



GOVERNMENT OF PAKISTAN
MINISTRY OF COMMERCE

Exporters' Competitiveness and resilience to COVID-19

Evidence from Pakistan

June, 2021

This Exporters' Competitiveness and resilience to COVID-19 report is based on a Competitiveness Survey of Exporters in Pakistan conducted by the International Trade Centre (ITC), in collaboration with Gallup, as part of its support to the Government of Pakistan in the design of the National Priority Sectors Export Strategy. This report the report is not part of ITC's "Promoting SME Competitiveness" Series, it is however based on the SME Competitiveness Methodology

ITC is a joint agency of the World Trade Organization and the United Nations. As part of the ITC mandate of fostering sustainable development through increased trade opportunities, the Research and Strategies for Exports section offers a suite of trade-related strategy solutions to maximize the development payoffs from trade.

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Acronyms and abbreviations

ITC	International Trade Centre
NTM	non-tariff measure
SME	small and medium-sized enterprise
SMECS	SME Competitiveness Survey
STPF	Strategic Trade Policy Framework
TISI	trade and investment support institution
TISN	trade and investment services network

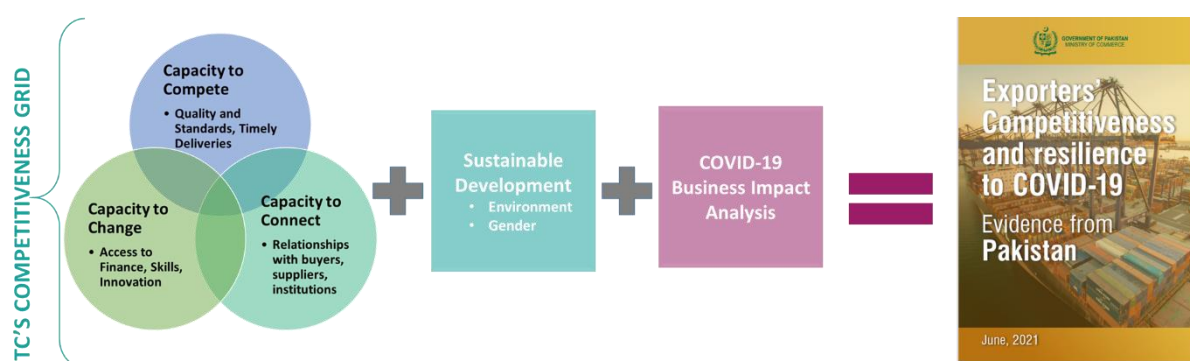
Introduction

With the leadership of the Ministry of Commerce, Trade Development Authority of Pakistan and with assistance of Gallup Pakistan, ITC developed a business register of more than 1,200 companies belonging to the 17 Strategic Trade and Policy Framework (STPF) 2020–2025 priority sectors. Between December 2020 and early January 2021 there were 689 firms surveyed in Pakistan. The selection of the firms for interviews was based on a stratified random sampling, covering 97% of exporting SMEs.

The objective of the exporters' survey was to assess the competitiveness constraints and needs of Pakistani exporters, particularly with respect to the COVID-19 pandemic. The findings of the survey provided initial assessments for STPF implementation, and guidance to the elaboration of strategic directions for the National Priority Sectors Exports Strategy of Pakistan (NPSES).

The NPSES builds-on and supports the STPF 2020-2025 implementation by providing strategic sector export paths for selected industries. The NPSES will supplement the existing efforts under the STPF by identifying opportunities for product and market diversification and specific actions to equip Pakistan to adapt rapidly to changing international market conditions for each priority export sector.

This SME survey consisted of 61 questions, including 16 questions specific to the impact of COVID-19 on the firms. The analysed answers to all the questions are presented in the following chapters of the document using percentages and graphs. Detailed information on the research methodology can be found in Appendix I: SMECS – sampling technique and snapshot of the document.



Key messages

Small businesses in Pakistan are still reeling from the impact of the COVID-19 pandemic, but exciting opportunities are on the horizon. The silver lining is the proliferation of lean supply chains and e commerce, which are expected to open new markets. This means that timely delivery is more important than ever for competitiveness. Pakistan exporting companies have reported that their main constraints are originating in -

- Their weak internal capacity to comply with international standards and quality requirements.
- Accessing information among potential buyers to expand their customer base.
- Connecting with suppliers and accessing good quality inputs, that remains a challenge
- A business environment with limited enabling supportive capacities to strengthen SME competitiveness overall.
- A disconnection between exporting SMEs with its trade and investment support network. This is even more salient for small exporters.
- Unfavourable interest rates, complex application procedures and collateral requirements that restrict firms' access to finance

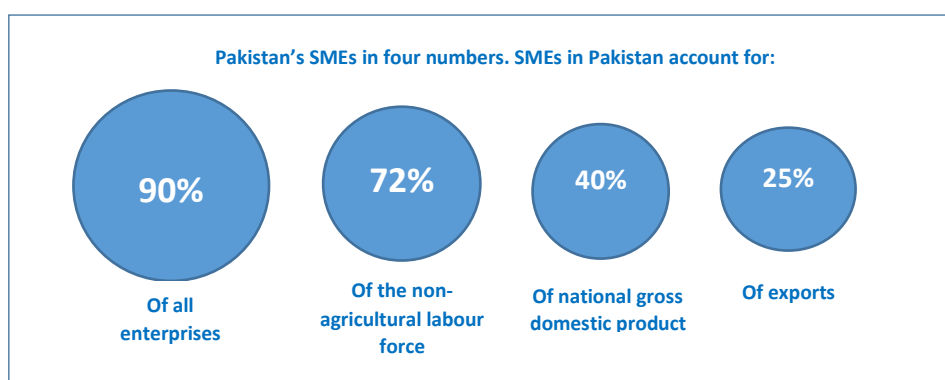
Chapter 1: SME competitiveness in Pakistan

Small and medium-sized enterprises (SMEs)¹ are central to the economic and social development of Pakistan. They constitute nearly 90% of all enterprises in Pakistan and employ 72% of the non-agricultural labour force,² while contributing 40% to gross domestic product³ and 25% to exports.⁴ Major exporting sectors such as textiles, surgical goods, sporting goods, leather, footwear, information technology and fruits mostly comprise SMEs. SMEs also contribute significantly to the domestic economy through the wholesale and retail, construction, tourism and hospitality sectors.⁵

Evidently then, growth in the SME sector could contribute directly and substantially to overall economic growth. Yet SMEs in Pakistan continue to face several challenges that hinder their development. These firms have minimal access to formal financial and marketing resources and services. The labour available to SMEs is, on

average, unskilled. Access to technology and capacity for in-house research and product or service development is limited. Links between SMEs and technical universities and vocational training institutions are ineffective. Consequently, the vast majority of SMEs in services and manufacturing are stuck at the low end of the value chain and supply primarily to the local market.⁶

In line with this scenario, the International Trade Centre (ITC), under the leadership of the Ministry of Commerce, is contributing to the design of sector strategies under the framework of Pakistan's Strategic Trade Policy Framework (STPF), which aims for Pakistan to become a dynamic and efficient domestic market as well as a globally competitive export-driven economy. Additionally, this de facto aligns with the vision of the National SME Policy 2020 to create high-value jobs and encourage SMEs to scale up and move towards value added exports.



Gathering data to inform transformative change

ITC collaborated with Gallup Pakistan, a market research company, between December 2020 and January 2021 to survey Pakistani exporting agribusinesses and manufacturing firms to identify their competitiveness constraints and needs, particularly with respect to the COVID-19 pandemic. The survey fed into the initial assessments for STPF implementation, which in turn are vital to elaborate on the key priority

actions and strategic directions of selected sectors. A total of 689 firms (97% of which were exporters) were interviewed across the country. The sample was spread homogenously across the 17 priority export sectors stated in the STPF of Pakistan 2020–2025. The rationale for sample selection, the profiles of the surveyed SMEs, the list of STPF sectors and the sector-wise distribution of the firms for each province is given in appendix I.

¹ This report defines SMEs as firms with fewer than 100 employees. The term 'SME' thus includes micro-enterprises. Although the focus is on SMEs, some large companies are included so that the competitiveness of SMEs and large firms can be compared. Pakistan currently does not have a uniform definition of SMEs. Please refer to Appendix II for definitions used by various Pakistani institutes.

² Pakistan Bureau of Statistics (2018). Labour Force Survey 2017–18. Available from <https://www.pbs.gov.pk/content/labour-force-survey-2017-18-annual-report>.

³ Pakistan, Finance Division (2011). Pakistan Economic Survey 2010–11. Available from https://www.finance.gov.pk/Survey_1011.html.

⁴ Pakistan, Finance Division (2010). Pakistan Economic Survey 2009–10. Available from https://www.finance.gov.pk/survey_0910.html.

⁵ Government of Pakistan (2020). Draft National SME Policy.

⁶ *Ibid.*

Analysing SME competitiveness

ITC analyses SME competitiveness using its SME Competitiveness Grid (see

Figure 1). The first pillar of the grid focuses on the capacity to compete by meeting current market requirements. The second pillar centres on the capacity to connect to buyers, suppliers and institutions to obtain information and knowledge. The third pillar zooms in on an SME's capacity to make changes in response to, or in anticipation of, dynamic market forces, including through investments in skills, financial capital and innovation. Finally, ITC analyses the ability of companies to sustain competitiveness, including through gender inclusiveness and environment sustainability.

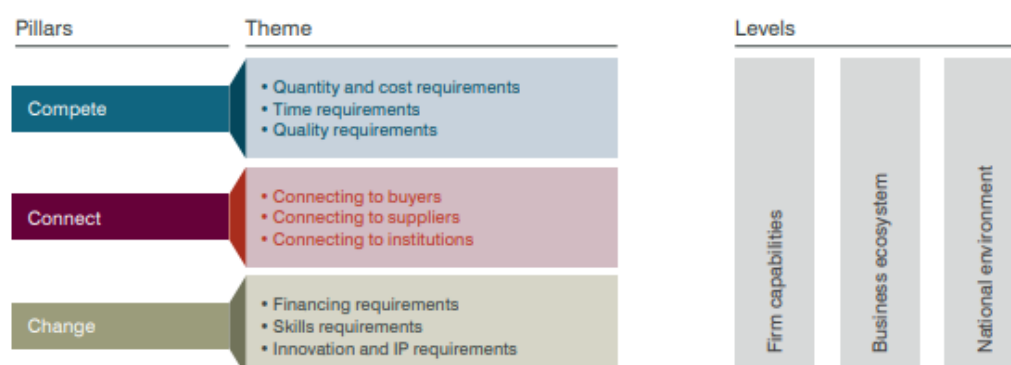
These pillars of competitiveness are examined at the firm level, in terms of the firm-level capacities that drive competitiveness, as well as at the business ecosystem level and the national environment. The SME Competitiveness Survey (SMECS) in Pakistan gathered data at the firm and

business ecosystem levels on the parameters of capacity to compete, connect, change and sustain competitiveness. The survey also focused on the effects of the COVID-19 pandemic on the interviewed firms. This allowed a study of the relationship between firms' level of competitiveness and their ability to combat the challenges posed by the pandemic. This report presents the highlights of the findings.

Further assessment of business ecosystem-level capacities was done through a Trade and Investment Support Network (TISN) Survey,⁷ which assesses and measures the competitiveness of trade and investment support institutions (TISIs). This is presented in a separate document as part of the Institutional Alignment Strategy.

A national environment-level assessment, including challenges and opportunities for trade reforms and policy instruments at the national level, has been carried out in the STPF by the Ministry of Commerce, and is thus not addressed in this document.

Figure 1: The SME Competitiveness Grid



⁷ The TISN is the sum of institutions that support the private sector, both directly and indirectly. The TISN Survey is based on bilateral interviews with TISN members and an online self-assessment survey that covers a comprehensive set of

dimensions, including information specific to the interviewed institution and information as to its place within the entire network.

Chapter 2: Competing at international level

The capacity of a firm to be productive, deliver on time and obtain the necessary certificates determines its ability to meet market requirements through its daily operations, and thus its ability to compete on local and international markets.

Pakistani firms overcome external logistics difficulties through efficient internal transport operations

The proliferation of lean supply chains and e-commerce means that timely delivery is more important than ever for competitiveness.

High costs of logistics services and low quality of transport infrastructure can threaten the competitiveness of exporting firms by forcing them to use their already limited resources battling external constraints. The quality of logistics services was reported to be high by 49% of respondents but their cost remains a constraint, with 53% of respondents saying that costs are high. Similarly, 21% complained of the low quality of transport infrastructure, while one out of five respondents reported limited transportation systems – e.g. poor roads and railways – to be the top threat to their competitiveness.

Even so, eight out of ten respondents were able to deliver an average of 81% of their goods on time. This indicates an evolution of firms' internal logistics operations such as efficient inventory management and preparation for delivery well in advance to overcome external constraints. However, this does not exonerate the inefficient business ecosystem in terms of transport. **Fixing external factors such as making the costs of logistics services more competitive and investing in better transport infrastructure can take some pressure off firms, who can then put their resources to better use and increase their competitiveness.**

Certifications are less prevalent among manufacturing firms and in rural regions

Countries impose measures such as testing, certifications and licensing to regulate markets, protect their consumers and preserve their natural

resources. Often this means obstacles for traders in developing countries.⁸ According to the ITC Non-Tariff Measure (NTM) Business Survey 2020 in Pakistan, 41% of respondents reported conformity assessment requirements such as testing and product certification to be the top challenge in exporting.

SMEs face more challenges in obtaining multiple certificates than their larger counterparts. High costs and administrative hurdles related to conformity assessment mean it is tougher to prove compliance with regulations than to comply.⁹ Keeping this in mind, it is no surprise that larger firms – that are likely to have more resources – are twice as likely to be certified as SMEs. Additionally, most agricultural exporters, especially those dealing with fresh and processed foods, experience more stringent regulations pertaining to human health – such as sanitary and phytosanitary regulations – and the environment. In fact, agricultural exporters (60%) face more problems with quality-related regulations than companies that export manufactured goods (47%).¹⁰ As a result, a higher proportion of agroprocessing firms are certified compared with their manufacturing sector counterparts.

The pattern of certification also varies across regions. Firms situated in provinces with a higher urban tendency, such as Sindh and Punjab, were more likely to hold certificates than those located in provinces less exposed to international trade, such as Khyber Pakhtunkhwa and Balochistan. This could reflect important differences in the availability of information and the minimal compliance requirements faced by exporters in these two regions, who mainly engage with close neighbouring countries with less stringent regulations, or informal trade.

However, the availability of information on standards is a countrywide issue. Six out of ten firms reported low to medium availability of such information, and more than half of them said that the quality of services offered by authorities dealing with product testing and certification is low to average.

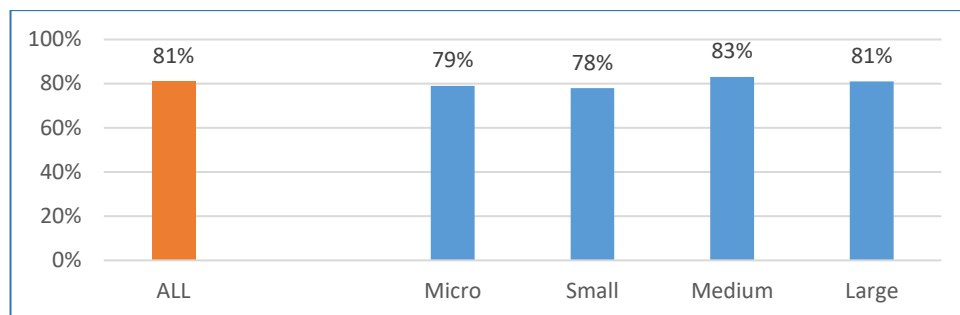
⁸ International Trade Centre (2020). *Invisible Barriers to Trade – Pakistan: Business perspectives*. Available from <https://ntmsurvey.intracen.org/pakistan>.

⁹ *Ibid.*

¹⁰ *Ibid.*

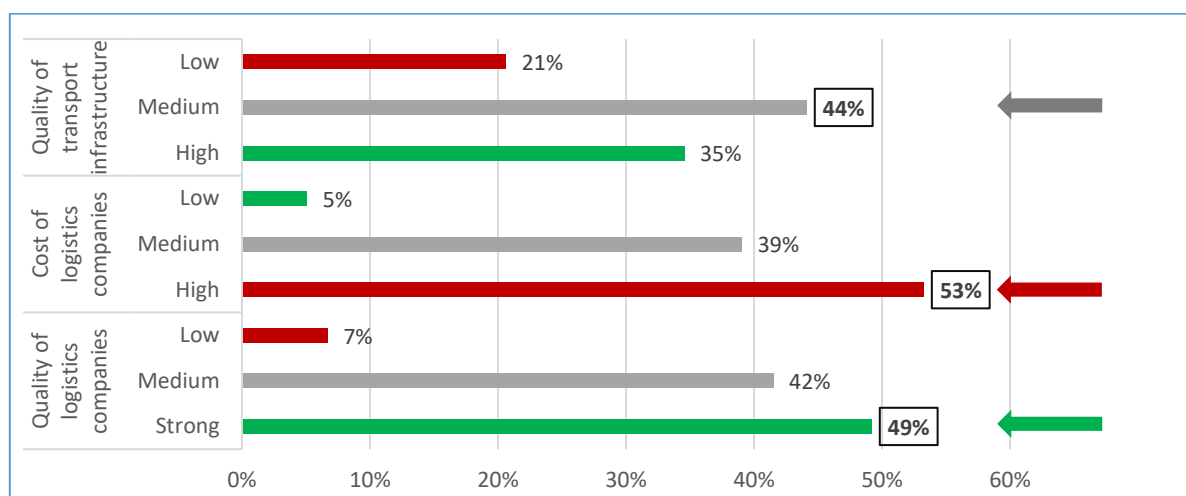
Capacity to compete

Average percentage of goods delivered on time, by firm size



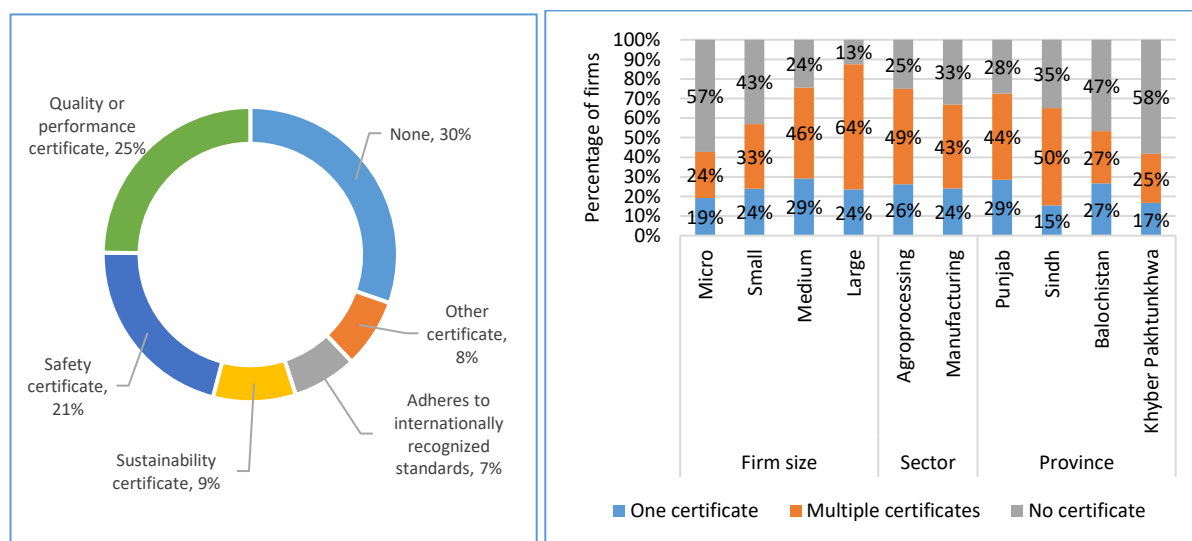
Note: The survey asked: 'In the last year, what percentage of this company's goods or services were delivered on time?'.

High costs of logistics services and low quality of transport infrastructure decrease firms' capacity to compete



Note: The survey asked, 'Please rate the quality of the transport infrastructure in your location', 'Please rate the costs of the services offered by the logistics services companies this company uses' and 'Please rate the quality of the services offered by the logistics services companies this company uses'.

Three out of ten firms remain uncertified. Certification is much less prevalent among microfirms and in certain provinces



Source: ITC calculation based on SMECS in Pakistan.

Note: The survey asked: 'Does this establishment's main product or service hold any of the following types of internationally recognized certificates?'.

Chapter 3: Connecting with trade actors

The dynamic nature of today's markets implies that firms must build and maintain close ties with buyers, suppliers and institutions to learn about new markets and how to access them. Therefore, a firm's capacity to connect – through business websites, contracts and membership in business associations – is essential to succeed.

Accessibility of information on buyers remains a challenge

While the overall SMECS data indicate that three out of four firms report well-developed customer relationships, a closer look shows that large companies find it much easier to build and maintain connections with their buyers than smaller enterprises. This could be because larger firms have more resources to obtain access to buyer-seller meetings such as trade fairs and exhibitions, and thus better access to information on potential buyers. More than half of interviewed large firms reported having access to buyer-seller meetings, compared with 40% of micro and small enterprises. Moreover, the usefulness of these meetings varies greatly between a large firm (46%) and micro and small firms (27%). Small exporting enterprises reported greater difficulties accessing information on potential buyers than their larger counterparts (92% versus 60%). Having said that, out of the firms that do get information on potential buyers, nearly half of them reported that the completeness and quality of the information was high.

This indicates that while information on potential buyers may be available, its accessibility remains an issue. Thus, there is a need to **bridge the gap in accessing available information** to boost firms' capacity to create relationships with potential buyers and expand their customer base.

Connecting to suppliers and accessing good quality inputs remain challenges

Firms with limited information on potential suppliers can face difficulties connecting with alternate suppliers, and often end up relying heavily on their largest supplier. In the event of supply chain disruptions, increases in costs or decreases in quality of inputs, this can translate into a disaster for firm competitiveness. Unfortunately, the majority of interviewed firms seem to fit this description – 42% reported a strong reliance on their biggest supplier and 35% reported that the inputs they receive are not according to their specifications, which in turn affects the output. This challenge is exacerbated by lack of cooperation between similar firms. Nearly half of the firms reported that they have limited cooperation with other similar firms to exchange

information pertaining to their sector, and those that do get some information reported the overall quality of the information on potential suppliers to be poor.

High-quality Internet access is lacking

Internet access can make it easier for companies to build and maintain connections with their buyers and suppliers through an online presence, and improve the quality of the information they receive. Nearly one in five of the surveyed firms with low Internet access reported low quality of market information about suppliers, compared with only one in ten firms with Internet access. Similarly, one in four firms with low Internet access complained of low quality of buyer information, compared with only 14% of those with high Internet access. However, Internet access, while a clear necessity, is often lacking: 56% of the surveyed firms reported that they do not have a high-quality Internet connection, while 25% had no business website.

Adequate institutional support is needed to widen access to information and benefits

TISIs¹¹ can help firms access high-quality relevant information vital to their business operations. However, even with high engagement with TISIs, the support provided can be inadequate. The services offered may not be the services needed, or there can be misrepresentation of the concerns of firms at policy level. This seems to be the case for the surveyed companies. While 94% of them engage with at least one type of TISI, only 18% said that they are represented fully in formulation of policy pertaining to their sector. Additionally, out of those included, only 28% were small businesses. This suggests that public-private dialogue needs to be strengthened in Pakistan, especially with respect to small business representation.

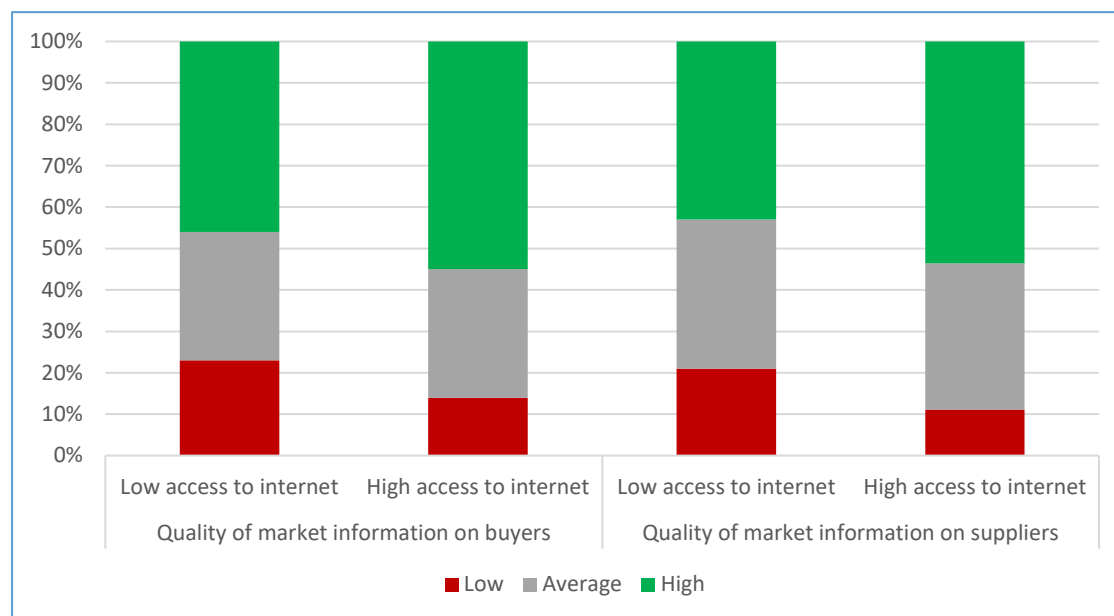
The overall quality of the services provided by TISIs was reported to be below average. When speaking specifically about trade promotion, only 17% of respondents have been in contact with the country's trade promotion organization. Out of those that have engaged, 29% of firms reported that they currently do not use the trade promotion organization's services because either it does not match their needs or they lack information about the services offered. This highlights the need to spread awareness of the services offered and engage exporting firms when designing services.

This assessment is complemented by the ITC TISN survey in Pakistan, the results of which are presented separately.

¹¹ See Appendix III for a definition of the TISN.

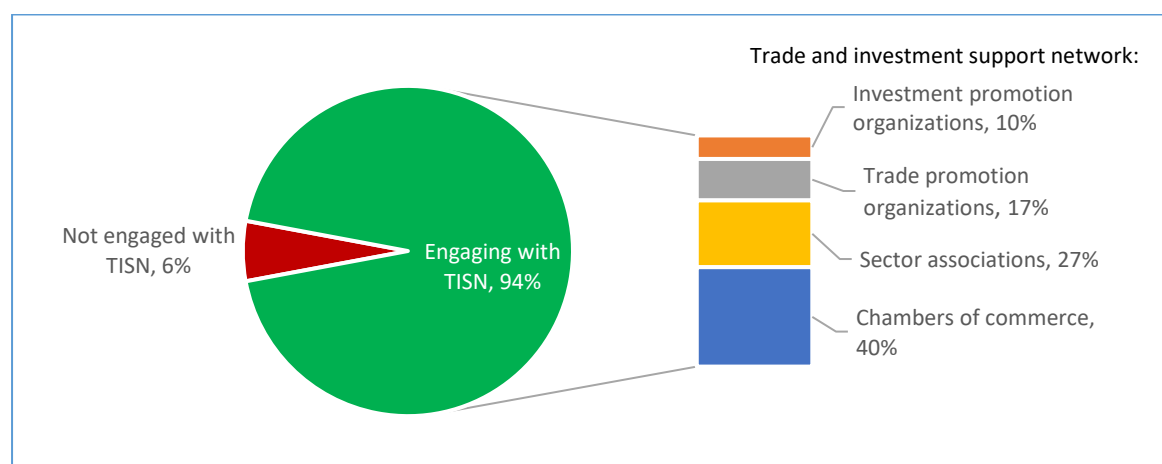
Capacity to connect

Internet access improves connections with buyers and suppliers



Note: Respondents were asked: 'Please rate the quality of market information on potential buyers', 'Please rate the quality of market information on potential suppliers' and 'Please rate the quality of your Internet connection'.

Firms' engagement with business support organizations shows that only a few companies engage with trade promotion organizations



Source: ITC analysis based on SME competitiveness data collected in Pakistan.

Note: Respondents were asked: 'Are you actively engaged with any of the following types of institutions?'. They chose 'yes' or 'no' for each of the following: trade promotion organizations (e.g. Trade Development Authority of Pakistan), investment promotion organizations (e.g. Board of Investment or Export Processing Zones Authority), chambers of commerce (e.g. Federation of Pakistan Chambers of Commerce and Industry, Pakistan Business Council), and/or sector associations (e.g. All Pakistan Fruit and Vegetable Exporters, Importers and Merchants Association).

Chapter 4: Changing to enhance competitiveness

Capacity to change pertains to the capacity of a firm to adapt in response to, or in anticipation of, changing market forces. This incorporates the dynamic dimension of competitiveness and includes how well firms access finance and invest in human capital, innovation and intellectual property protection.

Unfavourable interest rates, complex application procedures and collateral requirements restrict firms' access to finance

Firms need to manage their revenues and expenses to avoid short-term liquidity issues. With respect to their own capabilities, 70% of respondent firms reported being well-informed about preparing a business plan. With respect to having full knowledge on the processes involved in obtaining finance, 66% of large businesses and 50% of small businesses said they were fully aware.

Some 95% of respondents also reported having a bank account. While this can be explained by 97% of respondents being exporters, credit can also be given to the national financial inclusion strategy of the Pakistani Government and the national financial literacy programme of the State Bank of Pakistan.

When asked to describe the top challenge the firm faced with respect to accessing external finance, one in three respondents cited unfavourable interest rates. Other reasons included complex application procedures, high collateral requirements and reliance on informal means such as family borrowing.

Additionally, more than half of micro and small firms reported that they face severe obstacles accessing financial institutions. This inaccessibility to adequate financial services disables small firms from developing their operations according to market forces. Overall, 31% of all respondents reported lack of access to finance as a severe obstacle to their business operations.

Firms overcome unavailability of skilled labour by providing training

Workforce education, experience and skills underpin the productivity of a company, as well as its ability to export and diversify.¹² External factors such as unavailability of skilled workers for hire can negatively impact firms' ability to combat changes and adapt. Indeed, 59% of the surveyed firms reported that there was low to average availability of skilled workers to hire. However, when asked about the currently employed workforce, 71% of firms reported that their workers' skills matched the company's needs. This indicates that while external factors can affect firms negatively, positive internal actions such as training employees to overcome lack of skills or upgrade current skills can help firms obtain a competent labour force.

In fact, 91% of the surveyed firms reported that they provide specific skills trainings to their employees to match company needs. However, smaller firms can often be at a disadvantage in this regard because they often do not have enough resources to train their employees. While 56% of large firms train their workforce outside of the company in vocational training schools, only 17% of smaller firms can do the same. Thus, the labour force needs to be provided with a comprehensive set of applicable, job-relevant skills and technical knowledge so labour can be readily absorbed by smaller firms.

Innovation appears to be strong across the economy

The ability to continuously transform knowledge and ideas into new products, processes and systems is essential to a company's capacity to change.¹³ Results from the ITC survey indicate that more than two thirds of the interviewees said they frequently develop and implement new or improved processes and goods. While 55% have dedicated resources for research and development, fewer smaller firms (49%) spend resources on this than their larger counterparts (66%).

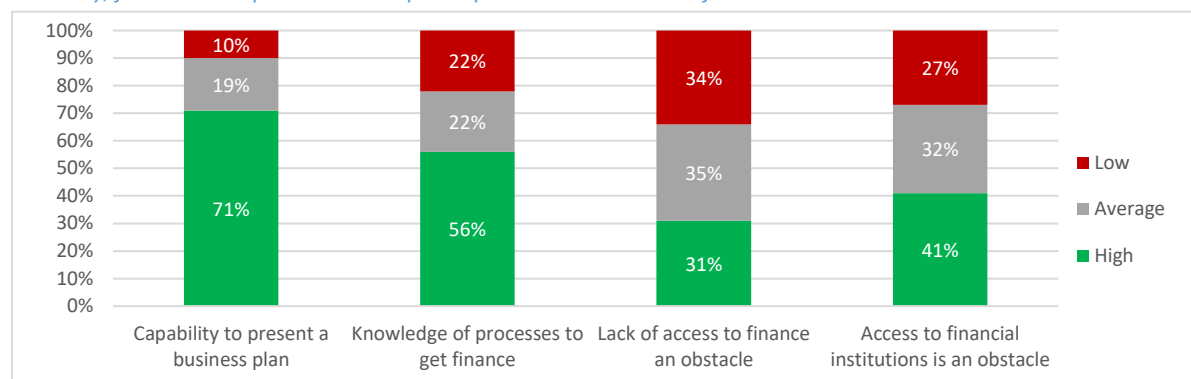
¹² Backman, Mikaela (2014). Human capital in firms and regions: Impact on firm productivity. *Papers in Regional Science*, vol. 93, No. 3, pp. 557–575.

¹³ Lawson, Benn and Daniel Alexander Samson (2001). Developing innovation capability in organisations: A dynamic

capabilities approach. *International Journal of Innovation Management*, vol. 5, No. 3, pp. 377–400. Available from https://www.researchgate.net/publication/228694840_Developing_Innovation_Capability_in_Organisations_A_Dynamic_Capabilities_Approach.

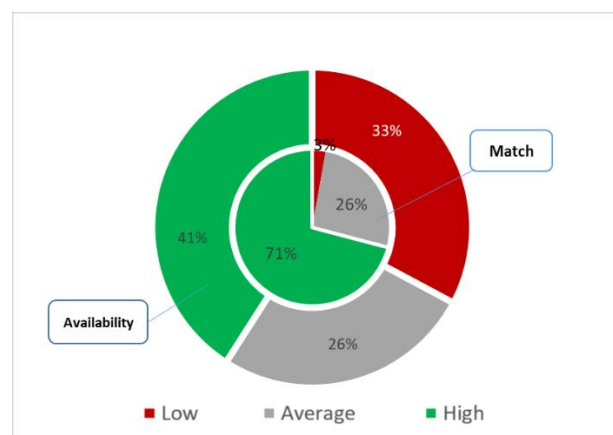
Capacity to change

Internally, firms are well positioned to expand operations but access to finance remains an issue



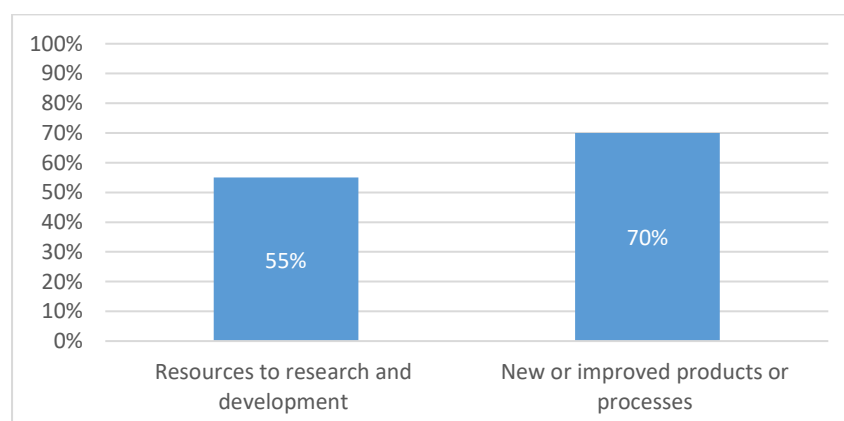
Note: Respondents were asked: 'Please rate the extent to which this company has the capability to present a fully costed business plan to a bank for the purposes of getting a loan'; 'Please rate this company's knowledge of the processes involved in getting finance with domestic financial institutions (e.g. banks, microcredit agencies and private equity firms)?'; 'To what extent is lack of access to finance an obstacle to your establishment's current operations?'; and 'To what degree is access to financial institutions an obstacle to current operations?'. Response options ranged from 1 (very low/very severe) to 6 (very high/no obstacle). Answers of 1 or 2 were put in the low category, 3 or 4 in the middle category, and 5 or 6 in the high category.

Skills availability and skills match



Note: Survey participants were asked: 'Please rate the extent to which the skill set of currently employed workers matches the needs of this company' and 'Please rate availability of skilled workers for hire'. Response options ranged from 1 (poor) to 6 (strong): answers of 1 or 2 were put in the low category, 3 or 4 in the middle category, and 5 or 6 in the high category.

Most firms innovate



Source: ITC calculation based on SME competitiveness data in Pakistan.

Note: Respondents were asked: 'Please rate the frequency with which your company develops and implements new or improved processes or products' and 'Please estimate the level of resources your company commits to research and development'. Responses to the two questions were considered a 'yes' if the respondent chose options 4, 5 or 6 on a Likert scale ranging from 1 (rarely or no resources respectively) to 6 (often or high level of resources respectively).

Chapter 5: Promoting sustainable, inclusive and green growth

Global demand as well as countries' measures on sustainably produced goods are rising. Therefore, addressing environmental risks and inclusiveness challenges are key drivers of sustaining the competitiveness of Pakistani SMEs.

Protecting today's environment for tomorrow's production and access to markets

Pakistan's economy depends significantly on agriculture, directly or indirectly. Pakistan is also among the top 10 countries at risk for negative effects of climate change. These facts are underscored by the survey, which shows that 90% of interviewed companies said that environmental risks were significant for their business. Rising temperatures were the top concern, followed by water scarcity and severe and frequent storms. Although most surveyed businesses saw looming environmental risks, few acted to tackle those risks. Those investing to mitigate the risks of environmental issues for their businesses took up different tools, from water purification systems to air pollution controls and soil management practices.

This indicates an urgent need for awareness-raising and targeted assistance for SMEs to become part of the solution to the climate crisis. Global demand for environmentally sustainable products is increasing among global consumers concerned about issues like climate change and biodiversity. Countries are also taking measures to encourage companies to reduce their emissions by installing environmental NTMs. An example is the European Union Carbon Border Tax to tax imports and hold international companies as accountable as its domestic companies in the fight against climate change. This provides firms with an incentive to turn green. Firms in Pakistan can also access these market opportunities through sustainability certifications. This implies further reducing environmental harm by adopting environmentally friendly technologies and improving quality compliance with new production regulations.

Evidence shows that when appropriate incentives and financing are in place, SMEs readily adopt green technologies that reduce their greenhouse gas emissions, boost their productivity and reduce costs. However, supportive business and environmental policies, as well as targeted assistance, are needed to catalyse such win-win opportunities.¹⁴

Promoting gender inclusiveness for inclusive prosperity

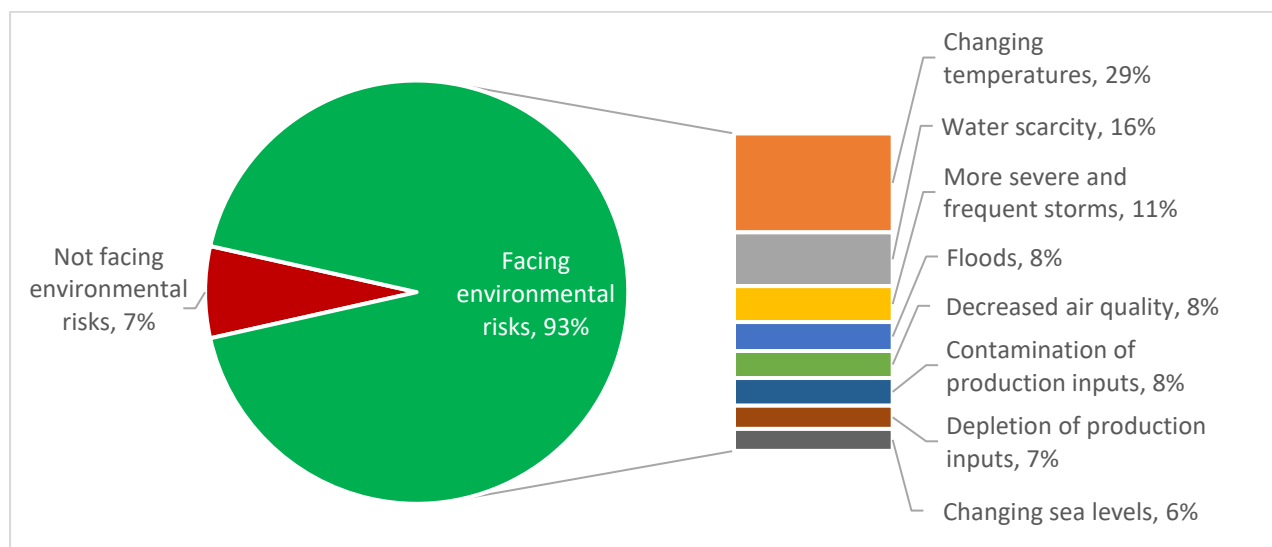
According to the Global Entrepreneurship Monitor *2019/2020 Global Report*,¹⁵ Pakistan has one of the lowest levels of female entrepreneurship, with more than two male entrepreneurs for every female entrepreneur. Analysis from the SME survey data also reveals that only 7% of the surveyed firms are women-led, and highlights several important differences between women- and men-run businesses. Measured by number of employees, companies that are headed by women are smaller than those headed by men. Furthermore, the data indicate that women-led firms tend to hire a higher proportion of full-time female employees compared with firms headed by men. Some 44% of women-led firms hired full-time female employees, compared with only 35% of men-led companies.

Women-led businesses struggle to access finance. Better access to finance would help firms invest in productive capacities and grow. This is especially valuable to SMEs, which have lower financial management capabilities and consequently are more in need of facilitated access to finance. SMECS data suggest that women-led firms have lower access to finance compared to men-led enterprises. This is reflected by the gaps in holding bank accounts, having a business plan or facing obstacles to get finance. Moreover, only one in five women-led firms have knowledge of the processes involved in getting finance with domestic financial institutions, compared with two thirds of men-led firms.

¹⁴ Koirala, Shashwat (2019). SMEs: Key Drivers of Green and Inclusive Growth. OECD Green Growth Papers, 2019-03, March: OECD Publishing, Paris. Available from <https://www.oecd-ilibrary.org/docserver/8a51fc0c-en.pdf?expires=1623561714&id=id&accname=guest&checksum=FCBBD8C5D6279029CB3EF980F0B36062>.

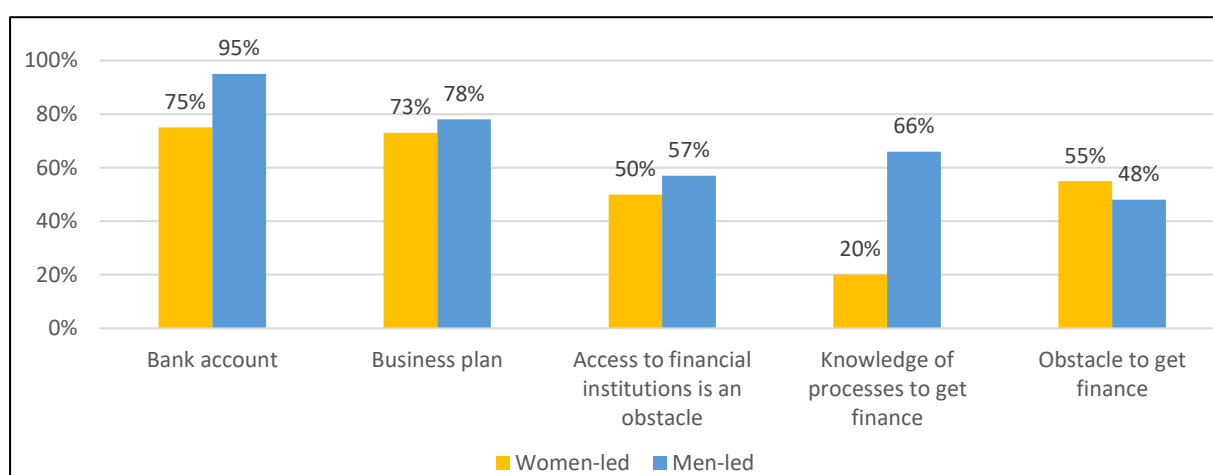
¹⁵ Global Entrepreneurship Monitor (2020). 2019/2020 Global Report. Available from <https://gemconsortium.org/report/gem-2019-2020-global-report>.

Changing temperatures and water scarcity perceived as biggest risks



Note: Respondents were asked: 'Which of the following environmental risks are significant for your business?'. The values in the left side of the figure above show the percentage of respondents who answered: 'Environmental changes are not a risk for this company.'

Women-led firms have poor knowledge of financial processes



Source: ITC calculation based on SME competitiveness data collected in Pakistan.

Note: Respondents were asked: 'At this time, does this company have a bank account for daily operations which is separate from a personal account?'; 'Please rate the extent to which this company has the capability to present a fully costed business plan to a bank for the purposes of getting a loan'; 'Please rate this company's knowledge of the processes involved in getting finance with domestic financial institutions (e.g. banks, microcredit agencies, and private equity firms)'; 'To what extent is lack of access to finance an obstacle to your establishment's current operations?'; and 'To what degree is access to financial institutions an obstacle to current operations?'. Response options ranged from 1 (very low/very severe) to 6 (very high/no obstacle). A company is defined as 'women-led' if it is managed by a woman and at least 30% owned by women.

Chapter 6: Competitiveness is important for resilience to negative shocks

The COVID-19 pandemic has struck Pakistani exporting SMEs hard

The competitiveness issues analysed in the previous chapters have been worsened by the COVID-19 pandemic. Nearly all the interviewed firms (92%) said that their business operations have been affected by the pandemic, with seven out of ten reporting being moderately to strongly affected. Firms also reported that due to the pandemic they have been facing difficulties with respect to client payments, reduced logistics services and employee absences. More than 60% of firms also said that they are facing temporary shutdown because of the pandemic. However, more than half of the firms interviewed reported that they do not envisage the permanent closure of their business.

The pandemic has caused firm revenues to decrease greatly. Buyers abroad are demanding greater details on inputs, production processes, safety and hygiene.¹⁶ This has led to additional requirements, leading to an effect on sales. About 72% of the respondents reported that their revenues have decreased due to the pandemic. Out of these, four out five firms stated a decrease in revenues of between 20% and more than 50%.

Firms are finding it harder to export. The COVID-19 crisis has also increased some barriers with respect to trade-related processes, with countries stopping transit and applying stricter border control measures to contain the pandemic. Compliance with standard operating procedures, new standards in transportation and stringent sanitary and phytosanitary measures have also posed additional costs, including sunk costs related to information and learning.¹⁷ Increases in charges, taxes and price control measures was the top trade-related process that firms reported as becoming more cumbersome because of containment efforts. Respondents also reported that export documentary requirements have become stricter, and freedom of transit has significantly decreased.

As a result, 52% of the interviewed firms reported that they have been exporting less than normal, while 7% of them have permanently stopped exporting. More than half of the firms that have

temporarily stopped exporting envisage that they will restart in 1–3 months.

Resilience and agility combat disruptions

While the pandemic brought new challenges and exacerbated old ones, competitive exporting firms were able to navigate the negative effects. The results of the ITC SMECS facilitated study of the relationship between firms' level of competitiveness and their ability to combat the challenges posed by the pandemic.

The survey findings showed that some exporting companies were even able to capitalize on the pandemic situation and become better. For example, 11% of respondents reported that they were exporting more than normal. Large dynamic firms were able to expand their portfolio. For example, in the textile sector many such firms started production of personal protective equipment.¹⁸ The following four sections capture how exporting companies increased their chances of survival through the adoption of different strategies and their competitiveness level.

1. Different strategies adopted by firms to combat the pandemic can produce different consequences for firms in the long term – the concept of 'Retreat, Resilience and Agility'.

Three out of four firms adopted at least one strategy to deal with the crisis. The most common responses were to temporarily reduce employment, lay off employees, increase marketing efforts and move to online sales. Although these techniques may appear equal in merit, they entail very different effects on the long-term health of an enterprise. Some strategies are relatively better and can ensure that a business can weather the storm and be in as good shape as before, or even improve. Thus, the strategies can be categorized as follows:

- i. **Retreat (fall back): Strategies falling under this category can create a setback for companies that could be hard to recover from. Companies that retreated did so by permanently laying off employees, filing for bankruptcy or doing nothing. However, this type of responses only formed 28% of the total strategies adopted.**

¹⁶ Sustainable Development Policy Institute (2021). Supporting export competitiveness amid COVID-19 in Pakistan. Available from <https://sdpi.org/projects/covitrade-and-mid-size-enterprises/>.

¹⁷ Ibid.

¹⁸ Ibid.

- ii. **Resilience (stay stable): Strategies falling under this category tend to allow companies to get through the pandemic with their basic form intact and stay stable during it.** In response to lockdowns and other containment efforts, resilient companies adopted strategies such as increasing marketing, sourcing from new suppliers or learning to telework. **Around 61% of interviewees took a resilient approach.**
- iii. **Agility (adapt and take advantage):** Agile strategies can help firms take advantage of and transform in response to the

circumstances created by the pandemic. Agile firms did so by creating new goods and services or customizing their old ones to meet changing demand. When lockdowns prevented some of them from opening, they lent their employees to other businesses in essential industries. Although adopting agile responses can be risky as a product or service lucrative during the crisis might not be sustainable, in tumultuous times they can yield high returns. **Some 11% of interviewed firms adopted this approach to deal with the pandemic.**

Figure 2: Most firms have been affected by the pandemic. More than half of respondents were exporting less than normal

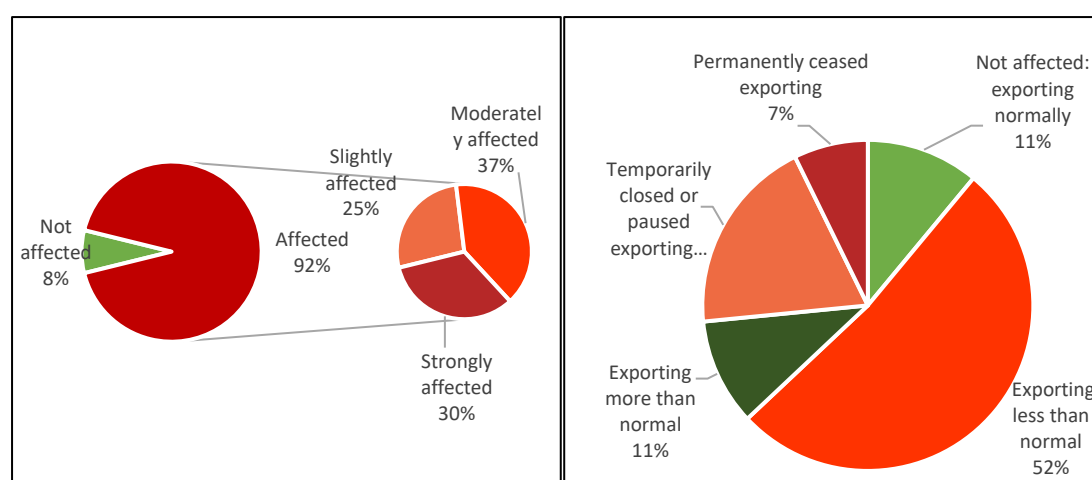
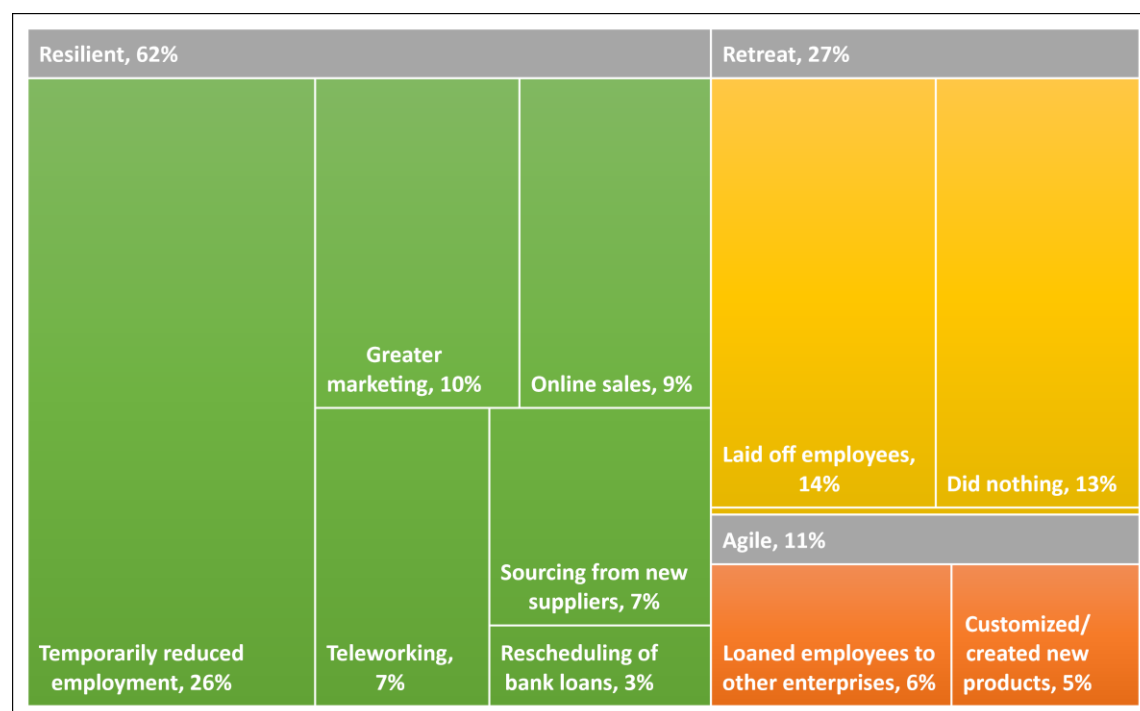


Figure 3: Three out of five Pakistani firms adopted a 'resilience' strategy to face the pandemic



Source: ITC calculation based on SME competitiveness data in Pakistan.

Note: The survey asked: 'Have you adopted any of the following strategies to cope with the crisis?'.

2. *Certifications and sustainable transport operations can mitigate the severity of the pandemic effects.*

Based on the competitiveness survey responses, ITC computed a 'Capacity to Compete' score for each firm and found that those with **higher competitiveness score were less likely to be strongly affected by the pandemic.**

Firms that manage their logistics operations better are in a favourable position to weather negative shocks. This can be attributed to the fact that highly efficient logistical management can allow firms to continue accessing needed inputs and deliver to customers on time, thus allowing them to operate normally. The survey results show that firms that reported high quality of transport infrastructure and logistics services were less strongly affected than firms that reported low quality of the same.

Certified firms fared better than uncertified firms in terms of exporting. Certifications can give firms the ability to overcome the containment measures aimed at limiting the spread of COVID-19 across countries, since they are already aware of the information and procedures required to obtain new certifications. Certified firms (12%) exported more than normal compared with uncertified firms (6%). Additionally, only 3% of certified firms permanently ceased exporting, compared with 17% of uncertified firms.

3. *Increased connectivity can help firms keep current with changes in market trends due to COVID-19*

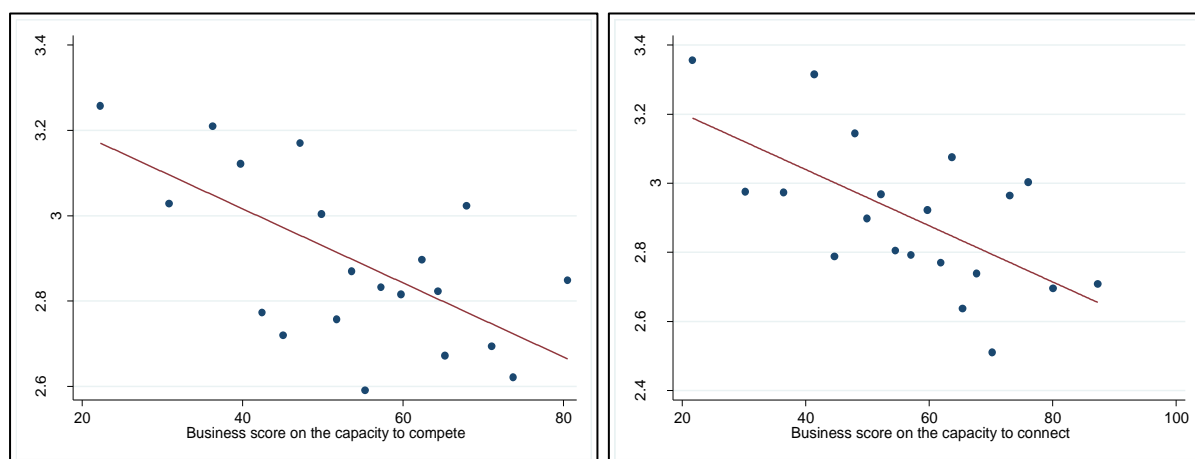
Firms that scored higher on capacity to connect were much less affected by the pandemic.

Firms that have strong business links are better at dealing with negative shocks than those that do not. Cooperation allows firms to share information and techniques to combat similar yet new challenges, thus increasing their reaction time and saving them from potential losses. Firms that showed low levels of cooperation were more strongly affected by challenges related to COVID-19 than those that cooperated more with other companies in their sector.

Firms' online presence can lessen the risk of losing sales by allowing a swift transition to e-commerce.

As countries rushed to impose lockdowns as part of containment efforts, consumers could no longer access brick-and-mortar versions of many businesses. In such a scenario, online buying-selling platforms represent a risk mitigation path for firms. However, the adoption of digital systems is highly dependent on connectivity infrastructure, which is lacking in some provinces.¹⁹ The survey results found that more firms already connected to their customers through a business website were more able to adapt to the lockdowns imposed by other countries and adopt an online sales strategy than those that did not have a business website. In fact, 96% of the firms that adopted an online sales strategy already had a business website, compared with only 4% who did not initially have an online presence.

Figure 4: *Increased capacity to compete and connect decreases the severity of pandemic effects*

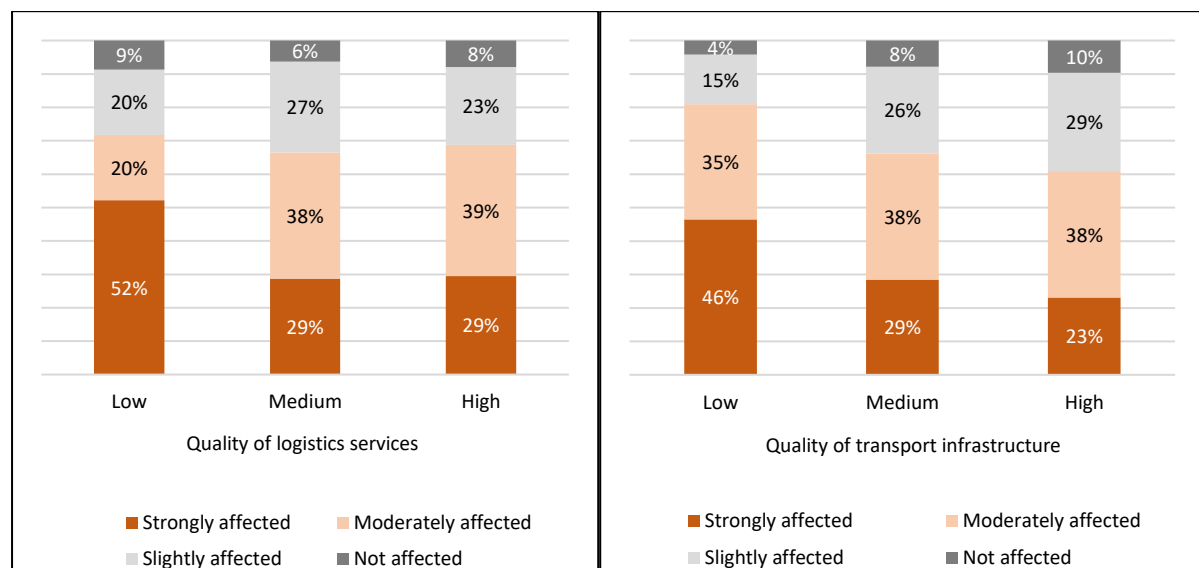


Note: The relationship between the two variables is the result of a binned scatterplot. The survey asked: 'How have your business operations been affected by the coronavirus (COVID-19) pandemic?'. Answers ranged from 1 (not affected) to 2 (slightly affected), 3 (moderately affected) and 4 (strongly affected). The answers to questions pertaining to time and quality requirements under the 'Capacity to Compete' and 'Capacity to Connect' pillars of the ITC SMECS grid were used to score firms on their capacity to compete and connect.

¹⁹ Ibid.

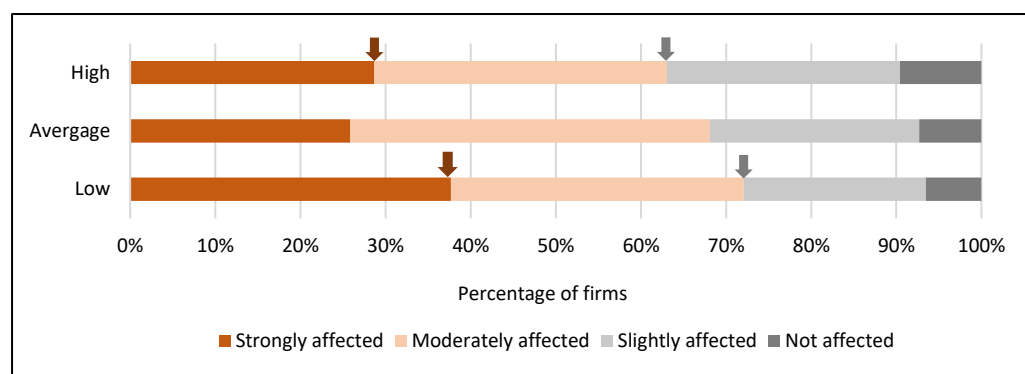
Capacity to cope with challenges brought on by the COVID-19 pandemic

High quality of logistics services and transport infrastructure lowers the negative effects of the crisis



Note: The survey asked: 'Please rate the quality of the services offered by the logistics services companies this company uses'; 'Please rate the quality of the transport infrastructure in your location' (rating between low, medium and high); and 'How have your business operations been affected by the coronavirus (COVID-19) pandemic?' (not affected, strongly affected, moderately affected or slightly affected).

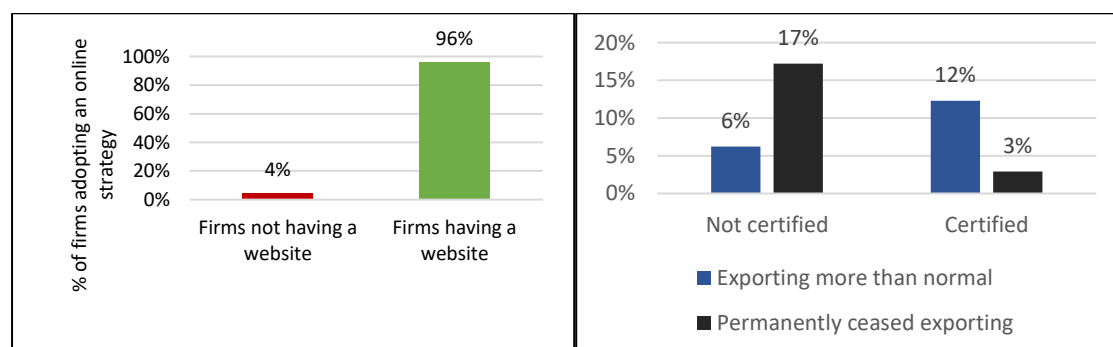
Firms with low cooperation levels were more strongly affected by the COVID-19 crisis



Note: The survey asked: 'To what extent do companies in your sector cooperate to solve common problems which may be beneficial to the sector as a whole?' and 'How have your business operations been affected by the coronavirus (COVID-19) pandemic?'

Source: ITC calculation based on SMECS in Pakistan.

An online presence is important to stay connected to buyers. Companies meeting quality and standards requirements can overcome barriers to trade pertaining to quality.



Source: ITC calculation based on SMECS in Pakistan.

4. Availability of skilled workers can underpin firms' resilience to the crisis

A company's ability to change using three factors – skills, financing and innovation – underscores its ability to adapt to shifts in market trends. This adaptive capacity is essential to building resilience to crises such as the COVID-19 pandemic. This is because enterprises that already have the tools and the habit of changing often have the skills, creativity and funds on hand to survive.

Out of all three factors, availability of skilled workers is the most important in dealing with crises. Workers with the right skill set are better equipped to find solutions to new problems. Indeed, 66% of the firms reporting low availability of skilled workers also reported being strongly affected by the pandemic, compared with 34% of those that reported high availability of skilled workers for hire. Furthermore, firms that had less trouble hiring skilled workers were more likely to adopt resilient strategies to cope with the pandemic challenges than their counterparts.

The evidence did not show a huge difference between innovative and non-innovative firms in terms of the severity of the effects of the pandemic. However, innovation is still important to adjust quickly to changes brought by COVID-19, and its positive effects might not be immediate. Innovation requires patience and a long-term managerial perspective because it involves investing in something that will pay off later. It also requires the ability to cope with uncertainty. Thus,

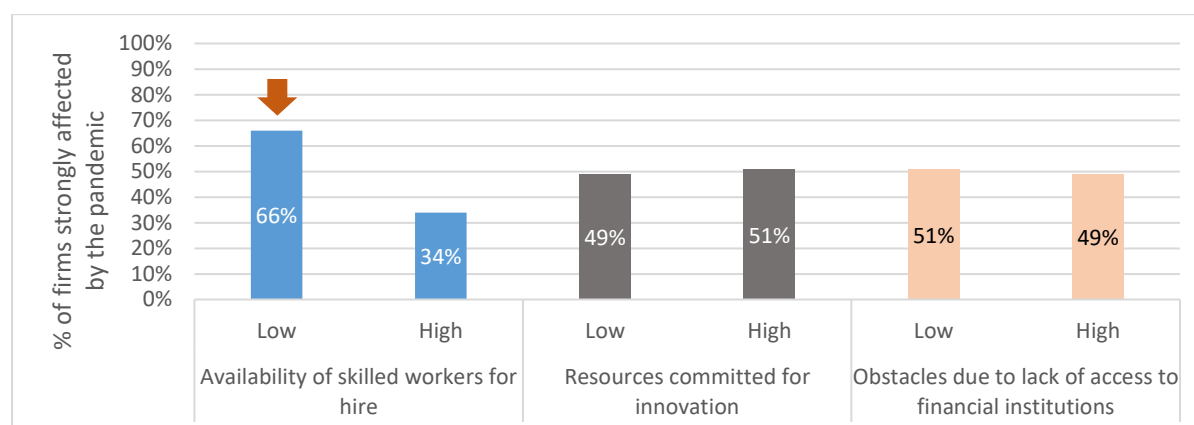
innovation can allow firms to mitigate negative effects in the long term. Innovative firms were also more likely to be resilient and agile.

Access to financial institutions did not greatly contribute to preventing firms from feeling the negative effects of the pandemic. Adaptability to changes in financial situation requires up-to-date information – which comes from strong links – especially with respect to relief packages that financial institutions create. However, evidence showed a small (two percentage point) difference between firms that experienced greater obstacles in their business operations due to poor links than those who reported having good links with those institutions. This could very well be attributed to the overall poor uptake of the financial relief packages designed and rolled out for firms, 66% of which remain unutilized.²⁰

5. Agile firms are better at responding to pandemic challenges

Firms that employ strategies that are good for their long-term health are positioned favourably to respond to negative shocks. More firms that adopted agile (81%) and resilient (72%) strategies were able to at least keep exporting compared with firms that retreated (70%) in response to the pandemic. On the other hand, 30% of the firms that retreated reported having either temporarily or permanently stopped exporting, compared with 28% and 19% of the those that were resilient and agile, respectively.

Figure 5: Firms that did not perform well with respect to their capacity to change were more affected by the pandemic

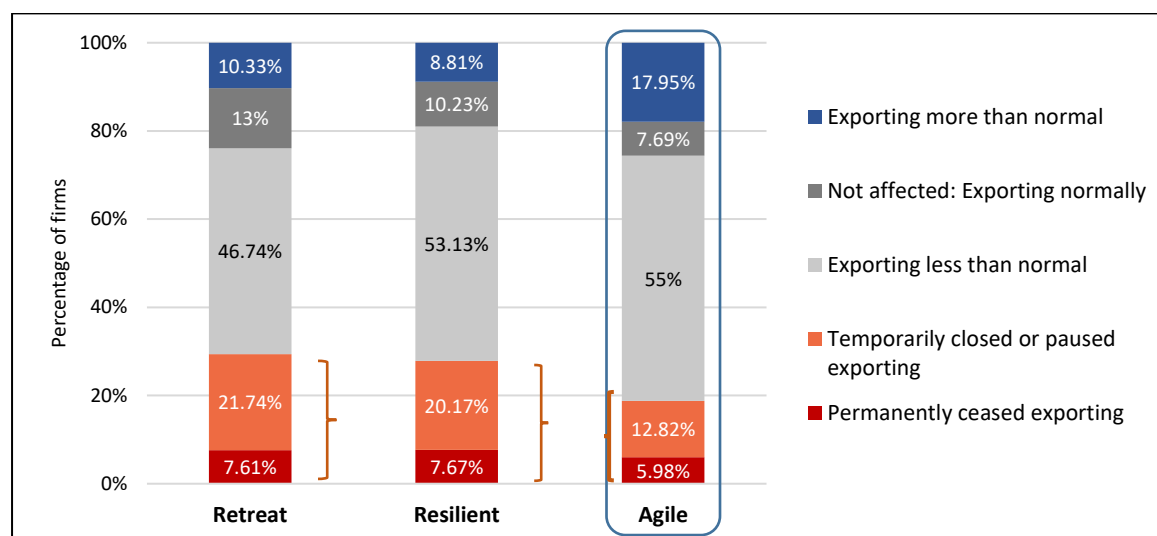


Note: The survey asked: 'To what degree is access to financial institutions an obstacle to current operations?'; 'Please rate the availability of skilled workers for hire'; 'Please estimate the level of resources your company commits to research and development'; and 'How have your business operations been affected by the coronavirus (COVID-19) pandemic?'.

²⁰ Shahbaz Rana (2021). 66% of Covid-19 relief package remains unutilised. *Express Tribune*, 17 January. Available from

<https://tribune.com.pk/story/2280277/66-of-covid-19-relief-package-remains-unutilised>.

Figure 6: Agile firms performed better in terms of exports



Source: ITC calculation based on SME competitiveness data in Pakistan.

Continuous support and targeted actions to help firms combat COVID-19 challenges

Beyond sanitary measures, the federal and provincial governments of Pakistan have implemented fiscal, monetary and trade-related responses to the COVID-19 crisis. These have included a fiscal stimulus package of PKR 1.2 trillion and a Supplementary Grant of PKR 100 billion for the 'Residual/Emergency Relief Fund' consisting of funds to mitigate the effect of COVID-19 on the impacted population. Monetary and macrofinancial policies have comprised stimulating investment in new manufacturing plants and machinery by refinancing facilities, and temporary regulatory measures to maintain the banking system, among others.

Most trade-related measures have focused on tariff reductions. Pakistani authorities implemented temporary export prohibitions on health products such as anti-malaria drugs, sanitizers and gloves, and food products to ensure domestic food supply. These measures have now been terminated. Tariff reductions on medical goods such as oxygen gas and specific pharmaceutical products (anti-COVID-19) have sought to liberalize the entry of medical products to fight the pandemic.

Measures taken by the federal government have not been rolled out to their full extent. In view of the challenges faced by firms, the Government of Pakistan developed a relief-cum-economic support package of PKR 1.2 trillion in March 2020, which included PKR 100 billion support to SMEs and the

agriculture sector in the form of power bill deferment and bank lending, as well as subsidies and tax incentives. However, 66% of the relief package remains unutilized. Specifically, in terms of SME support, PKR 39 billion out of PKR 100 billion (39%) is unspent so far.²¹ Unsurprisingly, the success of these measures was perceived as low, as shown by the survey results (see appendix IV).

Large firms exhibited greater clarity on the various types of government facilitation available and how to access them timely and with low transaction costs.²² Mid-sized and large firms dominate the associations of exporters and may not let information trickle down to smaller members. This may imply that the process of internal consultations in the associations may not be inclusive.²³

For firms of both sizes, the top three measures that were most helpful to cope with COVID-19 were relief in electricity bill payment (45%), relief to daily wage workers (22%) and accelerated tax refunds for exporters (19%). Although the overall success of these measures seems low, given that COVID-19 presents unprecedented challenges for everyone, including the Government, this must be taken in stride. In this context, a range of possible improvements could increase the success rate of the measures.

Targeted support based on the needs of firms has the potential to address the challenges faced by exporting firms in Pakistan. It is also more likely to

²¹ Ibid.

²² Sustainable Development Policy Institute (2021). Supporting export competitiveness amid COVID-19 in Pakistan. Available

from <https://sdpi.org/projects/covitrade-and-mid-size-enterprises/>.

²³ Ibid.

yield successful results. The type of requested support is analysed below, with a distinction between requested changes in regulations on trade-related measures and technical assistance.

1. Trade-related provisions with potential higher positive impact requested to combat the COVID-19 crisis

Among trade-related provisions, the most requested one was reduction of charges and taxes such as licence fees, as well as employment of price control measures to counteract price fluctuations in domestic and foreign markets. While taking these measures could be beneficial in the short term, they do not contribute to the long-term competitiveness of a firm. A deeper understanding is necessary to assess the magnitude of costs that have increased during the pandemic. This could be made possible through frequent structured public-private dialogues.²⁴ Regular reviews of tariff policy could keep a check on anti-export bias and distortions in a competitive business environment. Fast tracking the Pakistan Regulatory Modernization Initiative could help reduce the regulatory burden on exporting enterprises.²⁵

The second most popular trade-related provision was to increase the ease of access to trade-related information. This relays an important message – firms need to be informed to adapt to the changes brought about by the pandemic. It is equally important for the Government to source information that reveals the uptake of the benefits offered to firms so that remedial measures can be put in place in case of weak uptake.²⁶ Technology could help significantly in this regard; for example, through a portal that could allow firms to upload any supply chain disruptions for necessary action by the Ministry of Commerce. On par with this need is a request to ease export documentary requirements. In efforts to contain the pandemic, countries have issued new notifications that have made it tougher for firms to export internationally. Unsurprisingly, firms thus require help – either in fulfilling the necessary documentation or reducing these requirements. Regular orientation for officials on changing trade protocols could help.²⁷

Following these three provisions is the need for increased freedom of transit, which could have a positive impact if implemented in the current

context of the pandemic. There is a need for deeper coordination between Pakistani missions abroad and the business community on information regarding client- and location-specific transportation and cargo restrictions.²⁸

The graph below on trade-related provisions also shows a high number of responses in the ‘Other’ category. Under this, two trade-related provisions were mentioned. Firstly, firms pointed out that equal importance should be given to sectors to boost exports, without favouring one sector over another – this was connected to the relaxation given to the textile sector. Firms also said that digitization in and across all export-related activities is necessary to have a positive impact on the current scenario. Firms also said that good governance and elimination of illegitimate bureaucratic practices is vital, now more than ever.

2. Trade-related technical support requested to help with export challenges

The figure on the options needed to combat export challenges shows the technical support requested by the surveyed firms. The top three support options were financial support (22%), finding new markets (21%), and finding new overseas contacts or customers (13%). Tripartite dialogue can certainly help, where the Ministry of Commerce, trade attachés and local private sector could navigate solutions through which partner countries could be engaged.²⁹ These were followed by support options pertaining to Customs or tariffs, understanding market demand issues, and logistics.

STPF implementation required to combat the impact of COVID-19

A holistic response is needed to address the negative impacts of the pandemic on Pakistan’s export competitiveness, in the short, medium and long terms. While an immediate response is necessary, medium- to long-term measures are needed to strengthen the country’s resilience and agility, and reduce the risks of economic downfall in the future. It is essential to implement STPF recommendations rapidly, design sector-specific recommendations, identify product and market diversification opportunities, and equip Pakistan’s exporters to adapt to changing international market conditions.

²⁴ *Ibid.*

²⁵ *Ibid.*

²⁶ *Ibid.*

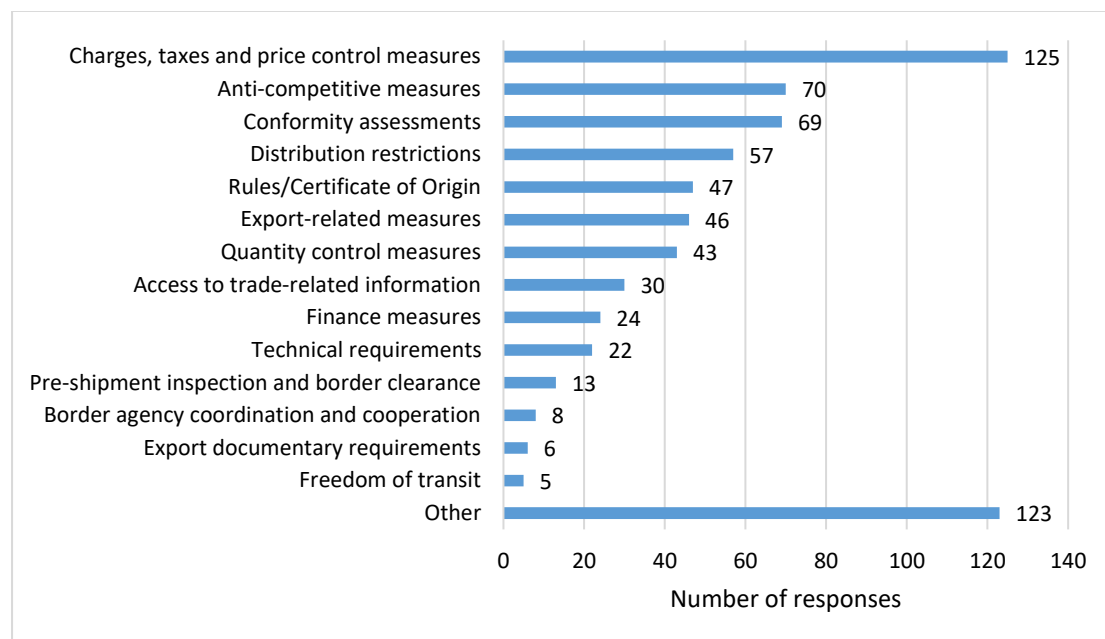
²⁷ *Ibid.*

²⁸ *Ibid.*

²⁹ *Ibid.*

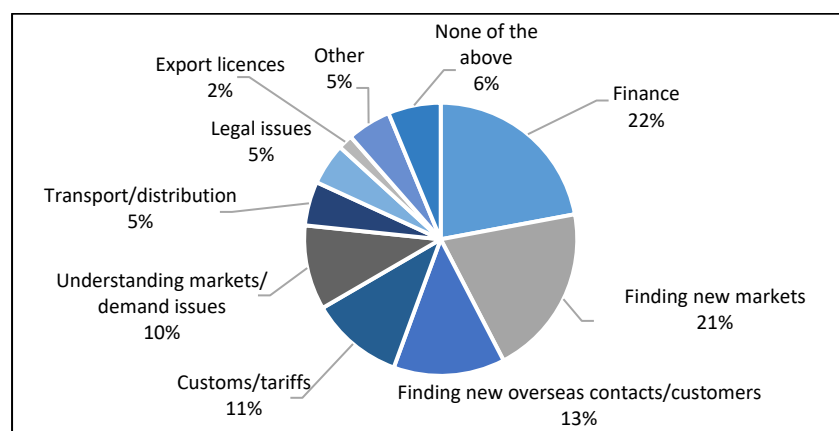
Combatting export challenges

Trade-related provisions with the most expected positive impact



Note: The survey asked: 'Which of the following trade-related provisions would have the most positive impact if implemented in the current context?'.

Percentage of responses highlighting the support options needed to combat export challenges



Source: ITC calculation based on SME competitiveness data in Pakistan.

Note: The survey asked: 'Which of the following support options would help your business the most with export challenges?'.

Appendix I: SMECS – sampling technique and snapshot

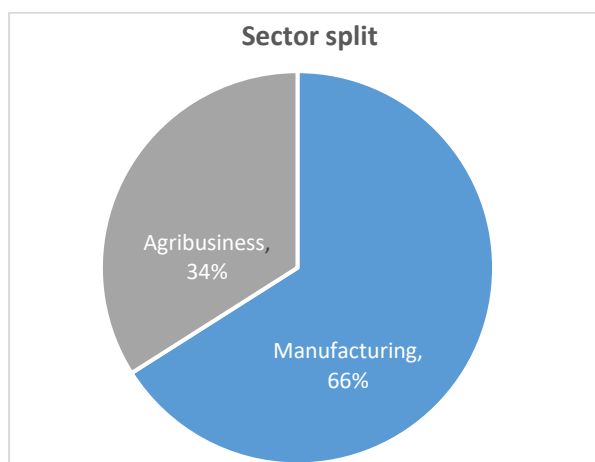
The sample for the Pakistan SMECS was carefully selected, keeping in view the goal of the survey – to identify the competitiveness challenges and opportunities of Pakistani exporting SMEs to support an evidence-based design of the National Priority Sectors Export Strategy.

Stratified random sampling: In collaboration with Ministry of Commerce, Trade Development Authority of Pakistan and Gallup Pakistan, ITC developed a business register of more than 1,200

companies belonging to the 17 STPF priority sectors. The selection of companies for interviews was based on stratified random sampling, i.e. all companies were first clustered into homogeneous groups according to their sectors. Then simple random samples were selected within each sector.

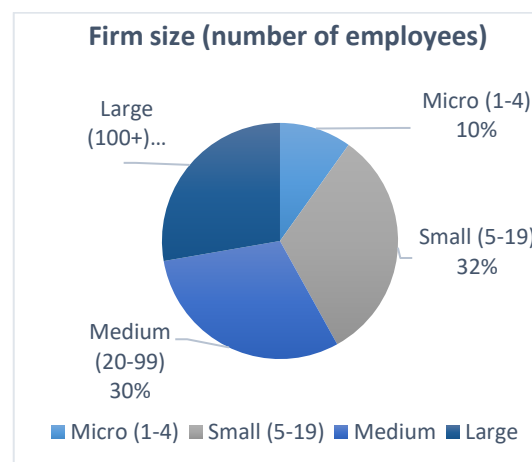
As the focus was on the pre-stated 17 STPF priority sectors, two thirds of the surveyed companies belong to the manufacturing sector and the remaining third to the agribusiness sector.

Figure A1: Sector split



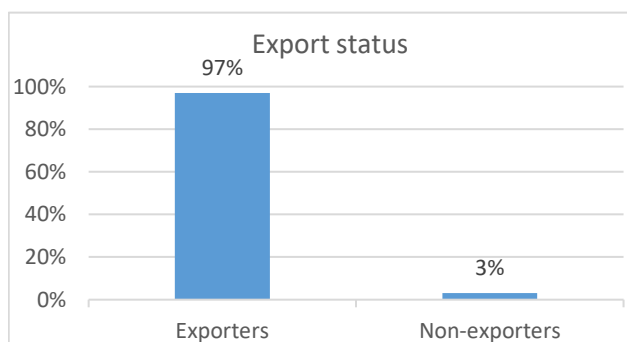
Some 66% of the participating companies came from the manufacturing sector, while the remainder belonged to the agribusiness sector.

Figure A2: Firm size



Size: Although the focus was on SMEs, some large companies were included so that the competitiveness of SMEs and large firms could be compared. As such, 72% of the sample comprised micro, small and medium-sized companies, and 28% large companies.

Figure A3: Company type



Company type: Although the focus was on exporting companies, some non-exporting companies were included so that overall competitiveness could be compared in future competitiveness studies. Survey results presented in this document take into account the answers from both exporting and non-exporting firms. However, since 97% of the interviewed firms export, the answers mainly reflect the views of exporters.

Geographical reach: All four provinces of Pakistan were included in the survey. All efforts were made to reach firms operating in the STPF sectors in all provinces. Since most of the firms operating in these sectors are found in Sindh and Punjab,

naturally the number of firms interviewed in these provinces exceeded those interviewed in Balochistan and Khyber Pakhtunkhwa. The sample also focused more on exporting firms due to the nature of the study, and very few exporting

companies can be found in the provinces of Balochistan and Khyber Pakhtunkhwa. Most of the exporting firms also have their main offices in Karachi due to the port infrastructure required for export logistics. It is also important to note that the companies were geographically identified based on the location of their headquarters. According to the

Ministry of Commerce, some companies that have operations elsewhere are usually headquartered in Punjab or Sindh. Thus, the sample size was skewed naturally, with Punjab and Sindh having more representations than Balochistan and Khyber Pakhtunkhwa.

Figure A4: Companies surveyed by province (%)

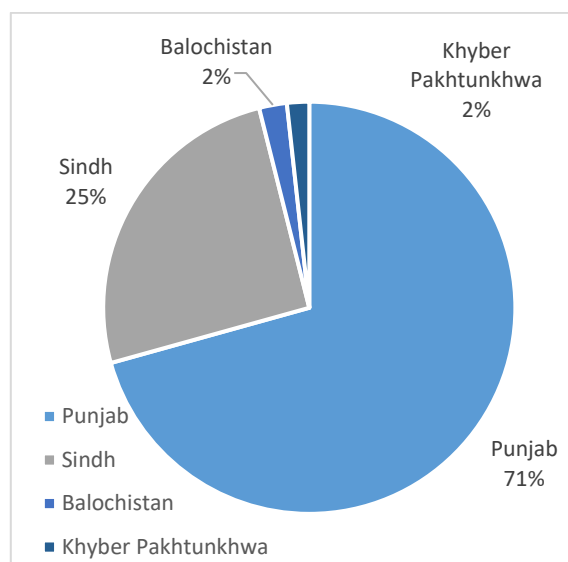
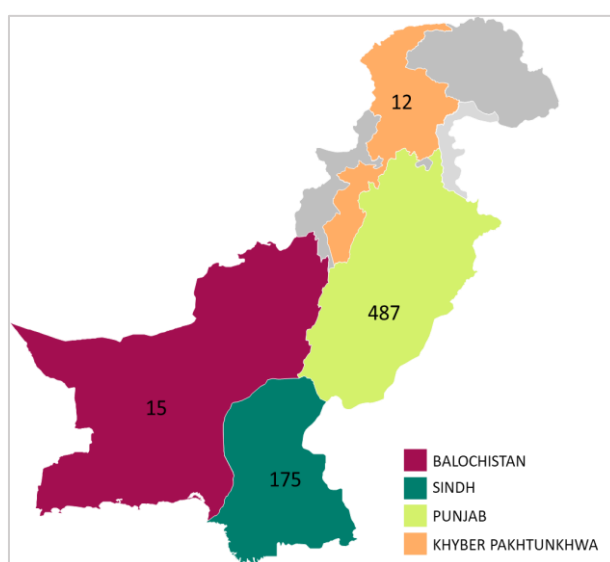


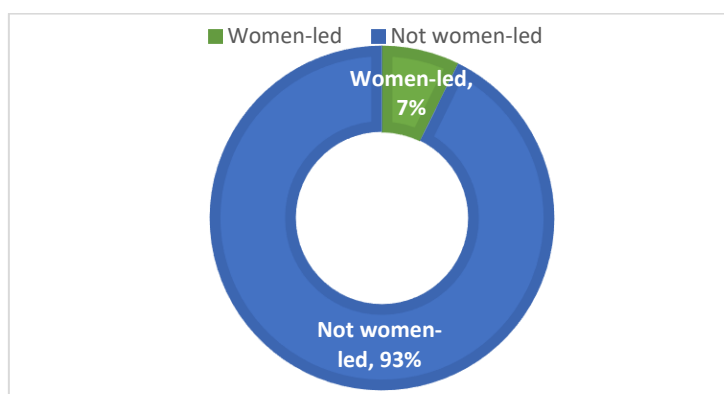
Figure A5: Number of companies surveyed per province



Gender inclusiveness: Under SMECS, women-led firms are defined as firms that are managed by a woman and at least 30% owned by women. All efforts were made to include women-led firms in the sample, including obtaining a women-specific database from the Trade Development Authority of Pakistan comprising 25 business contacts.

However, international trade activities in Pakistan remain a male-dominated arena. Women-led firms thus make up a small part of the sample. Only 7% of participating firms were women-led, indicating that female entrepreneurship is growing but still lagging.

Figure A6: Companies led by women (%)



Formal versus informal sector: The latest Labour Force Survey 2017–18 figures show that the informal sector accounts for 71.1% of employment in main jobs outside agriculture. With most

informal companies employing fewer than 100 people, they make up a significant share of SMEs in the country. However, informal firms can be hard to reach and are less likely to export – according to

SMECS results 94% of the respondents that export are registered, compared with 67% of those that do not export. This could be because exporting firms are more likely to fulfil the legal obligations that are a prerequisite to export. Additionally, non-exporting firms could be registered with the

provincial authority for carrying out domestic commerce. Since the sample size was selected to focus on exporters that could be reached, 93% of the firms in the sample were registered with or licensed by a national authority.

Figure A7: Company registration status

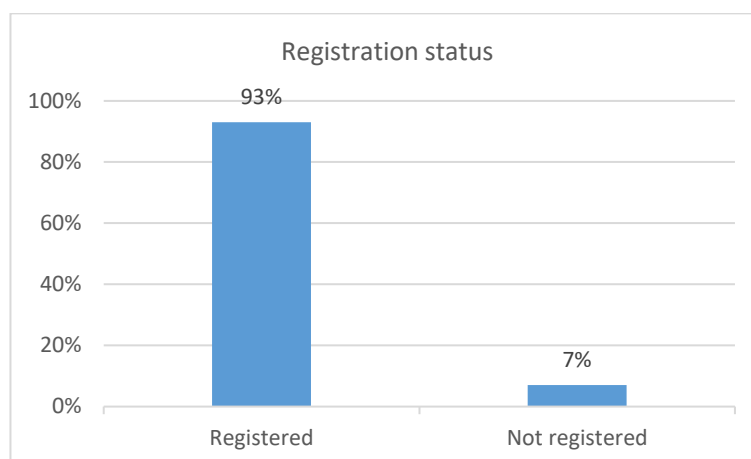


Table A1: Interviewed firms by sector and province

Sector	Sindh	Balochistan	Punjab	Khyber Pakhtunkhwa	TOTAL
Textiles and apparel	48	0	56	1	105
Fruits and vegetables*	35	2	37	2	76
Rice	20	1	37	3	61
Surgical instruments	3	1	56	0	60
Leather*	20	0	30	1	51
Sports goods	0	3	45	0	48
Processed foods and beverages*	12	1	26	0	39
Pharmaceuticals*	6	2	22	1	31
Cutlery	0	0	29	0	29
Engineering goods*	0	1	27	0	28
Meat and poultry*	5	0	23	0	28
Seafood	22	3	1	2	28
Chemicals	2	1	23	0	26
Carpets	0	0	20	2	22
Auto parts	0	0	22	0	22
Footwear	0	0	21	0	21
Gems and jewellery	0	0	8	0	8
Other	1	0	4	0	5
Marble and granite	1	0	0	0	1
Total	175	15	487	12	689

*Priority export sectors selected for the National Priority Sectors Export Strategy.

Appendix II: SME definitions

Table A2: SME definitions by various institutions

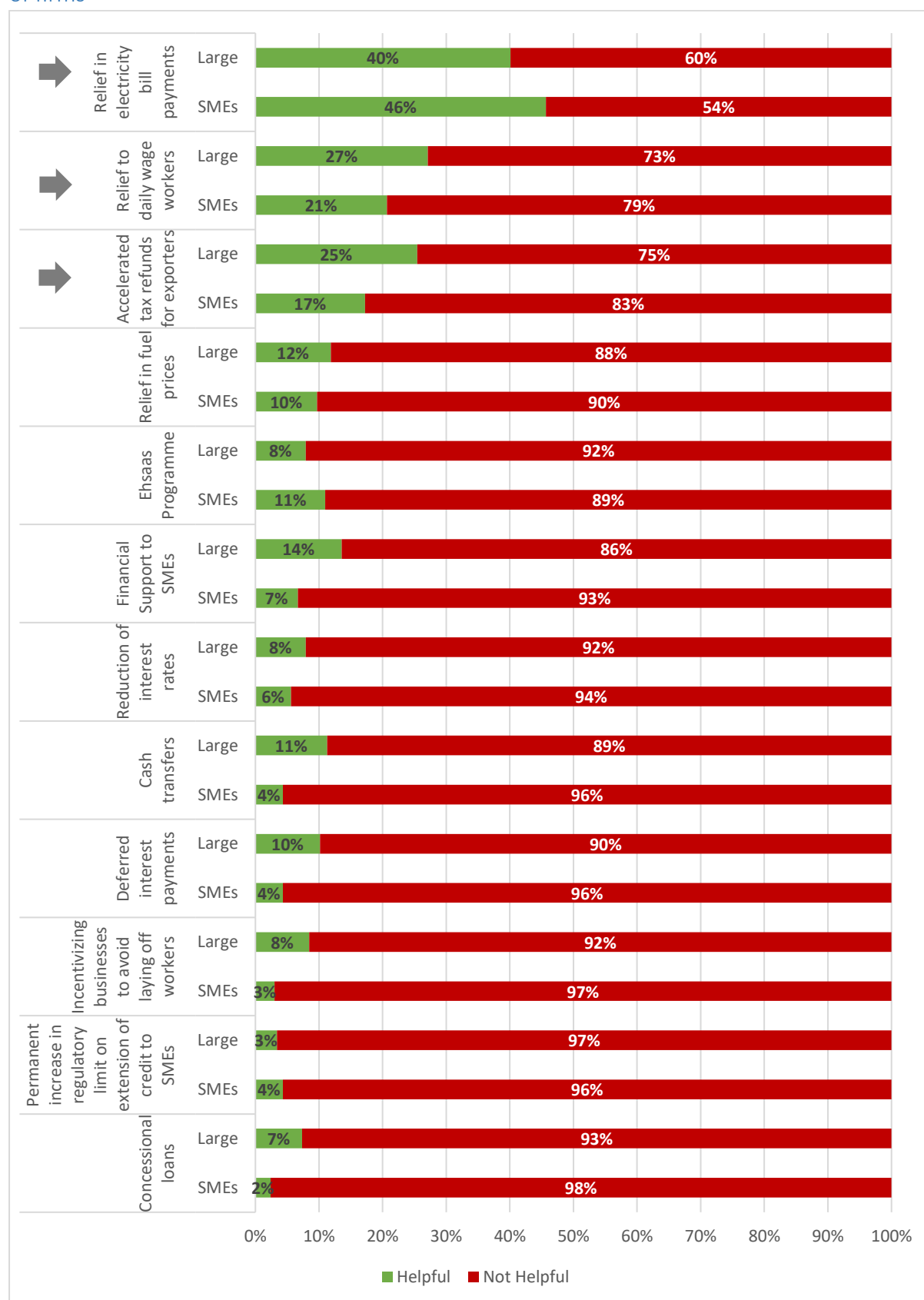
		Microenterprise		Small enterprise		Medium-sized enterprise	
		No. of employees	Annual sales turnover	No. of employees	Annual sales turnover	No. of employees	Annual sales turnover
National	State Bank of Pakistan (2017)	1–9	Not defined	10–49	Up to PKR 150m (US\$970k)	<ul style="list-style-type: none"> • 51–250 (Manufacturing and services enterprises) • 51–100 (Trading enterprises) 	PKR 151m to PKR 800m (US\$970k to US\$5m)
	Small and Medium Enterprises Development Authority (Draft SME Policy 2019) only for registered enterprises	Not defined	Not defined	Not defined	Up to PKR 100m (US\$647k)	Up to 250 (SME Policy 2007)	PKR 100m to PKR 650m (US\$647k to US\$4.2m)
	Federal Bureau of Statistics	Not defined	Not defined	Less than 10	Not defined	Not defined	Not defined
	Securities and Exchange Commission of Pakistan	1–10	Not defined	Up to 250	Less than or equal to US\$2.4m	More than 250	Greater than US\$2.4m
International	European Union	1–9	Less than or equal to EUR 2m (US\$2.2m)	10–49	From EUR 2m to EUR 10m (US\$2.2m–US\$11.3m)	50–249	From EUR 10m to EUR 50m (US\$11.3m–US\$59m)
	ITC/World Bank	1–4	Not defined	5–19	Not defined	20–99	Not defined
	International Finance Corporation	1–9	Less than US\$100k	10–50	US\$100k to US\$3m	50–300	US\$3m to US\$15m

Appendix III: TISN definition

The TISIs referred to in this document as the TISN include the following institutions:

- Trade promotion organizations (e.g. the Trade Development Authority of Pakistan).
- Investment promotion organizations (e.g. Board of Investment or Export Processing Zones Authority).
- Chambers of commerce (e.g. Federation of Pakistan Chambers of Commerce and Industry or Pakistan Business Council).
- Export sector associations (e.g. All Pakistan Fruit and Vegetable Exporters, Importers and Merchants Association or Pakistan Textile Exporters Association).

Appendix IV: Perceived helpfulness of measures taken by the Government of Pakistan by size of firms



Source: ITC calculation based on SME competitiveness data in Pakistan.

Note: The survey asked: 'The Government of Pakistan has made some policy announcements to help SMEs combat COVID-19. Please select which of the following have been helpful'.

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