

Pakistan's Potential



IQBAL Z. AHMED

Chairman and Chief Executive Officer, AG (Associated Group)

EDITORS' NOTE *Iqbal Z. Ahmed has been featured in Newsweek as one of Pakistan's top entrepreneurs. He holds a master's degree in Economics from the University of the Punjab and a bachelor's degree in Economics from Government College University, Lahore.*

COMPANY BRIEF *Headquartered in Lahore and founded in 1965, AG (Associated Group) is one of Pakistan's premier business houses in the energy sector. In the financial year ending June 30, 2008, AG had a turnover of \$250 million. AG has U.S. equity and technical partners in its various projects in Pakistan.*

Can you give a brief overview of AG's business in Pakistan and your outlook for growth for the business in today's market?

AG has three distinct areas of business: production and distribution of LPG; setting up a terminal for LNG imports; and power generation. Pakistan desperately needs LPG, LNG, and power, so for those who can deliver, Pakistan offers a niche market with sound and attractive returns. At present, we are running a 136 megawatt power plant, and we are setting up four new power plants, which we have signed off on together with a U.S. partner in Oklahoma in a \$100 million contract for a group called ProEnergy. Before the end of the year, we hope that we will be in fairly advanced stages of commissioning power projects totaling 750 megawatts and representing over a half billion U.S. dollars in investment.

Is there an effective understanding of the strength of the economy in Pakistan, as well as the opportunities for foreign investment?

No. And that is why support from people like Governor David Walters [former Oklahoma Governor] is so important. Pakistan is a good place for business. There is a reasonably safe environment in Pakistan, and the returns are extraordinary. And there is no price tag attached to doing business in Pakistan. You must come on merit, establish your credentials, and you will get what you want.

And how is the strength of the workforce in Pakistan?

The level of quality available in human resource is amazing. Many Pakistanis who have left want to come back and are bringing their skills with them. The manpower is still offered at a very attractive price. For most educated Pakistanis, English is a second language.

How much of an effect has the focus on environmental sustainability had on your business?

We are focused on changing usage from furnace oil to cleaner burning natural gas, which is why Pakistan wants to import gas from Iran, and which is why we are setting up an LNG terminal. Natural gas-based power plants, for instance, are easier to operate and maintain and offer greater efficiencies. We are also keen on improving the quality of coal through CFB technology, because Pakistani coal has sulfur in it that needs to be taken out before it is burnt. There is also a newfound focus on renewable energy; Pakistan has potential for 50,000 megawatts of wind energy.

As a leading business executive in Pakistan, is it frustrating to see the media portray the country in such a negative light?

Pakistan is a good country to do business in, and maintains the highest ethical standards. There may be lapses, but this bad perception is inaccurate and must be changed. People need to come to Pakistan to see for themselves what it's all about. Of the Americans who come here to work, everyone is pleasantly surprised by the social and business environment and wants to stay put and stay longer.

With regard to partnerships for Pakistan, is the potential for growth coming from outside the region, or is the focus local?

Within Pakistan, there is a lot potential. We are doing large energy sector projects and have made very serious investments with our foreign partners. The returns offered in Pakistan are so attractive that, even under difficult circumstances, we are able to draw foreign investments.



SYEDA HENNA BABAR ALI

Advisor Consumer Division, Packages Limited

EDITORS' NOTE *In addition to her current post, Syeda Henna Babar Ali is Director for Cornell Plantation (Pvt) Limited, Ann Arbor Livestock, and President of PEN Pakistan Centre. Ali received master's and bachelor's degrees from University of Michigan, attended Kinnaird College in Lahore, and is an accomplished poet.*

COMPANY BRIEF *Headquartered in Lahore, Pakistan, Packages Limited (www.packages.com.pk) is the country's largest packaging and paper goods manufacturer, established in 1956 as a joint venture between the Ali Group of Pakistan and Akerlund and Rausing of Sweden.*

How has the business progressed since you began, with regard to growth on a global basis?

Since it was founded, Packages has grown fivefold and we've recently invested another \$300 million. That gives you an idea of our commitment, not just to the paper industry in Pakistan, but to the future economic growth as we see it in Pakistan and in the region.

In terms of the opportunities for foreign investment that exist in Pakistan, is the message clear about how strong the market is?

Our customers include international names like Tetra Laval Nestle, Unilever, and P&G. We share a common vision of Pakistan as an emerging market, a very promising market with growth potential. The news highlights seen in the West about Pakistan are mostly negative because of the political and law and order situations. This has not caused us or our customers to shy away from investing in Pakistan.

How did you become involved in the agriculture sector?

My husband is basically a farmer. He has two companies, Cornell Plantations (Pvt) Limited and Ann Arbor Dairyfarm (Pvt) Limited. He farms the main crops in Pakistan, which includes cotton, rice, wheat, and sugarcane. He fattens calves and sells the beef in the market and also herds cows and buffalos. He uses milking machines to collect milk, which he sells. Pakistan is the fourth largest milk producer in the world.

Has community involvement with projects like PEN Pakistan always been a key focus for you and your family?

Yes, although setting up the PEN Pakistan Centre was a big challenge. The requirements of International PEN were to find established

writers who would be part of the PEN Pakistan Centre, but unfortunately, the established writers in Pakistan did not want to join. So I had to convince International PEN that we at PEN Pakistan Center are now focusing on the next generation of writers and should be permitted to have this as our main focus. After seeing the work and development of PEN Pakistan's initiative, International PEN now also has young writers as part of their agenda, whom they want to encourage and develop globally.

For education purposes, we have set up a college for training teachers in primary and secondary education called the Ali Institute of Education. Naqsh Art School trains students who come from underprivileged backgrounds in the fine arts, calligraphy, and miniature painting.

We are the main sponsors of the Lahore University of Management Sciences, and one of the founding members of the Shalimar Hospital, which caters to the health care needs primarily of the poor people in Lahore. We also fund, to a large extent, the Gulab Devi Hospital, which is the only major TB hospital in Punjab, and the only one large center in Lahore. We also help fund Liaquat National Hospital in Karachi.



CAROLYN BREHM

Vice President, Global Government Relations,
Procter & Gamble

EDITORS' NOTE Prior to assuming her current post, Carolyn Brehm was a director in the Washington office from 2000 to June 2005. Brehm is a 1977 graduate of Georgetown University School of Foreign Service, with a specialization in East Asian Studies. She completed a

Master's in Business Administration from the University of New Haven's Nicosia, Cyprus program in 1996.

COMPANY BRIEF Procter & Gamble (www.pg.com), the leading global manufacturer and marketer of consumer products, established operations in Pakistan in 1991. Headquartered in Karachi, P&G Pakistan employs over 300 people directly and creates more than 4,000 indirect jobs that support the business.

Can you give an overview of Procter & Gamble's activities in Pakistan, and your outlook for the business when you look to that market?

Pakistan is a vibrant and strategically important market in the developing world. With 165 million consumers and more than 11.5 million babies, it was obviously a place that we needed to get a foothold in early on.

Our business in Pakistan, up until about six months ago, was growing very robustly. After the global economic downturn, the local economy, as in many global markets, has slowed down. Our business now is flat, which is good in the current circumstances, and we are optimistic regarding prospects for long term growth.

With regard to the talent of the workforce there, are you able to find the level that P&G is known for?

Absolutely. Currently we employ about 300 Pakistanis directly in the businesses that we operate. P&G operations support another 4,000 jobs indirectly through our distribution network, retailers, and the suppliers that we rely on. Since the start of operations in the early '90s, more than 50 of our Pakistan employees have moved on to global assignments. So Pakistan has become an important source of talent for the company globally.

Have you been happy with the stability in Pakistan, and do you feel security within the market?

In December, we broke ground on the beginning of what will be a \$100 million commitment of foreign direct investment: a brand new green-field laundry plant in Port Qasim, on the outskirts of Karachi, which will be phase one and operational by the middle of 2010. The second phase will be a diaper facility on that same piece of property. We think this is a great signal of our commitment to the future of Pakistan. There are security issues in many of the markets we operate in, but for the long term, Pakistan is a place where we need to be and where we need to stay.

Is green a consistent focus for the company?

Our corporate sustainability program has three legs – social responsibility, environmental protection, and economic development. We've focused on making our products more sustainable in terms of their inputs, reducing the costs and impacts of our manufacturing facilities, and contributing to the health and well-being of consumers, especially children,

through programs such as our Children's Safe Drinking Water program. P&G Pakistan supports the local community with a number of CSR initiatives and importantly, PUR safe drinking water sachets are produced for the world in our Hub, Pakistan plant.



ASIF JOOMA

Managing Director, Abbott Laboratories (Pakistan) Ltd., and President, the American Business Council of Pakistan

EDITORS' NOTE Asif Jooma was appointed to his current position with Abbott in Pakistan in May 2007. Jooma earned a bachelor's degree in developmental economics from Boston University and has attended executive development programs at the Institut Européen d'Administration des Affaires and Harvard Business School.

COMPANY BRIEF Formed in 1984, the American Business Council of Pakistan (ABC) (www.abcpk.org.pk) is a chamber of U.S. businesses in Pakistan, most of whom are Fortune 500 companies representing diverse sectors, and is one of the largest groups of single country overseas investors in Pakistan.

Abbott (www.abbott.com.pk) started operations in Pakistan as a marketing affiliate in 1948. Its two manufacturing facilities, located at Landhi and Korangi in Karachi, continue to use innovative technology to produce top quality pharmaceutical products. In Pakistan, Abbott has leadership in the field of pain management, anesthesia, medical nutrition, and anti-infectives.

Can you discuss the strength of Abbott's business in Pakistan today?

Today, Abbott is the second largest pharmaceutical company in Pakistan, and the largest U.S. pharma presence in Pakistan. It has continued to grow profitably, and has targeted its product offering, its therapies, and its solutions so they're relevant for the market. It has a very successful business model, which has actually been pretty much homegrown in terms of the products and the segments on which we're focusing.

Is there sufficient talent in the local market?

We are completely managed by locals because we have access to one of the best human resource pools in the world. And when you have that kind of local strength and know-how, it's a highly efficient way to manage the business opportunity.

Is the opportunity that Pakistan offers well understood from a global point of view?

Pakistan is probably one of the best-kept secrets. As soon as you visit, you realize how many innate strengths exist and how business can benefit by investing in this environment. Irrespective of the political landscape and economic challenges, foreign investment is continuing to prosper. The government has always encouraged foreign direct investment. There have never been any bars on ownership or profit repatriation, and there has never been any threat of nationalization. And today, under the leadership of Saleem Mandviwalla, the board of investment is there to facilitate foreign direct investment with whatever permissions or direction is needed.

There are three things that would attract a businessperson to Pakistan: there is opportunity, there are jobs, and there is hope. In terms of opportunity, Pakistan is a country of 165 million people – it's bigger than Russia and twice the size of Germany. It has a strong agricultural base; we're the fifth largest dairy producer and the fourth largest cotton producer in the world with the capacity to grow enough wheat to feed our entire population. With that comes opportunity for investment, for growth, for business, and for economic development. That creates jobs. And in creating jobs and upgrading the bandwidth of the population and people's standard of living, you give hope for tomorrow.

And you're comfortable with the political landscape and the security of investing in the market?

I'm comfortable because I'm there. We recognize that there is an issue of political instability, and that business wants predictability. Regrettably, we haven't had that level of predictability in Pakistan, and that's something collectively as government, as business, and as civil society that we need to address to attract investors to come to Pakistan and share in its success.

What is the focus of the American Business Council of Pakistan, and have you been happy with the impact the council has had?

The council has been around for about 25 years and we have 63 members. ABC has traditionally operated as a group that represents the interests of its various members, be it recommending taxation policy or investment policies. We now need to leverage the ABC and actively engage more with the community to bring about the change agenda that Pakistan desperately needs, whether it's through helping address perception surrounding Pakistan or through increased programs as part of our corporate social responsibility. This year, we've introduced a human development subcommittee, where we're focused on what we can do as a group of industries to enhance the capability bandwidth of management in Pakistan. It's very much embryonic at this stage, but at least we've got everyone thinking that the key to tomorrow's success is going to be through human capital.

Is it frustrating sometimes to see the pharmaceutical industry as a whole getting a bad rap when there is so much good being done by companies like Abbott?

It's a fact of life, albeit misplaced. We engage very actively with the community and with all of our stakeholders. It's a matter of the community seeing that you are contributing back to them. It's really a two-way street. For sustainability, it has to be.



JAVED SAIFULLAH KHAN

Chairman, Saif Group of Companies

EDITORS' NOTE *Javed Saifullah Khan has been managing the Group businesses for the past three decades. He obtained his bachelor's degree from Carnegie Mellon University in 1972 and his Master of Business Administration degree from the University of Pittsburgh in 1973.*

COMPANY BRIEF *Headquartered in Islamabad, the Saif Group (www.saifgroup.com) is a diversified industrial services conglomerate operating business in telecommunication services and products, information technology and software development, textile manufacturing, oil and gas exploration, power generation, real estate development, environmental management, and most recently, health care.*

In today's economic climate, what is your outlook for growth for the company?

In the present recession, we have geared up a little bit. We are better equipped today than some other companies, but that doesn't mean we are not losing money, so we are making efforts to minimize our costs. Once the U.S. government stabilizes the financial system, Americans will start buying from us again. But this is going to take time, and money is not going to be given out like it was in the past few years. So we need to go places we've never been to export to see what we can do there. We have already invested in a state-of-the-art textile spinning unit in Egypt – which enjoys very good relations with Pakistan – and energy costs are low there, but we're also looking for joint ventures in other places.

Is it frustrating as a business leader within your market to see primarily negative press about Pakistan?

It's very frustrating. I can afford to live in New York, London, or anywhere else, but I live in Pakistan with my family, because from a business point of view, there is still money to be made. And we're as safe as anywhere else in the world. The suicide bombings are an occasional occurrence, and it's a risk being in Pakistan, but it's a calculated risk. I understand the State Department has to issue travel advisories, but they should not make it difficult for their own businesspeople – they're losing an opportunity. We've decided as a group that any American company that wants to do business with us has to sign a contract with us in Pakistan. And when they come, they inevitably become very good business ambassadors of Pakistan.

Are the concerns on political instability legitimate worries?

One concern is political risk, which is getting the money out of Pakistan. We have partners who are taking the management fees, technical fees, and dividends out of the country, so that's not an issue in Pakistan for any foreign investor.

Political instability is something to be feared according to the press,

but it's not reality. Out of 175 million people in Pakistan, 97 percent are like me (good, moderate Muslims); the 3 percent have militant elements in them and they brainwash young people to blow themselves up. You cannot be a Muslim if you blow yourself up – Islam strictly prohibits suicide. And there are militants all over the world, so we have to differentiate. Our government and our friends in the U.S., as well as our embassy, needs to work on adjusting the perception of Pakistan to differentiate the rest of the country from the militants. And to get the militants to join the mainstream, we've got to create jobs for them through industry – that's where the U.S. can help. But the U.S. is giving \$1.5 billion a year to Pakistan for the next five years and they're going to be conditions applied to that. Meanwhile, we're four times the size of Iraq, which is getting more money.

For your family, the foundation work has been very important. How critical has that been?

That came about as I was growing up. But we wanted to do something a little bit different by, for example, giving computers and IT education. The computer schools we are running, as well as one of our hospitals, have been built by the government's public/private partnership. The government built the hospital but didn't have the money to fully equip it so we equipped it, and it was a very fulfilling experience. We're also helping our people with drinking water supplies. In addition, part of this foundation is for giving scholarships to students in professional colleges. So that's part of our focus on education and health, and I think more people should be contributing towards development efforts in these areas.



SAJIDA ZULFIQAR

Chief Executive Officer, Pearl Furniture

EDITORS' NOTE *Sajida Zulfiqar founded Pearl Furniture in 2002. Since then, Zulfiqar has become one of the leading businesswomen in the province, and is a member of the Women Exporter Association and the President of the Woman Chamber of Commerce & Industry.*

COMPANY BRIEF *Since its inception in 2002, Pearl Furniture (www.pearl-furniture.com) has become an internationally recognized symbol of Pakistan's furniture industry, earning a reputation for master craftsmanship bolstered by a wide range of products including furniture for institutions such as homes, offices, hotels, hospitals, and schools.*

How did Pearl Furniture come about, and how has the company evolved and developed since its inception?

I was a housewife and had been with my husband 19 years. After becoming a widow seven years ago, I realized my life is a gift, and was determined to start this business. When I was a housewife, I would change my furniture all the time, as I always had a real interest in it. I struggled initially getting into the market, but I trained, worked, and obtained materials and we have become a success. I put in a great deal of time and commitment, but today we have a very good result with quality products.

Looking back to when you started, could you have imagined that you would have achieved so much success with the business?

No. My family initially thought it was a waste of money, but it was a small investment. I believed in myself and the potential for my factory's growth. My management is very strong, and my workers appreciate my style, which is very relaxed.

Have you been able to find the type of talent you need in Pakistan, and is the workforce strong?

It's difficult, but every day in the factory, I lecture and train the workers about the importance of good quality products. And I get a very good response. The management is all me, but I'm confident that my workers will produce a good result, because I remind them that if we grow as a company from doing good work, they will reap the benefits of that.

In continually developing the business, are you ever able to relax, to get away from it?

There is not a lot of time for a life. I start early in the morning and work all day, and I speak to my children at night and then sleep. There are all kinds of stresses in the job, in Pakistan, with my workers, and in the business itself, so I struggle all the time. Everybody says that I am a very strong woman. I don't know if I'm as strong as everybody says. ●