

# **South's Perspective on Adapating Industrial Policies for Economic Diversification and Strucutural Transformation to a Digital World**

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# Outline

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- ❖ Introduction
- ❖ Economic Strength of South Asia
- ❖ Technology Readiness in South Asia
- ❖ North vs. South
- ❖ Technology and its Cost
- ❖ Technology User vs. Innovator
- ❖ Way Forward

# Introduction

- ❖ The advent of artificial intelligence, the 4<sup>th</sup> industrial revolution, additive manufacturing, and so forth are causing a paradigm shift in the areas of industrial production, employment, and economic policies and instruments.
- ❖ The purpose of this event is to discuss the nature of scope and challenges faced by South Asia by the shifting comparative advantages in production and trade, and erosion and creation of opportunities due to technological advancements.
- ❖ Let's discuss what we do about it.

# Major Economic Indicators

Indicator	2000	2016
GDP in current \$	614.7 billion	2,892 billion
GNI per capita in current \$	440.89	1,611
Population	1.387 billion	1.766 billion
Global Import in current \$	234.85 billion (2006)	431.86 billion
Global export in current \$	157.14 billion (2006)	292.14 billion
Source: <a href="https://data.worldbank.org/region/south-asia?view=chart">https://data.worldbank.org/region/south-asia?view=chart</a> ; WITS		

# Comparative Picture of South Asia

	Consumption	GDP	Labor Force	Population
Bangladesh	0.06	0.06	0.12	0.10
India	0.79	0.81	0.74	0.75
Nepal	0.01	0.02	0.02	0.02
Pakistan	0.10	0.08	0.10	0.11
Sri Lanka	0.03	0.03	0.01	0.01
Others	0.01	0.001	0.01	0.01
Total Share	1.00	1.00	1.00	1.00
Total	1,904 billion	2,666 billion	674 million	1.744 billion

Source: World Bank Economic Indicators 2015

GDP in Constant 2012 PPP Int. \$, Consumption is in Current \$

# Unevenness in Size and Interest

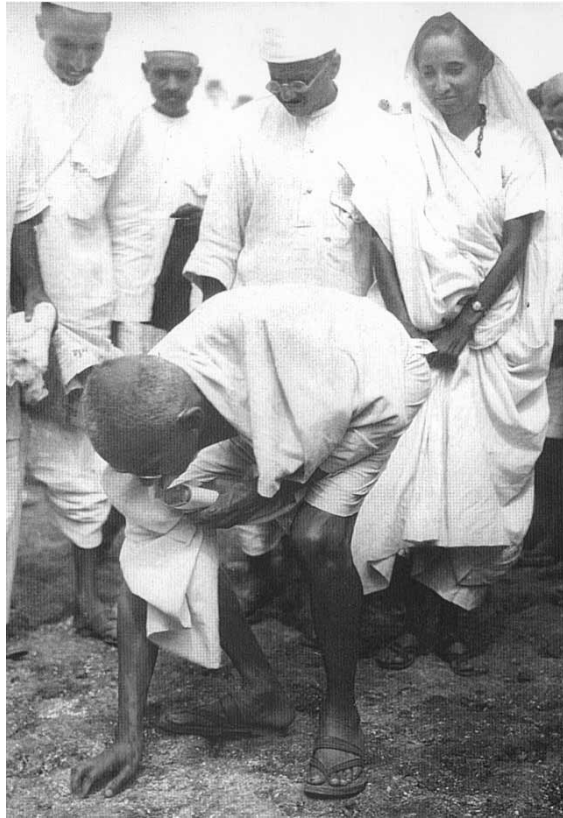
- ❖ From the figures in the previous slide, we see:
  - ❖ India command 74-81% of the population, labor force, GDP and consumption.
  - ❖ The rest 19 – 26% are commanded by the rest of the countries in South Asia combined.
- ❖ Hence, it is common sense that India needs to show the appropriate level of political will and institutional capacity for any attempt in integration.
- ❖ Most would agree that India is more interested in integration with the North Countries, instead of the Southern ones.

## TECHNOLOGY READINESS: SOUTH ASIA INTERNET USE, POPULATION DATA & FACEBOOK

Source: <https://www.internetworldstats.com/stats3.htm>

<b>Countries</b>	<b>Population</b> ( 2018 Est.)	<b>Internet Users,</b> (Year 2000)	<b>Internet Users</b> 31-Dec-17	<b>Penetration</b> (% Population)	<b>Users</b> % Asia	<b>Facebook</b> 31-Dec-17
Afghanistan	36,373,176	1,000	5,700,905	15.70%	0.30%	3,200,000
Bangladesh	166,368,149	100,000	80,483,000	48.40%	3.80%	28,000,000
Bhutan	817,054	500	370,423	45.30%	0.00%	350,000
India	1,354,051,854	5,000,000	462,124,989	34.10%	22.80%	251,000,000
Maldives	444,259	6,000	340,000	76.50%	0.00%	320,000
Nepal	29,624,035	50,000	16,190,000	54.70%	0.80%	8,700,000
Pakistan	200,813,818	133,900	44,608,065	22.20%	2.20%	32,000,000
Sri Lanka	20,950,041	121,500	6,710,160	32.00%	0.30%	5,500,000
China	1,415,045,928	22,500,000	772,000,000	54.60%	38.10%	1,800,000

# North Vs. South: Past & Present



- ❖ The Salt March, which took place from March to April 1930 in India, covering a distance of some 240 miles from Ahmedabad to the Arabian Sea.
- ❖ It was a movement against the regulation restricting and taxing local salt production from coastal saline water.
- ❖ The march resulted in the arrest of nearly 60,000 people, including Gandhi himself.



# North Vs. South: Present

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**FORTUNE** These Are the 10 Most Valuable Companies in the Fortune 500

disappointed investors. But the company has still risen 10 notches on our list to No. 9.

Facebook has jumped a few notches as well. It is now No. 5, up from No. 10, when we compiled the *Fortune* 500 last year.

### Most Valuable Companies in the Fortune 500

MARKET VALUE RANK ▼	COMPANY	INDUSTRY	MARKET VALUE (\$BIL)
1	Apple	Computers, Office Equipment	534
2	Alphabet	Internet Services and Retailing	507
3	Microsoft	Computer Software	413
4	Exxon Mobil	Petroleum Refining	326
5	Facebook	Internet Services and Retailing	321
6	Berkshire Hathaway	Insurance: Property and Casualty (Stock)	312
7	Johnson & Johnson	Pharmaceuticals	288
8	General Electric	Diversified Financials	271
9	Amazon.com	Internet Services and Retailing	250

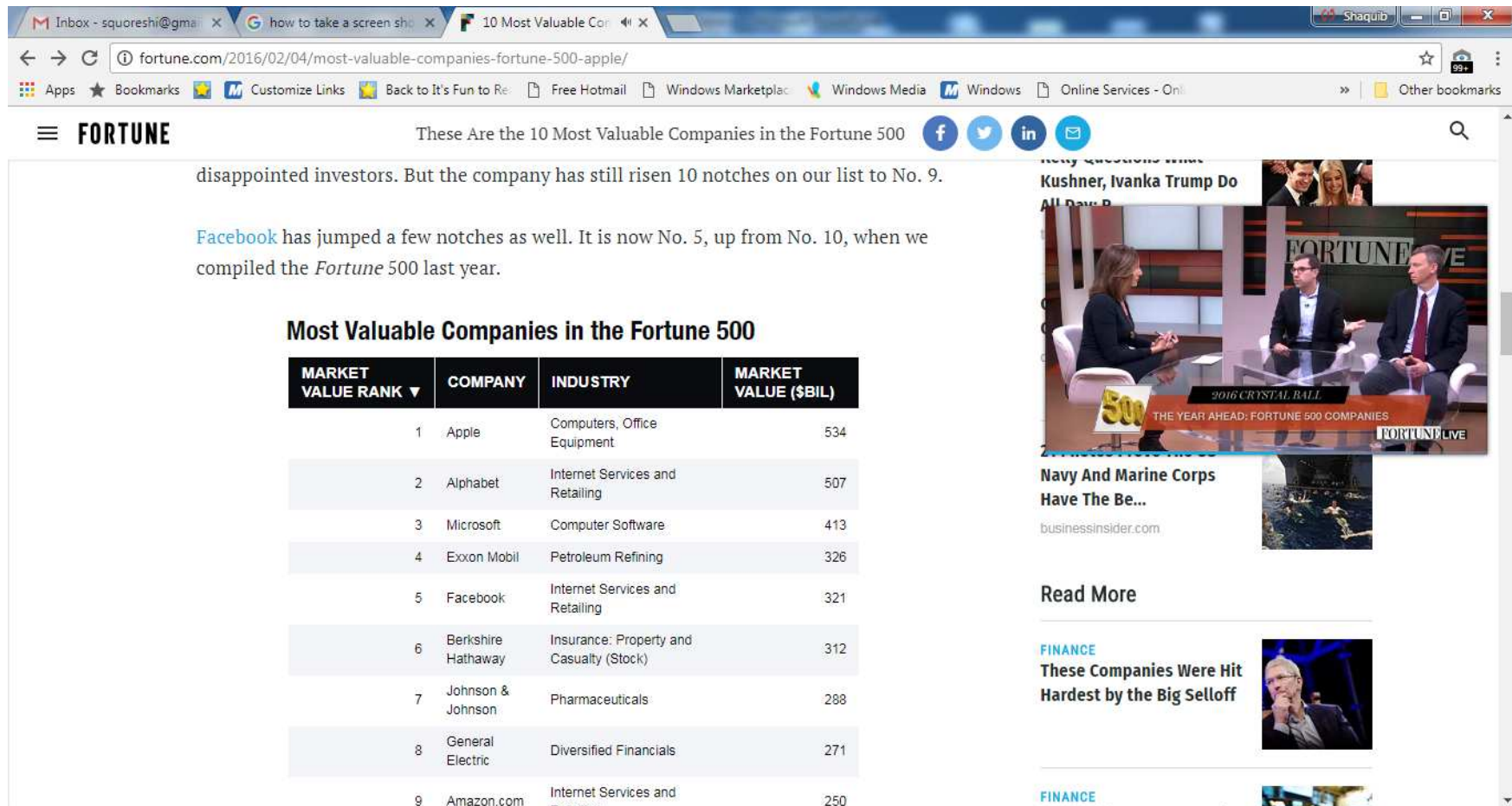
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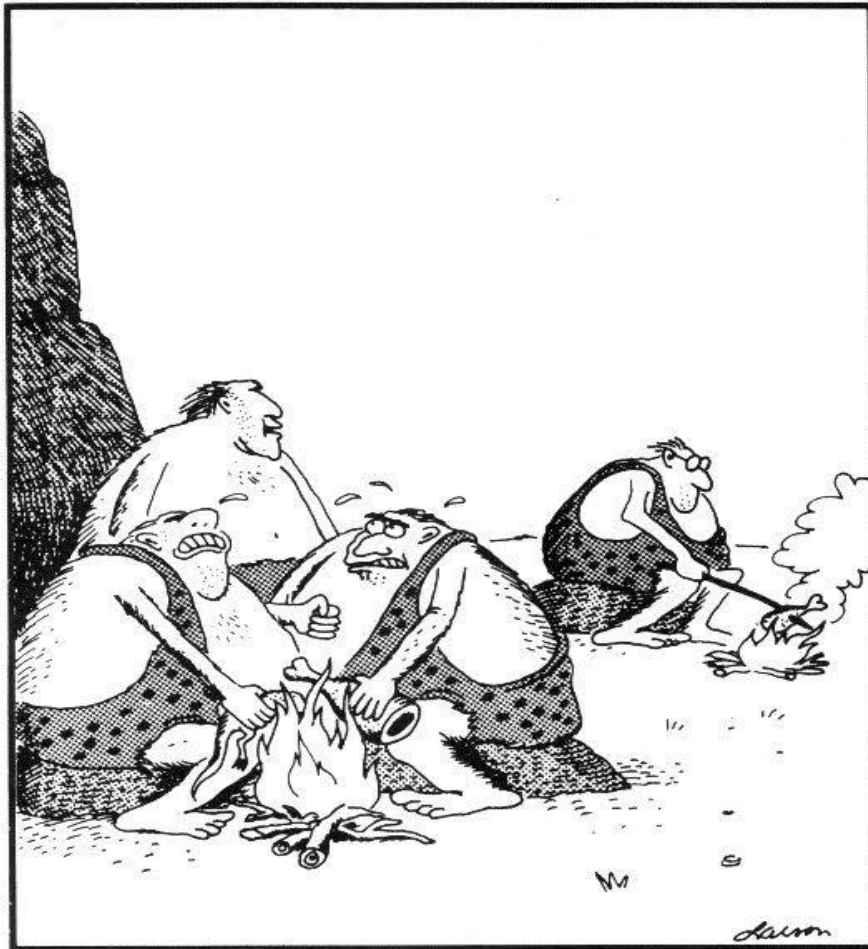
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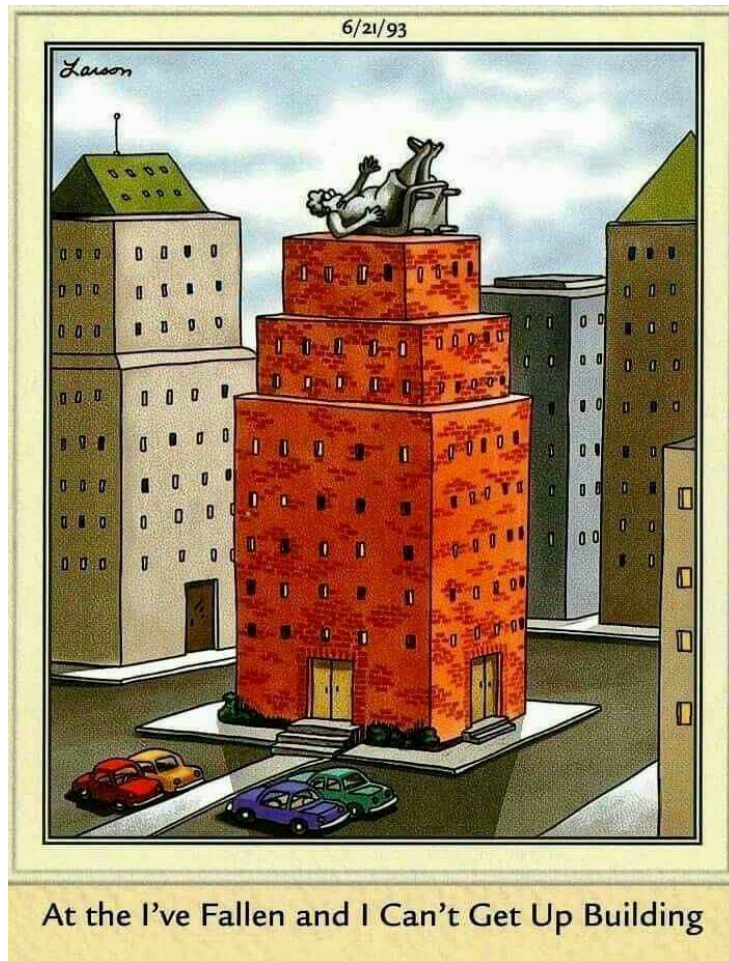
# Technology and its Costs



"Hey! Look what Zog do!"

- ❖ Technology is something that we use vicariously.
- ❖ The modern IT tools and apps are being used by the multitude of peoples, without knowing how it works,
- ❖ Or even what it does to their economic and social life, or to their level of understanding of the world.

# Technology User vs. Innovator



- ❖ South Asia at the moment is a technology importer and user, and not an innovator
- ❖ Often the original equipment manufacturers and technology providers charge an exorbitant price and control the use of technology in unfair ways

# Way Forward



# Building Social Capital

## The 10 most sociable countries

- 1 New Zealand - 68.95 (out of 100)
- 2 Australia - 67.60
- 3 Canada - 66.23
- 4 United States - 65.45
- 5 Iceland - 65.34
- 6 Norway - 65.06
- 7 Denmark - 64.49
- 8 Malta - 63.77
- 9 Germany - 63.21
- 10 Ireland - 63.09

## The 10 least sociable countries

- 1 Burundi - 35 (out of 100)
- 2 Yemen - 35.82
- 3 Benin - 36
- 4 Togo - 39.43
- 5 Afghanistan - 39.71
- 6 Morocco - 39.76
- 7 Central African Republic - 40.71
- 8 Angola - 41.10
- 9 Armenia - 41.51
- 10 China - 41.55

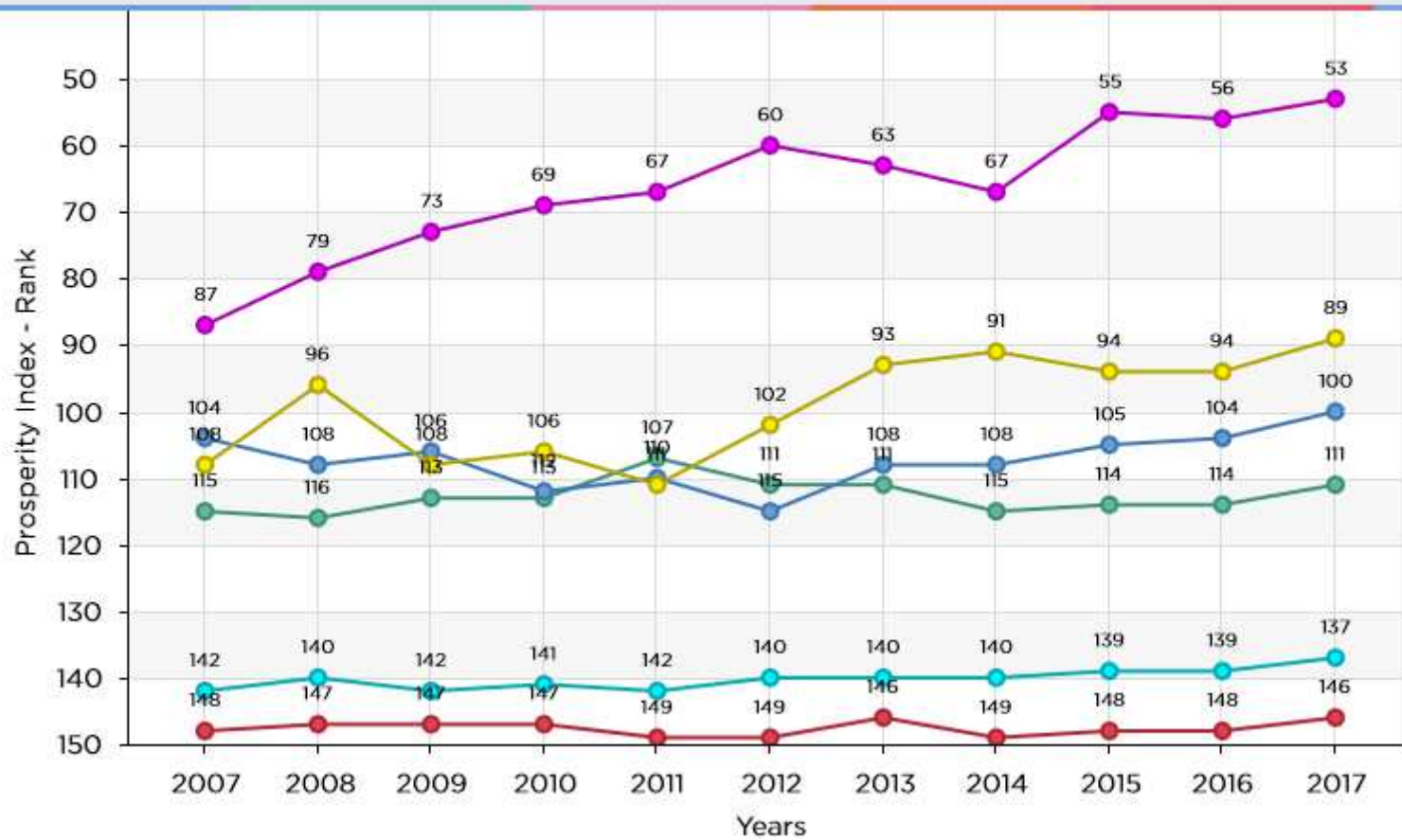


# Prosperity Index of South Asia

11c

## THE LEGATUM PROSPERITY INDEX™ 2017

*Creating the Pathways from Poverty to Prosperity*



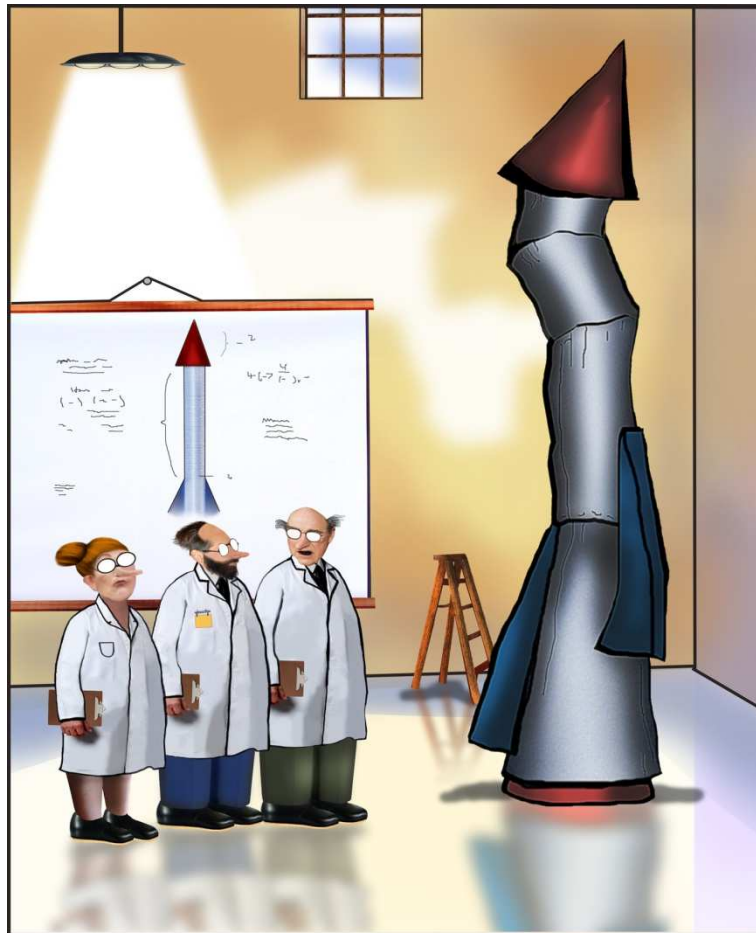
● Afghanistan ● Bangladesh ● India ● Nepal ● Pakistan ● Sri Lanka

# Invest in Institution Building



- ❖ Our governments and private sector need to pool resources to invest in institution building
- ❖ Institutions that can cater to the need to the time and develop the appropriate kind of human capital

# Why Institution Building?



“It’s time we face reality, my friends. ...  
We’re not exactly rocket scientists.”

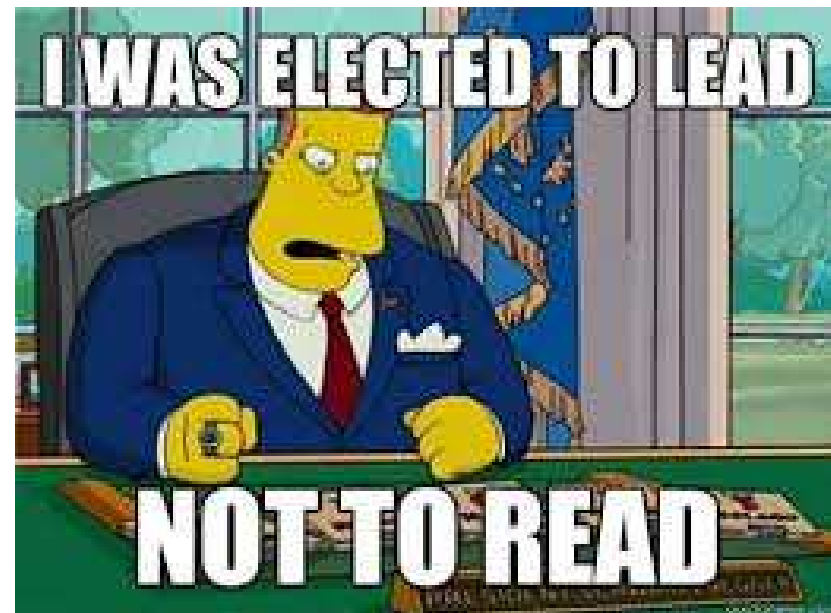
- ❖ Because the South needs to realize the importance of new things like bio- and nano-technology, artificial intelligence, machine learning, internet of things, and so forth.
- ❖ Without original research capacity and design capability, and cross-pollination of ideas, it would be impossible to cope with the demands of the 21<sup>st</sup> century industries.



# Shred Unproductive Practices



*"When are you going to stop reinventing the wheel?"*



# Develop Appropriate Attitude



“You have a small capacity for reason, some basic tool-making skills, and the use of a few simple words.’ ...  
Yep. That’s you.”