

INDUSTRIALIZATION AND INTERNATIONAL TRADE

Students' Learning Outcomes:

- Identify the main industries of Pakistan.
- Indicate links between industrialization, immigration and urbanization.
- Highlight the important industrial products of Pakistan.
- Explore the development of the textile industry of Pakistan with its four stages.
- Describe the significant role of the cottage industry in the lives of the people of Pakistan.
- Explain the importance for a country to establish regulations for carrying imports and export smoothly.
- Enlist the top four export and import goods of Pakistan.
- Suggest ways which can help Pakistan to earn more revenue from export.
- Suggest ways to reduce the imports of Pakistan.
- Suggest some ways Pakistan can adopt to compete with its international trade counterparts.
- Explain how bilateral trade between Pakistan and China can contribute to sound economic development for both countries.
- Explore how development in science and technology can help to develop the industrial boom in Pakistan.
- Justify how Pakistan can succeed in industrial development if import needs are reduced.
- Justify how economic stability can help a nation to encounter different foreign challenges.

Industrialization and international trade have long been regarded as the most important tools of development for many countries. It is obvious that industrialization affects the composition of goods that a nation can produce, which then affects what goods that nation can trade.

Main Industries of Pakistan

Pakistan has enough variety of raw material to develop various industries. The major industries of Pakistan includes textile, fertilizer, cement, sugar, iron and steel and chemical industries.



Textile Industry



Steel Industry



Sugar Industry



Cement Industry

Relation Between Industrialization, Immigration and Urbanization

Industrialization

Industrialization is the process by which an economy is transformed from an agricultural economy to an industrial-based economy. Individual manual labour is often replaced by mechanized mass production. It is a major field of human activities. In this process people change the raw material into useful finished goods through various processes by machines and tools. In order to transform raw material into finished goods, different human activities and processes are involved which are grouped as "inputs", "processes" and "outputs" to provide a system of industrial planning. The table below shows industry as a system:

Inputs	Process	Output
■ Capital (money) ■ Raw Material ■ Labour ■ Transport ■ Power	Using machines/tools to change raw material into finished goods.	Finished goods to be taken to the market to be sold in order to generate revenues.

Immigration

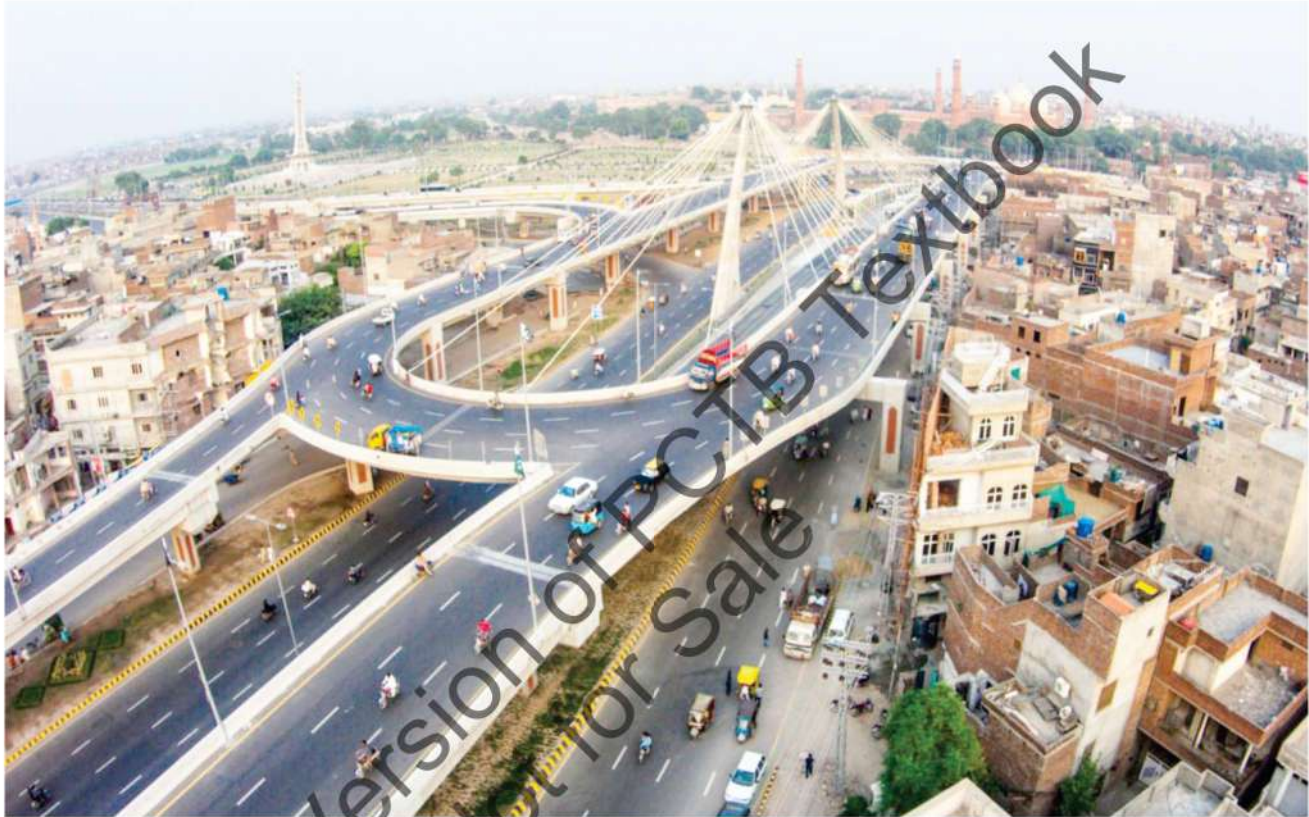
Immigration is a process through which individuals become permanent residents or citizens of another country. This is due to industrialization in which the industrial system attracts a large number of people to be employed according to their knowledge and skills. People start moving towards industrial areas to get better-paid jobs and facilities to improve their living standards. This situation causes immigration within the country, e.g. rural-urban migration, inter-provincial migration. People from Pakistan migrate to the Middle East, USA, UK, etc. They are called immigrants in other countries.



Pakistan International Airlines

Urbanization

Urbanization is the growth and development of cities. when a large number of people become permanently settled in relatively small areas forming cities. For example, a large number of people are moving from the surrounding villages to bigger cities increasing the density of population leading to agglomeration of population. Mostly industries attract people to move to these areas for better-paid jobs and better quality of life.



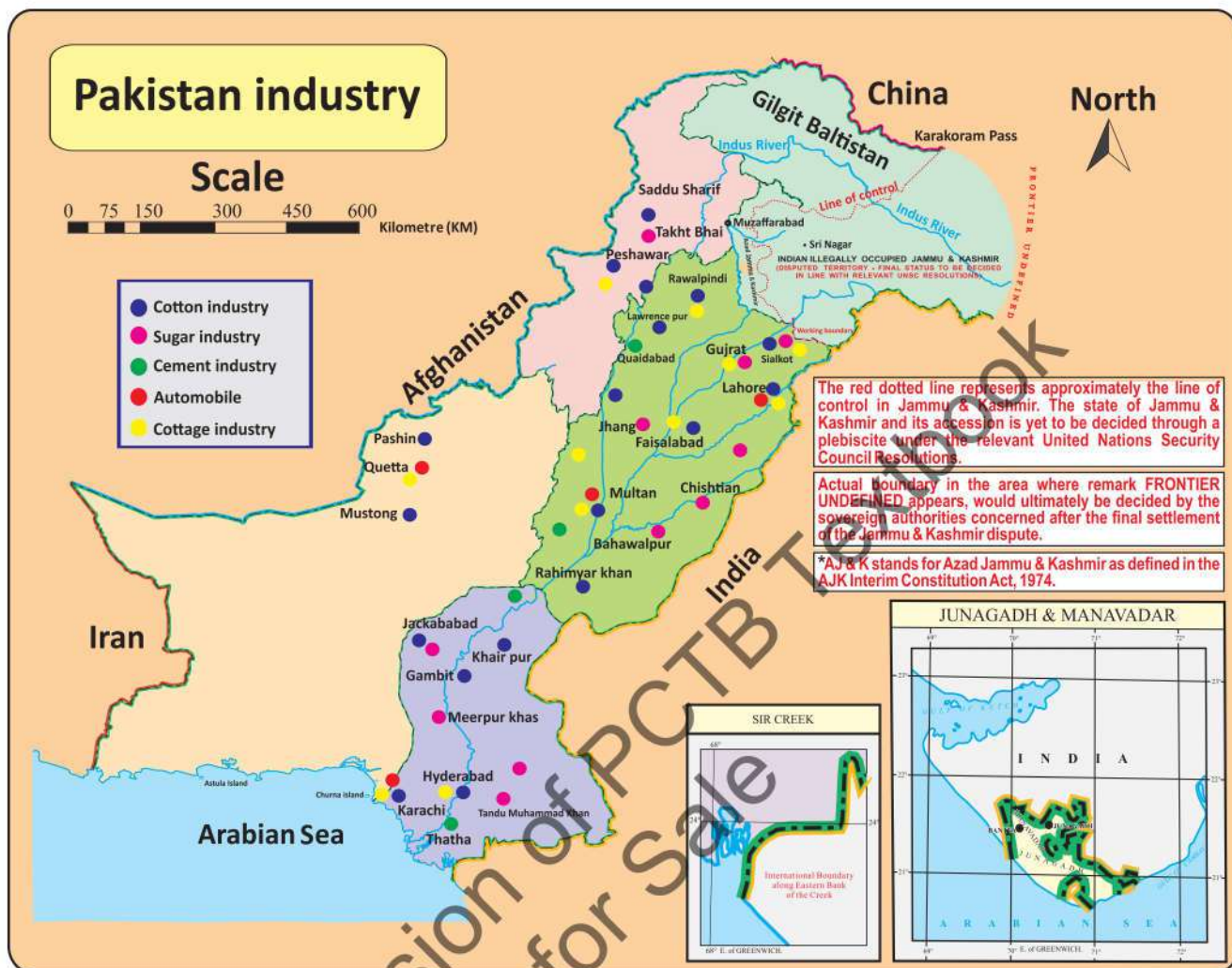
A View of Lahore City

Important Industrial Products of Pakistan

Textile Industry

The textile industry is the most important large-scale industry in Pakistan. There are more than five hundred textile mills in the country. One of the best quality cotton grows in Pakistan. The areas of Punjab and Sindh province due to availability of raw cotton, the textile industry has become an important industry in Pakistan.

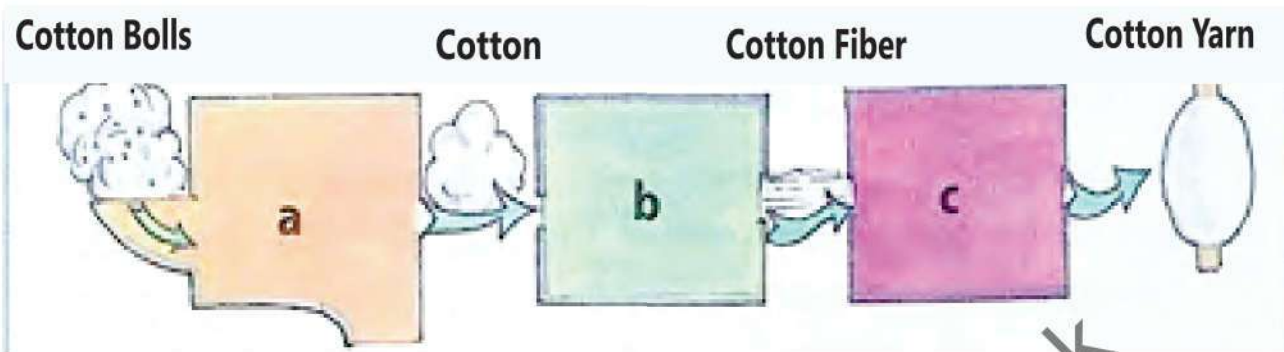
The most important manufacturing industry is cotton textiles. Half of the country's industrial workers are employed in it and about 40% of all exports are cotton products including clothing, tents, canvas, cloth, raw cotton, and yarn. Cotton is grown mainly in the Punjab and Sindh. Even the richest soils have to be fertilized to get decent cotton crops. The ripe cotton boll (the seed head) is a mass of threads 2 - 5 cm long, each fastened to a seed.



Growing and Harvesting → Ginning → Spinning → Weaving

When the cotton bolls are harvested, they go through the following processes:

- The seeds are removed from the threads in a machine called a gin. These seeds are then crushed to get their oil. The waste that is left behind is fed to the animals.
- The tangled cotton threads then go to a carding machine where spinning combs straighten out the threads.
- The combed cotton threads are then put into a drawing machine, which turns them into soft lengths of untwisted cotton, rather like cotton wool and about the size of a pencil.
- These are put through a spinning machine which twists the fibres together to make yarn or thread.
- The yarn can then be made into rolls of cloth, towels, sheets, or canvas, on a weaving machine, or can be exported to other countries.



Cotton is processed all over Pakistan but the main centres are at Karachi (by far the largest), Hyderabad and in Faisalabad. Many other smaller towns produce cotton cloth and clothing for the area around them.

That is why a variety of textiles are manufactured in the country i.e., cotton yarn, cloth, garments, bed linen, knitwear, towels, etc. This industry has a great export potential and contributes towards 60% of exports of Pakistan. Lahore, Karachi, and Faisalabad are the major centres.



Do you know?

Ginning is to separate seeds from cotton bolls.

Spinning is the processing of making yarn from raw cotton.

Weaving is the production of cloth from yarn.

Cottage Industry of Pakistan

Cottage industry is very popular in all the provinces of Pakistan. They not only provide employment to the people but also use cheap local raw material and traditional skills to make a variety of products. This group mostly uses hand tools and small machines. These industries meet the local demand, responsible rural-urban migration and contribute a sufficient ratio to the national earnings. These industries play a great role to eliminate poverty in the country.



Activity Corner!

Note the location of the cities on the map and share the reasons for the development of industries in these areas.



Leather Products

Cottage Industry

Garments

Jackets

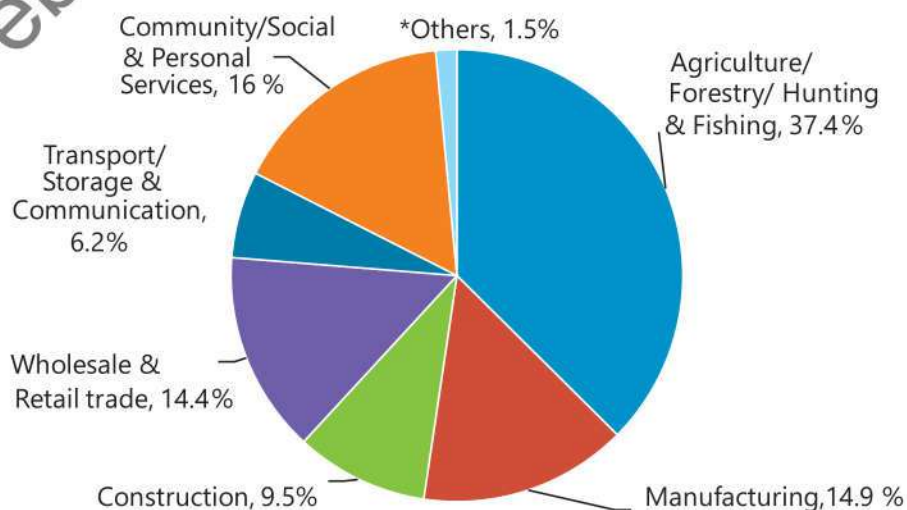
Footwears

Bags

Footballs

The significant products manufactured are handicrafts e.g., carpets, pottery, embroidery, etc. Small scale industry includes electric fans, cutlery, sports goods, leather goods, sanitary ware, ceramics etc.

Employed Distribution in Major Industry 2020-21



Major Imports and Exports of Pakistan

Trade is an exchange of import (buying) and export (selling) of goods and services between different countries.

Regulations for Trade, are laws to carry out the smooth movement of goods. There are different national and international organizations to establish standards that have to be obeyed by every country. World Trade Organization (WTO) sets the rules for the member countries to transport their goods by following their rules. Pakistan has established the Trade Development Authority of Pakistan (TDAP) to ensure rules set by WTO for the improvement and standardization of its trade goods.

Table : Pakistan's Major Exports				Percentage Share	
Commodity	2018-19	2019-20	2020-21	July-March	
				2020-21	2021-22 P
Cotton Manufactures	56.4	56.6	59.0	58.8	59.2
Leather**	3.7	3.6	3.3	3.3	3.0
Rice	9.0	10.2	8.1	8.4	7.7
Sub-Total of three Items	69.1	70.4	70.4	70.5	69.9
Other items	30.9	29.6	29.6	29.5	30.1
Total	100.0	100.0	100.0	100.0	100.0

P: Provisional, ** Leather and leather manufactured.
Source: PBS (Pakistan Bureau of Statistics)

Imports

Edible oil (for cooking), crude oil (for transport), IT related products (mobiles and computers, etc) mining and agriculture machinery, steel and iron ore, etc.



Exports

Cotton and cotton Products, fish, sports goods, leather goods, surgical instruments, carpets and handicrafts, etc.



Table : Structure of Imports

Particulars	Units	July-March Value in US\$ million		% Change in Value	July-March Quantity		% Change in Quantity
		2020-21	2021-22 (P)		2020-21	2021-22 (P)	
Total		39,489.3	58,867.6	49.1			
A. Food Groups		6,121.4	7,067.7	15.5			
Milk & Milk food	M.T	76.8	74.3	-3.3	43,675	35,796	-18.0
Wheat Un milled	M.T	938.3	795.3	-19.1	3,612,638	2,206,880	-38.9
Dry Fruits	M.T	69.7	54.0	-22.5	66,766	77,902	16.7
Tea	M.T	435.1	487.1	12.0	194,961	199,807	2.5
Spices	M.T	157.6	176.0	11.7	138,407	115,414	-16.6
Edible Oil (Soyabean and Palm)	M.T	1,909.3	2,834.0	48.4	2,516,070	2,325,117	-7.6
Sugar	M.T	127.5	190.9	49.7	279,604	311,031	11.2
Pulses	M.T	448.4	477.7	6.5	842,643	720,433	-14.5
Other Food Items		1,913.8	1,978.6	3.4			
B. Machinery Group		4,481.0	5,565.7	24.2			
Power generating Machines		1,356.1	1,235.9	-8.9			
Office Machines		332.7	464.0	39.5			
Textile Machinery		381.9	624.8	63.6			
Const. & Mining Machines		104.6	138.5	32.4			
Aircrafts, Ships and Boats		373.4	532.9	42.7			
Agriculture Machinery		66.0	90.6	37.3			
Other Machinery Items		1,866.4	2,479.1	32.8			
C. Petroleum Group		5,471.0	10,944.7	100.0			
Petroleum Products	M.T	3,447.6	7,290.0	111.4	10,439,837	12,532,860	20.0
Petroleum Crude	M.T	2,023.4	3,687.7	82.3	6,422,166	6,647,166	3.5
D. Consumer Durables		2,623.6	4,181.5	59.4			
Road Motor Vehicles		1,545.6	2,693.8	74.3			
Electric Mach. and Appliances		1,077.9	1,487.7	38.0			
E. Raw Materials		7,160.7	9,596.6	34.0			
Raw Cotton	M.T	1,032.1	1,205.5	16.8	624,945	533,871	-14.6
Synthetic Fibre	M.T	441.0	562.3	27.5	346,248	291,364	-15.9
Silk Yarn (Synth & Arti)	M.T	499.8	650.2	30.1	317,440	293,191	-7.6
Fertilizer Manufactured	M.T	440.2	675.2	53.4	1,256,943	1,231,926	-2.0
Insecticides	M.T	129.9	135.7	4.0	28,509	24,379	-14.5
Plastic Material	M.T	1,771.1	2,324.9	31.3	1,449,276	1,452,426	0.2
Iron & steel scrap	M.T	1,416.8	1,856.1	30.8	3,830,128	3,128,070	-18.3
Iron & steel	M.T	1,427.8	2,186.7	53.1	2,309,097	2,782,458	20.5
F. Telecom		1,913.7	2,125.4	11.1			
G. All Other Items		11,718.0	19,353.5	65.2			

P : Provisional

Source : PBS (Pakistan Bureau of Statistics)



Activity Corner!

Compare exports and imports of Pakistan given in the table. Identify products that are more expensive. Also highlight the reasons why our export are less and imports are more?

Challenges to Improve Revenue From Exports

Every country in the world tries to grow its exports to improve its balance of trade for economic progress. Unfortunately, Pakistan mostly imports raw material and manufactured goods. To increase its exports and to earn more foreign exchange, Pakistan should take the following measures to improve its balance of payment:

- Increase the exports of higher value-added goods.
- Improve the quality control of its exports according to international standards.
- Explore more markets for export.

- Improve the marketing system through global demand and IT solutions.
- Improve Tourism Industry.

Challenges to Reduce the Imports in Pakistan

Every country in the world tries to reduce its imports to improve its balance of trade for economic progress. Pakistan should take the following measures to improve its balance of payment:

- Needs to increase production of high value-added goods.
- Reduce the import of luxury items.
- Needs to be self-sufficient in agriculture to restrict the import of food items.
- Better training and education for the quality and quantity of its production.
- Need to control its population.



Balance of Trade

Competition with International Trade Counterparts

Pakistan has always shown good relations to its trade partners to meet their demand for the trade items.

- The basic demand for the goods is to maintain quality control to meet their expectations.
- To meet the time schedule given by the trade partners.
- Meet international standards provided by WTO to maintain quality controls.
- Maintain a better ratio of currency exchange between the trading partners.
- Trade delegations to be sent to member countries for the promotion of the trade.



Activity Corner!

Apply the understanding of exports and imports by giving a relatable examples from everyday life.

Bilateral Trade Between Pakistan and China

China is Pakistan's neighboring country and has always been a good trade partner. Karakoram highway was established by the mutual economic and technical support of both countries. Pakistan has become an important market for the mass production of cheaper goods. Pakistan exports rice, fish, carpets, and many other small items to China. China provides technical assistance to Pakistan to improve its agricultural output. Recently, CPEC has become a very important economic corridor and an excellent example of bilateral relations of both the countries. Some major projects developed by China in Pakistan are the Gwader Port, Chashma Nuclear Power Project, Taxila Heavy Mechanical Complex, and Kamra Aeronautical Complex.



Pak-China Border (Khunjrab)

Do you know?



Per capita income or total income measures the average income earned per person in a given area in a specified year. It is calculated by dividing total income by its total population. Per capita income is a national income divided by population size. For example, the per capita income of Pakistan was 1465 US dollars in 2021 CE.

Role of Science and Technology for the Industrial Development

Many countries provide financial and technical assistance to help Pakistan to improve its economy. Russia provided such assistance to establish a Steel Mill in Karachi. Canada provided similar assistance for the Nuclear Power Plant in Karachi. China has many projects on the list to improve the economy of Pakistan. Recently, through the development of software technology, Pakistan has been able to establish better marketing, media style, and distance learning. In all the provinces of Pakistan, due to the Government assistance in the field of science and technology, there has been great improvement in the industrial products to meet the challenges of the present time.



Technology



Do you know?

The sports industry of Pakistan flourished from cottage industry. Now this industry is earning major source of Foreign Exchange Reserves for Pakistan.

Justifications to Reduce Import Needs for Economic Stability

The hallmark of Pakistan's development is to reduce its loans which have emerged as a big barrier to its economic progress. The country needs to be less dependent on loans and be self-sufficient by improving the quality and quantity of its products which will be able to decrease its dependence on imports. Pakistan has a very low per capita income. Pakistan has sufficient skilled human resources which can be a big asset for the country to improve its economy. Pakistan also needs to decrease the import of many luxury items to improve its trade balance.



Activity Corner!

Explore how economic stability can help to encounter Foreign challenges?

Key Points

- Industrialization and international trade have long been regarded as the most important tools of development for many countries.
- Pakistan has enough variety of raw material to develop various industries.
- Industrialization is the process by which an economy is transformed from an agricultural economy to an industrial-based economy.
- Immigration is a process through which individuals become permanent residents or citizens of another country.
- Urbanization is the growth and development of cities when a large number of people become permanently settled in relatively small areas forming cities.
- The textile industry is the most important large-scale industry of Pakistan.
- Cottage and small-scale industries are very popular in all the provinces of Pakistan.
- Trade is an exchange of import (buying) and export (selling) of goods and services between different countries.

Exercise

1. Tick (✓) the correct answer:

- A city famous for the cotton and textile industry:
a) Faisalabad b) Lahore
c) Rawalpindi d) Sialkot
- One of the major imports of Pakistan:
a) Mineral oil b) Sports goods
c) Fruits d) Fish
- A process of separation of seeds from the cotton boll:
a) Spinning b) Ginning
c) Weaving d) None of these
- One of the major exports of Pakistan:
a) Sugar b) Textile goods
c) Cement d) Sports goods
- Physical growth of cities is called:
a) Immigration b) Urbanization
c) Industrialization d) None of these

2. Give short answers to the following questions:

- Enlist the main industries of Pakistan.
- Give three examples of small-scale industries.
- Define bilateral trade.
- Define Urbanization.

- v. Write the names of five exports of Pakistan.
- vi. Suggest two ways to reduce imports of Pakistan.

3. Give detailed answers to the following questions:

- i. Explain the role of textile industry in the development of Pakistan.
- ii. How science and technology can help in our development?
- iii. How we can increase our exports?
- iv. Explain the importance of cottage industry in Pakistan.
- v. Write a note on bilateral trade between Pakistan and China.

Learning Activities:

- Evaluate the impact of industrialization on the economy of Pakistan.
- Collect data related to technological advancements, industrialization, urbanization, and immigration and their impact on Pakistan.
- Explore the major challenges to the textile industry of Pakistan.
- Analyze the use of alternate energy for the development of the industrial sector of Pakistan.
- Analyze the role of geopolitical decisions in the development of a region.

Project For Students:

Make a chart of imports and exports of Pakistan and display it in the classroom.

Imports

Exports
