cotton textiles spinning
5. Cotton textiles finishing
6. Cotton textiles weaving
7. Jute manufactures
8. Spooling and thread ball manufacturing
9. Hosiery and other knitted goods
10. Specialised textiles
11. Footwear
12. Readymade garments
13. Tanning and curing
14. Ghee, gum, resins and sizing materials
15. Processing of minerals
16. Cotton ginning and pressing
17. Wool scouring and balling

* The Government of Pakistan has included all above industries in the Priority List of Industries and has provided sanction provisions in the Third Five-Year Plan's (1965-70) Investment Schedule

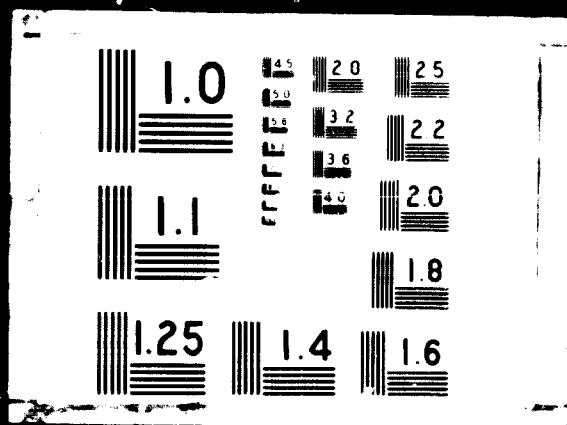


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18. Jute baling**B. Import-substitution Industries**

- 19. Tyres and tubes including re-treading**
- 20. Drugs and pharmaceuticals**
- 21. Disinfectants, insecticides, pesticides, fungicides, fumigants and herbicides**
- 22. Fertilizers - all kinds**
- 23. Other industrial chemicals N.E.C.**
- 24. Carbon black**
- 25. Plastics**
- 26. Synthetic rubber**
- 27. Synthetic fibres**
- 28. Aromatics**
- 29. Synthetic resins**
- 30. Other petro-chemicals**
- 31. Glass and glass products - all sorts**
- 32. Iron and steel production**
- 33. Aluminium production**
- 34. Copper production**
- 35. Lead production**
- 36. Zinc production**
- 37. Steel production**

38. Steel re-rolling including corrugated and plain galvanised sheets
39. Ferro-chrome and other ferro alloys
40. Cast iron foundries
41. Hand and small tools
42. Sporting arms
43. Metal wires (ferrous and non-ferrous)
44. Ball and roller bearings
45. Meters other than electrical
46. Stationery and marine diesel engines and other I. C. Engines
47. Agricultural machinery and equipment
48. Tractors and components (including power tillers and tractor drawn agricultural implements)
49. Pumps - all sorts, and parts thereof
50. Textile machinery parts and accessories
51. Switchgears
52. Transformers (power and transmission)
53. Television receiver sets and components
54. Copper enamelled wire
55. Electronic equipment and components:
 - a) mechanically propelled vehicles
 - b) components
56. Ship repairs, building of boats and auxiliary equipment

57. Scientific and precision instruments

58. Fire fighting equipment

C. Agro-based Industries

59. Dairy farming and dairy products

60. Poultry farming and poultry products

61. Wheat and grain milling

62. Rice Milling

63. Bakery and biscuits

64. Sugar

65. Edible oils

66. Tea

67. Cigarettes

68. Processing of tobacco

69. Woollen and worsted textiles (Spinning)

70. Woollen and worsted textile (Weaving and finishing)

71. Writing, printing and packing paper

72. Packaging board

73. Paper converting and packing

74. Printing and publishing

75. Cellulose fibres

76. Starch, glucose and other starch products

77. Cement
78. Asbestos cement products
79. Building bricks and tiles
80. Ice
81. Industries based on agricultural and industrial wastes
82. Livestock feeds
83. Building industry
84. Hotels and motels
85. Light engineering workshops
86. Cold storages
87. Dry cleaning and laundering
88. Industries principally based on 95% indigenous raw materials with foreign exchange requirements of machinery and equipment not exceeding Rs 500,000
89. Industries not elsewhere classified

APPENDIX B

Investments For Each Sector By Industry as Approved
By CIPCOC During the Year 1965 - 1967

(Rs in million)

Sector/Industry	Local Investment	Foreign Investment	Total Investment
Sugar	10.05	13.45	23.50
Solvent extraction	9.18	3.83	13.01
Wheat milling	0.80	0.97	1.77
Poultry	0.15	0.20	0.35
Poultry feed concentrates	0.08	0.27	0.45
Canned vegetables	0.33	0.38	0.71
Juice and fruit	0.26	0.20	0.46
Frozen shrimps	1.64	0.30	1.94
Horlicks products	1.90	2.00	3.90
Tea packing & blending	0.48	2.21	2.68
Edible oil refinery	0.20	0.30	0.50
Cow & Gate milk products	0.61	0.40	1.00
Distillery	0.06	0.20	0.26
Cold drinks			
Cigarettes	0.14	0.60	0.74
Woollen textile	1.80	6.50	8.30
Embroidered cloth	0.69	0.90	1.58
Cotton lenter pulp	15.25	17.25	32.50
Jute manufacture	2.31	2.24	4.55
Nylon yarn and twine	9.90	14.50	24.40
Cotton textile	2.50	6.50	9.00
Cotton spinning	6.00	7.50	13.60
Carpet yarn	-	0.08	0.08
Synthetic textiles	0.10	0.13	0.23
Rugs	0.03	0.08	0.11
Jute textiles	13.20	2.00	21.20

Cont'd..

Towelling cloth	0.25	0.20	0.45
Semi-worsted carpet and hosiery yarn	0.33	0.08	0.40
Laces - all sorts	-	0.08	0.08
Vests, socks, etc.	0.17	0.30	0.47
Terry towels	0.67	0.62	1.30
Mosquito netting and warp knitted fabrics	2.85	3.06	5.71
Readymade garments	0.22	0.22	0.44
Work gloves	0.26	0.23	0.49
Leather footwear	0.25	1.62	1.87
Sewing machine covers and play boxes	0.15	0.15	0.30
Wooden furniture	-	0.006	0.006
Packing board	0.60	1.00	1.60
Security papers	15.65	10.20	25.85
Sanitary towels, etc.	2.40	1.40	3.80
Printing press and publishing	2.50	0.01	2.51
Leather tanning & chrome leather	-	0.90	0.90
Heavy duty tyres and tubes	2.00	3.08	5.08
Butyle rubber plugs	0.25	0.25	0.50
Antibiotics plugs for vials	0.34	0.14	0.48
Synthetic rubber	22.50	30.00	52.50
Paints	0.78	0.38	1.11
Caustic soda /toilet/washing soap	1.16	0.16	1.32
Pharmaceuticals	15.53	12.48	27.07
Dry cells	1.30	1.00	2.30
Dry batteries	1.48	1.88	3.37
Sodium sulphide and ammonium chloride	0.23	0.17	0.40
Antitoxius, alooper and ferrouyn	-	0.20	0.20
P. V. A.	0.73	0.38	1.11
Dye-stuffs, textile auxiliary chemicals	1.75	1.75	3.50
Non-standard radio component	1.60	2.40	4.00
Alhyd resins	-	0.25	0.25

Cont'd...

Oxygen and acetylene	-	0.90	0.90
Production and distribution of liquefied petroleum gas	38.78	32.06	70.85
Hydrogen and dry ice	0.30	0.80	1.10
Dissolved and tylen cylinder	0.18	0.10	0.28
Plastic products	3.71	5.28	8.99
Reinforced glass fibre and plastic pipes	8.36	10.91	19.27
Gypsum board and plaster	3.50	4.00	7.50
Neutral glass	17.20	8.50	25.70
Solid hollow bricks	1.93	2.84	4.78
Glass bottles	2.31	0.77	3.08
Enamelware and aluminium foil	0.30	0.30	0.60
L. P. G. cylinder	2.60	2.30	4.90
Corrugation and galvanising of M. S. Sheets	10.90	11.40	22.30
Brass products	2.90	9.16	12.06
Toys	0.35	0.66	1.01
Sewing needles	-	0.11	0.11
Malleable iron pipe fittings	0.60	0.40	1.00
Stainless steel vessels			
ACSR/ACC cables	13.60	17.65	31.25
Machines centrifugal pumps centrifugal and deep well turbine pumps	0.14	0.26	0.41
Earth moving machinery	-	0.17	0.17
Agricultural implements	3.50	1.00	4.50
Air compressor spinal pumps	1.22	1.27	2.50
Heavy duty industrial type fuse-gear	2.66	3.33	6.00
Jute textiles spares and machinery	4.20	4.70	8.90
Electronic computer service	-	0.62	0.62
Dry battery cells	0.20	0.10	0.30
Electronic items	0.50	0.50	1.00
ALFA miniature circuit breakers	0.55	0.47	1.02
Radio components	1.50	3.50	5.00

Cont'd...

Voltmeters, ammeters, etc.	0.64	0.50	1.14
Electric motors, transformers	1.20	0.70	1.90
Scooters two wheel	3.85	2.50	6.35
Tractors	22.97	31.26	54.29
Bedford trucks	12.36	20.30	30.60
Vehicle body building	0.40	0.10	0.50
Waterproof paper board tubes	0.44	0.20	0.64
Photographic lab.	-	0.12	0.12
Clocks, cameras, shavers	0.02	0.07	1.00
Servicing of auto-vehicles and maintenance	0.29	0.30	0.60
Printing and publishing	-	0.70	0.70
Dry cleaning	0.42	0.23	0.65
Cold storages	-	0.004	0.004
Light engineering workshop	0.01	0.01	0.02
Recreation centre	1.00	1.00	2.00
Cinema house	1.95	0.25	2.20
Television distribution	15.00	6.40	21.40

Source: The Department of Investment Promotion & Supplies,
Ministry of Industries & Natural Resources, Government
of Pakistan

APPENDIX C

List of American Firms, Subsidiaries and Affiliates in Pakistan

1. Amoco Pakistan Oil Company
2. Amsons Foremost Dairies Limited
3. Arbor Acres Pakistan Limited
4. Asbestos Cement Industries Limited
5. Ampamex Steel Products Limited
6. Bank of America, National Trust and Savings Association
7. Carter Wallace (Pakistan) Limited
8. Cyanamid (Pakistan) Limited
9. Dodge and Seymour (Pakistan) Limited
10. Eastern Bechtel Corporation

11. Esso Standard Eastern Inc.
12. Caltex Oil (Pakistan) Limited
13. Esso Pakistan Fertilizer Company Limited
14. Far East Chemical Services Inc.
15. Frederic R. Harris Inc.
16. First National City Bank
17. Fluor Middle East Inc.
18. Ford Foundation
19. General Motors Corporation
20. General Tire and Rubber Company (Pakistan) Limited

21. Grant Advertising Incorporated
22. Gerdau Corporation
23. Habib General Limited
24. Hanover Insurance Company
25. Home Insurance Company of New York
26. IBM World Trade Corporation
27. International Tank Terminals Limited
28. ITT Far East and Pacific Inc.
29. J. Walter Thompson Far Eastern Company
30. Johnson & Johnson Pakistan Limited

31. Kuljian Corporation
32. Hotel Karachi Intercontinental
33. Merck Sharp & Dohme of Pakistan Limited
34. Muller & Phipps (Pakistan) Limited
35. National Carbon Company (Pakistan) Limited
36. Mechanical Movers Inc.
37. National Cash Register Company
38. New Hampshire Insurance Company
39. Pakistan Refinery Limited
40. Pan American World Airways Inc.

41. Parke, Davis & Company, Limited
42. Pfizer Laboratories Limited
43. Singer Sewing Machine Company
44. Searle (Pakistan) Limited
45. Smith Kline & French of Pakistan Limited
46. Soyabean Council of America Inc.
47. Sunshine Dairies Limited
48. Taj Glass Limited
49. Technical Enterprises Inc.
50. Trans World Airlines Inc.

51. Underwriters Adjustment Company (Pakistan) Limited
52. United Carpets Limited
53. United Press International
54. Warner-Lambert (Pakistan) Limited
55. Eli Lilly, S.A.
56. Barnett and Herenchak
57. Booz, Allen and Hamilton International Incorporated
58. Canada Dry Bottling Company Limited
59. Canal Construction Corporation
60. Columbia Films of Pakistan Limited

61. Coca-Cola Export Corporation
62. Commonwealth Associates Inc
63. Edwards and Kelcey Inc.
64. Firestone (Pakistan) Ltd.
65. Harold T. Smith Inc.
66. Marsa Engineering Company International
67. Howard, Needles, Tammen and Bergendoff International Inc.
68. Kaiser Engineers (Pakistan) Inc.
69. Lee A. Daly Company
70. Metro-Goldwyn-Mayer Pakistan Ltd.

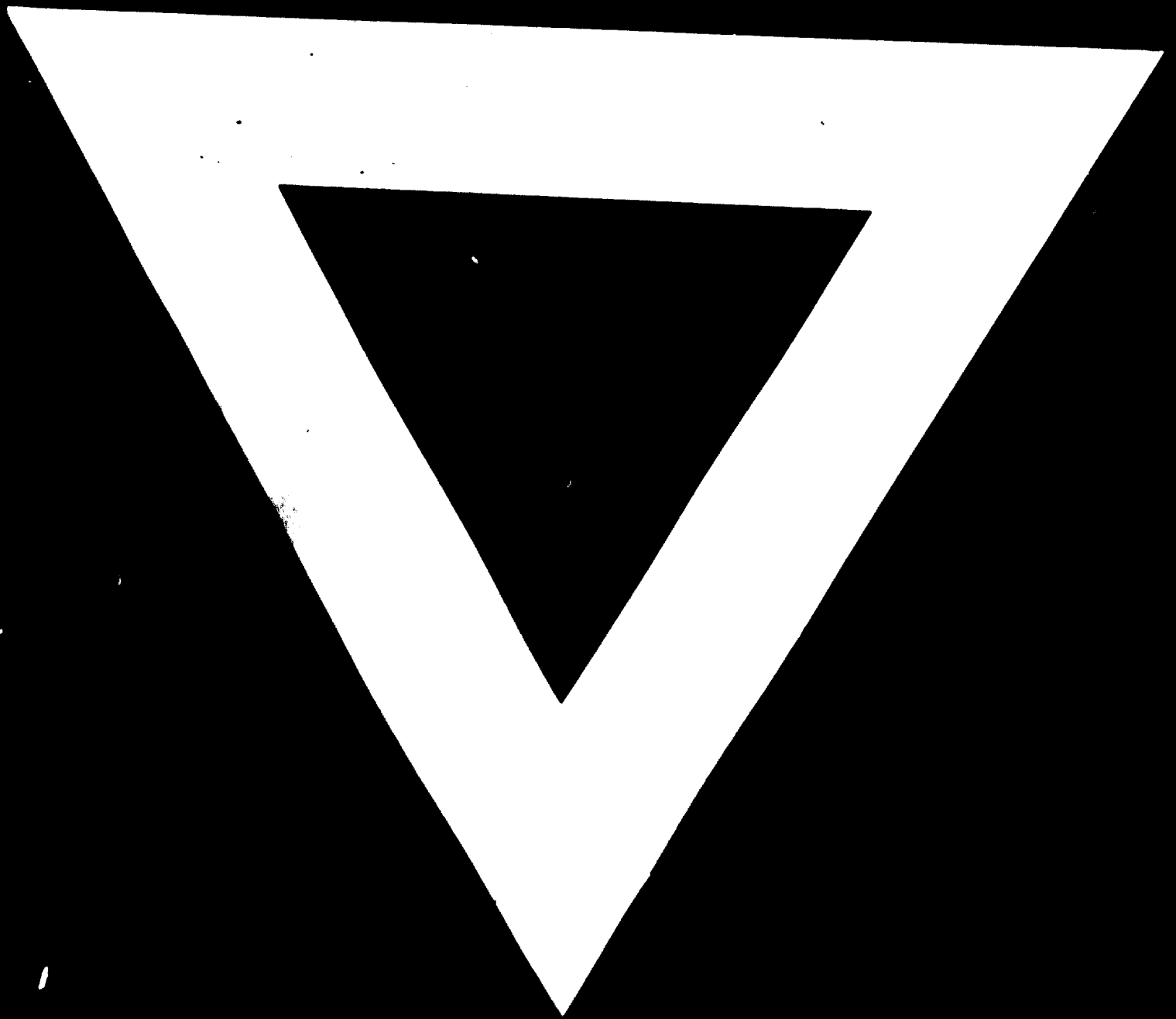
71. Paramount Films of Pakistan Limited
72. Parsons Corporation
73. Shezan International Limited
74. Tipton and Kalmbach, Inc.
75. Twentieth Century Fox Pakistan Inc.
76. United Artists
77. Universal Pictures of Pakistan Inc.
78. Warner Brothers - Seven Arts (F. E.) Inc.
79. Wyeth Laboratories (Pakistan) Ltd.
80. MWK International Limited Inc.

81. Westinghouse Electric International Company
82. Rafhan Maize Products Company Limited
83. Mangla Dam Contractors
84. American Express Company Inc.
85. American Life Insurance Company
86. American International Underwriters (Pak) Ltd.
87. B. F. H. Publishing House Limited
88. Hotel Intercontinental Dacca
89. Ludlow Pakistan Company

90. Pakistan Fabric Company Limited
91. Squibb Pakistan Limited
92. Abbott Laboratories (Pakistan) Limited

The End





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