

Pakistan needs to identify the image building areas, and try to focus on them to resurrect its credibility in the eyes of foreign investors

By Andleeb Abbas

Pak. Eco.
The News
11.5.83

“Pakistan is a haven for investors and a gateway between the East and West,” said Prime Minister Mir Zafarullah Jamali at the opening session of the two-day International Conference on Investment and Privatisation in the OIC countries.

However, Nicholas Stein, one of the top investment analysts of *Fortune* magazine says a very different thing: “Pakistan is a country known as a haven for military Islamic terrorism. The Government continues to engage in a dangerous game of nuclear brinkmanship with its neighbour.”

At this stage, it is not important that which of these statements is right. What matters is that most foreign investors look at the global print and broadcast media to form opinions about a country. If the media declare Pakistan a high-risk country, then that is the image the investor carries in his mind while making a decision about choosing Pakistan or any other South Asian country as potential investment option.

Jamali must accept that perception is reality. If foreign investors perceive that Pakistan is a terrorist country then we must try to change these perceptions by working on a strategic image enhancement plan, which concentrates on targeting those image-building areas that matter to the foreign investors.

Let us sort out the areas, which foreign investors consider important in order to make sound investment decisions and rate a country.

Political stability

A country's risk rating is done on the basis of how stable the government is and how long lasting are its policies. A stable political environment is also dependent on the type of political party system and the ability of the

Catching the foreign eye

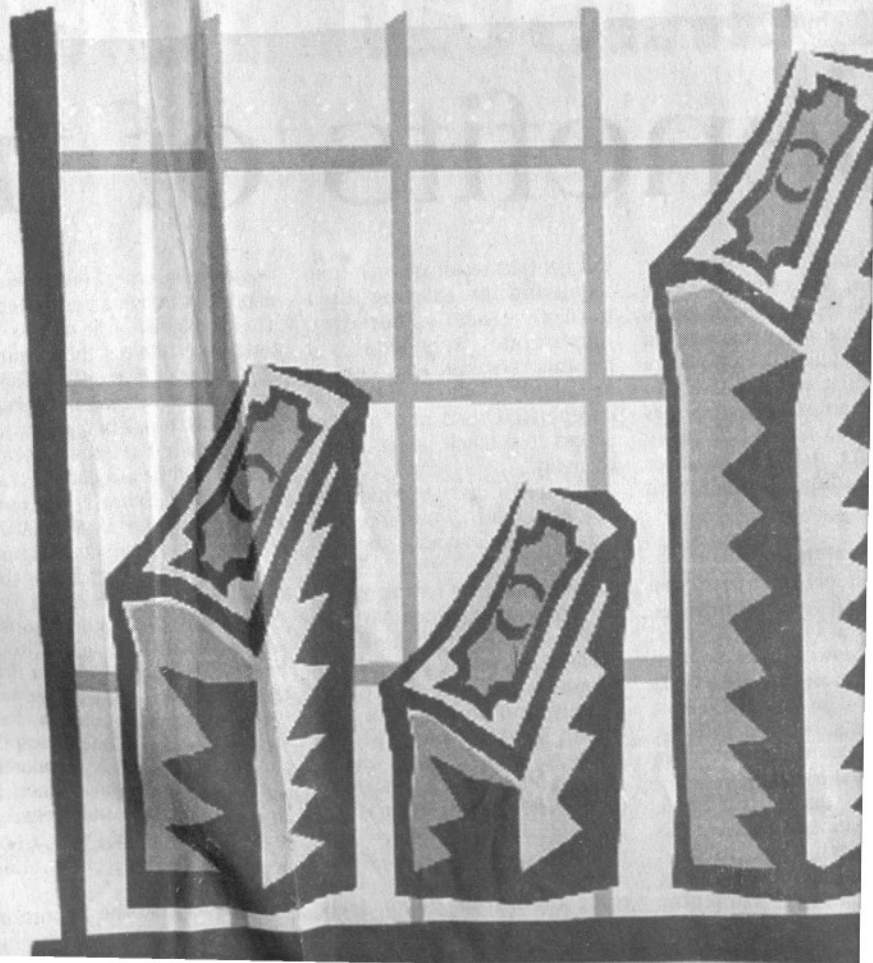
policies of its predecessors, which sults in uncertainty amongst the investors.

Pakistan has suffered a lot due to this problem. With the arrival of every new administration in Islamabad one sees a shift in policies, which is a bad omen not only for foreign investors but also for local businessmen. IPP project's example can be cited in this regard. Benazir's government promised to give everything to the investors regarding IPP project. However, a couple of years later, it became a target of revenge for Naz Sharif's government.

Therefore, whenever a new government announces a liberal foreign package for foreign investors, the opposition is always ready to blow it apart as soon as it increases power. Such activities create an image of the country's political immaturity and instability. That is reason why foreign investors prefer India or Sri Lanka, where economic and trade policies do not fluctuate with the change in government.

Social unrest

The fragility of political fabric is a cause and effect of the social turmoil that a country witnesses in a decade's time. The typical risk-rating agencies take into account many social indicators on which they declare a country safe



investment

reigning party to get the policies approved and implemented despite the opposition.

Pakistan, unfortunately, has been a victim of extreme political instability.

Democratic governments have an average life span of two years, while the autocratic governments enjoy the power for a longer period. The illegality of these autocratic and military governments invites the wrath and annoyance of international community in the shape of sanctions and punishments, thereby making foreign investment risky for potential investors.

More than political stability, it is the policy stability which attracts investments. As long as the rules of business are clear and consistent, it is easy for businessmen to plan and invest. Every time a new government comes into power it changes the

and are for investor's money, staff technology etc. Some of the indicators include the degree of ethnic and sectarian strife, degree of lawlessness, and degree of fundamentalism and racism prevailing in a country.

Ultimately, in the last few years, Pakistan has been on the danger list, primarily due to these factors. In the early '90s it was a ethnic problem in Karachi. Later on, the law and order situation due to the clashes between MQM and law enforcement agencies, along with unabated sectarian riots in the city dashed all hopes of foreign investments. Karachi became a centre of all kinds of illegal activities in the mid '90s. Being a hub of so many multinational headquarters, it became a difficult place for companies to plan long term investment, keeping in view the lawlessness in the city.

The military coup in 1999 was seen as an illegal action and the developed world imposed sanctions on Pakistan. The

confidence of the world, as a result of military take-over, became increasingly low in Pakistan. The 9/11 incident, however, came as a blessing in disguise. Pakistan's pro-US stance, to an extent, helped the country to change its image from a pariah to a major investment haven for the US multinationals.

Unfortunately, the romance between America and Pakistan could not last long. The terrorist backlash in the form of the US Consulate bombing and the murder of Daniel Pearl scared foreigners to such an extent that the US companies started winding up their operations from Pakistan.

As the law and order situation improved in the country, the country saw another change in government, and the rise of MMA, a group of religious political parties. MMA's emergence as the third largest party in Pakistan posed another question mark in the minds of foreign investors.

Repositioning Pakistan

It is very difficult for a country to transform its image in a short span of time. However, it can be done provided the right image-building strategy is adopted. GoP has been concentrating on marketing the "improved economic performance" of the country to the foreign investors for the last three years. However, government must address the real needs and concerns of the investors in terms of political and social risks they perceive while considering Pakistan as a potential investment option. Media and opinion leaders can play a significant role in this regard because whatever they say about the country either builds or mars its image.

No matter how bad the country's situation is, if the message conveyed through various channels is consistently painting a good picture of the country, and is able to highlight its strengths, the country can

attract foreign investment. India is perhaps the best example of this strategy.

In the last decade there has been a regular change in governments in India. BJP's government, too, has extremists like L K Advani, whose fundamentalist views are quite similar to that of MMA's. India has also suffered from law and order problems and ethnic clashes between Muslims and Hindus; their foreign policies, too, are not as liberal as Pakistan's. Yet, they are branded as a modern, progressive and safe-market haven, while Pakistan is viewed as a market full of landmines.

The reasons behind India's success are not only that India is a bigger market that can lure the investors despite the risks. The reason is how cleverly Indian governments have underplayed these risks, and how the media have created an image of a country, which is fertile with

unexplored opportunities.

Pakistan needs to identify the image building areas and try to focus on them to resurrect its credibility in the eyes of foreign investors. Let us examine the type of image building techniques Pakistan needs to focus on to change its image:

Media relations

Foreign investors mostly depend on various research sources to probe into a country's economic potentials. Specialised journals such as the *Economic Intelligence Unit* and global business magazines like *Fortune*, *Time Magazine* and *Newsweek* are some of the sources that build up a country's image.

Most of these magazines have a biased viewpoint about Pakistan. Government needs to invite the relevant correspondents of these magazines to the country and improve relations with them. The purpose of this public relationing is to show them that Pakistan is not a country where armed gunmen roam around in public places; it is a much safer and civilised place where tremendous amount of safe investment can be made.

Similarly, international electronic channels such as CNN and BBC are greatly responsible for creating global images of countries. In order to influence these media and create a good image of the country, Pakistan's Foreign Embassy must hire an influential media consultant who can make Pakistanis appear in various popular TV programmes. At the moment, the Indians dominate these channels. The Indian academicians are also very influential in top universities of America. Unfortunately, there is hardly any Pakistani of stature who is invited to express his/her opinions in these programmes, which help shape public opinion in the West.

Dr Maliha Lodhi's presence as ambassador made a huge difference as she was able to command a lot of respect from the US think-tanks and media, and was successful in making Pakistan's viewpoint heard in the right circles.

Political lobbying

India has just changed its old political lobbying firm in the US, and has now hired one of the top political lobbying firms to advise on how to get close to decisionmakers in the White House. They have obviously been worried since the post-9/11 relations between Islamabad and Washington, and have hired a firm to advise them on how to make their presence felt in the power corridors of the US.

May be the recent softening of the Indian stance on restoring relationship with Pakistan is a strategic move, suggested by their consultants in order to win favour with Washington. They have also lodged a complaint with the EU trade commission against discriminatory favours given to

Pakistan after 9/11. Thus, they seem to be very proactive in planing and implementing image building strategies as the environment changes.

Pakistan, too, needs to hire a firm of the right credentials and quality. Previous attempts by Benazir and Nawaz Sharif to hire such firms turned out to be disastrous, as the firms got involved in marketing Benazir and Sharif as individuals rather than the country. We need a firm which understands that the problem of overcoming the image is more to do with getting the right circles to say the right things, rather than holding extensive conferences and showing off improved macro economic figures.

Just one programme on CNN can drastically change Pakistan's image if it tells how Karachi, which used to be the center of terrorism once, has now become the hub of safe commercial activity. It would be more effective than holding hundreds of conferences, which are not even noticed by international buyers.

Conclusion

It is the right time for Pakistan to cash in on opportunities. The Iraq War is over, democracy in Pakistan has been restored, economy is showing signs of recovery, US still needs us, and competitive countries themselves are facing tough times. The whole of the Far East, especially China, is in the grip of the deadly SARS disease. Even India has caught the virus. With Europe facing political problems, Middle East in turmoil, Far East disabled by the disease, there is only one country that can offer an alternative to shift foreign manufacturing and service industry—Pakistan. For that the GoP must:

- * Carry out an aggressive media campaign on relevant TV channels, highlighting the advantages that the country has to offer.
- * Mobilise overseas Pakistani professional associations to organise seminars and cultural shows, creating awareness about Pakistan's culture and heritage.
- * Use the embassies in various countries to hire and employ influential Pakistani professors teaching in top universities, eminent journalists, as well as people working in think-tanks to advocate through various media the opportunities prevalent in the country.
- * Invite top opinion leaders, academic and political celebrities such as Hilary Clinton, Michael Porter etc to come and visit the country and spread the word that Pakistan has its own identity, culture and is a land of unexplored opportunities.

If Pakistan does not cash upon the present opportunities and develop a comprehensive image enhancement plan, even a 7% GDP growth rate will not be enough to make it eye-catching for foreign investors.