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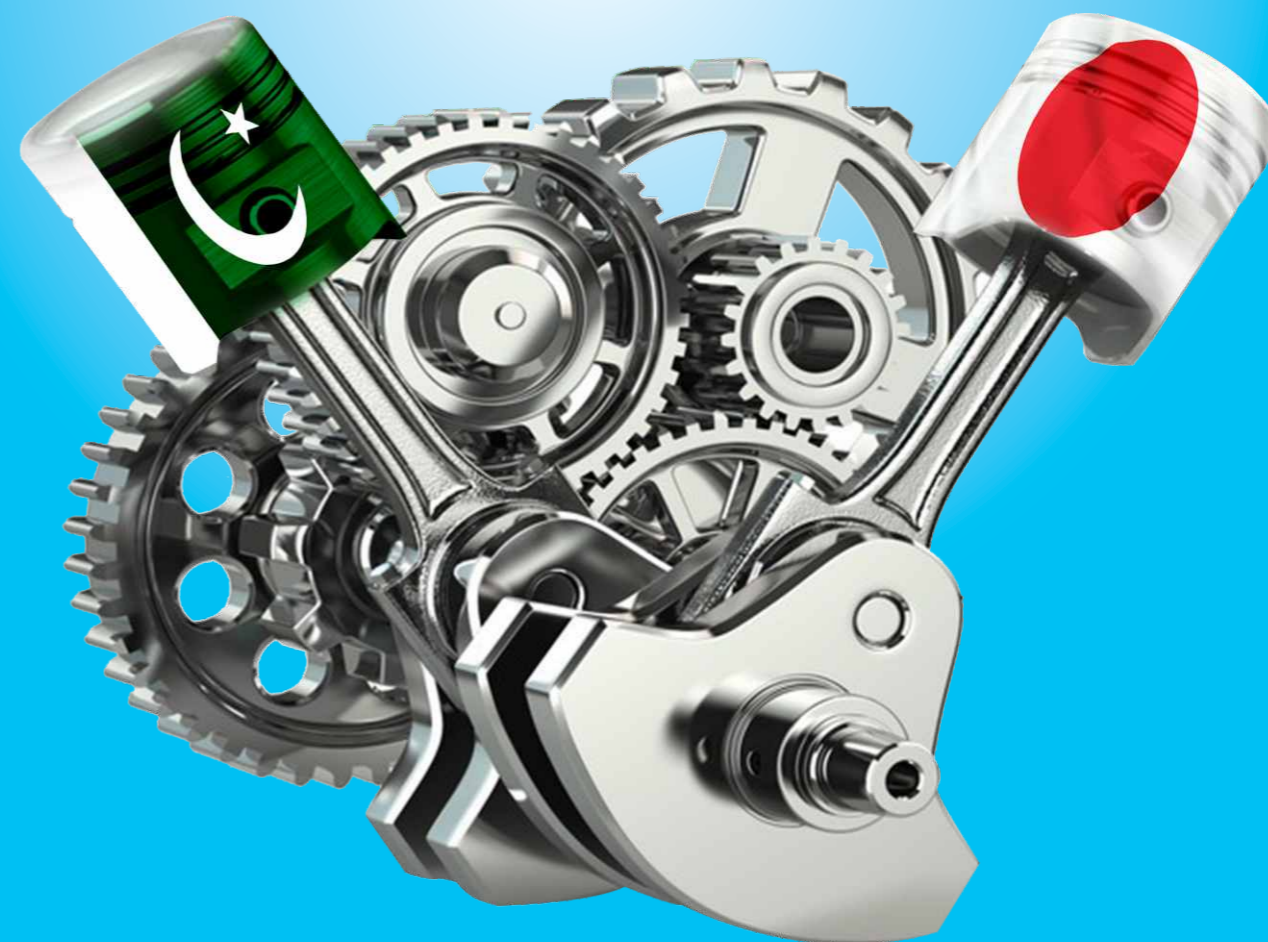
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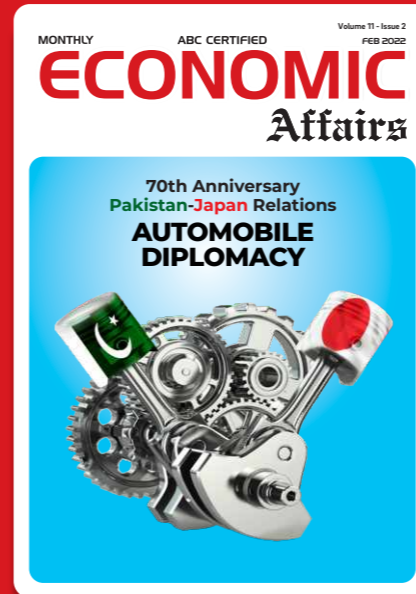
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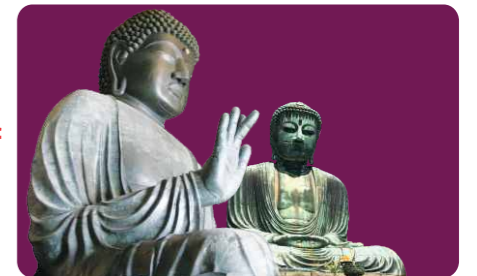
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# EDITORIAL

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MONTHLY

# ECONOMIC Affairs

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## The Automobile Conundrum

THE past 15 years have proved to be quite a bumpy ride for the country's automobile industry which has seen many ups and downs since the late 2000s. The last couple of years have been particularly bad for the industry which is undoubtedly one of the most protected sectors of the economy. Carmakers are criticised for the high prices of vehicles and their quality and missing safety features, delayed deliveries, the exorbitant premium buyers are forced to pay and so on.

In their defence, the manufacturers have always blamed the massive government taxes that amount to over 40pc of the total price in certain cases and very low economies of scale as only 17 out of every 1,000 Pakistanis own a car compared to 77 in Indonesia, 281 in Thailand and 70 in India. The import of cheaper, used cars under various schemes for overseas Pakistanis is also said to have suffocated local car production.

While the government has made the import of used cars difficult, it has significantly cut automobile taxes in the budget to bring down their prices. The assemblers have already responded to the initiative and revised down their prices. However, mini budget followed by new taxes imposition has resulted in yet another increase in the automobiles prices in the country.

The rest of the issues facing the industry, according to Industries Minister Khusro Bakhtiar, have been addressed in the new Automotive Industry Development and Export Policy 2021-26. From the broader details given by the minister, the new policy is aimed at pushing car demand, create jobs across the supply chain, incentivise local assembly of environment-friendly hybrids, encourage localisation and value addition of parts used in car manufacturing and promote exports. Additionally, the new policy addresses late delivery and high premiums, as well as force manufacturers to improve safety features.

There is no compulsion for foreign carmakers to introduce their models in every engine size to create healthy competition in the market and give consumers more choices at affordable and competitive prices.

The automotive industry can play a big part in growing an economy. But the government must ensure that the industry doesn't focus only on profits by catering to the needs of the moneyed segments only; the middle class should also be able to afford and enjoy a better ride.

Overpriced vehicles have been the essence of Pakistan's oligopolistic automobile industry. The seasoned auto trio has savoured overwhelming market dominance over the years in the wake of feeble local competition.

The limping sector never bothered the authorities much, which manifested in a lack of stimulus to incentivise the new entrants to the industry. Consequently, the citizens unwillingly got along with watered-down cars.

The industry continued to blossom on good speed for a prolonged time. The car assemblers never felt the need to get equipped with state of the art technology. Besides, the safety requirements were disregarded by these motor companies owing to a lack of competitive pressure. Despite an imported alternative, most consumers preferred these local cars because of expected ease in their maintenance.

However, the ingress of new entrants of late has changed the fate of the industry. It became imperative for them to focus on globally popular models, cost minimisation, fuel efficiency, and user comfort enhancement to remodel the market fundamentals. And they did not disappoint.

The government has a responsibility to buttress the transition in the dynamics of the automotive industry. They can incentivise the sector by imposing meaningful duties on imported vehicles if the local players embrace an economical pricing strategy. But one thing is for sure, this change is here to stay. With the progress of time, other new companies will gate-crash the industry resulting in cut-throat competition for market share. This will see a positive trickle-down effect on vehicle prices.

It is worth mentioning that in the wake of new auto policy, the top Japanese auto companies have been always keen to make huge investments in Pakistan for enhancing production capacity of hybrid vehicles for meeting the needs of the local market as well as for exporting to other countries.

There is a huge potential for enhancing bilateral trade & investment between the two countries and exporting skilled human resources to Japan to boost bilateral cooperation between the two nations.

Business opportunities for Japanese automobiles companies under framework of new automobile policy focusing on localisation and making the auto sector export-oriented has been on the agenda of Japanese automakers.

The incremental steps are aimed revolutionizing the automobile industry of the country by connecting it to global supply chain & distribution channels. The new policy has started bearing fruit now and Pakistan's existing economic environment provides excellent opportunity for Japanese companies to investment in mobile phone manufacturing.

- Editor



## Message of Honorable Minister Makhdum Khusro Bakhtyar

On behalf of the Government of Pakistan and people of the Islamic Republic of Pakistan, I am honoured to send heartfelt congratulations to His Majesty the Emperor of Japan on the occasion of his 62nd birthday this February 23.

We will also mark the 70th anniversary of the establishment of diplomatic ties between Pakistan and Japan this year April 28.

In his congratulatory letter to Prime Minister of Japan H.E Fumio Kishida, Prime Minister Mr. Imran Khan reaffirmed to deepen and expand our treasured partnership with Japan whilst curbing the global COVID-19 pandemic, and confronting economic challenges posed by pandemic.

I would like to appreciate the role of the Japan International Cooperation Agency (JICA) and Japanese companies especially in automobile

sector for valued contribution in the development of Pakistan.

Recently, the government of Pakistan promulgated Auto Industrial Development & Export Policy (AIEDP), Mobile Phone Manufacturing Policy and National Small & Medium Enterprises (SMEs) Policy offering tremendous business opportunities in these sectors. I am confident that Japanese companies shall forge ahead from our conducive and futuristic policies.

Once again, I look forward to further strengthening the economic and diplomatic bonds between our two countries in the year ahead.

To all the people of Japan, I wish you a peaceful and prosperous year.



## Ambassador H.E. Imtiaz Ahmed Greets on National Day of Japan

I have the honor to extend my heartiest felicitations on His Majesty's Birthday and National Day of Japan. I also wish His Majesty, the Emperor of Japan continued health, wellbeing and happiness. The people of Pakistan hold His Majesty and Her Majesty, the Empress in highest esteem and have a lot of affection and goodwill for the people of Japan. Friendly relations between Pakistan and Japan are historical and time tested. It is a relationship based on mutual respect and understanding, with the peoples of both nations having a strong feeling of friendship and affection for each other.

Despite relatively limited bilateral interactions in 2020 and 2021 due to the Covid-19 pandemic, the relations between Pakistan and Japan have gained enhanced momentum during the past few years. The mainstay of our relationship has been trade and economic, with Japan being a key development partner and a major investor in Pakistan.

In September 2021, the Foreign Ministers of the two countries met on the sidelines of UNGA. Pakistan in August 2021, helped in Japan's evacuation efforts from Afghanistan which were greatly appreciated by the Japanese

Government. In May 2021, Prime Minister Imran Khan became the first ever Prime Minister of Pakistan to give a keynote address at the "Future of Asia" conference organized by Nikkei Inc. On the economic and trade front, Toyota Japan has announced a fresh investment of US \$ 100 million for assembling hybrid vehicles in Pakistan.

In 2022, we are celebrating 70th Anniversary of establishment of Diplomatic relations between Japan and Pakistan. Our relations have grown from strength to strength during the last 70 years in multiple fields. We are also seeing increasing and expanding cooperation at various levels of engagement. Both friendly countries are seeing a positive trajectory in bilateral investments, trade, joint ventures, special projects and manpower. To befittingly commemorate the 70th Anniversary, the Embassy shall be holding a variety of programs to introduce Pakistan's rich legacy in tourism, culture, food and other products to the Japanese people. Looking forward, I am optimistic for the year 2022 and beyond as sky is the limit for our fraternal relations. We will endeavor to carry forward the excellent momentum in our relations to the years ahead and forge new partnerships in multiple fields.



## Message of Mr. Toshikazu Isomura Japanese Consul General, Karachi

This year, Japan and Pakistan are celebrating 70 years since the establishment of diplomatic ties and I would like to felicitate the people of both countries on reaching this milestone with such noteworthy achievement.

Relations between the two nations date back to the pre-World War II era, with Japan importing cotton and yarn from the region and utilizing it for her value-added textile exports, an important source of foreign exchange for the country. Following a brief halt during World War-II, trade relations were resumed after Pakistan's independence. In fact, Bank of Tokyo established its second international branch in Karachi (the first was in New York City), signifying the importance of the region to Japan.

Since then, Japan and Pakistan have enjoyed a cordial relationship. However, bilateral trade volume has only reached about US\$ 2 billion annually. Considering the populations of 120 and 220 million respectively, there is enormous potential for increasing trade volume. As Consul-General, I have been striving to strengthen economic relations and promote

investment, yet much remains to be done and we remain committed to its achievement.

I furthermore believe that cultural relations hold no less importance than commercial relations. Therefore, the Consulate-General of Japan in Karachi is carrying out various cultural activities. Though COVID-19 has restricted visits and exchange programs, last year the Consulate published an Urdu translation of the world's first novel "Genji Monogatari" and a Pakistani friend has recently translated MURAKAMI Haruki's novel "Norwegian Wood" into Urdu. Japanese scholars regularly participate in the annual Aalmi Urdu Conference and last year Dr. YAMANE So, a Professor of Urdu at Osaka University, also virtually joined the Faisalabad Literature Forum.

I conclude my message by reiterating Japan's commitment to the advancement and strengthening of our relations with the support of our Pakistani friends.

*Pakistan Japan dosti zindabad!!*



## Up, Close and Personal with His Excellency Wada Mitsuhiro Japan's Ambassador to Pakistan

Interview by S. A. Chaudhry and Ali Hussain

His Excellency, Mr. Wada Mitsuhiro, is the current Ambassador of Japan to Pakistan since November 2021. He is a career diplomat and joined the Ministry of Foreign Affairs of Japan in 1983. Since then, he served his country on many diplomatic fronts including as Deputy Director-General, International Cooperation Bureau and Southeast and Southwest Asian Affairs Department; Minister, Embassy of Japan in the People's Republic of China; Assistant Director-General, Asian and Oceanian Affairs Bureau; Secretary-General; Secretariat for PALM7; Assistant Director-General, International Cooperation Bureau, MOFA; Consul-General of Japan in Detroit (Michigan and Ohio); Consul-General (Ambassador) of Japan in Hong Kong; First Secretary, Permanent Mission of Japan in Geneva; Counsellor, Embassy of Japan in Indonesia and also remained on many other important diplomatic assignments.

Mr. Wada Mitsuhiro did M.A in Asian Studies from University of California, Berkeley (1987) and L.L.B, Department of Law, University of Tokyo (1983). He is happily married to Naoko and they have two children.

Following are the excerpts of his interview with The Economic Affairs;

**The Economic Affairs:** Thank you for giving this opportunity. Excellency, you recently assumed the charge as ambassador of Japan to Pakistan. What was your perception about Pakistan before coming here and what did you feel afterward?

**Ambassador Wada Mitsuhiro:** I'm very much honored to be appointed as the Ambassador of Japan to Pakistan. I had a certain image of Pakistan before arriving here, because I had visited Pakistan several times, long time ago including during the 2005 earthquake. But after experiencing my first long-term stay in Pakistan, I feel excited as every day is a series of new learning. Through contacts with many Pakistanis, I am glad to experience the kind and gentle personality of Pakistanis and to feel their high interest, affinity and friendship with Japan.

Pakistan is not well known in Japan. For example, it is not well known for Japanese people that heritage sites such as Gandhara and Mohenjo-daro are located in Pakistan, and that Biryani, which is popular in Japan recently, is a

Pakistani dish. There is a perception gap between the two countries, which I think needs to be filled.

**The Economic Affairs:** Excellency, Pakistan and Japan are celebrating 70th anniversary of diplomatic relations. Could you please like to shed light on the rich history of relationship of 70 years?

**Ambassador Wada Mitsuhiro:** Japan and Pakistan established diplomatic relations on April 28, 1952. Since then, the relationship has been tied up with a strong bond. Despite various political and economic changes over the years, the mutually-beneficial ties continue to grow.

In the postwar period, Japan's high economic growth was largely supported by Pakistan. After World War II, Japan became a defeated country and lost almost everything, and it was the textile industry that became a foothold for reconstruction. It's Pakistan, which lifted the ban on raw cotton exports to Japan earlier than any other country, and it saved Japan after the war in terms of obtaining raw materials to support the textile industry.

At that time, Japan was in a very difficult situation to do business with China, Hong Kong, and Southeast Asian countries due to problems such as postwar reparations, but Pakistan had no obstacles to trade with Japan. As a result, the Japanese textile industry has grown to coincide with the expansion of both domestic and external markets, and Japan has been able to ride the wave of high growth.

Pakistan is one of Japan's important partners in foreign economic assistance. Since the start of aid to Pakistan in 1954, Japan has provided Official Development Assistance (ODA) worth 1.35 trillion yen (in current value of Rs 2.07 trillion / \$ 11.7 Billion). This is the second largest among the bilateral donor countries which provide assistance to Pakistan.

In 68 years of history, the development of economic infrastructure through large-scale ODA loans such as the Kohat Tunnel, Indus Highway, and Steel Loop Bridge on National Highway 70, is known as a symbol of Japan's assistance. There are also many other



examples of our achievements, including PIMS (Pakistan Institute of Medical Science, Islamabad), 6 weather radars (Meteorological observation network) covering more than 80% of the land and 90% of the population, and improvement of safe water supply and sanitation that benefits more than 6 million people.

In cooperation with the Pakistani side, we use this year as a momentum to further strengthen Japan-Pakistan relations in many fields such as politics, economy, business, culture and people-to-people exchanges. We are planning many events including the online Japanese Film Festival in February.

On the economic front, we are planning to hold a Japan-Pakistan Government Business Joint Dialogue and a seminar to promote two-way trade and investment in the first half of this year. Although, we are still suffering from the problems of the Covid pandemic, we hope that high level visits between the two countries will be realized when conditions permit.

**The Economic Affairs:** Since the establishment of diplomatic relations on 28th April 1952, Pakistan-Japan bilateral relations have steadily

progressed in various areas. Are you satisfied with the current state of bilateral relations or you think there is a need to do more? What are the challenges and opportunities at this time of juncture?

**Ambassador Wada Mitsuhiro:** Japan-Pakistan relationship, which is backed by a history of 70 years, should be cherished as a friendship of Derena Doast [longtime friends]. There is a gap of perception as I mentioned earlier. Further efforts from both sides are needed in order to maintain and strengthen this friendship. There is a saying in Japan that “it is more important to have someone close to you than a distant relative.” I believe that friendship can be deepened only through people-to-people interaction.

The Covid-19 pandemic has severely restricted human interaction, which has become a major constraint, but Japanese companies continue to be interested in doing business in Pakistan, and there is also a great potential for Japanese business community to work with Pakistani human resources in the future. As the Ambassador of

Japan to Pakistan, I would like to energetically engage in dialogues and discussions with friends and colleagues in both countries to expand, strengthen, and demonstrate the capacity and potential of both countries.

**The Economic Affairs:** Could you please identify the sectors briefly where there is more potential to enhance bilateral cooperation between Pakistan and Japan?

**Ambassador Wada Mitsuhiro:** Pakistan is country with more than half of its population under the age of 30 with a great potential for utilizing young human resources, especially IT related talents, in the Japanese economy.

There are many small and medium-sized enterprises with excellent technology in both

countries. JETRO (Japan External Trade Organization) provides a web based global business matching platform called “e-venue” to support matching between such companies. Pakistan with its growing market, is offering plenty of rooms for further development of safe and secure foods and consumer goods from Japan.

Also, fostering the export industry is an important issue in Pakistan, and Japan’s experience of post-war economic development and fostering manufacturing industry may be of some reference value. I think the think-tanks of the two countries should be well utilized for future policy planning and management.

**The Economic Affairs:** Japan as a pioneer made landmark investment and development in Pakistan, please let our readers know about the role and achievements of Japanese investment in Pakistan?

**Ambassador Wada Mitsuhiro:** The history of Japan’s investment in Pakistan begins with the cotton trade in the 1950s. The textile industry has long been the driving force behind Japan’s industrial development. As time passes, the Japanese investment was diversified into automobiles, energy, food etc. Currently about 90% of cars in Pakistan market are Japanese brand cars, and this represents Japanese automobile companies’ great contributions to the growth and development of Pakistan’s automobile industry over the long term.

Japanese companies rarely withdraw once they make an investment decision. They hire local people and always transfer their technologies, knowhow, and experiences through employee education. Japanese businesses are generally committed to “living together and growing together” with the people in the countries where they made investment. This is a long-term commitment. I am confident that such attitude of those Japanese companies will continue unchanged in the future.

**According to SBP statistics, the stock investment in Pakistan from Japanese companies in 2019 is about US\$ 1.1 billion, which is the 8th largest in the world.**

There seems to be some misconception in Pakistan that Japanese companies are repatriating profit and dividend to their home

country, but as of 2019, the ratio of home remittance to the investment balance is only 3.3% for Japanese companies, which is lower than the world average of 6.1%.

Here, I would like to talk about three points: human resource development, local procurement, and technology transfer. For human resource development, Japanese automobile manufacturers are actively hiring local people and assigning them to the manufacturing site after undergoing various trainings. They will also acquire manufacturing skills by conducting OJT (on the job training) with Japanese engineers and colleagues. Japanese companies are aiming to develop human resources in a comprehensive manner by continuously transferring knowledge about not only safety and environment-related skills, but also societal norms that transcends manufacturing skills.



Regarding motorcycle safety, Atlas Honda, for example, has in-house instructors who has been trained in safety driving education in Japan, and they periodically provide safety education course across Pakistan.

Furthermore, as CSR activities, Japanese automobile manufacturers are not only providing engineering education at universities, but also donating to hospitals and introducing renewable energies. Thus, Japanese auto industry is contributing greatly to the development of not only the economy but also the society of Pakistan.

The localization rate of automobiles is different in terms of type of vehicles, however,

average of the rate can be ranged from 40% to 70%. For example, Honda Atlas has achieved 69%. In addition, motorcycle manufacturer Atlas Honda has achieved its local procurement rate ranged from 70% to 80% through development of Atlas Industrial Park in Karachi City and factory site in Lahore through Joint Venture and technical alliance agreement with Japanese companies.

As per technology transfer, Toyota Motor announced in 2021, an investment for local production of the latest generation of strong hybrid electric vehicles and it is expected that technology transfer in this field will be promoted in the future.

**The Economic Affairs:** Excellency, there is general misperception that the automobile sector under Japanese umbrella has been reached at a saturation point due to 1) non transfer of technology, and 2) no new heavy investment for the innovation of the automobile sector? What would you like to say on this?

**Ambassador Wada Mitsuhiro:** Recently, I have heard baseless criticisms about Japanese companies, especially the automobile industry, but I would like to respectfully ask you to make your own judgment without simply accepting unattributed rumors.

As to the transfer of technology, Japanese



companies have been contributing through human resource development and it is also expected that through Toyota's new investment, further transfer will be promoted.

I believe that the room is still available for further development as the Pakistani market grows in the future. Majority of cars on the streets here in Pakistan are Japanese brand cars and among those Suzuki cars manufactured more than a decade ago are still in active use. The credit for this on one hand, goes to the high quality of those Japanese cars and on the other hand this is possible because of the maintenance capability of the Pakistani automobile industry, and this is the technology that Japanese companies have transferred to Pakistani engineers in the last several decades.

**The Economic Affairs:** Excellency, what are the future plans of Japan for the further partnership and development?

Ambassador Wada Mitsuhiro: Japan-Pakistan trade and investment relations have continued to diversify from the cotton trade to various sectors including automobile, energy and food industry.

The pandemic is accelerating the global digitization movement, and Pakistan's IT industry and abundant IT human resources have the potential to become the core of the new Pakistani economy. It is one of many potential areas of cooperation between Japan and Pakistan in the future.

According to UNESCO statistics, 2% of Pakistani population over the age of 15 has programming ability and, in Malaysia 8% and in Singapore 6% has the same ability respectively. In those figure Pakistan looks to be lower than other Asian countries but in fact if you compare the actual number of talented people, Malaysia has about 2.6 million, Singapore has 340,000, and Pakistan has 4.6 million people and you have the enormous number of IT talents.

In Japan, according to Japan Information Technology Service Industry Association (JITSIA), the annual turnover of the

information service industry is 27 trillion yen and the number of employees is 1.16 million. It is therefore expected that Japanese companies will accept Pakistani IT human resources and that Pakistani IT companies will enter the Japanese market.

**The Economic Affairs:** Pakistan has recently announced its new automobile policy, focusing on localization and making the auto sector export-oriented and competitive. Do you see any business opportunities for Japanese Automobiles companies under the new automobile policy of Pakistan?

**Ambassador Wada Mitsuhiro:** The newly announced Auto Industry Development and Export Policy eliminates the discriminatory treatment of incentives between greenfield investment and brownfield investment set forth in the previous policy. We welcome the establishment of a level playing field with the new Auto Policy.

It is also welcomed that incentives for hybrid vehicles, together with electric vehicles, have been stipulated in the new policy. On the other hand, with regard to the issue of local procurement, while some types of vehicles have already achieved about 70% of local procurement, but in order to further raise the local procurement rate in general, it is necessary to develop the supporting industry in Pakistan by inviting foreign parts suppliers to enter this country. And for that to happen, the new car market here should be sufficiently large, and half million units per year will be necessary. We are a little concerned if local procurement requirement becomes mandatory while the environment is not yet ready.

**From next fiscal year, the government of Japan plans to dispatch an automobile industry development advisor to Pakistan, and with the help of this advisor, we would like to continue to work with Pakistani side for the development of the automobile industry.**

**The Economic Affairs:** What is the current state of bilateral trade, and which areas do you believe have more opportunities for investment in Pakistan?

**Ambassador Wada Mitsuhiro:** According to Japan's trade statistics, Japan's exports to



Pakistan are about \$1.2 billion and imports are \$ 200 million. Exports from Japan are mainly for automobiles, auto parts, steel, textile machinery, etc., while Pakistan's exports to Japan are mainly textiles and food products.

About Japan's imports from Pakistan, I know that exports of agricultural and fishery products such as basmati rice, mango, salt and shrimp have been increasing recently, and I believe that they continue to have high potential in the future. The textile industry here is also competitive, and there are companies in Pakistan that manufacture judo clothing (Penna Overseas Corporation) and companies that supply UNIQLO with their products (Interloop). So, there should be a lot of room for further expansion of Pakistan's export to Japan in those sectors.

Japan has been assisting Pakistan to strengthen the competitiveness of textile industry, and for that purpose, we introduced textile machinery to the National Textile University in Faisalabad.

Japanese companies are also contributing to promoting Pakistan's export. Japan's fastener manufacturer YKK manufactures fasteners in Pakistan and supply them with local apparel manufacturers. Mitsui imports flame retardanced functional fiber from Japan, and manufactures in Pakistan special working clothes to be exported for the oil and gas industry in the Middle East as the company's "CHIKARA" brand. Japanese companies are also contributing to "make in Pakistan" this way and helping Pakistan to increase its export.

To further boost the trade and investment, I hope that companies and business persons from both countries will get together to jointly find out new opportunities and develop new areas of cooperation between Pakistan

and Japan.

**The Economic Affairs:** Could you please elaborate upon the ongoing Japanese projects and any further consideration to enhance cooperation in social sector?

Ambassador Wada Mitsuhiro: This year marks the 68th year of economic cooperation from Japan to Pakistan, and Japan's ODA to Pakistan is one of the important pillars that have supported the friendly relations between our two countries. Japan's economic cooperation includes three tools: (1) development of economic infrastructure through yen loans, (2) grant-aid for health, education, water and sewage, and other social sectors that are necessary for people's well-being, and (3) face-to-face technical cooperation through dispatching Japanese experts and providing training to Pakistani talents.

In the social sector, Japan has provided a total of \$ 125 million over the last 40 years for PIMS. Japan has been placing particular emphasis on the fields of health, education, water and sewage, disaster recovery and disaster prevention. Japan will continue to support Pakistan's self-efforts and will implement projects that directly benefit the Pakistani people, especially the vulnerable group. Japan's assistance is unique because we utilize Japan's own technology and knowledge that JICA has cultivated over many years in supporting other developing countries.

**The Economic Affairs:** People-to-people contacts and cultural exchanges are considered to be the most important factor for improving bilateral relations and promotion of tourism between two countries. Could you please elaborate upon the potential in this sector?

**Ambassador Wada Mitsuhiro:** Japan has been promoting people-to-people exchange by utilizing various tools and schemes for many years. Pakistanis are experiencing Japan through, for example, government-sponsored international study program (at the level of graduate and undergraduate studies and short-term educational training), the Kakehashi Project, and the Young Leaders Program.

High level visits by political and economic leaders are also important. Under the current

pandemic situation, online communications are being used, but we hope that we can resume actual exchanges as soon as the situation calms down.

We also want to promote the visit of Japanese people by communicating the charms of Pakistan which will contribute to the tourism industry. At the same time, I hope that Pakistani government also do its best to change the negative perception about Pakistan, which is unfortunately widely spread in many parts of the world.

**The Economic Affairs:** Excellency, we've shared history of ancient Gandhara Civilization, is Japan interested to help develop these sacred sites for boosting religious tourism?

**Ambassador Wada Mitsuhiro:** The Gandhara heritage has valuable historical value and what I did first after my arrival was to visit Taxila. We consider that excellent cultural heritage transcends national borders and is a valuable property common to all humankind that should be passed down to the next generation. Japan has supporting projects such as preservation and restoration of archaeological sites and this kind of cultural cooperation is considered as one of important pillars of our contribution to the world. On the 70th anniversary of the diplomatic relations, we are in the final phase of preparation of our new project for the Improvement of Equipment for Exhibition and Conservation of the Taxila Museum. I hope that this project, once realized, will also help promote the tourism industry in Pakistan.

**The Economic Affairs:** Have you tasted local Pakistani food? If, so please share your experience!

**Ambassador Wada Mitsuhiro:** I've tried some Pakistani food in Islamabad, including visiting a restaurant with a view on the Margalla mountain, and I've also had feasts at my friends' houses. I like spicy taste, so not to mention biryani, I think Haleem and Karahi are very delicious. We also have a very talented Pakistani cook at my official residence, and the Pakistani food he cooks is sophisticated and very tasty.

# Rise from the Rubble

By Ahmad Farooq



*The human eyes saw in less than a few decades, the country rising from ruins and in such a spectacular manner which astounded all political pundits and economic vizards.*

"Diagnosis not yet complete but the results seem satisfactory", the cable US President Henry S. Truman received on July 16, 1945, was to change the world.

"Fat Man" code-word for ten thousand pounds device, the first atomic weapon, had been produced and tested at Alamogordo desert in New Mexico, United States of America. While some scientists were skeptical about the destructive capacity of the weapon, others believed that it could make "the air itself catch fire". In the words of William Lawrence of New York Times, the only journalist allowed at the site of the experiment, "one felt as though one were present at the moment of creation when God said "let there be light."

The "Fat Man" was then nicknamed as "Little Boy", a classic example of vitriolic humor. Col. Paul W. Tibbets, Jr. of US air force was assigned

the gruesome task to 'test' the horrendous invention; who took off from Tinian island airbase in a B-29 bomber titled 'Enola Gay' and the humanity stepped, what Winston Churchill later called, "out of the scope of human control"

The planet Earth had never seen a man-made catastrophe of this scale and that too in such a short span of time. Col. Tibbets flew over the city of Hiroshima, on August 6, 1945 and hundreds of thousands living being stood incinerated; moms in the kitchens, children in playgrounds or schools and workers in their factories and shops. Father Johan A. Simons, a German priest who was in Hiroshima that day, reflected upon the dreadful experience later in these words.

"Where the city stood, everything as far as





the eye could reach, was a waste of ashes and ruin. Only some skeletons of buildings completely burned out in the interior remain. The banks of the river are covered with dead and wounded, and the rising waters have here and there covered some of the corpses. As a result of the explosion of the bomb...almost the entire city was destroyed at a single blow".

Japanese miracle to emulate. And the same United States which had banned all Japanese immigrants to its soil under the infamous "US Exclusion Act" in 1924, and had placed all Japanese origin Americans in barbed camps after Pearl Harbor, followed finally by the atomic devastation of the country, now wooed and viewed Japan as its closest ally on the globe.



The carnage was repeated three days later with the same ferocity in the city of Nagasaki. Together these two cities of Japan lost 230000 lives and many times more were maimed for life or lost their sense of living. Emperor Hirohito, a godlike figure in Japan, cried and surrendered stating, "I cannot bear to see my innocent people suffer any longer".

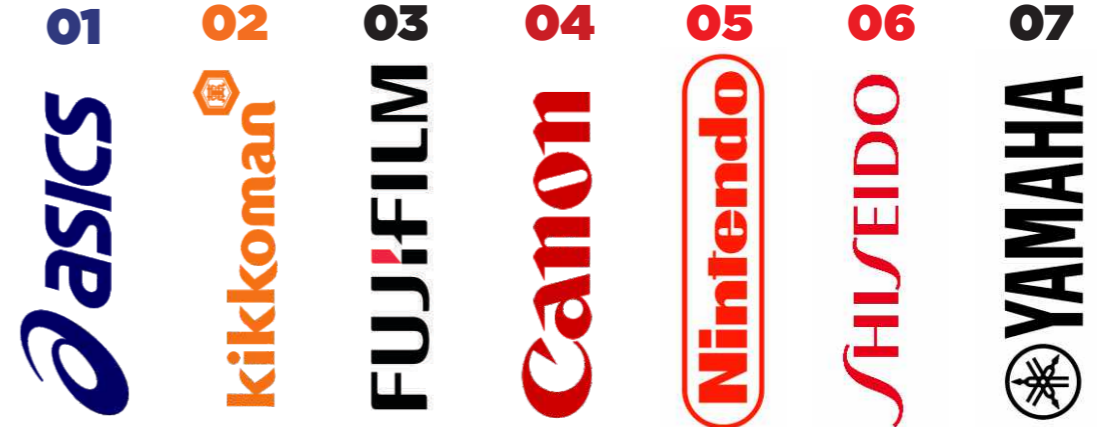
What made this miracle happen, if this was a miracle, the amazing journey, rather leap of a nation from ruins to riches? This was no miracle but a simple though unflinching, resolve on the part of a people to hold their heads high. Yes, the country had surrendered but not sold its soul.

Armageddon had happened and Japan had turned into an inferno; countrywide cataclysm, from which all believed, the nation will never rise again.

Long before Hiroshima and Nagasaki, Japan had started preparing itself against the predatory European powers and their colonial exploits. The abolition of the Shogunate and the Meiji (enlightened rule) Restoration in the 1850s were the steps towards that direction. The country embarked upon an extensive program of reform and modernization including the creation of armed forces equipped enough to match the Western powers. Education at elementary level was made compulsory and colleges and universities were established with particular emphasis upon science

Yet the human eyes saw in less than a few decades, the country rising from ruins and in such a spectacular manner which astounded all political pundits and economic vizards. Those who believed in the superiority of white race and had refused to allow the addition of "equality of the races" clause in the post-World War-1, Treaty of Versailles in 1919, were now looking at the

**And by the turn of the century, the mightiest power of the day, the Great Britain, wanted to enter into an alliance with this remotely located Asian Island, which in the words of historian Neil DeMarco, "meant the end of the idea that it was the responsibility of the Europeans to bring civilization to the non-European world"**



and technology, which in turn was to lead to the development of a modern industrial economy. This modernization programme in fifty years, "transformed Japan from a feudal backwater into a major world power".

antigovernment movements and to ensure obedience to authority, a 'Shinto' tradition. Which by implication empowered and emboldened the militant elements who then geared the country to warpath and the misconceived venture of Pearl Harbor in December 1941, resulting finally into the nuclear holocaust in August, 1945.

And by the turn of the century, the mightiest power of the day, the Great Britain, wanted to enter into an alliance with this remotely located Asian Island, which in the words of historian Neil DeMarco, "meant the end of the idea that it was the responsibility of the Europeans to bring civilization to the non-European world".

The victim of the most destructive weapon ever invented and used, the world thought, Japan had died. Yes, the country had lost hundreds and thousands of its citizens, most of the infrastructure built over decades was gone, the industrial and technological network as well as all of its military machine had been completely destroyed; but as stated above, the carnage the nation experienced, could not kill either the spirit or the resolve to rebuild itself and to reemerge shining out of the ashes.

The first decade of the twentieth century saw Japan developing an extensive network of railroads spread over the whole country and the nation building its own locomotives. A world-class ship building industry had been established, producing state of the art naval cruisers as well, which for the first time in the modern history broke the myth of genomic superiority of the white race by inflicting a decisive defeat upon Tsarist Russia, a mighty European power, in 1904-05. And soon Japan was to emerge as the third largest naval power on earth, surpassed only by the United States and Great Britain.

There was an American occupation force under General Douglas MacArthur, ostensibly to rehabilitate the country, but in reality, to ensure that it never rises again. Japan's top leaders with the exception of the emperor were arrested and tried by a war tribunal and seven of them were taken to gallows while sixteen were sentenced to imprisonment for life for committing "crimes against humanity." In addition, an extensive purge in the civil and military establishment led to the removal of over 200,000 office holders, which practically rendered the country devoid of any experienced individuals to man important positions and keep the government running. And in spite of that Japan rose from the ruins.

Japan too experienced its bad times during the 1930s Great Depression, like the rest of the world. Economic downturn and recession followed by public unrest and disaffection with the government policies and the parliamentary form of government which had been established under 1889 constitution, with a bicameral Imperial Diet. The government had to resort to some oppressive measures including the institution of a "Thought Police", to suppress

From a collapsed economy with killing inflation and over 10 million jobless people, the country moved forward becoming the second-largest market economy in the world by the end of the 1960s. And then emerging as the world's major producer and exporter of high-tech industrial goods, from ships to automobiles and refrigerators to semiconductors.

And this was in spite of the huge war reparations, the country was required to pay. By 1961, the war-ravaged Japan could embark upon productivity and modernization drive for the hitherto underdeveloped and technologically weak Asian nations by establishing the Asian Productivity Organization, with the mission to share and disseminate the best practices in utilizing productivity tools, techniques, and methodologies. And today twenty-one nations, including Pakistan are benefitting out of the rather regular productivity enhancement skills shared by the member countries, essentially under the leadership of Japan.

And then in 1966 Japan led the initiative to establish the Asian Development Bank (ADB), with the primary focus upon poverty alleviation in the Asia-Pacific region. The Bank now boasts of a membership of 68 countries, who have committed \$323.17 billion in loans. Japan has provided \$23.86 billion in capital subscription to ADB as of 31 December 2020 and has been the top contributor to ADB's Special Funds, committing around \$15 billion since 1966. In fact, by the early 1990s, Japan had become the world's largest creditor nation and donor of economic aid.

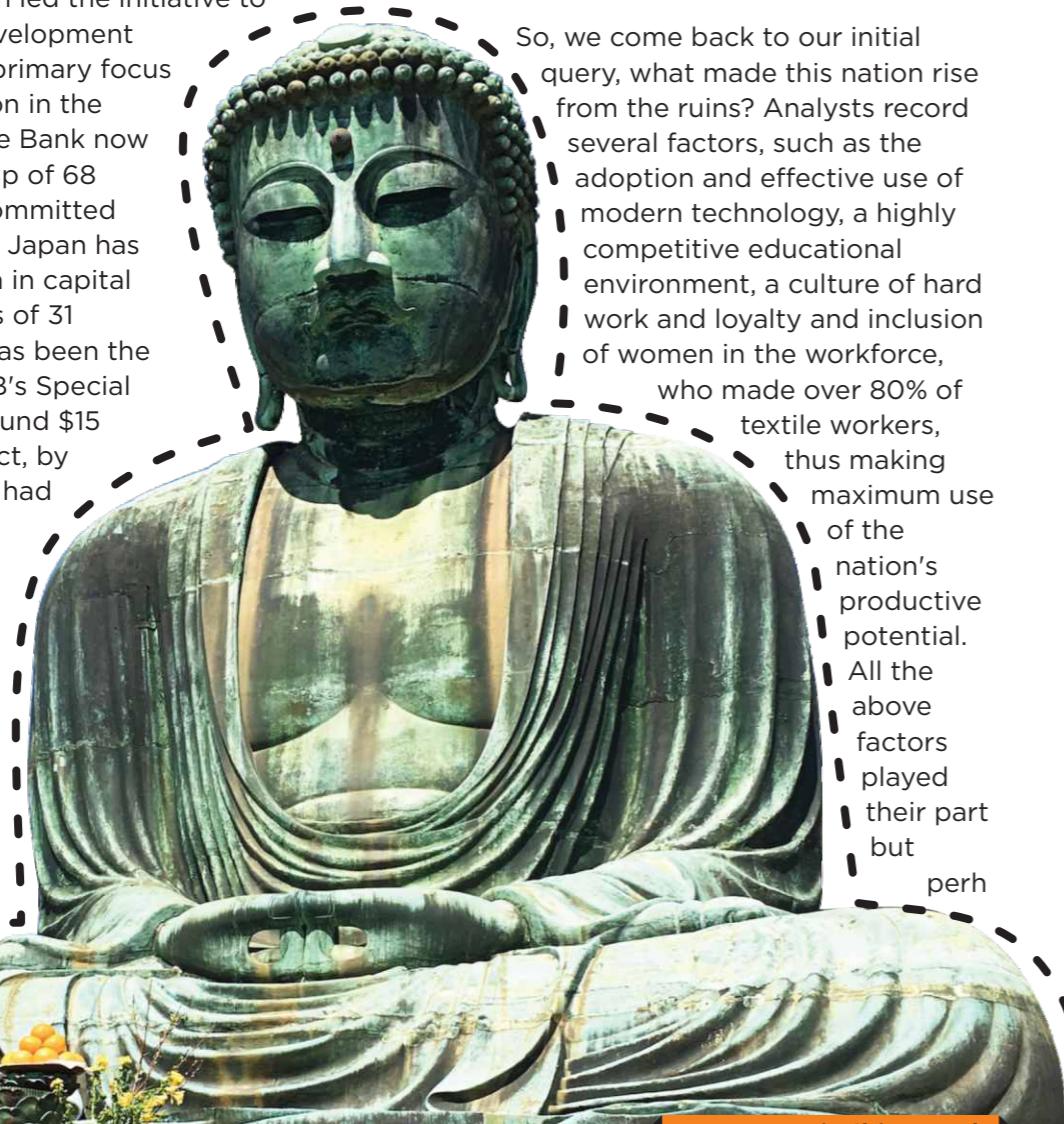
The COVID-19 pandemic did hit the country like the rest of the world but as per OECD's latest report 'growth is on course to

**Today Japan is the third largest economy in the world with a GDP of US\$ 5.134 trillion, its passport is ranked as the strongest and its people enjoy life expectancy of 84.4 years at birth.**

regain momentum, the economy is set to strengthen, the recovery in industrial production coupled with government support is lifting investment and exports have rebounded strongly'.

The report further highlights the supportive macroeconomic policies of the government which successfully kept unemployment low at 2.8% and prevented widespread firm failure. Today Japan is the third largest economy in the world with a GDP of US\$ 5.134 trillion, its passport is ranked as the strongest and its people enjoy life expectancy of 84.4 years at birth.

So, we come back to our initial query, what made this nation rise from the ruins? Analysts record several factors, such as the adoption and effective use of modern technology, a highly competitive educational environment, a culture of hard work and loyalty and inclusion of women in the workforce, who made over 80% of textile workers, thus making maximum use of the nation's productive potential. All the above factors played their part but perh



aps more important than all of these was a sense of NATIONHOOD. Yes, it's their national pride, love for their land, commitment to their country and unwavering determination to stand tall amongst the comity of nations, which made the Japanese people steer through the atomic inundation and its aftermath.

And in this daunting journey, they were fortunate to be led by leaders, who believed in themselves and their people. Shigeru Yoshida, whom the late President of USA, Richard Nixon called the Churchill of Japan, and ranked amongst the greatest of the leaders he had met in his long political career, was rather reluctant to accept the offer of premiership of the war ravaged economy, but once when he was in position in 1946, there were no crises, no challenges and no individuals big enough to deter him from his determination to do what he thought was the best for his people. Started as a caretaker Prime Minister, his people didn't let him leave for over seven years and in these seven years he carved on stone, the course his country was to follow. Yoshida's opponents, believed that "he will turn Japan into Asia's orphan", but as Nixon says, "instead he helped make her a giant."

And again, according to Nixon, amongst the major factors behind Yoshida's success and ultimately of Japan, were his contact with ground realities, readiness to listen to his critics and a deep sense of the fact that the 'graveyards of the world are full of indispensable people'. Nixon records that Yoshida will often wander the streets of Tokyo incognito, "listening to what people had to say about him,-----and he will always listen carefully to experts and advisers before making a decision, not letting his pride or stubbornness prevent him from changing his mind in the face of new evidence or effective argument, offering respect to those,

**The COVID-19 pandemic did hit the country like the rest of the world but as per OECD's latest report 'growth is on course to regain momentum, the economy is set to strengthen, the recovery in industrial production coupled with government support is lifting investment and exports have rebounded strongly'.**

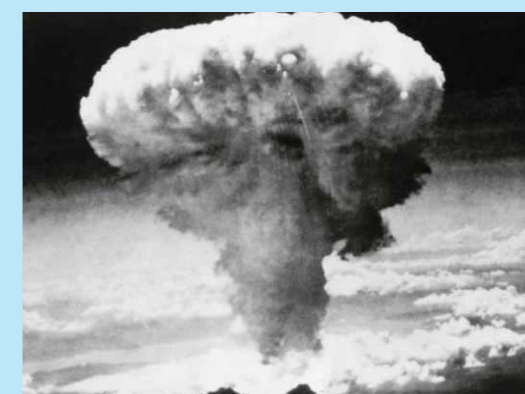
who had more experience in a field than he did."

And one final reason that Yoshida's policies did bear fruit was, that they were tended by his successors and that happened because unlike most leaders, 'who get captivated by their own accomplishments and cannot imagine anyone taking their places', he knew that he is not the "only actor who can play the part", and thus while in office, carefully prepared and groomed a team of capable and committed lieutenants, who carried on with the nation building work after he left.

Believing in itself, taking control of its destiny, and competent and committed leadership are thus some of the simple road-signs, a nation needs to look for in its journey to progress, prosperity and greatness. Japan pursued the pathway, let's hope it gets discernable to us too.



The writer is a former Federal Secretary.





Mr. HIRONOBU YOSHIMURA - PRESIDENT/CEO

To all the people of Japan, we would like to extend our heartfelt congratulations on the National Day Of Japan.

The relationship between Japan and Pakistan has grown deeper with each passing year and it has helped meet a shared goal of coming together and playing a magnificent role in the growth and development of the economic sector of both the countries.

We hope to continue to deepen and expand our treasured relationship.

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- LCDN** LEAD CAR DEPARTURE NOTIFICATION SYSTEM
- LKAS** LANE KEEPING ASSIST SYSTEM
- RDM** ROAD DEPARTURE MITIGATION SYSTEM
- AHB** AUTO HIGH BEAM

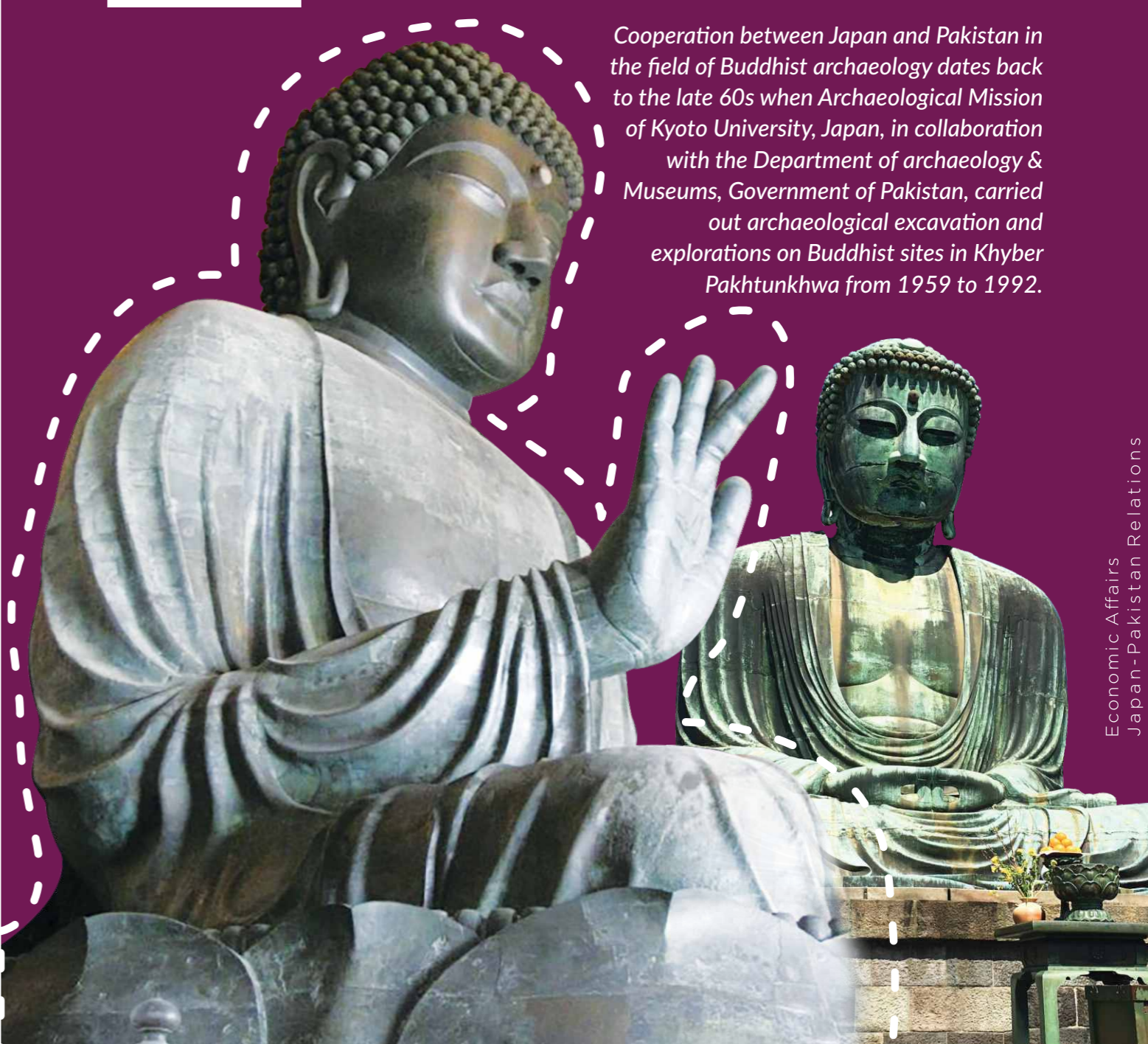
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# The Shared Bond of Gandhara

By Prof. Dr. Muhammad Ashraf Khan

Cooperation between Japan and Pakistan in the field of Buddhist archaeology dates back to the late 60s when Archaeological Mission of Kyoto University, Japan, in collaboration with the Department of archaeology & Museums, Government of Pakistan, carried out archaeological excavation and explorations on Buddhist sites in Khyber Pakhtunkhwa from 1959 to 1992.





Nevertheless, it is true to say that Gandhara took its everyday speech from India and its writing from the West. This intimate fusion of widely divergent elements was equally apparent in the religious life of the people.

“Gandhara” literary meaning the land of fragrance was the ancient name of the tract of country on the west bank of the Indus River which comprises the Peshawar valley and the modern Swat, Buner and Bajaur. It was a country with rich, well-watered valleys, clear-cut hills and a pleasant climate. Situated on the borderland between India and Western Asia, Gandhara belonged as much and as little to the one as to the other. In the sixth and fifth centuries B.C. E. it formed part of the Achaemenid empire of Persia. In the fourth it was occupied for a brief period by the armies of Alexander the Great.

Thereafter it was conquered by Chandragupta Maurya, but after a century of local rule the West again asserted itself, and in the second century B.C. E. Greek dynasties took the place of Indian. Then came, early in the first century BC. the victorious Sakas or Scythians, to be followed, after yet another century, by the Parthians and Kushans. And even then, the tale of foreign conquest was not ended.

For in the third century C.E. Gandhara again reverted to Persia, now under Sassanid sovereigns, and was again re-conquered by the Kidara Kushans in the fourth. Finally, the deathblow, to its prosperity was given by the Hephthalites or White Huns, who swept over the country about C. E. 465, carrying fire and sword wherever they went and destroying the Buddhist monasteries.

With such a history behind them it is not surprising that the people of Gandhara were thoroughly cosmopolitan in their culture and their out-look. The common speech of the people was an Indian Prakrit, but the script they

used for the writing of this vernacular was Kharosthi a modified form of the Aramaic of Western Asia, which had been adopted for official use throughout the Persian Empire during Achaemenid times.

Nevertheless, it is true to say that Gandhara took its everyday speech from India and its writing from the West. This intimate fusion of widely divergent elements was equally apparent in the religious life of the people. As each successive conqueror added his quota to the local galaxy of deities and creeds, the number and variety went on growing.

The impetus given to Buddhists by the Mauryan Emperor, Asoka, and the artistic impulses emanating from the Bactrian Greeks in Central Asia led to the fruition of the Gandhara Art under the

patronage of the Kushans and their successors. The period from 1st Century C. E. to 4th Century C. E. is a remarkable period in the history of Pakistan when the sculptural art becomes a hand maiden to spiritual zeal. Initially, the medium of sculptural art appears to have been the grey schist in Taxila, Peshawar, Mardan, Malakand, Dir, Swat and Buner regions, but then other kinds of locally available stones like phyllite, soapstone, green schist, chlorite, etc. were also used for carving sculptures along with the more plastic stucco to fulfill the insatiable demand of Buddhist devotees who filled the innumerable monasteries and stupas thickly dotting the whole Gandharan country of that time.

While, Graeco-Roman impulse was responsible for initiation and development of Gandhara art, the local talent made it what it looked like the representation of the true society of the elite and the religious monks who roamed about with an aura of spiritual dignity.

Besides sculptures, the architecture of Gandhara also has a marked characteristic of its own composition in nature and scope lending towards Ionic and Doric style of Classical Greeks. The city plan of Sirkap in Taxila, the remains of religious establishments Stupas and Monasteries at Jaulian, Mohra Moradu, Dharmarajika, Jinan Wali Dheri, Badalpur, Bhamala, Bhalar Top, Piplan etc. around Taxila, and those at Takht-i-Bahi, Jamal Garhi, Pushkalavati, Sehri Bahlol in Peshawar Valley, Zar Dheri in Hazara

district are remarkable ensemble of the dissemination and blending of foreign and local traditions of the art of building. Besides, Butkara, Panr, Udegram, Nimogram, Chat Pat, Andan Dheri, Saidu Stupa, Shingardar Stupa, Thokardara Stupa, to name only a few, are some of the famous sites in Swat and Dir area which provide ample evidence of the extent of this religious cultural phenomenon.

Decline of the Buddhist Art of Gandhara started with Sasanian and Hun invasions which resulted in mass destruction of the cities and religious establishments of the area. The society and its norm were annihilated, while the art and architecture adversely affected when monumental buildings, both religious as well as secular, were put to fire. The havoc was faced throughout the areas which are now Pakistan. The Chinese Pilgrim Hun-Tsang’s account of the ruined monasteries, stupas and other secular buildings that he saw everywhere in the region is an awesome but accurate description of the horrible desolation of these once flourishing centers. However, the Buddhist faith was not wiped out completely from these areas. We come across its manifestation at many places especially in today’s Sind and in the Khyber Pakhtunkhwa and rock art of Gilgit Baltistan along the Silk Routs.

**Introduction of Buddhism in Japan**

After the inception of the Buddhism in the 6th or 5th Century BCE, the Buddha ordered his monks to “wander forth for the welfare and weal of the many out of compassion for the world, for the benefit, welfare and weal of gods and men”. This command initiated one of the greatest missionary movements in world religious history, a movement that over the next millennium disseminated Buddhism from the shores of the Caspian Sea in the west, to the Inner Asian steppes in the north, the Japanese isles in the east, and the Indonesian archipelago in the south. The Buddhist missionaries typically followed long-established trade routes between the geographical and cultural regions of Asia, arrived in China through Gandhara by at least the beginning of the 1st millennium CE and reached to Japan through Korea in the 6th century C.E.

Gandharan Buddhism played a vital role in establishing culture relations with the South-East Asian countries particularly Japan. The advent of Buddhism was of special importance for binding ties with these countries as the devotees of Buddhism with in few hundred years after the death of Lord Buddha spread out toward north and south-east i.e., Pakistan, Sri Lanka, Nepal, Korea, Japan etc. The Gandhara School of art developed in the northern Pakistan on the most natural lines perfecting in anatomical details in engraving stone and sculpturing in stucco.

Cooperation between Japan and Pakistan in the



**The Government of Japan have been providing cultural grants to the Government of Pakistan from time to time for improvement of our Museums, Laboratories and archaeological sites.**

Chanaka Dehri and Ranigat are now well known to the scholarly circles both within the country and abroad. Renowned Japanese archaeologist Prof. S. Mizuno and Prof. Koji Nishikawa had led the Mission during these years.

A team of Tokyo National Museum, Japan had worked at Zaro Dehri a Buddhist site in Shinkari, Hazara Division from 1991-99 under the leadership of Mr. Yashuhiro Nishioka, Director, Tokyo National Museum, Japan. During the archaeological explorations in Hazara Division, the Mission in collaboration with the Department of Archaeology & Museums, Government of Pakistan has brought to light a number of new archaeological sites in Hazara Division, Khyber Pakhtunkhwa.

Since more than last three decades, the Department of Archaeology & Museums, has sent many Exhibitions on Gandhara and Indus Civilization to Japan. These Exhibitions were held successfully in various cities of Japan and attracted a large number of visitors and had

field of Buddhist archaeology in late 60s when Archaeological Mission of Kyoto University, Japan in collaboration with the Department of archaeology & Museums, Government of Pakistan carried out archaeological excavation and explorations on Buddhist sites in Khyber Pakhtunkhwa from 1959 to 1992. The Mission unearthed many important Buddhist religious establishments and added a large number of relics to our collection. The work done by the Mission was indeed very useful in bringing to light the hitherto unknown remains of Gandhara Civilization. As a result of these excavations important sites of Mekha Sanda, Thareli and

proved a big success in cementing the already existing close relation between Pakistan and Japan in the field of Culture. Besides, N.H.K. Japan is holding another grand exhibition on "Indus Civilization" from Pakistan was mounted in various cities of Japan during the year 2000-2001 under the title "Four Greatest Civilizations of the World".

The Government of Japan have been providing cultural grants to the Government of Pakistan from time to time for improvement of our Museums, Laboratories and archaeological sites. The grant for the first time was provided in the year 1984 totaling 98 million Yen for the reorganization of Allama Iqbal Museum and Lahore Fort Galleries. Another grant of 50 million Yen was provided in 1984 for the reorganization of Quranic Galleries in the National Museum of Pakistan, Karachi. In the year 1993-94 the Government of Japan offered Cultural Grant-in-Aid of 46 million Yen (Rs. 0.137 million) for the development and reorganization of Swat

**Collaboration and cooperation between the Government of Japan and Pakistan in preservation and promotion of the Buddhist Heritage of Gandhara is growing with the passage of time.**


Museum with 63 specially designed glass cases and wall panels, spotlights, audio visual aids, burglar and fire alarm systems and equipment for documentation have been provided to the Museum.

The Government of Japan offered Cultural Grant-in-Aid of US\$ 500,000/- through Japanese Trust Fund, UNESCO for the preservation of Gandhara monuments. In this connection, a PC-I was prepared by the Department of Archaeology & Museums, in collaboration with Japanese expert. The same was approved by the Government of Pakistan in June 1995. This project is helping in proper preservation, presentation and protection of archaeological sites of Gandhara region. The project has also enhanced the technical capability of the staff of the Department of Archaeology & Museums through workshops organized by Japan Trust Fund.

Moreover, the Government of Japan had provided scientific equipment for establishing Archaeological Conservation & Research Laboratory at Taxila during 1996-97 consisting of 50 million Yen. The newly established Laboratory at Taxila is now functioning effectively. Japan International Cooperation Agency (JICA) has been offering training for the officers of the Department of Archaeology & Museums, in a Group raining Course on "Cultural Assets Preservation and Restoration Technology" since 1993. A number of Pakistani junior officers have been trained under this program.

Collaboration and cooperation between the Government of Japan and Pakistan in preservation and promotion of the Buddhist Heritage of Gandhara is growing with the passage of time.

The writer is the former Minister of State and Chairman Board of Investment. He is currently a Senior Advisor to UNDP and a Visiting Fellow at the Institute of Development Studies, Sussex, UK.




Economic Affairs Japan-Pakistan Relations

# A Peep into Japan-Pakistan Economic Ties

By Mr. Hassan Baig

*The government of Japan has been very instrumental in providing aid to Pakistan, as it became one of the members of Aid to Pakistan Consortium providing financial assistance to carry out its development programs since 1961.*

Japan-Pakistan diplomatic and economic relations have steadily progressed since 1952. It was the year when the two formally established diplomatic relations in the backdrop of the World War-2, as Pakistan got independence in 1947 and Japan had suffered a major setback of its economic downturn. But the history of such relations dates back to pre-partition days when the first ever Trading Company from Japan started its business activities in 1918 and first Japan bank opened its branch in 1925 in Karachi.

apparatus at airports and sea ports. Japan has been very generous in providing aid to help out Pakistan in the time of crisis, like the one at the time of earthquake in 2005 in rehabilitation and rebuilding.

The Japan International Cooperation Agency (JICA) has been very active in providing support to multiple development projects including but not limited to only hardcore projects like Indus Highway, Ghazi Barotha Hydropower, Jamshoro Thermal power, Daudkhel Fertilizer, Kohat Tunnel but also social sectors interventions like children hospitals, basic health units, technical/vocational education, water supply schemes etc. The role of Japanese aid agency has been tremendous and well appreciated in all aspects. It has played an unparalleled activist dynamic role in uplifting social sectors of economy of Pakistan. It is one of the

The government of Japan has been very instrumental in providing aid to Pakistan, as it became one of the members of Aid to Pakistan Consortium providing financial assistance to carry out its development programs since 1961. Since then, Pakistan has received more than US \$12.00 billion financial assistance in the form of loans, grants and technical cooperation for its development programs from health, education, technical education and skill development to security

reasons that Pakistan and Pakistani people have a lot of regards and respect for Japan keeping Japanese people in highest esteem of the m for

## The Government of Japan Confers “THE ORDER OF THE RISING SUN, GOLD RAYS WITH ROSETTE” upon a Pakistani Syed Feroz Alam Shah, for promoting Japan-Pakistan Economic Relations

**All over the world only 21 persons received this highest award and he is the only one proud Pakistani.**

The Government of Japan has conferred the 2021 Spring Imperial Decoration, “The Order of the Rising Sun, Gold Rays with Rosette” upon Mr. Syed Feroz Alam Shah, Honorary Technical Advisor, Federal Board of Investment (BoI) and Director of National Engineering Corporation (NEC), in recognition of his dedicated contributions to promoting economic relations and mutual understanding between Japan and Pakistan.

H.E. Mr. MATSUDA Kuninori, the Ambassador of Japan to Pakistan, on behalf of the Government of Japan on September 29 conferred the imperial decoration “The Order of the Rising Sun, Gold Rays with Rosette” upon Mr. Syed Feroz Alam Shah. The conferral ceremony was held at his official residence with limited participants, while taking infection prevention measures against COVID-19.

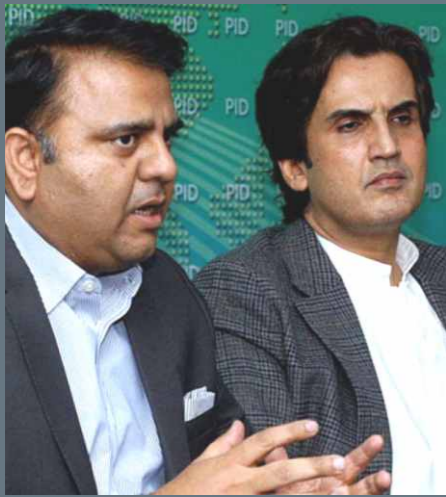


*Heartiest Congratulations  
on the 62nd Birthday of the  
Emperor of Japan*



### Syed Feroz Alam Shah

Honorary Technical Advisor, Federal Board of Investment (BoI),  
Director of National Engineering Corporation (NEC)



**Pakistan has a great potential due to abundant young labor force and a huge economic market. It is also considered as an important country for maintaining and promoting peace and security in the region.**

ir unstinted support to Pakistan.

Japan is five trillion dollars economy and is one of the largest donors in aid supporting the developing economies of the world. Pakistan is around 350 billion dollar economy with a lot of debt having over riding effect on development projects suffering from debt servicing. The JICA has been supporting Pakistan all the way for the development of social sectors through bilateral assistance of almost 600 million dollars annually on average. The social sectors assistance programs in the field of education, health and technical/vocational skills development are still underway for the welfare of the people of Pakistan.

There are about 800 Japanese

in Pakistan, while about 18000 Pakistanis are in Japan busy in different businesses, as currently about 85 Japanese companies operating in Pakistan providing employment to ten thousand people and contributing around 65 billion rupees in taxes. The famous Suzuki motors brought affordable brands facilitating the people in the field of automobile, where Japan used to have an edge over others. The Toyota motors are very popular in Pakistan for their durability with performance in rugged barren areas in contrast to other brands from different countries only effectively plying in urban centres. There are bilateral agreements to promote and protect the investment from Japan right from the beginning between the two governments.

There are also bilateral business forums promoting trade and investment in both of the countries. Pakistan-Japan Business Forum (PJBF) is busy promoting businesses in various fields since 2001. The directors, ten from each country of this forum are from business community, who could in effect contribute a lot in business promotion. The directors are elected for a period of three years, which could be extended for another term of three years if mutually agreed. They are in touch with different ministries and divisions, also involving commercial diplomats from embassies, for business promotion holding events, exhibitions in both of the countries through trade delegations. Monthly meetings of this forum are regularly held to further enhance and

deliberate on issues of mutual business interest.

There is also a counterpart of the PJBF in Japan called and designated as Japan-Pakistan Business Cooperation Committee (JPBCC). They usually conduct regular monthly meetings along with a mechanism called 'Joint Dialogue' for the mutual interest of business promotion in Japan and Pakistan. The meetings are arranged for Government to Government (G to G) negotiations and Business to Business (B to B) interactions. The discussions and deliberations are made through this mechanism of meetings and interactions to promote investment and remove hurdles in the way of

**Japan is five trillion dollars economy and is one of the largest donors in aid supporting the developing economies of the world. Pakistan is around 350 billion dollar economy with a lot of debt having over riding effect on development projects suffering from debt servicing.**



**The key to economic prosperity is public-private partnership in the new paradigm shift. The Trade Development Authority of Pakistan (TDAP) and Japan External Trade Organization (JETRO) have been effectively mutually working for one and the only objective to enhance trade and investment in both of the countries.**

business on mutual agreed terms and conditions acceptable to all. The diplomatic channels, especially the economic diplomacy framework, are effectively utilised for improvement and promotion of investment, trade and business.

The key to economic prosperity is public-private partnership in the new paradigm shift. The Trade Development Authority of Pakistan (TDAP) and Japan External Trade Organization (JETRO) have been effectively mutually working for one and the only objective to enhance trade and investment in both of the countries. The results of such efforts of both the organizations are not that bad, rather encouraging needing appreciation.

Besides JETRO, there are also Japanese Associations of Commerce having their presence in Karachi, Lahore and Islamabad.

The chart of imports and exports from Pakistan to Japan or from Japan to Pakistan, one can vividly note down chemicals, yarn, textile products, leather and metals being imported by Japan, while automobile, auto parts, steel, rubber products, heavy machinery and hi-tech items being imported by Pakistan. Naturally, the imports of one country are, in fact, exports of the other country being mutually exclusive. The sales of Japanese products and items in Pakistan range in billions. The exports from Pakistan to Japan are a little more than US \$200 million, whereas imports from Japan to Pakistan are almost around US \$1500 million. The recent investment by Japanese companies is in Yamaha motors, Marubeni-Itochu steel, Morinaga, Ajinomoto and NIPRO corporations.

The newly signed grant-in aid Japanese projects in the year 2019 along with project details are here under:

**Newly Signed Grant Aid in 2019**

Sector	Project name & outline	Amount
<b>February 19</b>		
Health	The Project for Nutrition Support for Malnourished Children and Pregnant and Lactating Women in the Hosting Districts of Afghan Refugees in Khyber Pakhtunkhwa (through WFP) Distribution of dietary supplements for 30,000 babies and infants and 28,000 pregnant and lactating women. Training for female health workers.	USD3.67 million
Peace Building Health Water Supply Education	The Project for Stabilization through Inclusive Livelihood in the Tribal Districts of Khyber Pakhtunkhwa (through UNDP) Rehabilitation of the basic infrastructure such as water-supply facilities for those who have returned to their communities after being displaced by the mopping-up operations against terrorists starting from 2014 (17,500 beneficiaries). Vocational training for the young population (6,000 beneficiaries).	USD3.73 million
Disaster Management	The Project for Strengthening Preparedness for Tsunami and Earthquakes n Coastal Areas in Pakistan(through UNDP) Improvement of the early-warning system for Tsunami, construction of evacuation centers, formulation of the guidelines for school children and training for capability to cope with disasters (1.5 million beneficiaries).	USD3.81 million

Sector	Project name & outline	Amount
<b>April 23</b>		
Health	The Project for the Extension of Intensive Care at Maternal and Child Health Care Centre and Children's Hospital in Pakistan Institute of Medical Science (PIMS)  Establishment of an intensive care ward for mothers and children who require urgent attention, which will enable to accommodate 300 intensive-care patients a year in 2024. Provision of the medical equipment such as infant incubators.	USD33.55 million
Counter Terrorism Improvement of logistics	The Economic and Social Development Program  Installation of the security inspection equipment such as X-ray cargo scanners for the smooth checking of explosive devises, arms and illicit drug at the dry ports, which handle 25% of the international cargo in Pakistan.	USD17.6 million
<b>June 14</b>		
Education	The project for Promoting girl's education through Improved Learning Environment in KP  Construction of schools for girls who have currently no access to education (1,500 girls direct beneficiaries, and 51,900 residents indirect beneficiaries)	USD0.63 million
<b>July 25</b>		
Human resources	The Project for Human Resource Development Scholarship  Providing an opportunity to 20 young civil servants to study in Japan, who are expected to play a variety of roles in formulating and implementing economic and social development policies in Pakistan.	USD2.98 million
<b>August 5</b>		
Agriculture	The Project for Agri-food and Agro-industry Development Assistance in Pakistan (through UNIDO)  Support to create a value chain of agricultural products by the provision of agro-processing equipment, construction of storage warehouses and technical assistance for producing, processing and distributing agricultural products.	USD.19 million
<b>October 29</b>		
Health Education Water Supply	The Project to improve the environment of health, education, water and sanitation for Afghan refugees and Pakistani communities (through UNHCR)  Rehabilitation of medical facilities and supply of medical equipment (50,000 beneficiaries). Rehabilitation of schools and extension of classrooms (2,000 beneficiaries). Construction of tube wells and water distribution facilities (18,000 beneficiaries).	USD2.2 million
<b>November 17</b>		
Education Social Welfare	The project for Developing educational support system for Children with Disabilities in Haripur District  Support to popularize inclusive education which enables disabled and healthy children study together (1,600 children direct beneficiaries and 5,400 residents indirect beneficiaries).	USD0.44 million
<b>December 9</b>		
Governance	The Project for strengthening the rule of law in the newly integrated areas of Khyber Pakhtunkhwa for its peace building (through UNDP)  Construction of police stations, formulation of annual police program and training for the tribal police (7,500 beneficiaries).	USD3.53 million
<b>December 11</b>		
Health	Polio Eradication Program (through UNICEF)  The program enables 20 million children who are less than 5 years old be vaccinated.	USD4.49 Million

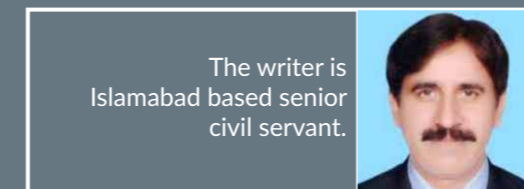
\*Recalculated figure at a rate of 107.9 yen per dollar.



In addition to the above mentioned, the Government of Japan provided USD185 thousand in total as the Grant Assistance for Grassroots Human Security Projects to support the following three development projects on education and social economic development formulated by the NGOs deeply related to Pakistani local communities. 14,000 persons have benefitted through these projects.

- March 11: The project of expanding a public elementary school in Patoki Kasur district, Punjab
- March 11: The Project for Improving Facilities of Girls Primary School Shaikhabad, Peshawar District, Khyber Pakhtunkhwa
- November 6: The Project for Street Pavement in Six Villages UC Beer, District Haripur, Khyber Pakhtunkhwa

Pakistan has a great potential due to abundant young labor force and a huge economic market. It is also considered as an important country for maintaining and promoting peace and security in the region. Year 2022 will mark the 70th anniversary of the establishment of diplomatic relations between Japan and Pakistan. Throughout these years, the Government of Japan has supported Pakistan in its efforts to improve the socio-economic development and it stands committed to continue this support even in the future.



The writer is Islamabad based senior civil servant.

**CAPITAL DEVELOPMENT AUTHORITY (Market & Road Maint South)**  
**INVITING TENDER NOTICE**

Sealed tenders are hereby invited on percentage basis from the approved contractors of PEC enlisting up-to-date in Category C-6 or above, with project code CE-01 & CE-10 as per following details.

S.No.	Name of Work	NIT Cost	Earnest Money/ Tender Fee	Date & Time for Closing of Tender Docs	Tender opening date / time
01	Improvement of Road Shoulders, I Series, Islamabad.	Rs.9,479,185/-	Rs.285,000/- Rs. 3,000/-	Date 28-02-2022 (at 12:30PM)	Date 03-03-2022 (Box closed at 11:30AM & opened on 12:00 Noon)
02	Improvement of Road Shoulders, H Series, Islamabad.	Rs.8,657,169/-	Rs. 260,000/- Rs. 3,000/-	Date 28-02-2022 (at 12:30PM)	Date 03-03-2022 (Box closed at 11:30AM & opened on 12:00 Noon)
03	Rehabilitation / Improvement of Walkways in Sector I-8, Islamabad	Rs.4,653,469/-	Rs. 140,000/- Rs. 3,000/-	Date 28-02-2022 (at 12:30PM)	Date 03-03-2022 (Box closed at 11:30AM & opened on 12:00 Noon)
04	Rehabilitation / Improvement of Walkways in Sector I-9, Islamabad	Rs.3,395,000/-	Rs.102,000/- Rs. 3,000/-	Date 28-02-2022 (at 12:30PM)	Date 03-03-2022 (Box closed at 11:30AM & opened on 12:00 Noon)
05	Rehabilitation / Improvement of Walkways in Sector I-10, I-11, Islamabad	Rs.3,850,000/-	Rs.116,000/- Rs. 3,000/-	Date 28-02-2022 (at 12:30PM)	Date 03-03-2022 (Box closed at 11:30AM & opened on 12:00 Noon)
06	Protection Work along Bridges / Nullah at Sector I-10, Islamabad	Rs.9,222,731/-	Rs.277,000/- Rs. 3,000/-	Date 28-02-2022 (at 12:30PM)	Date 03-03-2022 (Box closed at 11:30AM & opened on 12:00 Noon)
07	Protection Work along Bridges / Nullah at Sector I-9 & H-9, Islamabad	Rs.8,734,042/-	Rs.263,000/- Rs. 3,000/-	Date 28-02-2022 (at 12:30PM)	Date 03-03-2022 (Box closed at 11:30AM & opened on 12:00 Noon)
08	Supply & Fixing of Manhole Covers in Sector I Series, Islamabad	Rs.1,841,640/-	Rs.56,000/- Rs. 3,000/-	Date 28-02-2022 (at 12:30PM)	Date 03-03-2022 (Box closed at 11:30AM & opened on 12:00 Noon)
09	Improvement of Bridges Guard Rail, H-8, Islamabad	Rs.2,420,078/-	Rs.73,000/- Rs. 3,000/-	Date 07-03-2022 (at 12:30PM)	Date 10-03-2022 (Box closed at 11:30AM & opened on 12:00 Noon)
10	Supply & Fixing of Manhole Covers (H Series), Islamabad	Rs.1,841,640/-	Rs.56,000/- Rs. 3,000/-	Date 07-03-2022 (at 12:30PM)	Date 10-03-2022 (Box closed at 11:30AM & opened on 12:00 Noon)
11	Protection work along Bridges/Nullah, Sector I-8 & H-8, Islamabad	Rs.7,765,202/-	Rs.233,000/- Rs. 3,000/-	Date 07-03-2022 (at 12:30PM)	Date 10-03-2022 (Box closed at 11:30AM & opened on 12:00 Noon)
12	Protection work in Sector H-8, Islamabad.	Rs.4,599,851/-	Rs.138,000/- Rs. 3,000/-	Date 07-03-2022 (at 12:30PM)	Date 10-03-2022 (Box closed at 11:30AM & opened on 12:00 Noon)
13	Improvement of Drainage System St # 6,7,8,9, Sector I-10/3, Islamabad	Rs.2,128,598/-	Rs. 64,000/- Rs. 3,000/-	Date 07-03-2022 (at 12:30PM)	Date 10-03-2022 (Box closed at 11:30AM & opened on 12:00 Noon)
14	Rehabilitation / Improvement of Drainage System in Sector I-8 & H-8, Islamabad	Rs.9,708,445/-	Rs.292,000/- Rs. 3,000/-	Date 07-03-2022 (at 12:30PM)	Date 10-03-2022 (Box closed at 11:30AM & opened on 12:00 Noon)
15	Rehabilitation / Improvement of Drainage System in Sector I-10 & I-11, Islamabad.	Rs.9,708,130/-	Rs.292,000/- Rs. 3,000/-	Date 07-03-2022 (at 12:30PM)	Date 10-03-2022 (Box closed at 11:30AM & opened on 12:00 Noon)
16	Rehabilitation / Improvement of Drainage System in Sector I-9 & H-9, Islamabad.	Rs.9,613,267/-	Rs.290,000/- Rs. 3,000/-	Date 07-03-2022 (at 12:30PM)	Date 10-03-2022 (Box closed at 11:30AM & opened on 12:00 Noon)
17	Installation of Drainage Line at Service Road East, I-10/4 and Rehabilitation of Bridge	Rs.3,831,688/-	Rs.115,000/- Rs. 3,000/-	Date 07-03-2022 (at 12:30PM)	Date 10-03-2022 (Box closed at 11:30AM & opened on 12:00 Noon)

**CONDITIONS :-**

1. Tender forms/documents can be purchased on cash payment (Non-refundable) for the work mentioned above from the office of the Dy. Director M&RM (South), CDA Old Naval Head Quarter Near Melody Market G-6, Islamabad as mentioned above during the working hours. No tender will be issued / sold on the date of opening.
2. The eligibility criteria of the firms with the relevant experience i.e at least 03 Nos of works of similar nature (work orders may be attached).
3. Bid Security / Earnest Money shall be accompanied with the request in the shape of Deposit at Call (CDR) clearly indicating the name of firm issued by local schedule bank in favour of Dy. Director Market & Road Maint (South), CDA. CDR without indicating Name of Firm will not be accepted and no application without bid security will be accepted for issuance of tenders.
4. In case of total bid amount is less than 10% below the NIT amount the bidder shall submit additional call deposit as performance security equal to the difference between NIT amount and total quoted amount less 10% of NIT amount the additional performance guarantee shall be submitted alongwith the bid. Bids having rates below 10% of NIT without additional call deposit will be rejected.
5. The bid security of all bidders would be return after the acceptance of the contract with the successful bidder. Earnest money in shape of Deposit at Call in favour of Dy. Director, M&RM (South), CDA must be accompanied with the tender. No tender will be issued without Deposit at Call.
6. If any contractor wants to participate in tender opening process through their representative, then they should issue authority letter to them only for the tender on letter head pad of firm depicting valid address and contact No. along with attested copy of CNIC.
7. If the contractor or his authorized representative does not signs the tender opening register, then call deposit will be liable for forfeited and their tender shall also be cancelled.
8. The contractor shall submit all the required documents as per provision of the NIT / Tender documents along with their tender, without which tender will be liable for rejection.
9. The Authority may reject all bids or proposals at any time prior to acceptance of the bid or proposal. The authority shall upon request communicate to any bidder or contractor who submitted a bid or proposal, the grounds for its rejection of all bids or proposal but is not required to justify those grounds.
10. Tender for work mentioned above shall be opened by the Director (M&RM) on their office on due date and time in presence of contractor or their representative who care to attend.
11. Detail of terms and conditions can also obtain from CDA web site [www.cda.gov.pk](http://www.cda.gov.pk) and PPRA web site [www.ppra.org.pk](http://www.ppra.org.pk)

**Deputy Director,**  
Market & Road Maint South, CDA. 051 - 9202169





Pakistan  
Japan  
Business  
Forum

*We Congratulate*

**THE PEOPLE OF JAPAN**

**HIS MAJESTY THE EMPEROR**

**NARUHITO'S 62<sup>ND</sup> BIRTHDAY**

**LONG LIVE PAKISTAN - JAPAN FRIENDSHIP**

# Pak-Japan's 70-year of diplomatic relations

By Kalim Farooqui

*Japan is the third largest economy in the world and a major trading partner and donor for Pakistan. Their total global imports are in excess of \$650 billion with Pakistan's share at a mere 0.05 percent.*

The year 2022 signifies 70 years of Pakistan Japan diplomatic relations which were established on April 28, 1952. While we rejoice the important milestone of 70 years of close cooperation, the connection between the two can, in a sense, be traced back to 538 AD when today's Pakistan, then a cradle of the Gandhara Civilization, served as a source for the promotion of Buddhism in Japan. Gandhara flourished in this region from 500 BC to 10 AD and Buddhism reached Japan during the sixth century. Mutual exchanges and cooperation continued, such as the establishment of a chair for the Urdu language in 1930 at the University of Tokyo and the Takushoku University.

Pakistan had gained independence in 1947 and Japan at the time was fast emerging from the ashes of World War II which had caused immense damage to world economies besides destroying the vital infrastructure. Both countries started their relationship as free nations. Pakistan was the only major country from South Asia that attended the San Francisco Peace Conference in 1951.

Speaking courageously at the conference, Pakistan's foreign minister, Sir Zafarullah Khan talked about peace, justice and reconciliation and had this to say "The peace with Japan

should be a premised-on justice and reconciliation, not on vengeance and oppression. In future Japan would play an important role as a result of the series of reforms initiated in the political and social structure of Japan which hold out a bright promise of progress and which qualify Japan to take place as an equal in the fellowship of peace loving nations". Such needed gestures, and rightly so at the time, led both to establish their diplomatic ties on April 28, 1952. The emergence of Japan as a successful economy validates the essence with which Pakistan decisively spoke for Japan at their formative stage.

Ever since, Pakistan-Japan relationship has made steady progress and has kept growing to the mutual benefit of both countries. Japan has subsequently remained a cornerstone of Pakistan's economy as well. Interestingly, Pakistan was the destination of the first inaugural trade delegation of Japan under the allied occupation in 1949. Within the first decade of Pakistan's independence, some 50 multinational Japanese companies had already set up their offices, mainly for trading purposes.

The third overseas branch of the Bank of



**Currently, the Pakistan Japan Cultural Association (PJCA) continues to foster cultural ties by offering classes, trainings and seminars on related topics with the support of Japan's Embassy and the Consulate General.**

Tokyo was established in Karachi in 1953 and the metropolitan was also selected for opening their second office of the Japan External Trade Organization (JETRO) which continues to operate. After the United States, Pakistan was the second largest trading partner of Japan, mainly catering to Japan's need for raw material, such as jute and cotton, and fulfilling over 50 percent of their requirement at the time. The Japanese, on the other hand, reciprocated by exporting technological advances to Pakistan.

Spindles manufactured in Japan contributed a great deal to the progress of our textile sector and which even today contributes a major portion towards employment and export proceeds. Taking the lead to setup automobile manufacturing units is also a classic example where Japanese automobile sector enjoys over 90 % of their vehicles in Pakistan. Japan has remained as one of the major bilateral development partners to Pakistan since 1954, extending assistance in multifaceted sectors of development. This includes Yen Loan Assistance for development projects, outright grant assistance for social sector projects and technical

cooperation for technology transfer and human resource development.

During the 1960s, Pakistan occupied a prominent place in the allocation of Japanese assistance to the developing world and remained among the top recipients in the region. Japan's diplomatic relations with Pakistan had, and continues to have, great significance. Both nations were and are supportive of each other having convergent views on most international issues and supported each other at various forums. While Japan was recovering from the aftermath of World War II, Pakistan was trying to establish itself as a new nation.

No wonder then that the personal reception and the only one by Emperor Showa of the visiting Pakistani President Ayub Khan in

December 1960 at the Haneda Airport, became a landmark in Pak-Japan diplomatic goodwill. This visit also paved the way to start an important economic relation, as the then Japanese Prime Minister Hayato Ikeda (1960-64) had just commenced the Official Development Assistance (ODA) programme and of which Pakistan became a major recipient after his visit to Pakistan in 1961. Prime Minister Ikeda is also known for his Income Doubling Plan, which promised to double Japan's GDP in ten years.

The initial assistance of \$20 million in 1961 swiftly reached 80 percent of the total ODA by 1964. The assistance was used for mega projects as well as for industrialization. Japan is still one of the largest trading partners of Pakistan with an annual trade of over \$1.5 billion. However, bilateral trade has been exceedingly in favour of Japan due to the dismal



performance on the part of exports from Pakistan.

Inspired by a common desire to promote and further strengthen the relations between the two countries, both governments signed a cultural agreement in 1957. Japanese Prime Minister Nobusuke Kishi and Pakistani Prime Minister Huseyn Shaheed Suhrawardy represented their respective countries at the signing ceremony. It is worth mentioning that Prime Minister Kishi was the first to visit Pakistan in 1957.

According to the agreement, it was decided that both the countries would provide each other with every possible facility to ensure better understanding of the culture of their respective countries, especially by means of books, periodicals and other publications, lectures, concerts and theatrical performances, art exhibitions and cultural films. Under this agreement, both the

**Pakistan is strategically located, besides offering a market with over 220 million people. It has the requisite manpower available and is blessed with natural resources that any nation could desire.**

countries have initiated several projects and conducted various activities for strengthening the cultural ties between them.

Currently, the Pakistan Japan Cultural Association (PJCA) continues to foster cultural ties by offering classes, trainings and seminars on related topics with the support of Japan's Embassy and the Consulate General.

On the diplomatic front, Pakistan and Japan found themselves on the same side of the divide during the Korean War and the Cold War. Both countries enjoy uniting positions and have backed each other at different world forums.

Japan, through sheer determination and hard work of its citizens, had soon become a modern industrialized nation and started extending Yen Loan Assistance to the developing countries and where Pakistan became a major recipient. Yen credits are extended on soft terms, characterized by very low interest rate and long maturity. These loans thus support poverty reduction through economic growth and institutional building. The first Yen loan was provided to Pakistan in 1961.

Since then, Japan has supported the development of infrastructure in Pakistan, mainly in areas such as highways, telecommunication, transportation and power generation. Development projects of significance that were funded by Japan include the Indus Highway, telephone exchanges throughout Pakistan, the Thermal Power



Station at Jamshoro, the Kohat Tunnel, the Bin Qasim Thermal Power Station, the Construction Machinery Training Centre, Load Dispatch System Upgradation in all provinces and countless others in the social sectors under their Grant Assistance Programme.

Diplomatic relations continued to grow between Pakistan and Japan, and several agreements were inked in the ensuing years, such as the International Postal Money Order Exchange Agreement, the Pakistan-Japan Agreement regarding Establishment of a Telecommunication Research Centre, and the Pakistan-Japan Plan of Operation for Engineering and Economic Survey for Development of a New Ocean Port at Pitti Creek in Pakistan. The Soviet War which started in 1980 and with Pakistan's role in the withdrawal of the Soviet forces from Afghanistan contributed towards further fortifying Pak-Japan ties.

In response to the nuclear tests conducted by India and Pakistan in May 1998, Japan announced freezing the grant aid for new projects and Yen loans to both countries.

However, after President Pervez Musharraf's visit to Japan in March 2002 and Pakistan's important contribution to the global fight against terrorism in the aftermath of 9/11, the relations between the two countries entered a new era.

Japan supported Pakistan's counter-terrorism efforts by providing freshwater and fuel to Pakistani vessels participating in the Operation Enduring Freedom-Maritime Interdiction Operation (OEF-MIO) in the Indian Ocean. Sincerely appreciating Japan's generous

technical and financial assistance since 1954, Pakistan issued a special postage stamp in 2004. Recognizing the geopolitical importance of Pakistan and appreciating its role in fighting terrorism, Japan announced further expanding strong collaboration at all levels. Both the countries affirmed to work towards a renewed, enhanced and robust relationship, and signed a declaration to this effect on April 30, 2005. Both sides appreciated the role of leadership exchanges in enhancing bilateral relations in different areas, and agreed to continue holding dialogues on politics, security, economy and joint business. To extend support to the Pakistani government in its efforts to consolidate democracy in Pakistan and to facilitate social and economic development in the country, Japan hosted the Friends of Democratic Pakistan Ministerial Meeting and the Pakistan Donors Conference in Tokyo in April 2009, which earned pledges in excess of \$5 billion. President Asif Ali Zardari visited Japan in 2009 and then again in 2011. Both the visits have provided further impetus to strong bilateral ties.

Japan has supported Pakistan on various fronts. Like a

sincere friend, Japan came forward to help Pakistan after the earthquake of 2005 which killed more than 80 thousand people and yet again in the countrywide floods in 2010 which caused massive losses estimating over \$40 Billion. Japan announced contributions for the flood relief and rehabilitation efforts at the Pakistan Development Forum held on November 14th & 15th 2010. Japan also sent Self-Defence Force helicopters and medical teams for the relief and rehabilitation of the flood survivors.

Later and reciprocating, Pakistan expressed its solidarity and support to the government and the people of Japan in the aftermath of the devastating earthquake and tsunami that hit Japan in March 2011. Pakistan provided two C-130 aircraft loaded with relief goods to Japan. Representing the sentiments of the entire Pakistani nation, the Pakistan Embassy in Tokyo and members of different local outfits of Pakistanis helped the survivors by providing them hot food, disposable water bottles and other goods, and voluntarily worked in the shelters to provide them relief as much as humanly possible under dire conditions.

Japan is the third largest economy in the world. It is also

a major trading partner of Pakistan as well as a major donor. Their total global imports are in excess of \$650 billion with Pakistan's share at a mere 0.05 percent. Our annual imports from Japan is roughly \$2 billion whereas our exports fetch a meagre \$250 million. To bridge this gap, Pakistan needs to move away from the traditional export of raw materials and concentrate more on value-added goods. Pakistan stands among the top producers of cotton, wheat, fish, sporting goods, cutlery, gems, surgical instruments, fruits, dairy products and the like.

If only Pakistan were to succeed in acquiring state-of-the-art technology by inviting joint ventures with Japanese companies, the trade gap could be substantially reduced. Pakistan needs to educate its exporters about business practices in Japan, focus on value addition and be aware of the demands of the local market, which, in contrast to the Western markets, is very different. It is a quality-conscious market that holds a great potential for products produced in Pakistan, if only the standards, quality and supply schedule demanded by them are meticulously met.

Pakistan is strategically located, besides offering a market with over 220 million people. It has the requisite manpower available and is blessed with natural resources that any nation could desire. It offers immense opportunities to Japanese investors to establish and expand their businesses here. All Pakistan needs to do is to provide the necessary infrastructure and requisite business environment. In



today's world, governments are competing against one another to attract investments, and with the markets in and around Pakistan, there is no reason why Pakistan should stand wanting.

Pakistan is now offering a Special Economic Zones to foreign investors with attractive benefits such as sole ownership, tax exemptions, repatriation of earnings and single window operations. The Board of Investment set up for this purpose is actively engaged. Pakistani businessmen are being encouraged to establish contacts with their counterparts in

Japan for joint ventures and export of value-added goods from Pakistan. Both the Pakistani Embassy in Japan and the Pakistan-Japan Business Forum (PJBF) in Pakistan established in 2001, are assisting and connecting the business communities of both countries.

This year marks the 70th anniversary of the establishment of their relations. To mark this historic event, different events have been organised and several others have been planned to be held throughout the year both in Japan and Pakistan.

The writer is the former Minister of State and Chairman Board of Investment. He is currently a Senior Advisor to UNDP and a Visiting Fellow at the Institute of Development Studies, Sussex, UK.



**Ever since, Pakistan-Japan relationship has made steady progress and has kept growing to the mutual benefit of both countries. Japan has subsequently remained a cornerstone of Pakistan's economy as well.**

# De-Mystifying Auto Industry of Pakistan.

By Mr. Abdul Rehman Aizaz

*Governments the sector as a drain on foreign exchange and treats it as a cash cow for collecting taxes. Presently, taxes range between 37 to 43% on every car being produced in Pakistan while most of the assemblers/manufacturers are more focused on their principal's bottom lines in short term than to have a long term vision of sustainability and growth.*

Since long, auto industry of Pakistan is engulfed in haze. Stakeholders define the purpose and benefit of having auto manufacturing in Pakistan according to their own vested interests. Importers of new and used cars propagate that local manufacturing is not good for the country and we shall be following the import model practiced by oil rich gulf countries.

Governments often regards the industry as a drain on foreign exchange and simultaneously treat it as a cash cow for collecting taxes. Presently taxes ranges between 37 to 43% on every car being produced in Pakistan. Most assemblers/manufacturers too are more focused on their and their principal's bottom lines in short term than to have a long term vision of sustainability and growth.

Another myth surrounding the industry is the overall composition of the auto manufacturing industry. Automobile horizon

is not limited to passenger Cars and SUVs only. It also comprises of sectors like Motorcycles and Tractors where we are world competitive in term of value provided to end customer. Main reason for competitiveness in these sectors is the localization achieved in these sectors. 90 to 95 % parts for Tractors and Motorcycles are manufactured in Pakistan, creating jobs in millions, contribute heavily in GDP of the country and pay more than the due share in the taxes of the country.

Very complex and critical components of motor



**MEZAN**  
پاکستانی کھانوں کی پہچان



هرچيز ميزان ميں اچھی لگتی ہے!



cycles, especially of Japanese market leader are produced in Pakistan under technical assistance of Japanese companies. Hi-tech components and assemblies like complete Engine including Carburetor, ACG, Front and Rear Shock absorbers, Clutch, Chains, Ignition Coil etc. are few examples where Japan's leading companies are providing technical support to Pakistani companies.

Manufacturing these critical and costly components in the country is also contributing towards national goal of "Make in Pakistan". We are thankful to Japan for the transfer of technology for manufacturing these components, resulting in good quality motorcycles at affordable prices to the masses of the country. At the same time, better quality is getting the acknowledgement of the end customer and is resulting in constant gain in market share by Japanese motorcycles.



Pakistan is producing the cheapest tractors in the world, even cheaper than India and China. Once again the only reason is the far sightedness of Tractor producers to get the components developed and produced in Pakistan. Since long, almost all Engine, Transmission and Suspension parts are manufactured in the country, which are then

**Car consumption per capita in Pakistan is quite low even if compared with regional under developed countries. OEMs shall give priority to the potential of the market we possess and work on lines of tripartite joint ventures among international part manufacturer, local OEM and auto part manufacturer of Pakistan.**

assembled to form the tractors. Made in Pakistan tractors bring in the benefits to the whole farm community and leading the way for the sustainable growth and food security of the country.

Now the Achilles heel of Automobile industry, passenger Cars and SUV segment. Mostly this sector is framed as the problem child by import lobby due to their vested interest. Often a false perception is generated that world class companies like Toyota, Honda and Suzuki are just assemblers and not manufacturers. Reality though is quite different. There are about 200 companies in Pakistan manufacturing thousands of components for these OEMs, generating sizable employment and contributing heavily in the industrial output of the country.

Majority of low-tech components and a number of hi-tech components of this segment are made in Pakistan. It doesn't mean that localization goal is near completion like in Motorcycle and Tractor's segment. Multiple reasons are hindering the localization progress, such as;

**a) Low volumes**

Investment feasibility for manufacturing high-tech auto components needs certain volumes. Generally, it is considered that a production volume of half a million cars is needed for any viable investment in manufacturing critical engine and suspension components. Unfortunately, we are still far from achieving this kind of volume. Two-three times in last 15 years our volumes neared 300,000 cars but due to

devaluation of currency and hike in mark-up rates caused crash like situation in the very next year of achieving higher sales.

**b) Frequent Model Changes**

Unlike motorcycle and tractor segment, Car and SUV buyers desire newer models every 4-5 years. That is why we see change in models much more frequently now. Coupled with low volumes it results in very limited volume for each model thus making investments in dies/molds and technical assistance fee unrecoverable/feasible.

**c) Reluctance in Technology Transfer**

Over a period of last 10 years or so designing of components especially hi-tech components, is carried out by the part suppliers in Japan and other developed countries. Since design and technology is proprietary property of part maker, it is necessary for Pakistani companies to carry out Technical Assistance (TA) agreements and pay the fee and royalties. Reluctance to provide technical support by overseas companies for various reasons is resulting in very slow development of critical and complex components in Pakistan.

**d) Lack of Testing Facilities**

Due to safety and performance requirements, each car part has to go through various stringent tests. Unfortunately, such testing facilities do not exist in our country. Institutions like PSQA, PCSIR, Universities etc. lack facilities and expertise to

carry out some very basic tests. Until funding to such institutions is not directed towards the needs of industry and a check & balance mechanism is not developed, we as a country will keep wasting a major part of the budget allocations to such institutions.

**e) Lack of Concrete Incentives for Part Manufacturers**

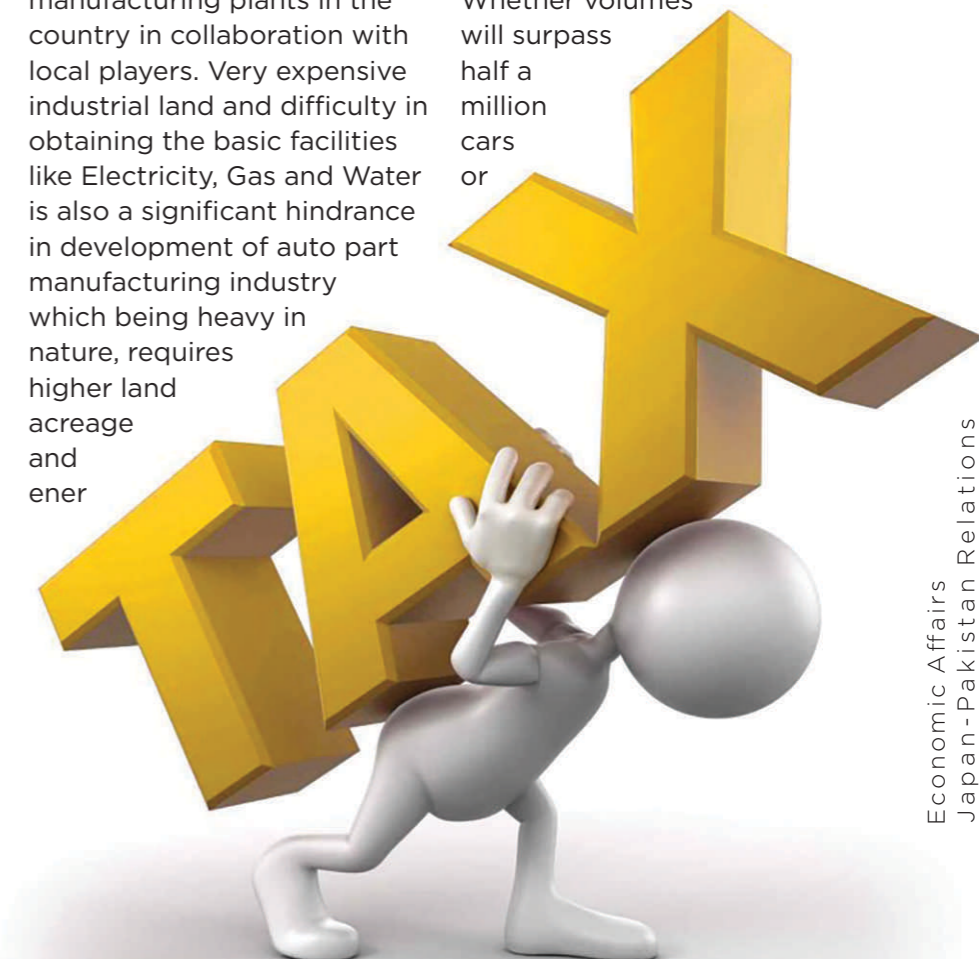
Auto Policy 2016-21 gave lot of incentives to car manufacturers. Similarly, few other incentives are being offered in recent policy 2021-26 for entry level car segment. However, despite being part of the auto policy objectives, no significant and tangible incentive has been offered for attracting international components manufacturers for setting up the manufacturing plants in the country in collaboration with local players. Very expensive industrial land and difficulty in obtaining the basic facilities like Electricity, Gas and Water is also a significant hindrance in development of auto part manufacturing industry which being heavy in nature, requires higher land acreage and ener

gy to operate.

**f) Non-Tariff barriers**

Inclination of certain OEMs and their overseas suppliers to book higher profits in their parent organization by selling parts to Pakistan's subsidiary is also slowing down the development of components in the country. There are non-intentional tariff barriers like event base localization that limits down the volumes to a particular model in already limited volume market, thus feasibility of localization gets curtailed further. Moreover, due to lack of testing facilities coupled with extra ordinary delays in inspections and approvals by overseas parent companies act as a non-tariff barrier.

We are in the middle of catch 22 situation. Whether volumes will surpass half a million cars or



**Now the Achilles heel of Automobile industry, passenger Cars and SUV segment. Mostly this sector is framed as the problem child by import lobby due to their vested interest. Often a false perception is generated that world class companies like Toyota, Honda and Suzuki are just assemblers and not manufacturers.**

international companies will transfer technology to Pakistan's auto parts manufacturers for production of hi-tech parts in the country, resulting in reduction of car prices and enhance volumes to a feasible level is a dilemma that needs resolution. Deciding factor shall be the massive population and potential of our market. Car consumption per capita in Pakistan is quite low even if compared with regional under developed countries. OEMs shall give priority to the potential of the market we possess and work on lines of tripartite joint ventures among international part manufacturer, local OEM and auto part manufacturer of Pakistan.

We have a shining example of hi-tech parts localization in motorcycle segment, where leading Japanese parts manufacturing provided the technological support to Pakistani companies resulting in better control of prices, which acted as stimulus for volume growth. In car segment too such kind of spirit, belief and vision is needed from Hi-tech components manufacturing companies of Japan. Government on other hand shall intensify OEMs for their localization efforts by offering reduction in CKD duties upon achieving given localization targets. Formation of auto parts manufacturing clusters with affordable land prices and mark-up rates on fresh investments in auto part manufacturing will be a win-win situation for the whole country.

After all, giving equal importance to import substitution will save much more precious foreign exchange than we earn in exports.



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**FOR RIGHTS OF COLLECTION OF CAR PARKING FEE AT LAKE VIEW PARK (PHASE-1), ISLAMABAD**

1. CDA intends to auction the following work for the period of 02 (two) Years through open auction.

S.No.	Name of Work	TOR Price Non-Refundable	Registration Fee (Non-Refundable)	Security Deposit	Last Date Of Registration Of Firm	Date Time of Auction
01	Right of collection of Car parking Fee at Lake View Park (Lots "A" & "B") Islamabad (For 02 Two Years)	Rs.5000/- (Rupees five thousand only)	Rs.25000/- (Rupees twenty five thousand only)	Rs.10,000,000/- (Rupees Ten Million)	03-02-2022	04-02-2022 at 11 :30 AM in conference Room of Parks Dte. F-9 Park Islamabad

- The set of detailed TOR (Term of Reference) can be obtained from the office of Drawing & disbursing Officer Parks (Horticulture), CDA located at Mehran Gate No.1 Fatima Jinnah Park, Islamabad on cash payment @ Rs.5000/- ( Rupees five thousand) per set (Non-Refundable) during working hours on any working day before date of auction against written request which should be on letter head pad have Name, Address Telephone ( Land Line) Numbers and signature of the bidder along with attested copies of NTN Certificate, Sole proprietorship / partnership deed No TOR's will be sold on the date of auction.
- The auction will be held in Conference Room of Directorate of Parks located at MEhran Gate no.01, Fatima Jinnah F-9 Park, Islamabad on 04-02-2022 at 11:30 AM.
- Main Terms and Conditions for participating in bidding process are as under:-
  - Registration of individuals / firm / company will be made on submission of documents mentioned in TOR, and deposit on account of registration fee of Rs.25000/- ( Rupees twenty five thousand) along with call deposit amounting to Rs.10,000,000 ( Rupees ten million only) shape of pay order in favor of DDO Parks ( Horticulture),CDA on account of security deposit.
  - The defaulters / absconder of previous auction are disqualified from its auction.
  - The deposit of call / earnest money should be generated only from firm's accounts.
  - The General / Special Power of attorney may be attested through respective court.
  - The attorney holder may not be the employee of any Government / Semi Government institute.
  - The bid security of all bidders would be deposited in the CDA Bank account and same may be returned after the acceptance of the contract with the successful bidder.
  - The eligibility criteria of the firms with the relevant experience i.e at least three number of work in last two financial years may be observed / fulfilled before issuance of TOR's.
  - The right of collection fee will be for duration of 02 (two) years, as per given below schedule:-

S. No.	Description	Rate (in Rupees)
01	Motor Cycle Car / Taxi Bus / Coaster / Van VVIP & Govt : Number Plate Vehicle	Rs.10/- (Ten) Rs.20/- (Twenty) Rs.30/- (Thirty) Free

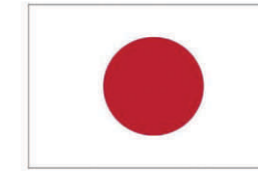
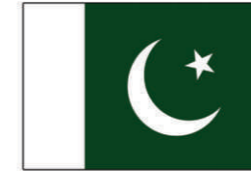
- The successful bidder shall deposit 35% of the highest bid amount in shape of pay Order in favor of DDO Parks (Horticulture), CDA within two days, otherwise call deposit shall stand forfeited.
- The successful bidder will furnish a bank guarantee equals to 65% of the bid amount before taking over possession of site or entire amount in advance.
- CDA reserves the right to accept or reject any bid without assigning any reason.

**DEPUTY DIRECTOR**  
Mega Parks (East), CDA

The writer is the former Minister of State and Chairman Board of Investment. He is currently a Senior Advisor to UNDP and a Visiting Fellow at the Institute of Development Studies, Sussex, UK.



PID (I) 4849/21



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# Japan-Pakistan Relations in Auto Engineering

By Mashood Khan



The Japanese side requested to provide rental office space in the Board of Investment (BOI) building in Karachi, which is the center of Pakistani economy, for the potential investors who would like to gather relevant information on market feasibility of their investment in Pakistan. Pakistani side agreed to consider the proposal made by Japanese side.



"In 2022, we will commemorate 70 years of trade and cooperation. Pakistan was one of the first countries to establish diplomatic relations with Japan after signing a treaty in 1952. That same year Karachi became one of the first few cities of the world from where Japan chose to return to business after the war.

There are many platforms between both countries but Pakistan-Japan Business Forum (PJBF) is a bilateral forum established in 2001 with a view to promoting trade and investments between the two friendly countries.

To achieve this objective, the formation of its Board of Directors comprises ten Directors each from Pakistan and from Japan elected for a period of 3 years.

The counter part of PJBF in Japan is Japan-Pakistan Business Cooperation Committee (JPBCC) and which is currently headed by Teruo Asada, the Chairman of Marubeni Corporation, and itself a conglomerate in Japan. Delegations between the two alternatively take place each year for what is called the "Joint Dialogue".

Meetings are arranged for Government to Government (G to G) negotiations as well as Business to Business (B to B) interaction.

The last such meeting was held in Tokyo in December 2018 with the Advisor to the Prime Minister on Commerce and Trade, Razzak Dawood leading a 25-member delegation. Deliberations took place at the Ministry of Economy Trade and Industry (METI).

When we discuss the auto engineering industry of Pakistan, the country initially got American Brands like GM and Ford to enter into Pakistan, but after Nationalization the industry button was reset, and the first companies to enter into Pakistan were Japanese. We welcomed Suzuki,

HINO, NISSAN into the country for the manufacturing of cars and trucks.

Later Toyota and HONDA followed in the passenger car segment. The Japanese OEMs have dominated this country for the past 4 decades and assisted in bringing in their manufacturing culture. Companies with background of sheet metal, forgings, castings, plastics and rubber seized the opportunity and developed into high-tech Teir-1 companies we see today.

Some characteristics of Japanese manufacturing methods and production management that have been transferred and adopted by Pakistani APM's are lean management, flexible automation, group technology, the Toyota production system, the QC circle, lifetime employment, just in time and product development.

Organizations like JICA have helped to formulate recommendations for policies, strategies, prioritized action plans, adoption of best practices, technological/technical improvement for a competitive and state of the art automobile industry.

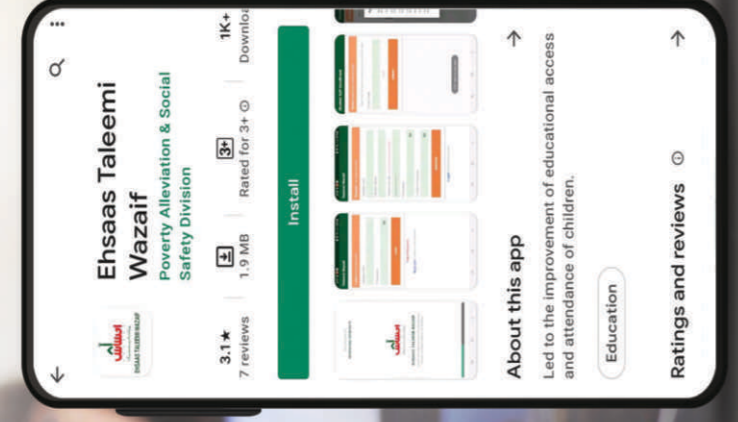
So, on the special occasion of the National Foundation Day, I on behalf of the Pakistan Automotive community would like to thank the people of Japan for their assistance in the development of our manufacturing industry especially the automotive.

The writer is the former Minister of State and Chairman Board of Investment. He is currently a Senior Advisor to UNDP and a Visiting Fellow at the Institute of Development Studies, Sussex, UK.



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• نادرا کے جاری کردہ ب فارم کی مدد سے اپنے تمام پرائمری سے بارہویں کلاس تک زیر تعلیم بچوں اور بچیوں  
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PID(1) 5023/21

# “Exercise Barracuda XI”

## In Preview of International Maritime Arena

Marine ecosystem is being monitored through regular patrolling of Marine Protected Areas, Control Boarding operations onboard merchant vessels to ensure compliance with international and national regulations, Port State Control Measures, continuous surveillance of harbour against any environmental hazard and through collaborative training & rehearsing response mechanism against any oil spill incidents.



Today, the world faces paramount challenges related to the use of fossil fuels. Environmental pollution, the reality of anthropogenic climate change, and the potential hazards associated with oil and gas have induced policy-makers to draft ambitious plans for transitions to renewable alternatives. Since the culmination of 20th century, industrialized nations are intensely dependent on the excessive consumption of hydrocarbon resources (oil and natural gas).

The transition from “Coal Era” towards the rise of “Hydrocarbon Era” within a relatively short period of time explains the material and economic advantages of hydrocarbons, as their physical properties permit more convenient transport and storage, while their higher energy density enabled an increase in economic efficiency. Moreover, it may be considered that post-war hydrocarbon boom was driven by the discovery and development of large oil and gas fields, pricing to compete with coal, as well as innovation in oil and gas related technologies.



**Pakistan in the initial years generally lacked the infrastructure to ensure damage control during oil spills. MV TASMAN SPIRIT carrying over 67,000 tonnes of crude oil, ran aground off Karachi Port on July 27, 2003 and spilled around 26,000 tonnes of oil.**

The Hydrocarbon era facilitated progressive industrialization & rapid economic development and resultantly caused a considerable increase in marine transportation of raw material, especially of crude oil. However, a significant amount of oil comes into the sea from operational discharge of ships (ballast and bilge water) as well as from incidents such as collision and groundings.

Offshore exploration and exploitation of oil and gas is connected with the danger of blow-outs and major spills. The first major oil spill incident was caused in 1967 by grounding of the tanker "Torrey Canyon" spilling about 117,000 tons of crude oil. Afterwards, in 1969 blow-out of the offshore platform "Santa Barbara" caused spillage of 13,600 tons. The Deepwater Horizon oil spill is the largest accidental oil spill in history that began in the Gulf of Mexico on April 20, 2010.

The oil platform was capsized and sank resulting in spillage of around 134 million gallons of oil and more importantly about 2,100 km (1,300 miles) of the U.S. Gulf Coast from Texas to Florida was coated with oil. These incidents have provided defining grounds for maritime nations and international maritime bodies to enhance mechanism for protection of the marine environment through international legislation and implementation of rigorous requirements concerning the

construction and exploitation of ships and offshore platforms, limiting the possibility and extent of oil spills. Regional and bilateral international agreements between neighboring countries have been concluded, containing national and bi-lateral contingency plans, describing the means and methods of cooperation in case of major oil spill.

As far Pakistan is concerned, 1050 km long coastline and the EEZ with 290000 sq. km provides invaluable untapped and unexplored hydrocarbon reserves, minerals, fish stocks and other marine resources. However, in contemporary progressive technological era, Pakistan being a developing country has become more dependent upon oil-based products to ensure streamlined economic and industrial growth.

Moreover, optimal utilization of Ports, uninterrupted marine

traffic flow while ensuring perseverance of marine ecosystem remains paramount challenges at national level Pakistan imports huge quantities of oil and considerable amount of hazardous chemicals to meet its energy and industrial requirements.

Hence, there is a grave risk of oil /chemical pollution in our port areas including approaches and adjacent coastal waters. Besides, a large number of oil tankers plying to and from the Gulf of Oman may also pose a serious threat of oil pollution in our areas of interest. Collisions, groundings, transfer of oil cargos and bunkers are some of the major causes of oil pollution. Risk of oil pollution also exists from off shore petroleum exploration and production activities Such pollution can threaten recreational areas, sea birds, marine life, coastal installations and fisheries.

Pakistan in the initial years generally lacked the infrastructure to ensure damage control during oil spills. MV TASMAN SPIRIT carrying over 67,000 tonnes of crude oil, ran aground off Karachi Port on July 27, 2003 and spilled



around 26,000 tonnes of oil. Ineffective and ill coordinated actions of government organizations lacking clear synergy led to the worst environmental disasters of the entire region. The Oil Slick destroyed millions of mangrove seedlings engulfed with thick black crude Oil and further shattered the fish resource causing irreparable loss to the country.

Moreover, Pakistan being a party to the United Nations Convention on the Law of the Sea (UNCLOS) also has an obligation to protect and preserve the marine environment. In backdrop of these events a comprehensive plan was deliberated named as National Maritime Disaster Contingency Plan which provides viable operational organization with representation from all

stakeholders; identifying high-risk areas along with priority for protection and clean-up of coastal areas including training of personnel and practical conduct of exercises to assess and improve preparedness.

To rehearse responses as per National Marine Disaster Contingency Plan, Pakistan Maritime Security Agency conducts annual oil spill exercise, code named BARRACUDA, which provides all stakeholders a common platform to practice response mechanism. Case in point is aversion of oil spill from grounded MV HENG TONG i.v.o Clifton beach where implementation of National Marine Disaster Contingency Plan (NMDCP) ensured activation of Disaster Response Centre (DRC) including prompt and

**The Hydrocarbon era facilitated progressive industrialization & rapid economic development and resultantly caused a considerable increase in marine transportation of raw material, especially of crude oil. However, a significant amount of oil comes into the sea from operational discharge of ships (ballast and bilge water) as well as from incidents such as collision and groundings.**

effective actions by all stake holders. PMSA has so far conducted 10 series of BARRACUDA Exercises. In last exercise of BARRACUDA series, 11 countries and 32 x national stake holders/ agencies participated in the exercise to broaden the spectrum and enhance regional cooperation.

The 11 edition of the exercise was scheduled, from 11 to 13 January 2022, whereby large number of international and national stakeholders will undertake joint drills to rehearse mechanism for preparedness against oil spill incidents.

Pakistan Maritime Security Agency, being the only maritime law enforcement agency of the country is equipped with the state of the art & technologically advanced vessels to effectively handle any kind of eventuality at sea. PMSA not only undertakes SAR operations, anti-narcotics & anti-smuggling operations, anti-poaching operations and fishing regulations but also plays a paramount role while ensuring perseverance of marine environment.

Marine ecosystem is being monitored through regular patrolling of Marine Protected Areas, Control Boarding operations onboard merchant vessels to ensure compliance with international and national regulations, Port State Control Measures, continuous surveillance of harbour against any environmental hazard and through collaborative training & rehearsing response mechanism against any oil spill incidents.

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## CEO/President at HBL Microfinance Bank Amir Khan Interview by Economic Affairs

**Economic Affairs: How long has HBL MFB been operating, and tell us about the bank?**

**Answer:** HBL Microfinance Bank (HBL MFB), formerly The First MicroFinanceBank Ltd., Pakistan (FMFB-P), was established in 2002 as a nation-wide microfinance bank, licensed by the State Bank of Pakistan. HBL MFB (formerly FMFB-P) was created through a structured transformation of the credit and savings section of the Aga Khan Rural Support Programme (AKRSP), an integrated development programme to pioneer the microfinance sector in the country since 1982 in Gilgit-Baltistan and Chitral.

HBL MFB (formerly FMFB-P) was established with the mission to provide financial services to people with no or limited access to the conventional financial sector. Contributing to the social and economic well-being of society by providing opportunities to thousands of under-privileged households. Over the years, the bank targeted financial and multi-sectoral products and services based on the evolving needs of the under-served. HBL MFB (formerly FMFB-P) enabled its clients to strengthen their entrepreneurial base and build financial, physical and human capital to secure their future. Currently, HBL has a majority shareholding of 71.43% in HBL MFB.

The bank has a nation-wide network of 213 locations with more than 1.7 million customers benefitting from services such as deposit, e-wallets, loans, nano-loans, etc. The bank has a

strong vision of enabling people to improve their quality of life with inclusive and innovative financial solutions and has made extraordinary investments in technology to increase its outreach to millions of customers by employing digital delivery channels.

**E.A: The bank has been recently re-branded. How does the re-branding impact the bank overall? Will there be any changes in how the bank operates?**

**A:** We've been a subsidiary of HBL since 2016; since then the bank has enjoyed phenomenal business growth and has consistently focused on staff wellbeing. Now, as HBL Microfinance Bank, we shall take microfinance to new heights and deliver more impact to more people in more places.

This change of name to HBL Microfinance Bank will reinforce a sense of trust, stability and progressiveness associated with HBL to customers, regulators, and the general public. As HBL MFB, we remain committed to our vision to enable people to improve their quality of life with inclusive and innovative financial solutions, and our mission to expand outreach in a sustainable and responsible manner by creating financial solutions for our customers.

**E.A: As we talk about inclusive and innovative financial solutions for customers, can you please explain as to how the bank is focusing on adopting technology & digital interventions?**

**A:** HBL MFB is working on enhancing its product & services suite through implementation of digital financial services with a focus on client centricity and inclusion. We are also focusing on leveraging technology to digitalize work processes and improve efficiencies. HBL MFB continues to invest in its digital journey. During the last few years, the bank has successfully developed an in-house Branchless Banking System; We have also developed in-house, and holistic, mobile device-based Customer Management Solution. This has enabled us to bring a shift in the traditional cradle-to-grave lending model to a digital customer journey from loan applications to disbursement and geo-tracking of customers, their businesses and our staff performance evaluations. Customer Management Solution consists of different systems i.e. Loan Origination, Collection Management System, Geo Tracking System and Staff Performance Evaluation System.

For HR Development & Capacity Enhancement, we have also developed an in-house E-Learning Portal which is used for training and capacity building of our staff. The E-Learning Platform has really helped us in conducting our remote training sessions during the COVID-19 pandemic. Information technology has been a key focus, the bank has heavily invested in state-of-the-art technology to provide uninterrupted services for the best customer experience.

**E.A: Under the Government's "Mera Pakistan Mera Ghar (MPMG)" Scheme, HBL MFB is seen as a leading player in the microfinance industry, could you share the strategy behind this positive outcome? how many loans has your bank disbursed at this point?**

**A:** The government's initiative of "Mera Pakistan Mera Ghar", Government Mark-up Subsidy Scheme (GMSS), is a great initiative especially for the low-income segment of our country. Although, the microfinance banks were late entrants into the scheme, when Tier 0 GMSS was allowed to them HBL MFB took it very seriously as it resonates with our passion to serve the vulnerable masses for their housing needs. We launched this scheme in June, 2021, and in a short span of 8 months we have been able to provide shelter to 1,190 families for an aggregate loan amount of PKR 1.5 billion. This is the highest number achieved in the GMSS in the microfinance industry.

This has earned us great appreciation from State Bank of Pakistan. HBL MFB executed a well-thought out strategy and well-knitted plan that has made MPMG program a success for us. The bank adopted a big bang approach towards this product, starting with a comprehensive training programme for our staff and supporting community awareness through a van banking initiative.

We launched it across all 213 branches during June, 2021. While we had a multi-pronged strategy for product roll-out, our most important area of focus was staff training and development. We designed a comprehensive training plan for each employee involved in the process, starting from loan officers and ending at area credit managers. Specific targets were assigned to branches, with a governance structure in place and a management committee to monitor the overall performance. We leveraged our existing, state of the art, Core Banking System to improve efficiency by using our Loan Origination System.

**E.A: Having the largest network in Gilgit-Baltistan-Chitral (GBC) area. What's the bank's strategy for this region?**

**A:** GBC has always been a priority area for the bank and it will remain as such in the future as well. The bank's strategy for this region encompasses a focused approach and various initiatives to enhance brick & mortar branch network, digital penetration and payments for migrating customers to the best suitable digital channels to enhance their banking experience.

The bank has also deployed 13 ATMs and serves clients through USSD channels and mobile banking (Banking on Wheels). In addition, the bank has been exploring innovative alliances with other organisations - both; within and outside the AKDN network - with an aim of leveraging their resources (premises, infrastructure, etc.) for financial service delivery.

HBL MFB is also building its regional headquarters in Gilgit, which is expected to be inaugurated in 2022; a state of the art building. In pursuit of bank's Environment & Social Governance Goals, the building will be EDGE & LEED Certified (the first building in the AKDN network to have these certifications).

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## Mian Mohammad Mansha attends British Asian Trust's Annual Reception & Dinner with HRH The Prince of Wales

[London: 11th February 2022] Mian Mohammad Mansha, Chairman Nishat Group, attended the British Asian Trust's Annual Reception & Dinner on Wednesday with His Royal Highness The Prince of Wales. The British Asian Trust's Annual Reception and Dinner at the British Museum was held to celebrate the organisation's many accomplishments over the past year and help raise funds to support COVID-19 recovery across South Asia. Mian Mansha was recently appointed by the British Asian Trust as the Chair of their Advisory Council in Pakistan.

Other notable guests at the event included The Rt Hon Rishi Sunak MP, Chancellor of the Exchequer, The Rt Hon Priti Patel, Home Secretary, The Rt Hon Sajid Javid MP, Secretary of State for Health and Social Care and Adar and Natasha Poonawalla, heads of the Serum Institute of India and long-term supporters of the Trust.

On the occasion, Mian Mohammad Mansha said, "I am honoured to have met His Royal Highness, The Prince of Wales and Her Royal Highness, The Duchess of Cornwall at the British Asian Trust's Annual Reception and Dinner at the British Museum. The British Asian Trust's fundraising efforts to tackle poverty, inequality and injustice in South Asian countries such as Pakistan is highly commendable and quite a feat in the current COVID-19 environment. I am grateful to the Royal Couple and the British Asian Trust for their kind hospitality and generosity. Having just learnt of his health, I also take this opportunity to wish His Royal Highness, The Prince of Wales a swift recovery from COVID-19".

The British Asian Trust was founded in 2007 by HRH The Prince of Wales and British Asian business leaders to tackle widespread poverty, inequality and injustice in Pakistan, India, Bangladesh and Sri Lanka. Over the last year, the British Asian Trust raised over £10 million for its post-COVID recovery efforts. It secured £2 million of matched funding from the UK government for the Trust's Women's Economic Empowerment programme, which will enable nearly 10,000 Pakistani women to find a job or start a business in a post-COVID world.

Mr. Mansha is a committed philanthropist and provides support to a number of causes in healthcare, women's education, sustainable tourism, sports, poverty alleviation and social uplift. He has provided financial assistance and support to the Punjab Institute of Cardiology, Children's Hospital & The Institute of Child Health in Lahore and Saleem Memorial Trust Hospital amongst others on a personal as well as corporate level.

### About the British Asian Trust

The British Asian Trust wants to see a South Asia that is prospering and fair for all. Our work supports large-scale, sustainable solutions that enable poor and marginalised people to achieve their full potential. Since we started in 2007, we have had a positive impact on the lives of almost 6.6 million people in India, Pakistan, Bangladesh and Sri Lanka. By enabling our supporters to turn their values into action, we transform lives. Together we support a South Asia that is better for all.

[www.britishasiantrust.org](http://www.britishasiantrust.org)

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On behalf of PAAPAM and the people of Pakistan, Managing Committee of PAAPAM is honored to offer its heartfelt felicitations to

**His Majesty Hon. Hironomiya Naruhito,**  
the Emperor of Japan,  
**on His 62nd Birthday**

PAAPAM is proud of friendly relations and flourishing auto diplomacy between two time-tested friends; Pakistan and Japan. We wish for further promotion of industrial & business cooperation in the Automobile and Auto Parts Manufacturing Industries of the two countries.

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