



# PAKISTAN

YOUR NEXT TRADE &  
MANUFACTURING HUB



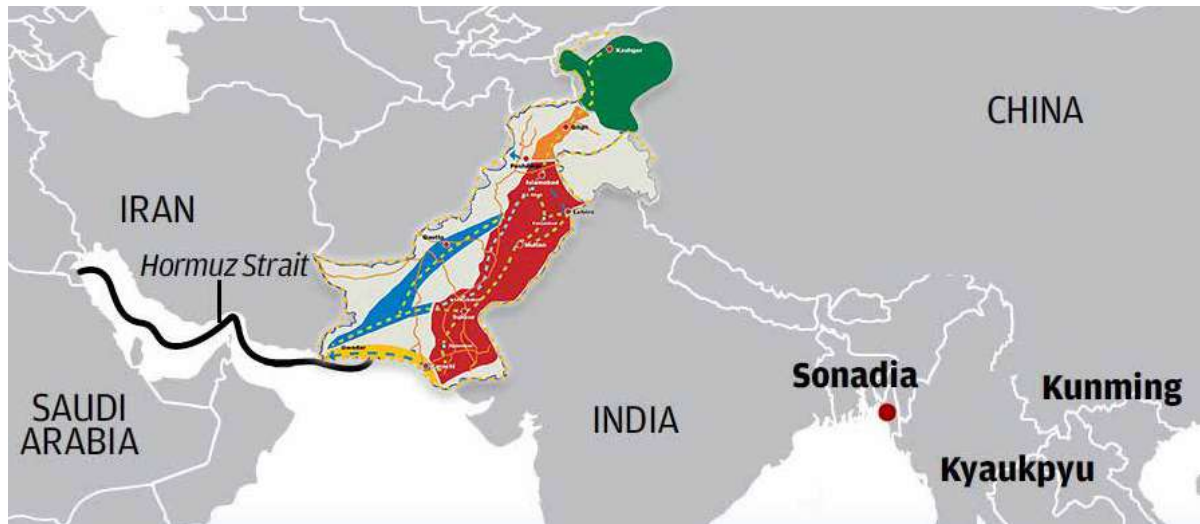
GOVERNMENT OF PAKISTAN  
MINISTRY OF COMMERCE



EMERGING  
PAKISTAN

# PAKISTAN AT A GLANCE

PAKISTAN - Your Next Trade & Manufacturing Hub



Pakistan is strategically located to become Asia's premier trade, energy and transport corridor. It is also the gateway to the energy rich Central Asian States. This strategic advantage alone makes Pakistan a marketplace teeming with possibilities.

**Pakistan is one of the fastest growing economies of the world.**



- 1** Robust, stable and diversified economy (Agriculture: 18.86%, Industry: 20.91%, Services: 60.23%)
- 2** Preferential access to 2.5 billion people and 32 countries including access to EU GSP+
- 3** Investor friendly policies
- 4** Abundance of natural resources
- 5** Availability of skilled work force
- 6** China Pakistan Economic Corridor (CPEC)
- 7** Well- developed financial sector
- 8** Attractive business environment
- 9** Sea ports: Port Qasim, Karachi Port and Gwadar
- 10** Highly competitive labor cost in the region (Pakistan: \$124/month, India: \$236/month, China: \$298/month)



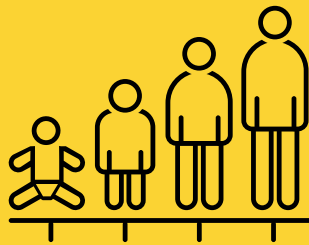
Area  
**796,096 sq. km**



Population  
**207.7 million**

### Age Structure

0-14 years: 31.36%  
15-24 years: 21.14%  
25-54 years: 37.45%  
55-64 years: 5.57%  
65 years and over: 4.48%



GDP Per capita  
**US\$ 1,641**



Gross Domestic Product  
**US\$ 313,139 million**



Investment to GDP  
ratio  
**16.4%**



FDI Growth  
**26%**



Exports  
**US\$ 23 billion**  
(2017-18)



Imports  
**US\$ 60 billion**  
(2017-18)



# TRADE AGREEMENTS

-  China-Pak Free Trade Agreement (**CPFTA-II**)
-  Pak-Sri Lanka Free Trade Agreement (**PSFTA**)
-  Pak-Malaysia Closer Economic Partnership Agreement
-  Pak-Mauritius Preferential Trade Agreement
-  Pak-Indonesia Preferential Trade Agreement
-  Pak-Iran Preferential Trade Agreement
-  Pakistan - USA Trade & Investment Framework Agreement (**TIFA**)
-  South Asian Free Trade Area (**SAFTA**)



Leading investors rank  
Pakistan as the most  
attractive market for  
investments



## MAJOR EXPORT PARTNERS



United States



China



UK



Afghanistan



Germany

## MAJOR IMPORT PARTNERS



China



UAE



Saudi Arabia



USA



Indonesia

### SHARE IN EXPORTS (%)



Asia  
38 %



Europe  
35.2 %



America  
19.1 %



Africa  
6.3 %



Oceania  
1.3 %

source: Trade Map

# GENERAL TAX REGIME

	TYPE OF TAX	RATE	REMARKS
DIRECT TAX	Corporate Income Tax	29% (2018/19) 25% (SMEs*) 35% (Bank)	
	Personal income Tax	0-30% (progressive)	Under Rs.1,200,000 = 0%
	Capital gain Tax	15%	
INDIRECT TAX	GST (Sales tax/VAT)	17%	Services: 16%
	Customs	0-20%	Except CKD & CBU of automobiles
	Federal Excise Duty (FED)	0-16%	For specific items only

460 items have zero percent duty.  
For further information please visit [www.FBR.gov.pk](http://www.FBR.gov.pk)



# GENERAL INCENTIVES FOR EXPORTERS

## Duty & Tax Remission for Export (DTRE) Scheme

- ▶ Exemption of custom duty and sales tax on temporary importation of goods for subsequent exportation (SRO 492(I)/2009)
- ▶ Imported goods to be exported within eighteen months; extendable up to six months on payment of 1% surcharge per month on C&F value of the goods
- ▶ Exemption of customs duty, central excise duty, advance income tax and sales tax on local procurement of all input goods needed for export production

## Manufacturing Bonds

- ▶ Provides warehousing facility without payment of import duty, sales tax, FED, WHT on import raw material required for manufacturing export goods

## SMEs and Export Oriented Units (EOU)

- ▶ Complete exemption of customs duties on all the goods including machinery, imported by SMEs & EOU under SRO 327(I)/2008

## Duty Drawback Scheme

- ▶ Repayment of customs duties paid on the importation of inputs, used in production, manufacturing and processing of goods exported out of Pakistan

## Drawback of Local Taxes and Levies vide order, 2018 - S.R.O, 7II(I)/2018

- ▶ 50% drawback without condition of increment in exports of goods
- ▶ Remaining 50% of the rate of drawback shall be provided, if the exporter achieves an increase of 10% or more in a fiscal year
- ▶ An additional 2% drawback on exports to nontraditional markets (Africa, Latin America, non-EU European countries, commonwealth of Independent States & Oceania)

## Exemption of Additional Custom Duty

- ▶ Exempted additional custom duty of 2% under SRO 630(I)/2018

## Export Processing Zones

- ▶ The goods imported into and exported from the Export Processing Zones are totally free of any duty and taxes
- ▶ The Trading Houses can export 100% of 11 items (as raw cotton, dyes, aluminum ingots, hides, iron sheets, foil, unblended tea, raw material for pesticides & insecticides) to foreign countries without payment of duty/taxes. They can also sell 100% of their goods in Pakistan on payment of normal duty/taxes
- ▶ The manufacturing units can export 100% of their production to foreign countries without payment of duty/taxes. They can, however, also sell 20% of their production to the tariff area on payment of normal duty/taxes



# INVESTMENT INCENTIVES

## Financial Benefits

- ▶ 100% foreign ownership allowed
- ▶ No minimum requirement for the amount of foreign equity investment
- ▶ No upper limit on the share of foreign equity
- ▶ Option to repatriate profits, dividends, or any other funds in foreign investor's currency of origin

## Business Services

- ▶ Online registration procedure for foreign companies
- ▶ Opening of branch or liaison offices
- ▶ 7-week duration for application processing
- ▶ Entitlement to sell shares, transfer ownership, and de- register
- ▶ Domestic borrowing allowed

## Basic Infrastructure Services

- ▶ Pioneer industries avail incentives at par with Special Economic Zones (SEZs)
- ▶ Entitled to lease land without limitation
- ▶ No limitation on the transfer of any land held by a foreign investor
- ▶ No restrictions on foreign real estate developers





# INVESTMENT POLICY MATRIX

Policy Parameters	Manufacturing Sector	Non-Manufacturing Sectors		
		Agriculture Sector	Infrastructure & Social	Services incl. IT & Telecom
Government Permission	Not required except for specified industries <sup>a</sup>	Not required except specific licenses from concerned agencies		
Remittance of capital, profits, dividends, etc.	Allowed	Allowed		
Upper Limit of foreign equity allowed	100%	100% <sup>b</sup> 60:40 <sup>c</sup>	100%	100% 49% <sup>d</sup>
Tax relief (IDA, %of PME cost)	25%	25%		
Royalty & Technical Fee	No restriction for payment of royalty and technical fee	Allowed as per guidelines of Foreign Exchange Manual 2001  - Initial lump-sum upto \$100,000 - Max Rate 5% of net sales - Initial period 5 years		

**a. Specified Industries are:**

- Arms and ammunitions;
- High Explosives;
- Radioactive substances;
- Security Printing, Currency and Mint;

**PME = Plant, Machinery and Equipment.**

**IDA = Initial Depreciation Allowance.**

**b. For Corporate Agriculture Farming (CAF) only.**

**c. Other than CAF (60% to Foreigner)**

**d. Financial Business and Airline.**

Source: Board of Investment



# INCENTIVES FOR SPECIAL ECONOMIC ZONES (SEZs)

## For Developers



- ▶ One-time custom duties exemption on plant and machinery into the SEZs
- ▶ Income Tax exemption for five years

## For Zone Enterprises



- ▶ One-time custom duties exemption on plant and machinery into the SEZs
- ▶ Income Tax exemption for 10 years for units starting production by 30-06-2020 and 5 years for the units starting production thereafter

## General Incentives in SEZs



- ▶ Gas, electricity and other utilities will be provided at the zero- point of the Zones
- ▶ Captive power generation permissible to Developers of the Zones



INCENTIVES FOR SEZs

## VISA FACILITATION

### Investor friendly visa policy

- ▶ Five years validity (multiple-entry) visa within 24 hours
- ▶ Visa-On-Arrival for 30 days validity
- ▶ Work Visas for foreign technical and managerial personnel for one year and extendable on yearly basis
- ▶ Work visas exempt from registration with the police





# EXISTING SEZs

Name of SEZ	Location & Size (Acres)	Utilities/ Infrastructure	Type of industry
<b>Bin Qasim SEZ</b>	Pakistan Steel Mills, Bin Qasim, Karachi, Sindh (930)	Power: Initial 4MW arranged from Karachi Electric, additional 8- 10 MW will be obtained from KE as needed. Gas: Not available.Phase-I in progress, completion time=April, 201S	Motorcycle assembly & manufacturing, re-rolling, chemical processing, auto parts & pet bottles.
<b>Korangi Creek SEZ</b>	Korangi Creek Industrial Area, Karachi, Sindh (250)	Power: 48MW power plant, BOO operator finalized, phase one 6MW, commissioning will take 1.5 year. Gas: Available 5MMCFD. Infrastructure= 90% completed.	Pharmaceutical, oil packaging, paint chemical, printing press, warehousing, value added, AC ducting, garments, tubes and auto parts.
<b>Khairpur SEZ</b>	Khairpur, Sindh (140)	Power: 20MW waste-to-energy captive power plant.	Non Food, Agro and Food Processing, Light Engineering
<b>Quaid-e- Azam, Apparel Park</b>	Sheikhupura, Punjab ( 1536 )	Power: 132 KV grid station	Textile & Cotton Industry
<b>M-3 Industrial City</b>	Faisalabad, Punjab (4356)	Power: 40MW+ 40 MW already in place. 10 more sub-stations will be constructed. Gas: Available	Textile, Engineering and Construction, Chemicals, Pharmaceuticals, Electronics, Food & Beverages, I.T Industry
<b>Value Addition City</b>	Faisalabad, Punjab (225)	Power: Sub-station (1 X 132/11.5 KV 20/26 MVA, 3-Phase power transformer in place). Gas: Available. Agreement has been signed with SNGPL.	Textile, Packaging, Pharmaceuticals, Engineering, Chemicals, Industry Processing I.T etc.
<b>Hattar Economic Zone</b>	Hattar, Haripur, KP (424)	Power: 132 KV grid station construction included in master plan. Moreover, KPEZDMC will also ensure provision of power supply. Gas: Available	Mixed Industry

# SPECIAL ECONOMIC ZONES UNDER CPEC

In first phase, Faisalabad, Rashakai and Dhabeji industrial areas are in the development stage and ready for investment.



# TEXTILE & APPAREL INDUSTRY OF PAKISTAN

Textile sector enjoys a pivotal position in the exports of Pakistan

**3<sup>RD</sup>**  
LARGEST PRODUCER OF  
COTTON YARN IN THE WORLD



**4<sup>TH</sup>**  
LARGEST PRODUCER  
OF COTTON IN THE WORLD



**8<sup>TH</sup>**  
LARGEST EXPORTER OF  
TEXTILE PRODUCTS IN ASIA



**10<sup>TH</sup>**  
LARGEST TEXTILE  
PRODUCER IN THE WORLD



- ▶ **2nd largest employment sector** - contributes approximately one-fourth of industrial value-added and offers employment to about 40 percent of industrial labor force
- ▶ **25% share** of Textile in industrial value addition
- ▶ **21% share** of Textile in Large Scale Manufacturing Sector
- ▶ Inherent potential for value addition
- ▶ Longest production chain
- ▶ **8.5% share** of Textile sector in Pakistan's GDP





# TEXTILES COMPRISE 62% OF PAKISTAN'S EXPORT REVENUE



PAKISTAN - Your Next Trade & Manufacturing Hub

# GOVERNMENT INITIATIVES FOR TEXTILE SECTOR

## DRAWBACK OF LOCAL TAXES & LEVIES (DLTL)

- Made-ups (2.0%)
- Processed fabrics (1%)
- Garments (4%)

## FINANCING SCHEMES

### Export Refinancing Facility

- **Part-I:** Based on individual LC's or contracts
- **Part-II:** Based on export performance
- **Mark-up rate:** 3 %

### Long Term Financing Facility (LTFF)

Available if exports equivalent to USD 5 million or 50% of sales

- **Duration:** 3-10 years
- **Mark-up rate:** 6 %
- **Maximum limit:** Rs. 1.5 billion

### Technology Up-gradation Fund (TUF) Scheme

**Subsidy rate:** 5%-15% for Non-SME and 10%-20% for SME.

**Limit:** USD 0.1-0.2 million for Non-SME and USD 0.07-0.1 million for SME

*Source: Ministry of Commerce and Textile, Economic survey of Pakistan 2018, SBP*







TEXTILE SECTOR OF PAKISTAN

## ACTION PLAN FOR TEXTILE /APPAREL

-  5 million acres target set for cotton cultivation
-  Government set to extend Rs. 600 billion subsidized loan to textile sector
-  To enhance value-addition from \$1 billion to \$2 billion per million bales in next 5 years
-  To facilitate additional investment of \$5 billion in machinery and technology
-  Textiles sector will be made domestically and internationally compliant with respect to labour and environmental rules and conventions
-  Improve overall technological configuration of the sector, remove critical imbalances in the value chain and achieve compliance with international standards
-  As per textile policy 2014-2019, Rs. 64.15 billion cash subsidies allocated to the textile and clothing sector to boost exports
-  Taking advantage of the GSP plus status, Pakistan has maintained its position as the 5th largest exporter of textile and apparel to EU amongst Asian countries for the last five years
-  In 2018, Pakistan exported textile worth US\$ 13 billion



# INVESTMENT PROCEDURE AND AUTHORITIES



## COMPANY REGISTRATION

Log in to the e-services portal of SECP for company incorporation

**Agency:** Securities and Exchange Commission of Pakistan (SECP)

**Time to Complete:** 2 days

**Costs:** Name reservation fee (PKR 200) + Filing fee (PKR 400) + Registration fee

**URL:** [eservices.secp.gov.pk/eServices/](https://eservices.secp.gov.pk/eServices/)



## TAX REGISTRATION

Register online for Foreign Income Tax & Sales Tax Number

**Agency:** Federal Board of Revenue (FBR) & Excise & Taxation Dept.of the District

**Time to Complete:** 1 day

**Costs:** No fee

**URL:** [www.fbr.gov.pk/online-services/131219](http://www.fbr.gov.pk/online-services/131219)



## WORK VISA

Apply for work visa on New E-visa Portal of NADRA (for 179 countries)

**Agency:** National Database & Registration Authority (**NADRA**)

**Costs:** Work visa processing fee submitted to Bol @US\$100 per person per year

**URL:** [www.nadra.gov.pk](http://www.nadra.gov.pk) [www.visa.invest.gov.pk](http://www.visa.invest.gov.pk)



## SEZ/ EPZ REGISTRATION

Approval from Board of Investment for SEZ developers & Zone Enterprise

**Agency:** Board of Investment (BOI)

**Sub-ordinate agencies:** Provincial SEZ Authorities

**URL:** [www.invest.gov.pk](http://www.invest.gov.pk)



KEY GOVERNMENT SUPPORT INSTITUTIONS

# TRADE DEVELOPMENT AUTHORITY OF PAKISTAN

A dedicated, effective and empowered organization for development and promotion of exports

## TDAP - MANDATE

- ▶ Policy & Planning
- ▶ Market Development & Diversification
- ▶ Product Development & Diversification
- ▶ Trade Facilitation
- ▶ Research & Development
- ▶ Awareness & Capacity Building of exporters
- ▶ Reward & Recognition of Exports
- ▶ Stakeholder consultation and coordination
- ▶ Coordination with Trade Missions



### TRADE DEVELOPMENT AUTHORITY OF PAKISTAN

3rd Floor, Block A, Finance & Trade Centre  
P.O. Box No. 1293, Shahrah-e-Faisal, Karachi 75200  
Pakistan.

Email: [tdap@tdap.gov.pk](mailto:tdap@tdap.gov.pk)  
UAN: +92-21-111-444-111  
Fax: +92 21 99206461



## KEY GOVERNMENT SUPPORT INSTITUTIONS

# BOARD OF INVESTMENT

The BOI acts as a focal point of contact for prospective investors, both domestic and foreign to provide them with all necessary information and assistance in coordinating with other Government Departments/Agencies

### Policy Advocacy:

- ▶ Proposing measures to create a steadily improving investment friendly environment
- ▶ Facilitating greater private sector role in industrial zone development

### Investment Promotion through:

- ▶ Implementing proactive, cost effective, responsive and targeted promotion strategies
- ▶ Delivering effective investment facilitation services



### BOARD OF INVESTMENT

Ataturk Avenue, G-5/1,  
Islamabad 44000, Pakistan

Email: [investpak@invest.gov.pk](mailto:investpak@invest.gov.pk)  
Tel: +92-51-922 4101  
Fax: +92-51-921 5554



# PROVINCIAL BOARDS OF INVESTMENT



## Investment Department, Sindh

Phone: +92-21-99207515  
Fax: +92-21-99207512-4  
[info@sindhinvestment.gos.pk](mailto:info@sindhinvestment.gos.pk)



## Punjab Board of Investment & Trade (PBIT) 23 Aikman Road GOR - I, Lahore (Pakistan)

Phone: +92 (042) 9920 5201-06  
Fax: +92 (042) 9920 5171  
[info@pbit.gop.pk](mailto:info@pbit.gop.pk) | [hr@pbit.gop.pk](mailto:hr@pbit.gop.pk)



## Board of Investment & Trade Government of Khyber Pakhtunkhwa

House No. 1-2/A, Park Avenue, University Town, Peshawar, Pakistan.

Phone: +92 91 9224206-07-09  
Fax: +92 91 9224216  
[boit@kp.gov.pk](mailto:boit@kp.gov.pk)



## Balochistan Board of Investment and Trade (BBOIT)

Phone: +92 81 2822836  
[info@bboit.gob.pk](mailto:info@bboit.gob.pk)





## MINISTRY OF COMMERCE AND TEXTILE

Government of Pakistan  
Block-A, Pak Secretariat, Islamabad

Email: [helpdesk@commerce.gov.pk](mailto:helpdesk@commerce.gov.pk)  
Tel: +92.51. 9205745



## TRADE DEVELOPMENT AUTHORITY OF PAKISTAN

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