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AMERICAN EXPRESS

In the establishment of Packages Limited, the Chartered Bank of India, Australia & China, as it was called in 1956, played an important role in terms of providing finance to my family as shareholders in Packages Limited. Once Packages was operating successfully in 1965, we decided to go public to raise funds for the paper and board mill. Chartered Bank not only provided us resources but also took equity shares by underwriting the public offering. In the early 1970s, the Chartered Bank went through some internal re-organisation and reduced their interest in Pakistan. Subsequently they decided to bow out of their business with us, including disposal of their shares, which we were happy to buy.

During our relationship with Chartered Bank, I was approached repeatedly by American Express Bank. I explained our loyalty to Chartered, who had been very supportive of us throughout. When Chartered exited, I offered our business to American Express, which they happily took over. In the following years, as our business developed successfully, American Express profited from and enjoyed this relationship. American Express's Chairman, Howard Clarke, and his deputy, Jim Robinson, visited Pakistan and they were very pleased with their relationship with us and my personal contact with them. I got on very well with Jim, who was from a very old Atlanta family, some of whom had been founder members of Coca-Cola Company. In 1969, we were attending meetings of the Conference Board²⁸ in San Francisco when he asked me to be his Advisor in Pakistan. I said, 'OK Jim but I am not going to tell you how good the Company is. I will only tell you about its weaknesses.' He replied, 'The reason why I am asking you is because you need to tell me when my fly is open, not to tell me how well I'm dressed.'

This was a new opportunity for me to work with an independent company in Pakistan, in which I had no financial investment but in which I could learn and at the same time, share my ideas as to how their business in this country could grow. In the 1970s and 1980s, I was regularly visiting New York in connection with my work with the United Nations Commission on Transnational Corporations and I took the opportunity of visiting the American Express head office, to meet with their senior management. This relationship continued very cordially.

American Express Company went through major changes. Jim Robinson succeeded Howard Clarke as the Chairman of the Company but stayed only for a few years. With Jim Robinson's departure, the interest of American Express Company in investment banking as well as their Bank declined drastically. In 1998, I decided that I should retire from my advisorship as American Express's commitment to Pakistan was waning. I worked very closely with the senior management of American Express Bank throughout my advisorship and even today, though there is no official connection, my contact with the Bank and the Company is close and warm.

HOECHST PAKISTAN LIMITED

When Pakistan had just been created a very dear friend of mine, Sonny Habibullah was working at the Pakistan High Commission in London. I was on my way back from America and he said, 'In Pakistan there will be a great need for industrial chemicals. Why don't you go to Germany and visit some of the chemical companies which are re-starting'. In those days, you could not go to Occupied Europe, especially Occupied Germany, without a

²⁸ A forum for Business leaders

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1970: Foundation laying ceremony of Hoechst Pakistan (now Sanofi Aventis Pakistan Limited) L to R: Uwe Weimann, Pir Ali Gobar, Syed Babar Ali, Prof. Sammet (Chairman, Hoechst A.G.), Dominik von Winterfeldt, Karl-Heinz Gross, Top L to R : Dr. Seyfried and Dr. -Ing. Siegfried Lenz

visa from the British government. Sonny Habibullah arranged a visa for me and I took a train from London to Harwich, where I took a boat to Hoek van Holland and from there, I took a train for Amsterdam then onwards into Germany. Although the train was comfortable, it was a very depressing journey because, like London, Germany was totally devastated. The train passed through ruined cities and I especially remember when we arrived in Frankfurt, it was evening and you could only see the steel structure of the station; the whole building had been destroyed. There was no electricity and the guard and other railway staff had lamps hanging around their necks, with which they examined the tickets of the passengers.

It was very dark and grim, and I stayed in a hotel run for American staff and soldiers, where I paid two dollars a day. On the train, you asked people what they did and they told you, 'I do black marketeering.' Coffee and cigarettes acted as currency – they were the Reich Mark and they calculated that a pound of coffee would buy so much meat or cigarettes or whatever. I remember sitting in a train with small compartments, with three people sitting on each side. I had some chocolate, which I offered to the Germans with me, but they would not take any because of their honour and dignity.

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2015: Sanofi Aventis in Korangi, Karachi

At that time, I visited the Hoechst factory near Frankfurt, which was partly destroyed but slowly coming back to life. I was too young to talk about business but I mentioned to people that I was from Pakistan and needed some contacts. Little did I know in 1947 that 22 years later, Hoechst and I would be partners in their chemical plant in Karachi under the aegis of Hoechst Pakistan Limited, with me as its Chairman.

The very rewarding experience that I had with my joint venture with A&R encouraged me to seek out foreign partners who had already established themselves in the competitive world outside Pakistan. Hoechst was one of the larger chemical giants that emerged from the breaking up of the German chemical conglomerate, I.G. Farben after the Second World War. Hoechst aggressively took to setting up companies outside Germany and this initiative was led by Mr. Kurt Lanz, the senior director of the Central Board of Hoechst. I was fortunate enough to get to know him rather well and visited him in Frankfurt every year till he retired from the Company.

Hoechst had a pharmaceutical operation in what was then East Pakistan and wanted a base in West Pakistan. When they were looking for a local partner in 1971, they asked Fergusons, the Auditors, for recommendations. Fergusons asked me if I would like to meet them and I said I would. It was to be a private limited company and I readily accepted an equity share of 20%. They sent a lawyer and I remember he very hesitatingly said, 'Mr. Babar Ali, we would like to make an agreement with you.' He gave me the contract and there was a clause that read

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(paraphrased) 'If Mr. Babar Ali dies, Hoechst has the right to buy his shares.' I said this was not fair at all and not acceptable to me. First of all, they should cut out 'if' and put in 'when' regarding my death. I said, 'This clause will deprive my family. They will not only lose their father but also their shares in Hoechst! Why cannot my family inherit my shares?' Hoechst accepted that this was reasonable. The company was set up and the main plant was built in the then new industrial estate in Korangi.

In 1999, Hoechst went through a big transformation. They sold off their chemical operation to Clariant, the Swiss company. Their Crop Science business merged with Bayer A.G.'s pharmaceutical company Rhone-Poulenc, becoming Aventis, with the headquarters moved from Frankfurt to Strasbourg. Aventis then bid for the French pharmaceutical company Sanofi but the French did a reverse buy out! The French government didn't allow Sanofi to be sold because the Louis Pasteur Institute was a part of Sanofi and they felt that this made it the world's Mecca of vaccines. The French government, therefore, provided support to Sanofi to buy out Aventis, becoming Sanofi-Aventis in 2004. Consequently, in Pakistan the original Hoechst Pakistan Limited has ended up as Sanofi Aventis Pakistan Limited, only concentrating on the pharmaceutical business, while the crop science business became Bayer CropScience Pakistan Limited. As I had 20% equity in the original Hoechst Pakistan Limited, we ended up with slightly less equity in the merged Sanofi Aventis Pakistan Limited and a similar proportion in Bayer CropScience Pakistan Limited.

Mr. Dominik von Winterfeldt was the first Managing Director of Hoechst Pakistan and I have enjoyed his friendship to this day. After his transfer from Pakistan, he eventually became the head of Hoechst in the U.K. and some years later he retired to start a head-hunting company in Germany. Aventis Pakistan is now Sanofi Aventis and its shares, traded on the Karachi Stock Exchange, are much sought after.

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1998: Alumni get together of Advanced Management Program Harvard Business School, 1973

ADVANCED MANAGEMENT PROGRAM AT HARVARD

Irshad Hussain's wife was an American from Boston and every three years he used to go on vacation to the United States with his family. He was an alumnus of Harvard and he had spoken to me of the Advanced Management Program offered at the Harvard Business School and suggested that I should participate in it. I applied and was admitted to the Program for the 65th Session, from early February 1973 for 13 weeks. It was a very exhilarating and useful experience to be once again in the academic environment among 160 top executives, mostly from the United States. The 160 participants were divided into groups of eight and each was called a CAN. In each CAN, the members were of the same age but with different business backgrounds, and there were at least two non-Americans. In our CAN, No. 13, we had Robert Kilpatrick who later became the head of the AETNA Insurance Company; Eric Whittle, who rose to be No. 1 in Lloyds Bank, U.K.; Chuck Carter, Director Finance, Kraft Company; Dave Heerwagen, a Captain in the US Navy; Durf Durfee, Director Technical, Starch Company; Douglas Moorhead, an engineer, who owned a consulting company, and Lennart Rosenblatt, who was manager of the Grace Chemical Plant in Boston.

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Outside our CAN, I got to know a number of people with whom my acquaintance blossomed into deep friendship. Among them was Gopalkrishna Singhania of the J.K. Singhania family in India, who was among the top industrialists in that country. He unfortunately died suddenly around 1980. I also got to know Bill Kiser, who later became the Chairman of the Board of the Cleveland Clinic, which is among the best-known health-care centres in the United States. Because of Bill, my family and I have visited Cleveland several times for our annual check up and also for my first major medical treatment, surgery for Dupitrand tendon on my right hand, done there in March 1987.

At Harvard, we lived together under the same roof for thirteen weeks. I had never been in a boarding house before and this was a unique experience for me, enabling me to make such deep friends even over a short period of three months, friendships that have been warmly maintained since then. A special type of comradeship developed and one was able to get an insight into the thinking and behaviour of people who ran successful companies. Interaction with the senior faculty at the Harvard Business School was also a very rewarding experience. My stay, though brief, markedly changed my attitude and outlook towards management. I have been able to do much more following the AMP at Harvard than in all the previous 25 years.

NATIONAL FERTILIZER CORPORATION

In early January 1973, I met my friend Mr. A.R. Faridi in Lahore. He was married to the sister of Sonny Habibullah and Ishaat Habibullah, whom I had known ever since Partition. Faridi had retired from Burmah Shell after serving as its chief executive officer and had joined the public sector as Chairman of Pakistan Industrial Development Corporation (PIDC). Faridi asked me for advice about possible directors of the Multan fertilizer company. I suggested names of prominent persons from the Multan Division, who primarily came from the landed gentry.

A few days later, I had a telephone call from Mr. Alauddin Ahmed, Additional Secretary, Ministry of Production, Government of Pakistan, Islamabad, asking me if I was agreeable to becoming the Chairman of the National Fertilizer Corporation (NFC). On enquiring whether I could take this office in addition to my responsibilities as Managing Director of Packages Limited, he said that the Chairman's job was full time and that I would not be able to do anything else. I requested him not to take any action until I saw him in Islamabad the next day. When I met him, he explained to me that NFC was to be carved out of the PIDC and that it would require my total devotion. I was not prepared for such a switch-over, especially as Packages had just lost my two closest colleagues, Hans Hallen to Sweden and Irshad Hussain to the UN. He asked me to see the Secretary of the Ministry, Mr. Shaukat Buksh Awan, to whom I reiterated my reluctance. Mr. Awan, whom I had known for many years and who was a very kind friend of the family, pleaded with me not to say, "No", and a few minutes later I was ushered into the presence of Mr. J.A. Rahim, the Minister for Production. Mr. Rahim had been the Secretary-General of the People's Party and was a senior Minister in Mr. Bhutto's Cabinet. I walked into Mr. Rahim's office at one minute past twelve. I greeted him with "Assalam-o-Alaikum", and he answered back "Good afternoon"! I explained to Mr. Rahim that I was very honoured by this offer but that, as it had been very sudden, I required some time to think it over. He told me that Prime Minister Bhutto had given his approval of my appointment and in case I was not available, the Prime Minister would have to be informed.

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Awan Sahib suggested that I should also go and meet with Mr. Vaqar Ahmed, the Establishment Secretary. I knew Vaqar very well. He was a close 'chaila' of Mr. S.A. Hasnie, Former Governor of the State Bank, and he had also worked with Bhai Amjad when he was Chairman of Investment Promotion Bureau. I visited Vaqar Ahmed in his office in Rawalpindi. He said, 'My advice to you is not to say "NO". Your name has been approved by Mr. Bhutto. In the current circumstances, if you decline, you will stand out like a sore thumb.' I returned to Lahore to consult my brothers. Five of our companies (Ali Automobiles Limited, Wazir Ali Engineering Limited, Wazir Ali Industries Limited, Treet Corporation, and the life insurance business of International General Insurance Company Limited) had been nationalized after Mr. Zulfikar Ali Bhutto won the 1970 elections on the slogan, 'roti, kapra aur makaan' which promised, 'food, clothing and shelter for all Pakistanis'. It was a part of his Party's manifesto to nationalize many private industries, so their advice was 'Look, it's very simple. With any old excuse, Bhutto will nationalize Packages too. The question is whether you get nationalized or Packages Limited!' I said, 'In that case, I will accept the appointment.'

I went back to Islamabad and informed Mr. Awan that I was ready to take on the responsibility. My first question to him was who would call the shots in the Corporation and he said that it would be me. I then asked him where the headquarters would be and he said that the Minister's wish was that these should be in Karachi, but that it was up to me. He accepted my suggestion that the headquarters be in Lahore. I then said that I would be able to start work after three weeks because I wanted to go to Europe to explain to our Swedish partners why I had to vacate the Managing Directorship of Packages.

Once I had agreed to join the public sector, I called in my senior colleagues at Packages and disclosed to them that I would be leaving them in the next few days. I told them that we had worked together for over twenty years, there was nothing more for me to tell them and I was confident that they would continue to take Packages to newer heights without me. I then talked to my senior-most colleague, Tariq Hamid, who was the General Manager, and I told him that there was only one important thing for a Number One in an organisation and that was self-discipline and self-restraint; I told him that there would be nobody to check him, but he himself! This is all the advice I gave him. When I came back after nearly four years, I found that he had fully justified my faith and confidence in him.

I was totally unfamiliar with the fertilizer industry. Taking advantage of my connection with Hoechst, I asked them to arrange an orientation programme during my visit to Europe in January 1974. Before leaving for Europe, I made quick visits to Multan and Daudkhel to see the two large fertilizer factories that were a part of the PIDC and which were now to form the core of the National Fertilizer Corporation (NFC). Hoechst then briefed me about the fundamentals of the industry.

During my visit to Sweden, our associates were able to see the logic of my decision to join the public sector. Mr. Ruben Rausing asked me what philosophy the Government of Pakistan was following regarding the management of the public sector industries and I told him that a team from our public sector had visited Italy to study the Italian State-owned companies and they were following that pattern. His curt reply was, 'Why has your Government chosen the worst example to follow?' I returned to Lahore in early February 1974 and presented myself at the PIDC

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office in Dayal Singh Mansion on the Mall, Lahore, where I was received with utmost courtesy as Chairman of NFC. Mr. Saeeduddin was the PIDC representative in Lahore and he was to be my friend and guide for years to come.

I started my work as Chairman of the National Fertilizer Corporation on February 1, 1974, and spent three and a half years in the post. The Government was very supportive of what I did. I think it was known to them that I did not want the job but that it had been forced on me. However, once I was there, I was 100% devoted to it and, although I was based in Lahore, I visited Packages only once during the three and a half years that I served NFC. That was my commitment to my job at NFC!

We were given \$500 million by Mr. Bhutto's Government to put up new manufacturing facilities and I had to take major decisions about spending that money and the appointment of suppliers and contractors. There was never any interference. We instituted a procedure for competitive bidding and evaluation. We also followed the protocol of the Government when appointing contractors and in every case the Government accepted our recommendations.

I inherited a fertilizer industry that was already in the public sector as a part of PIDC (Pakistan Industrial Development Corporation). It was taken out and transferred to the NFC, a new Corporation. Very soon, I discovered that most of the people working in PIDC and in the fertilizer industry were competent. Here, I give credit to Mr. G. Faruque who had originally set up PIDC; the people he had recruited and trained were quite motivated. There was hardly anybody that we wanted to get rid of except people at the bottom where there were some cases of corruption. By and large, my impression was very positive.

My first task was to visit the four factories that formed the National Fertilizer Corporation. These were at Multan, Daudkhel, Lyallpur (now Faisalabad), and Jaranwala. These factories, from the first generation of fertilizer plants, could only produce a fraction of Pakistan's requirements. The newer plants were in the private sector – the Exxon plant at Daharki and the Dawood Hercules plant in Sheikhpura. These two factories were more modern and had larger outputs.

I first had to understand what the four plants of NFC were doing and get to know the people engaged in their operation. The Government had already decided that the Multan plant was to be enlarged manyfolds by installing a large Ammonia and Nitric Acid facility to manufacture additional quantities of Urea, Ammonium Nitrate, and Nitrophosphate. The contract for the engineering of these plants had already been awarded to Kellogg, from the US, and to Udhe of Germany, and the Managing Director for the plant, Mr. Amanullah Lone, had already been selected. Mr. Lone had been Number 2 in Sui Northern Gas Company, another public sector organisation. I was asked to go to Washington along with Mr. Lone and Secretary Economic Affairs to negotiate a loan with the World Bank for the financing of the Multan plant. This we were able to accomplish during a week's stay in Washington.

The main task then was to arrange for the procurement of the equipment, which had to be done in collaboration with our engineering contractors who were responsible for the specification of the equipment and for its procurement. On Mr. Saeeduddin's advice, I selected Mr. I.A. Sherwani, who was then in charge of the Daudkhel plant, to be

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based in the UK and to be responsible for all purchases from abroad for our Multan plant. Later on, when we were to purchase material from abroad for the Mirpur Mathelo plant, Mr. Sherwani was again responsible, and procured it in a very competent manner. The pre-qualified vendors were asked to submit their offers in two envelopes; in one were the technical specifications and in the other the price quotation. Sherwani and the engineering contractors opened the technical offer first and only the price envelopes of those vendors were opened whose technical offer was up to specifications. The contract was awarded to the lowest bidder. The opening of the tender was done in the presence of the vendors' representatives. If any of the tenderers had a complaint of unfair dealings by Sherwani, he was at liberty to bring it to my notice as the Chairman of NFC. In all, Mr. Sherwani made purchases for the Corporation of over 200 million dollars and there was only ONE complaint, and that too from a vendor whose quotation was not up to specifications! Mr. Sherwani's contribution to NFC was invaluable. It was a great loss to the Corporation when he died suddenly of heart failure while serving as Managing Director of the Pak Saudi plant at Mirpur Mathelo.

MEETINGS IN ISLAMABAD

I had been at the National Fertilizer Corporation for about a month when one morning I heard that Mr. J.A. Rahim had been dismissed as Minister and Mr. Rafi Raza had been appointed in his place. All the Chairmen of the Corporations under the Ministry for Production were summoned to Islamabad and were introduced to the new minister. I met him for the first time, though I had heard of him for many months, as he was one of Mr. Bhutto's close associates and was his Special Assistant. The meeting was purely introductory. When we recessed, most of the Chairmen then drove to Mr. Rahim's house to pay our respects to him. He had attended a dinner party the previous evening at the Prime Minister's house and while the Cabinet was in session, the dinner guests were kept waiting for some hours; Mr. Rahim, who was an elderly person, went home rather annoyed, having made some derogatory remarks that were reported to the Prime Minister, who then announced at the dinner that Mr. Rahim had been dismissed. At this, some of the guests unashamedly clapped and rejoiced. The FSF (Federal Security Force) raided Mr. Rahim's house, beat him up, and took him to the Police Station, from where he was rescued by Dr. Mubashir Hassan in the middle of the night and brought home. When we saw Mr. Rahim, he was lying in bed, all bruised. His sole attendant was his son, Sikandar Rahim, who was then serving in the Planning Commission. I told Sikandar that if ever Mr. Rahim came to Lahore I would take care of him as his host. The next day, I met Mr. Rafi Raza²⁹ and informed him what I had told Sikandar Rahim, and he said to me that I had done well. Mr. Rahim never came to Lahore. I also informed Mr. Rafi Raza that I had joined the National Fertilizer Corporation not out of choice but at the invitation of the Government and that I would be available for no longer than three years as I was keen to return to the private sector. From my first meeting with him, I received the utmost courtesy from him.

The next day, all the Chairmen who were then in Islamabad were summoned to the Prime Minister's office in

²⁹ I became very close to Rafi Raza. During the elections of 1977, we were flying in a WAPDA plane to Multan and he told me that the President had put him in charge of the Election Cell. I said 'He has put you in a job where you cannot do right; these are your marching orders!' Rafi Raza later recorded my comments in his book. I had said the same thing to General Yaqub Khan when he heard that he had been posted as the GOC of East Pakistan. He was in London, at the Imperial Defence College, and I remember I had just come back after watching tennis at Wimbledon; we had dinner together and he said he had received the orders for the posting. I said, 'Jacob Mian, that is the end of your military career because you cannot come out of East Pakistan as a hero!'

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Rawalpindi. His table was at the head, opposite the entrance door to the room, on an elevated platform; thus the top of his table was two feet higher than the long table in front of him, around which we sat. On one side were Mr. Rafi Raza, the new Minister, Secretary A.B. Awan, senior officers of the Ministry and senior members of the Board of Industrial Management (BIM), whose Vice Chairman was Mr. Feroze Qaiser. On the opposite side sat the Chairmen. Each one of us was asked to introduce ourselves and to say a few words about the Corporation we were managing. When my turn came, Mr. Bhutto saved me from introducing myself by addressing me and asking me to tell him about the National Fertilizer Corporation. I had taken over only a few weeks earlier and I submitted to him that I was just learning about the Corporation and the main task given to me was to establish new plant facilities. Mr. Bhutto had been informed of the liberties that some of the Chairmen had taken as a result of Mr. Rahim's lax control and he read the 'Riot Act' to us, saying that Mr. Rafi Raza was too clever to allow any of the tricks that had been played on his predecessor. As I was utterly new to the situation, these words were not addressed to me.

The Chairman of the PIDC, Mr. A.H.A. Qazi, talking about his work, mentioned that the PIDC was looking at a paper project for Sind and that it had not been decided whether the plant should be located at Larkana or elsewhere. At the mention of the word 'Larkana', Mr. Bhutto perked up and asked who their consultant was. Dr. Shahnawaz, advisor to PIDC, was present so the Prime Minister asked him where the paper mill should be located and Doctor Sahib's immediate response was, "Wherever you like, Sir"! This was an MIT Ph.D. talking! I was not aware of the protocol of the Prime Minister's meetings: the practice was that you only opened your mouth when he asked you a question. As I had past experience of the paper industry, I put up my hand and when the Prime Minister asked me what I had to say, I told him that a large sized paper plant would cost at least 100 million dollars and Pakistan could only afford a paper mill once every four or five years. Therefore, the location of such a large investment should be based on technical and economic considerations alone. Though the Prime Minister said he agreed with me, I knew he did not appreciate my interjection and some years later, Mr. Rafi Raza told me that one day the Prime Minister asked him, "How is that clever man Babar Ali doing?" He had not forgotten my interjection!

Mr. Bhutto was very hard-working. The above meeting of the Chairmen of the public corporations at his Rawalpindi office started at 10 in the morning and finished at 5 in the evening. Incidentally, the cups in which we were served tea were 'Pakpor' while his tea was served in imported china!

As far as I was concerned, Prime Minister Zulfiqar Ali Bhutto³⁰ treated me well. He knew I did not want the job in his Government and therefore he took no liberties with me. I never had a telephone call from him recommending anyone to be given a job or to ask me to purchase materials from a particular source. This is despite the fact that I spent US\$500 million of Government money on new plants during the nearly four years that I was at NFC and these were big contracts.

BUILDING THE TEAM

Back in Lahore, we soon found that the office accommodation at the Dayal Singh Mansion on the Mall was not sufficient. We were lucky to get a whole wing on the Second Floor in the Alfalah Building which had been

³⁰ See pages 226, 227 for more on Bhutto

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vacated by USAID and from then on that was the Head Office of NFC. We were expanding so I started collecting senior staff to support me. I was able to persuade Mr. Aftab Ahmed, who was then the Plant Manager at Dawood Hercules to join the National Fertilizer Corporation as General Manager (Technical). Also, there were people in the Ministry in Islamabad who wanted to transfer to Lahore. They were competent so I took them under my wings. Javed Talat was one of them – he was a Joint Secretary in the Ministry for Production. He was from Lahore and his background was in finance. He had already maneuvered a scholarship for himself through the Asia Foundation to go to Harvard Business School. As I had attended the Programme the previous year, I readily agreed to let him go. I asked him about his successor and he suggested the name of my cousin, Fakir Aijazuddin. Aijaz was then working in the public sector, in the Tractor Corporation. Although he was related to me, I did not know him professionally. While Javed was away for three and a half months, Aijaz, who was a Chartered Accountant, took care of the job. When Javed Talat came back to his job, Aijaz was Acting Finance Director. One of the first things Javed wanted was to have Aijaz removed. I said, ‘Aijaz is doing very well, why don’t you use him?’ But Javed felt that Aijaz was a threat to him. I called up Awan Sahib and I said, ‘Javed Talat has come back and wants Aijazuddin removed.’ Meanwhile, Aijaz had been working well with me and he often went to make presentations at the Ministry, where he had made a good impression. Awan Sahib said, ‘Don’t worry, I will take care of Javed Talat.’ A great facility in the Government is that a man can easily be promoted and transferred to a better post! Javed was made the Managing Director at Ittehad Chemicals.

The only person I took with me from Packages was Ashfaq Hussain, my Personal Assistant. He later became a General Manager at NFC. After leaving NFC, his contacts in the public and private sectors served him well. He has been supplying machinery parts to power companies. His two sons, both engineers, went into the indenting business and the family has done very well.

OPERATIONS

Our object in the NFC was firstly to optimise the production of the existing plants and to improve their working, and secondly to install two new plants, one at Multan and the other at Mirpur Mathelo, as quickly as possible. Both sites had been selected already. Multan already had a factory; the new plant was to overshadow the earlier plant and new infrastructure facilities were to be developed there. Amanullah Lone had an opportunity to become the Head of Sui Northern Gas Company and, as the activity at Multan had not started yet, I was able to release him. In his place, Mr. Saeeduddin was appointed as the Managing Director. The plans for the housing and the civil works for the plant were prepared very speedily and contracts were awarded to a number of Pakistani builders so that the work could simultaneously proceed on all fronts. Mr. Zahoor Ahmed Khan was the Plant Manager at Multan and under his stewardship the construction work at the site proceeded at the utmost speed. The machinery arrived in time, and its installation was undertaken. The plant, including local costs, was estimated at around 100 million dollars but within six months of the start of the activity, we found that there would be an over-run of 20 million dollars. The Government of Abu Dhabi had already agreed to participate in the Multan plant so I was asked to go to Abu Dhabi to persuade the Government to provide an additional 20 million dollars equity to make up the shortfall. I had sent Mr. Saeeduddin earlier to prepare the ground for my visit and I went to Abu Dhabi with a falcon as a gift for Sheikh Tahnun who was the Head of Abu Dhabi National Oil Company (ADNOC), through which the investment was made in our plant. I also took with me some kilos of ‘halva’ for the Sheikh and when I was finally

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1974: Sheikb Tabnun Al-Nabhan, Chairman, Abu Dhabi National Oil Company (ADNOC) signing the contract in Abu Dhabi

ushered into his presence, he spent 10 minutes looking at the falcon, 5 in eating the 'halva' and two to decide that he would invest another 20 million dollars in our project!

The Mirpur Mathelo project was a more interesting challenge because, other than the site selection, no other work had been done. We had to do everything from arranging the financing and selecting the engineering contractor through to completion. The Government arranged for me and the Secretary Economic Affairs Division to go to Riyadh for funding and negotiate with Saudi Fund for Development. Once that was secured, we were asked to make a presentation to the Government with our recommendation as to the selection of the engineering contractor. Crousot-Loire, the French company who had supplied the machinery earlier for the Multan project established in the 1950s, had performed below expectations but were keen to get the order for the Mirpur Mathelo plant. The Crousot-Loire agent was Mr. Andre Moutzoppulus who was a close friend of Mr. Bhutto and looked after him in Paris when Mr. Bhutto was in exile after he had left Field Marshal Ayub Khan's Cabinet. Andre lost no opportunity to take advantage of Mr. Bhutto's Prime Minister-ship and visited him very frequently in Pakistan. He

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even accompanied him to China to be introduced to the Chinese Government as a supplier of French arms. I had known Andre from my days in Karachi in the 1950s, when he lived there as owner of the Andrew Paint Company. At that time, Andre was married to a Greek girl. Later on, he divorced her and married a very beautiful French woman. He lost no opportunity to join the social circles of the 'Power Centres' of Government decision-makers in Pakistan. He very soon represented most of the important French suppliers to Pakistan, including the arms manufacturers. Andre had, however, moved his base to Paris many years before Mr. Bhutto came to power in 1972.

My predecessor as Chairman PIDC (when the fertilizer industry was a part of it) had given a letter of intent to say that when we establish the Mirpur Mathelo plant, Crousot-Loire would be given first preference for the supply of equipment. When I took over the National Fertilizer Corporation, I was told by my technical people that the Crousot-Loire equipment had given them nothing but headaches, and it was a can of worms as far as technology was concerned. When we were evaluating which technology we should have, another two main suppliers or designers were being considered – one was Kellogg's, the famous American company, and the other was Snam-Progetti, an Italian based company. I sent a team of our top factory engineers to visit plants designed by Kellogg, Snam-Progetti and Crousot-Loire. They unanimously recommended the Snam-Progetti design because its technology was better and it worked well. My Minister, Rafi Raza, asked me which plant we were putting up. I said, 'We are deciding between Kellogg's and Snam-Progetti, but I can tell you that we will not acquire the plant from Crousot-Loire because it gave much trouble in Multan. I know that the agent of Crousot-Loire is a personal friend of Prime Minister Bhutto and you had better make it clear to him that if he wants the Crousot-Loire plant here, then he will have to get a new Chairman for NFC.' He said, 'Do you really mean it?' and I said, 'Yes'. He called me after four days and said, 'I have talked to the Prime Minister and he says you can do whatever you like'.

We followed the Government protocol regarding the award of contracts and before we selected the contractor for Mirpur Mathelo, we made a presentation to Minister Rafi Raza in Islamabad. He had called the Secretaries of Finance, Industries, Economic Affairs, and Production to this meeting. We gave details of the offers we had received from several pre-qualified contractors and made our recommendation based on price, quality, and time of delivery in favour of Snam-Progetti of Italy. The Government was keen on Kellogg because of their reputation and as this contract was for over 200 million dollars, they were anxious that we should not give it to an un-ried party. We were confident in our decision because the team sent to see the various plants installed by Kellogg and Snam-Progetti were firm in their joint recommendation that Snam-Progetti technology was superior. When I confirmed that we wanted Snam-Progetti, the Secretary General of Finance, Mr. A.G.N. Kazi, asked me what would happen if the project did not work, to which I promptly replied that my head would be on the plate. Aijazuddin who was then sitting next to me whispered in my ear, 'You might think your head is worth 200 million dollars; the Government may not!' Finally, our recommendation prevailed and we were allowed to award the contract to Snam-Progetti. Procurement of the plant, the planning of the building, and the construction went very swiftly and a fine oasis was developed in the desert of Mirpur Mathelo.

Parallel with the construction of these two plants, we undertook a massive recruitment and training programme for engineers and technical workers. We set up a training school at Daudkhel where special facilities were built to house fifty engineers recruited through competition from all over Pakistan. They were given theoretical lectures

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and made to do practical work in the plant. During three years, 150 engineers were trained at Daudkhel and they became the foundation staff for the Multan and Mirpur Mathelo factories.

MANAGEMENT

Every month, I would travel to Multan, Haripur, Mirpur Mathelo, Daudkhel, Lyallpur, and Jaranwala to visit the factories and to see the progress of the previous thirty days. I continued this practice throughout my nearly four years in the NFC and it provided me with a close working relationship with the people at different plants.

A habit which I developed soon after I started work in 1948 was to keep my table free of any papers. At NFC too I maintained this and had no cabinet for confidential papers. I also followed the open door policy I had at Packages. I am a great believer in management by walking around. My routine was to visit each plant once a month. I used to drive from Lahore for day trips and each time I went, I took at least three engineers with me and we discussed business issues. It was a good opportunity to interact with them. It gave me an opportunity to evaluate them and see how keen they were. I went to each plant twelve times in a year, walking around and learning about production issues. This helped in judging the competence and efficiency of each operation. I had done this at Packages as well but in NFC I did it in six different locations. It was a very good way of energizing people. The presentations I remember were at first made by the Managing Director. The next time I went to a particular plant, I said I wanted the number two to make the presentation. Two turns later, I asked that the number three should make the presentation. This was one way of recognizing people and planning for succession. Unfortunately, this practice ended when I left NFC. I was succeeded by a very competent and good manager, Mr. Riyaz Hussain Bokhari, who later became the Auditor General of Pakistan and afterwards worked with me at Packages, but he didn't work in the same way as me: the first thing he did after joining NFC as Chairman was to put a cabinet in his room where all the important documents were kept.

Before NFC was set up, each factory was responsible for its own sales, but there was a centralised procurement system. I reversed the procedure: I made each plant responsible for its own procurement of raw material and other needs. I gave full authority to the Managing Directors of the factories, and then established a marketing company that would sell the fertilizer for all the plants, with the Managing Directors of the plants on the Board. Thus far, fertilizer had been in short supply and there was no selling required; it was only a question of distribution. With new capacities shortly to come on stream, it was necessary to change the attitude of the Corporation's staff, to make them understand the needs of the farmer, and to make fertilizer available of the right quality and at the right time. Prices were controlled by the Government and subsidies were still allowed for various fertilizers because the Government was keen to promote its usage. But prices for wheat and rice were fixed far below the international price and there was little inducement for the farmer to use fertilizer. A network of distributors and agents for the marketing company was established and a programme for the promotion of fertilizers was developed through the establishment of demonstration plots all over the country for different crops, to show the benefit of fertilizer applications.

Most of the senior management in NFC came from within the system and it was very heartening to see the quality of their work, their competence, and their integrity. They all responded magnificently to the challenge and this made my work at the National Fertilizer Corporation very rewarding.

THE NEW YORK TIMES

A Pakistani Capitalist Runs

By DAVID A. ANDELMAN

LAHORE, Pakistan—Five years ago Zulfikar Ali Bhutto, then Pakistan's Prime Minister, nationalized S. Babar Ali's Ford auto assembly plant and seized his passport.

A year later Mr. Ali signed up with the Government to run what he has now built into the largest and most successful of its nationalized enterprises—the National Fertilizer Corporation of Pakistan—in a sector he knew little about.

"It was simply a challenge I couldn't turn down," Mr. Ali said in a recent interview. "Mr. Bhutto wanted our country to become self-sufficient, and he needed a good manager. How could I refuse?"

Mr. Ali is one of Pakistan's truly extraordinary entrepreneurs. He is the head of one of Pakistan's 22 leading families who, since the British took over Pakistan more than a century ago, have dominated commerce and industry in this country, one of the world's poorest.

"If this is ever going to stop, if this cycle of poverty is going to end, we must break it somewhere," Mr. Ali said. "In our country, where agriculture is 70 percent of our economy, this is where we must begin." His remarks came less than a week after Mr. Bhutto was deposed in a military coup and placed under indefinite protective custody. Gen. Mohammad Zia ul-Haq, as chief martial law administrator, is now Pakistan's leader.

When Mr. Ali became chairman of the National Fertilizer Corporation of Pakistan, it was little more than a name on a Government document ordering seizure of the half dozen small Pakistani-owned fertilizer plants, although there were pledges from foreign governments to build new, modern facilities that would make efficient use of the natural gas resources Pakistan was beginning to find on its own territory.

Two foreign-owned fertilizer plants, those of Exxon and Darwood-Hercules, were not nationalized. They are continuing their operations, but they must buy their petroleum feedstocks from the Pakistani Government.

At the end of 1971 Pakistan was still importing more than 50 percent of the fertilizer it needed. So the Government did little to encourage small farmers to use this relatively scarce commodity because every pound used was costing Pakistan valuable foreign exchange.

"We had two problems," Mr. Ali said in the interview in his Spartan office on the second floor of an old downtown office building. "First, we had to make Pakistan self-sufficient as quickly as possible. Then we had to provide assistance to the farmer."

The first problem was easier, al-

though more expensive, than the second. Within a year after walking into the chairman's office, Mr. Ali had three major internationally funded projects under way.

The first will go into production by the middle of next year—a \$200 million nitro-phosphate plant at Multon funded 48 percent by the Abu Dhabi National Oil Company and 52 percent by Pakistan with help from the World Bank and the Asian Development Bank.

By the time plans for the Multon facility were completed, Mr. Ali's passport had been restored. His first trip

'Agriculture is 70% of our economy. Fertilizer is where we must begin.'

was to Saudi Arabia. The Saudi's agreed to fund a \$200 million urea plant that will begin producing some 1,700 tons of fertilizer a day by the end of next year.

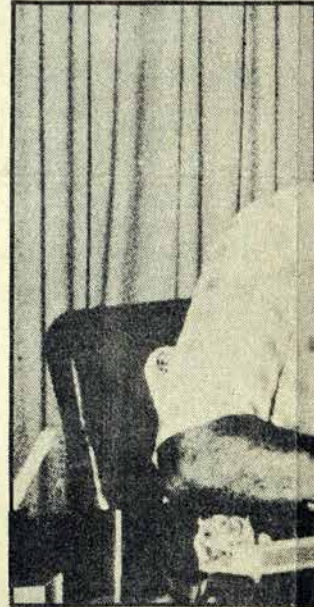
A year after that the final project is to start production. This will be a urea plant, capable of producing 350 tons a day, financed by a \$50 million grant from China.

"By the end of 1979, Pakistan will have 50 percent more fertilizer consumption than today," Mr. Ali said. "But with all three plants on stream, we will still be able to satisfy all our nitrogenous fertilizer needs, though there will be a slight shortfall in phosphatic fertilizer."

With these needs filled, Mr. Ali's next challenge involves the farmers who will be using the product. Pakistan, like many other underdeveloped countries, has tens of thousands of small farmers. Many of them produce subsistence crops of wheat and rice. Others have small plots of Pakistan's largest export cash crop—cotton.

Even with the cost heavily subsidized by the Government, farmers have long sharply resisted the widespread use of fertilizer. They continue to work their land the way their forebears have for centuries.

"We had to find out why there was this resistance," said Mr. Ali, whose own family is many generations separated from the soil. "So we approached AID, the United States Agency for International Development. Now they are studying just what is keeping the farmer from using more fertilizer. Within the last 18 months, the T.V.A., the Tennessee Valley Authority fertilizer center has pitched in."



But Mr. Ali is a man inclined to take action and not just wait for the results of studies to reach his desk. As a Government agency, National Fertilizer inherited a network of field agents and sales executives throughout Pakistan. Mr. Ali quickly mobilized them to push the product and, even more important, to push the concept.

"The chairman has had all sorts of promotional schemes," said one of Mr. Ali's top aides. "Most of them have worked beautifully. In fact, only one fell flat. But he learned something even from that."

What fell flat was a fertilizer calendar Mr. Ali had ordered printed and distributed throughout the country. It

S, SUNDAY, JULY 31, 1977

s a Nationalized Industry



The New York Times

S. Babar Ali in the Lahore offices of the National Fertilizer Corporation.

showed a happy farmer spreading fertilizer on his field.

But Mr. Ali failed to reckon with Pakistan's tremendous regional prejudices—a bitterness vividly shown in the political disturbances that have nearly torn the country apart during the last several months. The farmer pictured on the calendar was a Punjabi (from the province of Punjab, of which Lahore is the provincial capital). Outsiders have trouble telling the difference, but farmers in Sind province (around Karachi) and in Baluchistan and the Northwest Frontier areas instantly knew he was not one of their own.

"Next year there will be different

calendars for each province," the aide said.

If there is one talent that Mr. Ali has above all others, it is that of a consummate salesman. It's a talent that has run in his family as far back as anyone can remember. In 1875 his great-grandfather, Wazir Ali, laid the foundations of the family's fortune as a major supplier to the British Army in India, which then included what was to become the nation of Pakistan.

By the time of the partition in 1947 the Ali family was well established in the import-export trade, headquartered (unlike most of the major traders) in the inland town of Lahore. After partition, India acquired most of the major

industries, and Pakistan was left only with the entrepreneurial talent of about two dozen families like the Alis, though most of them finally set up shop in the nation's principal port, Karachi.

The Alis stayed on in Lahore, expanding into textile mills, vegetable oil processing and one of the first foreign joint ventures—a soap factory with Lever Brothers. Later the Alis acquired the Ford assembly plant that was nationalized. They also acquired a pulp, paper and packaging factory, known as Packages Ltd., which was not nationalized.

'It's unlikely that nationalization will be reversed' in the October elections.

The Bhutto administration brought nationalization to many industries, including shipping, banking and insurance.

The political disorders of recent months have ended with the military takeover of the Government. There is a prospect of victory in the October elections for the Pakistan National Alliance, a nine-party coalition that is committed to the principle of free enterprise.

"It's unlikely that nationalization could be reversed in most areas," Mr. Ali said wistfully. "Banks, insurance and all that would be just too complex—they have become too much a part of the Government. But what will happen is the restoration of the confidence of the entrepreneur that this country wants him."

It is hard to imagine Mr. Ali, at 50 a huge bear of a man with restless energy, spending the rest of his days grappling with the strictures of bureaucracy. His associates say that, with the fertilizer projects well launched, he feels that his mission for the Government is nearly done. Mr. Ali's return to the private sector may not be far away.

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Tel: { Grams: "PRODUCTION"
Phone: 22749



SECRETARY

MINISTRY OF PRODUCTION
GOVERNMENT OF PAKISTAN
ISLAMABAD

September 12, 1977.

A-2614-78 (11/10/77)

Dear Syed Babar Ali,

Please refer to your letter dated July 8. Your request for resignation from the Chairman-ship of the National Fertilizer Corporation was submitted to the Chief Martial Law Administrator and has been accepted by him. Formal notification is being issued separately.

Your departure comes at a critical time for the development of the fertilizer industry in Pakistan but I am glad that the NFC which was your responsibility almost from its birth is showing great vitality in the implementation of major projects which will ultimately make us self-sufficient at least in nitrogenous fertilizer. This has been made possible by the leadership and organising ability provided by you in making a fledgeling Corporation what it is to-day.

I know that there will be many claims on your time now that you will be reverting to private life after giving your best to the public sector since the year 1974. Nevertheless, I hope that it will be possible for you to continue to take interest in the Public Sector and find time for advising on such specific matters as may be referred to you in future in which your rich business and administrative experience may be drawn upon.

With warm regards.

Yours sincerely,

(S. B. AWAN)

✓
Syed Babar Ali,
Chairman,
National Fertilizer Corporation,
Alfalah Building,
Lahore.

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Ninety per cent of management issues are common, irrespective of which industry you are working in: purchasing, accounting, finance, and the selection of good people who will deliver, delegate, and monitor. My approach has always been to delegate but not to abdicate, and keep myself informed of what is happening. NFC was a very good experience. I felt totally satisfied because I could see the impact on the development of the industry: the new plants were either operating or about to start production. I enjoyed every minute of it except for the last few weeks when I wanted to leave. As we say in Urdu, 'I wanted to let go the blanket, but the blanket would not leave me!'

DEPARTURE

When my three years were over, I started agitating with my Minister for my release. In April 1977, Mr. Rafi Raza informed me that Mr. Viqar Ahmed, Cabinet Secretary, and Mr. Ghulam Ishaq Khan, Secretary-General Defence, were both keen that I should take over as Chairman of Defence-Production. He told them that I might not be available because I had already asked him for my release from the NFC to return to the private sector. A few days later, I visited Mr. Ghulam Ishaq Khan in Rawalpindi and explained to him my inability to serve Defence-Production and he graciously accepted my plea. In July 1977, Mr. Bhutto's Government was overthrown by Martial Law. My request for release was already in the Ministry and in September 1977 my resignation was finally accepted and I was happy to return to Packages.

Today, NFC is a shadow of what it was. All the plants are now privatized and there is no functioning publicly-owned plant, but in Government no organization ever dies! NFC still has a marketing company with nothing to do! The Board is there, the Chairman is there, but there are no factories, nothing is left! To keep it alive, they have a licence to import fertilizer but there is now no proper reason for the existence of NFC.

SYSTEMS LIMITED

Aezaz Hussain, who had studied Electrical Engineering in England and had worked for IBM in his early years, came to see me when I was Chairman of the National Fertilizer Corporation. I knew his family: he is the grandson of Mian Amiruddin and I knew his father, General Riaz Hussain. Aezaz wanted to know if there was an opportunity for him to work for the National Fertilizer Corporation. We wanted to set up new systems at NFC and we had embarked on a number of projects, so I hired Aezaz to monitor their progress. Four years later, when I left NFC, the job that Aezaz had been doing had been accomplished because all the new plants had been set up. I suggested that Aezaz put on his IBM hat again and start a software company. In 1978, the software business was unknown in Pakistan. I proposed that he should revive his IBM contacts and see how we could break new ground. I told him, 'I will provide all the capital but ultimately the Company has to be owned by the people who work in it because the main ingredient is brain-power - no machinery. As and when your people are mature and ready, you buy me out on the valuation of the shares on the balance sheet.' Today, thirty years later, 98% of the Company is owned by the people who are running it and I own 2%.

³¹ There was another reason why Humayun returned. I had a very good friend in Khanewal, Mr. A.K. Nasir. He was General Manager of Roberts Cotton Associates (our partners in the Abbasi Textile Mill). Nasir's daughter, Salma, who was a pupil of Dr. Khalid Hamid Sheikh, is a botanist and was engaged to Humayun. Nasir was very keen that his son-in-law-to-be should come back to Pakistan. Humayun remained a Director of Systems till he died.

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It has been a very satisfying concept and its successful fruition means that we launched a new industry in Pakistan. One of the things that Systems developed was the font for the 'nastaliq' script. The person who helped Systems in this was a calligraphist, Sher Zaman, from Packages, who I lent to Systems.

The partner I found for Aezaz was Dr. Humayun Mian, who unfortunately passed away in 2010. In the early 1980s, Dr. Humayun was teaching at Strathclyde University in Glasgow. While I was on a visit to Edinburgh, he drove over from Glasgow to see me and I persuaded him to return to Pakistan and join Aezaz. Aezaz needed somebody and Humayun was already working in the area of software. One reason I am able to convince successful Pakistanis working abroad, such as Humayun, to come back and work in Pakistan is, I guess, openness. It is necessary to give the person the feeling that he is wanted and to give him room and space. Humayun was brought in as a partner in Systems. Sooner or later, a Pakistani living abroad has the urge to come back. His biggest worry is how to start. If you provide the reassurance of an easy landing, without the need to look for a job, people do respond³¹.

Aezaz Hussain had a chartered accountant friend, Manzur ul Haq, from Justice Anwar-ul-Haq's family, who was working as a freelance consultant. I think they were in England together during their youth. Aezaz brought Manzur into Systems. When they got a consultancy assignment for Germany's KSB Pump Company, Manzur was asked to advise them, as he spoke German. They liked him so much that they wanted to hire him. Manzur then came to me and said, 'I have been offered another job. Can I leave Systems?' I said, 'Of course it is up to Aezaz', and he agreed. Manzur did very well and became the Managing Director of KSB Pumps in Pakistan. A few years later, he was Regional Manager of KSB in the Asia region. They posted him to KSB America where he remained for five or six years and did extremely well.

Today, there are a few hundred people who have started their own software companies. Systems was the first and it has done well. Systems has a subsidiary in the United States and today they employ over 1,000 people. The US subsidiary has a subsidiary in India but they are trying to unwind this relationship so that the American company can stand alone. Aezaz built up Systems Limited as a successful company, which will probably go public in the coming years.

DANE FOODS

Among the early important customers of Packages was Premier Tobacco Company managed by Mr. S.A. Samad, from South India. They were Packages' customers for twenty years and I got to know Mr. Samad quite well. They were in partnership with Philip Morris and when they eventually took over his company, Samad asked me if I could suggest a new industry for him to start.

In the early years of Milkpak, one of the by-products for which we wanted an outlet was butter and, during my visits to Denmark, I discovered that butter cookies consisted of almost 30% butter. We had a feasibility study prepared but were reluctant to start such an operation on our own because at that time we were concentrating all our efforts on keeping the Milkpak operation afloat, long before Nestlé approached us.

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I handed over the feasibility to Mr. Samad and asked him to carry out his own study. He decided to set up the plant in the Nooriabad Industrial Estate outside Karachi. Samad had participated in the initial capital of Milkpak to the extent of Rs. 1 million and he asked me if I could reciprocate my assistance to him by investing the same amount in his company and become a Director. The investment was made by our insurance company, IGI, and I agreed to be a Director, but a very passive and distant one. Danish Butter Cookies was formed with Mr. Samad as its main shareholder and Chairman, and was managed by him.

Unfortunately, the Company made huge losses and was closed down. The Industrial Development Bank of Pakistan (IDBP), which had given a loan to his company, zeroed in on me to pay back the loan. Mr. Samad, for all practical purposes, had disappeared from the scene! We took over the machinery from IDBP and repaid the loan with interest, after which we were fortunate enough to have the Kelsen company, owners of the Danish Butter Cookies Company in Denmark, take an equity interest in the company. We obtained permission to set up this revived project in Hattar. The Danish Development Bank (IFU) readily participated in this venture, with equity shared equally between Kelsen's, IFU and ourselves. The project came into operation early in 1994 and within the first 15 months, it established itself as a manufacturer of high quality butter cookies. Here again, the technology, the brand, and the image of the company is a replica of the Danish operation. Later the operation went into marketing and financial difficulties and we had to close the plant in 2001.

SHEIKHUPURA FARMS

Of our business ventures that have failed, one was a dairy farm, set up soon after Milkpak went into operation.

I felt that there was a need to bring in new technology and a new strain of high-producing cows to Pakistan. In 1979 I went to New Zealand to attend the General Assembly of the International Union for Conservation of Nature & Natural Resources (IUCN). From there, I took the opportunity to visit Australia, where my niece's husband, the late Major General Wajahat Hussain, was Pakistan's Ambassador. I decided to go across to Perth to meet an old friend, Ian Hay, who was farming there. I had visited some dairy farms in New Zealand, and then through Ian Hay's contacts saw a number of milk producing farms. I felt that the climate of Western Australia, especially around Perth, was very similar to what we have in Lahore and through the help of Ian Hay decided that we should start a modern dairy farm in Sheikhupura where we had bought 100 acres of land. We imported 150 Friesian heifers in calf. The farm was laid out according to the latest design and properly equipped with a milking parlour. Fodder was cultivated to feed the animals. Ian Hay came over to supervise and initiate the management and the farm started well, but we soon realised that we needed an expert who knew about modern dairy farming. We hired someone from the UK whose family had been in dairy farming for three generations, but unfortunately we realised within three months of his arrival in Pakistan that he was not the kind of a person we wanted. He worked only from 8 to 4, weekdays only which was totally unacceptable in a dairy farm that requires 24 hours' presence and attention.

Within three years, one tragedy after another struck the Farm. There was disease as well as lack of supervision, so we decided to sell off the animals and close the operation. The problem was that we were trying to run a dairy farm as an industrial venture. The attitude of our supervisors was totally out of tune with what was required.

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SIEMENS

Siemens has a 150 year-old history; they are one of the oldest companies in Germany. In 1989, they asked me if I would agree to be the Chairman of their Company in Pakistan. They said they would need my advice from time to time as to how to conduct their business in Pakistan and to preside over their Board meetings. I had no financial interest in the Company but I agreed to serve as its Chairman and it proved to be a remarkable learning experience with the opportunity to visit Siemens headquarters where I met people who were looking at the whole world as a market. Siemens is a very prestigious company and it has been a privilege to serve as the Chairman of their Pakistan Board.

I was very close to Von Pierer, who was the Chairman of Siemens, a member of their Central Board and also an advisor to the German Chancellor; it is ego-satisfying to be meeting people at that level! Soon after General Musharraf assumed power, there was a rally of country heads around the world, visiting Islamabad to reinforce their confidence in the new regime. When the German Chancellor came, Von Pierer came with him and I was invited to Islamabad to meet the German delegation. Siemens also invited me to visit some of their factories abroad. I went to visit their factory in Turkey and their operations in China. Siemens has over forty joint ventures in China!

I also had another relationship with Siemens. When I was working for the United Nations on the Commission to prepare a code of conduct for transnationals, a former Chairman of Siemens, Dr. Gerhard Tacke, was also



2013: Tri-Pack factory in Port Qasim, Karachi

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a member of the Commission. When I embarked on the LUMS journey, I wanted Siemens' participation as a founding member and Dr. Tacke was very helpful in getting us Rs. 2.5 million from Siemens.

In 1997, I was invited to the 150 years celebrations of Siemens in Berlin, where Chancellor Kohl addressed the gathering. That was quite an experience. It was just the beginning of the European Community coming together and I recall Chancellor Kohl saying that he visited President Mitterand in France when he was on his deathbed and Mitterand told him 'Never let nationalism come back to Europe because it will only mean war.' Chancellor Kohl said, 'We should think as Europeans rather than as Germans and French.' I thought that was very revealing.

Siemens Pakistan went through a major restructuring in 2012 and I resigned from the Board after serving as Chairman for 23 years.

FIRST INTERNATIONAL INVESTMENT BANK LIMITED

In 1988, the Government of Pakistan decided that the banking sector should have private participation. Till then, the banks were either wholly owned foreign ones or nationalised Pakistani banks. As a first step, the Government decided to invite applications for the establishment of investment banks in the private sector. We thought this would be a good opportunity to go into banking provided we could find a suitable partner. Packages had a long-standing relationship with American Express Bank, and since early 1970 I had personally been an Advisor to the American Express Company for their operations both in Pakistan and the Middle East, so I had access to senior management of American Express in New York.

At that time, the operations of foreign banks in Pakistan were restricted on account of credit limits and other bureaucratic controls. American Express saw this as an opportunity to expand their activities in Pakistan. At that time, American Express was a very active player in the financial world because of their ownership of Lehman Brothers. Along with American Express and the International Finance Corporation (IFC), we applied to establish an investment bank under the name of First International Investment Bank. After two years of deliberation, the Government finally gave us permission. American Express was to provide management to this new bank and the bank was to work in close cooperation with them.

The investment bank had a slow start because investment banking in Pakistan was unknown and staff had to be trained, under the guidance of an expatriate Managing Director seconded from American Express. During this early period of the bank's operations, American Express had a change of management in New York. Mr. Jim Robinson was replaced by Mr. Harvey Golub, who decided to take American Express out of investment banking. They sold off Lehman Brothers and their expertise in investment banking gradually diminished. They told me that since they were getting out of investment banking, they wanted to exit from First International Investment Bank and asked me to buy them out. By mutual consent, at the expiry of the tenure of the expatriate manager seconded from American Express, we took over the management and appointed Fakir Syed Aijazuddin as Managing Director. He changed the management style and made the bank pro-active to the needs of the market and increased its activity, previously confined to Karachi, Islamabad and Lahore.

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Aijazuddin was replaced by Saeed Siddiqui, and under his stewardship the Bank improved its performance in a more difficult environment. Nonetheless it has been a struggle ever since we took it over and we still have not had any benefit from it. One of the major reasons why investment banking didn't do well is that the functions of investment banking have been taken over by commercial banks and there is now no need for a dedicated investment bank.

TRI-PACK FILMS LIMITED

In 1991, I visited Japan after an interval of many years and sought a meeting with the senior management of Mitsubishi with the purpose of exploring the possibility of setting up a joint venture for the manufacture of Hydrogen Peroxide. The Japanese met me with their usual courtesy but I soon found that there was no possibility of building a Peroxide plant with their help because Mitsubishi belonged to a cartel that restricted Peroxide plants around the world. As Mitsubishi had participated in two Hydrogen Peroxide plants that were under construction or in early start-up in New Zealand and Indonesia, it was not possible for them to participate in another plant in Pakistan. In their discussions, however, they seemed keen to have a joint venture with us and after going through a list of possibilities, we arrived at a project whereby Mitsubishi provided the expertise and Pakistan had the need; this was for a Biaxially Oriented Polypropylene Film plant.

By temperament and nature, the Japanese work very slowly but within two or three meetings we were able to tie up the loose ends and come to an agreement to start the joint venture, which went into production in the middle of 1995 at Hattar in NWFP. The project is doing well. We have added a second production line and a new plant has been set up in Port Qasim, Karachi. Tri-Pack is a public limited company listed on the Karachi Stock Exchange.