



Pakistan's "Vietnam Moment?": A Roadmap to Economic Transformation

An analysis by Zafar Masud

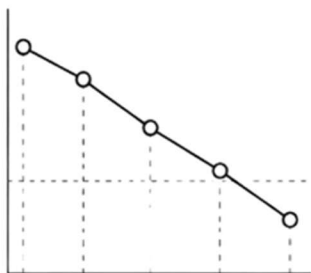
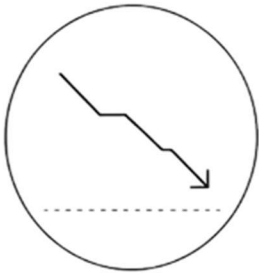
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Swipe to learn how Pakistan is positioned for a historic economic shift

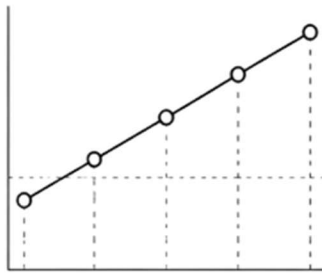
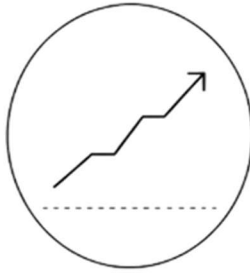
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The Baseline Success

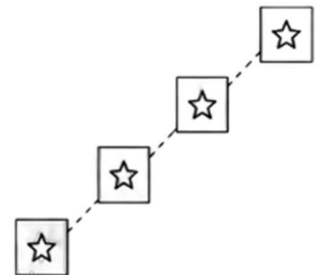
Pakistan's fiscal deficit narrowed to 5.4% of GDP.



The primary surplus rose to a historic 2.4% in FY25.

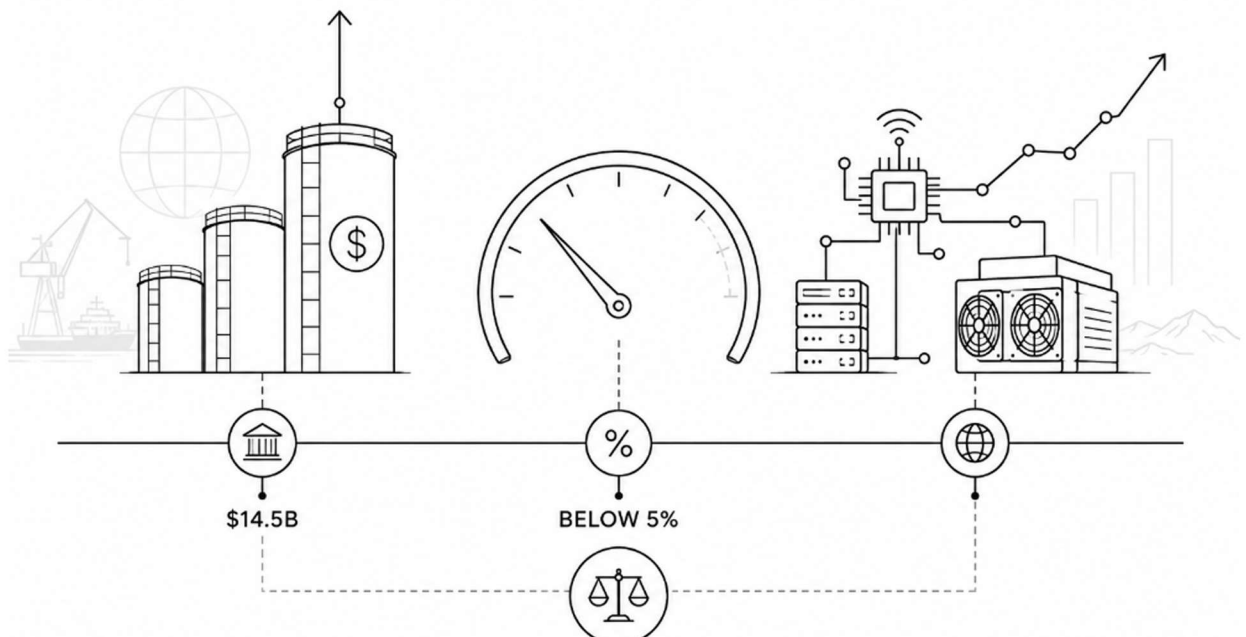


Successive sovereign rating upgrades by Fitch, S&P, and Moody's have followed.



Stabilization Signs

- National foreign exchange reserves have nearly doubled, reaching \$14.5 billion.
- Inflation has successfully **fallen below 5%**.
- International sentiment in non-traditional, export-oriented sectors like mining and IT is **highly encouraging**.

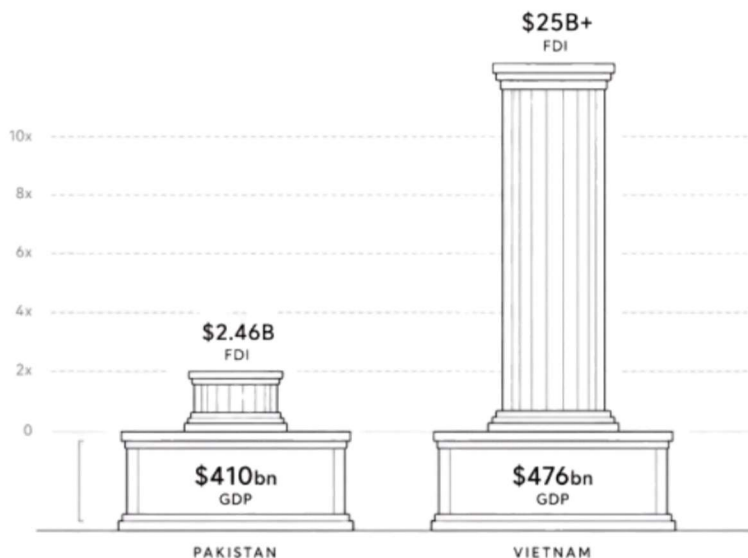


The Comparative Reality (FDI Gap)

Pakistan vs Vietnam (FY25 Comparison)

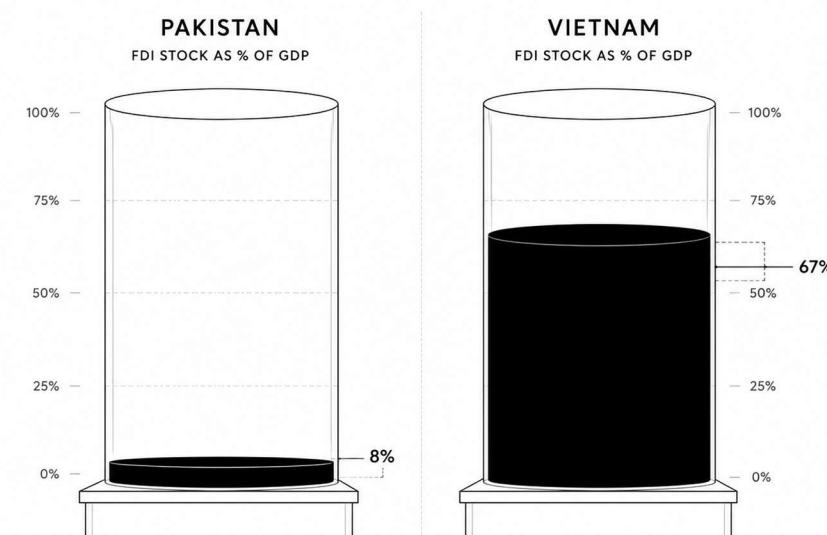
Indicator	Pakistan	Vietnam
FDI (FY25)	\$2.46bn	\$25bn+
GDP	\$410bn	\$476bn

Vietnam attracted over 10x more FDI despite having a GDP only modestly **larger than Pakistan's**.



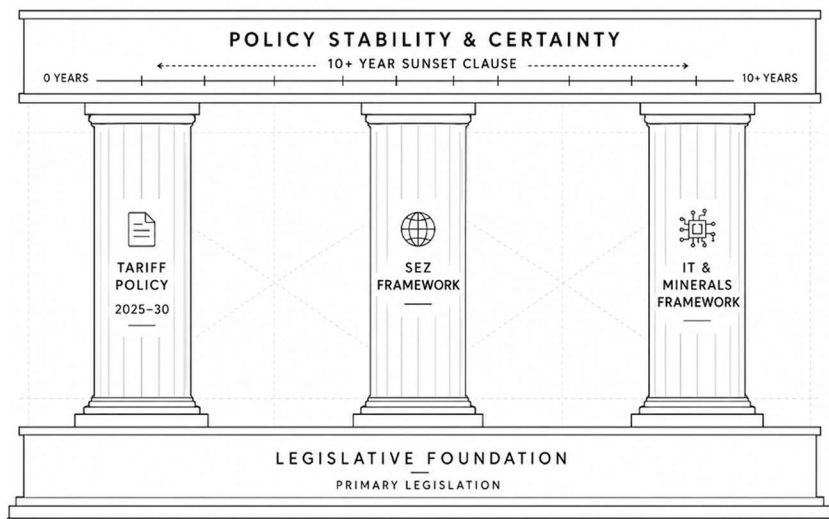
Cumulative Investment Disparity

- Vietnam's cumulative FDI stock exceeds **\$322 billion**, equivalent to **two-thirds** of its GDP.
- Pakistan's cumulative FDI stock hovers at just around **8%** of its GDP.
- Pakistan's investment-to-GDP ratio sits at roughly **13%**, compared to a regional average closer to **30%**.



Step 1 - Embedding Commitments

- To bridge this gap, Pakistan must use the newly established **Tax Policy Office** to embed core economic commitments into primary legislation.
- Policies requiring this stability include the **National Tariff Policy 2025-30**, the **SEZ framework**, and the **IT/minerals frameworks**.
- These policies must carry clear sunset clauses of no less than **10 years** to offer long-term predictability.



Step 2 - Strengthening Regulators

- True permanent investment climates are built by protecting and expanding regulatory autonomy.
- Operational independence must extend to **SECP**, **Nepra**, **Ogra**, and the **Competition Commission**.
- This is achieved through fixed tenures, transparent appointments, and clear performance mandates.



FIXED TENURES



TRANSPARENT
APPOINTMENTS



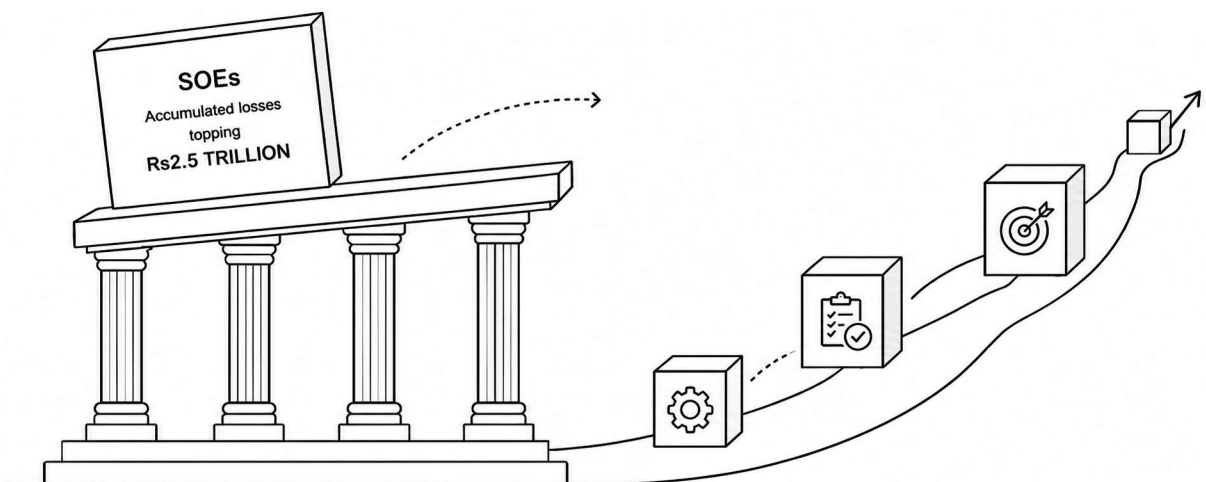
OPERATIONAL
INDEPENDENCE



CLEAR PERFORMANCE
MANDATES

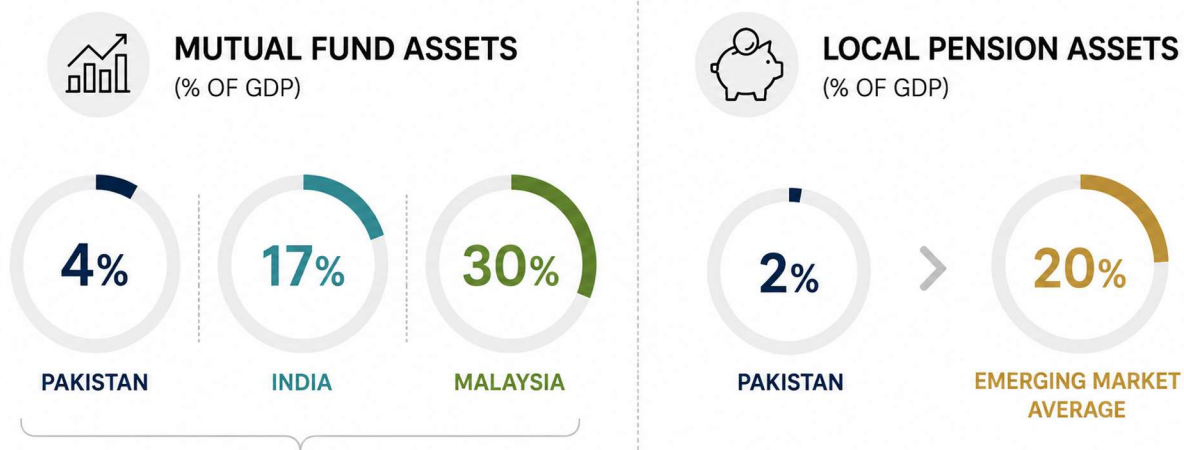
Step 3 - Privatisation & SOE Reforms

- **State-Owned Enterprises (SOEs)** absorbed accumulated losses topping **Rs2.5 trillion**.
- The solution lies in executing the privatisation and State-Owned Enterprise agenda decisively.
- Key priorities include the PIA privatisation closure, the airport outsourcing process, and a prioritized list of **27 SOEs**.



Step 4 - Building Domestic Investors

- Foreign investors take cues from local ones, making a robust domestic financial backbone essential.
- Pakistan's mutual fund industry manages assets equivalent to only 4% of GDP, compared to 17% in India and 30% in Malaysia.
- Local pension assets remain below 2% of GDP, far below the emerging market average of 20%.

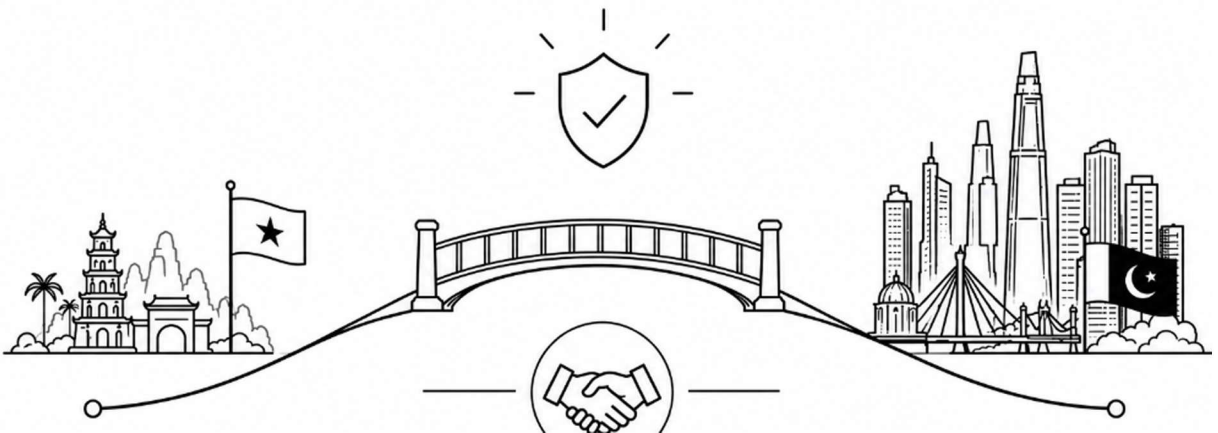


The Ultimate Catalyst: Conviction

- In 1990, Vietnam was **poorer than Pakistan**; today, its per capita income is more than **double Pakistan's**.
- The fundamental differentiator is not capital, but conviction sustained over time.

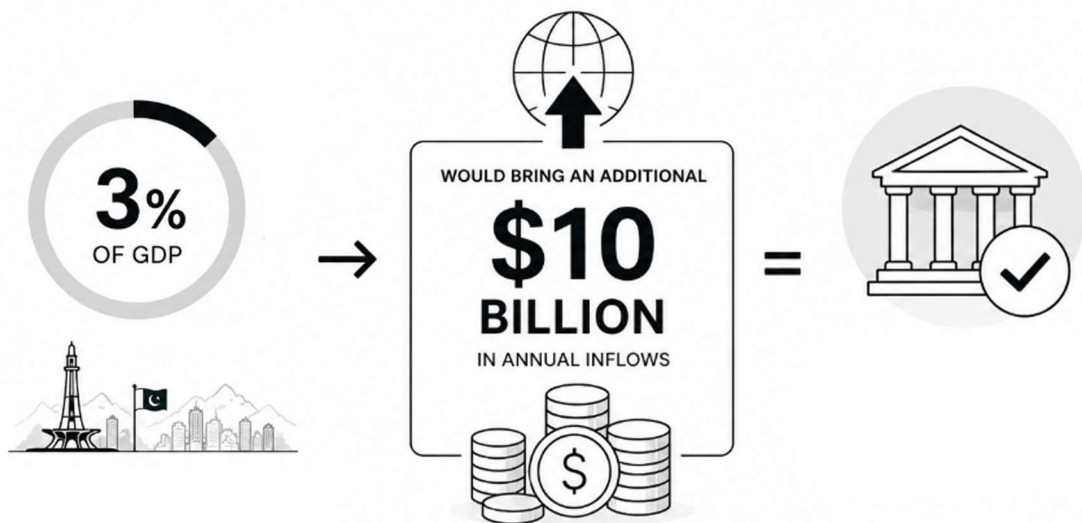
Building credibility requires completely narrowing the

- gap between what is announced and what is delivered.



The Economic Payoff

- These specific institutional and legislative reforms are fiscally light and require **no revenue loosening**.
- Lifting Pakistan's FDI to even 3% of GDP (half of Vietnam's ratio) would bring an additional \$10 billion in annual inflows.
- This sum is more than the entire current **IMF EFF disbursement**.



Can Pakistan match Vietnam's policy continuity to secure sustainable growth?
Share your thoughts in the comments below!



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