

12

**INTERNATIONAL SEMINAR ON BUSINESS
OPPORTUNITIES OF PUNJAB**

(ISBOP)

INDUSTRIAL COOPERATION

FINAL REPORT (CONSOLIDATED DELIVERABLES)

1

Table of Contents

| | |
|-------------------------------|-----------|
| ADVISORY NOTE ON ISBOP | 4 |
| SECTOR BRIEFS | 6 |
| AGRICULTURE | 6 |
| AUTOMOTIVE SECTOR | 7 |
| EDUCATION | 8 |
| ENERGY SECTOR | 10 |
| HEALTHCARE SECTOR | 11 |
| INFORMATION TECHNOLOGY | 13 |
| MINES AND MINERALS | 14 |
| SPECIAL ECONOMIC ZONES (SEZS) | 16 |
| TEXTILE SECTOR | 17 |
| WEBSITE CONTENT | 20 |
| B2B DIRECTOR CONTACTS | 25 |
| DESIGNED SECTOR BRIEFS | 25 |

1. Introduction

Industries Department Punjab hired a Strategic Advisor for Industrial Cooperation under ISBOP on a short-term basis to provide the government high quality advice in terms of how the workshop should be rolled-out, especially in terms of reaching out to international investors and engaging them during the seminar.

The consultant was responsible for the following deliverables:

- Advisory note on ISBOP, including B2B workshop implementation arrangements/ plans
- Peer review of various investor briefs, shared by Industries Department & PBIT
- Review/comments on sector briefs and any other relevant inputs
- Final report, covering industrial cooperation under ISBOP, and follow up plans.

All these deliverables are attached in this report:

Advisory note on ISBOP

Facilitating B2B Interaction Second International Seminar on Business Opportunities (ISBOP) CONCEPT BRIEF

The Government of Punjab Industries, Commerce and Investment Department is organizing ISBOP 2017, tentatively scheduled for May 2017. One of the key components is to promote B2B interaction and facilitation. In this regard, the Department had done some initial thinking and agreed to develop the following:

- A list of top local businesses that come under the purview of each chamber and association, sector-wise
- A list of projects that these companies would like to initiate and need foreign investors for.
- A list of foreign investors these companies would like to explore potential partnerships with and thus would like the ISBOP team to invite.
- Identify large and medium sick industrial units or those shut down that would like to find foreign investors/buyers.

Accordingly, a meeting was held at PBIT on 24th March on B2B facilitation for the workshop. The PBIT team informed that they are working on identifying potential projects for attracting potential Chinese investors. During the meetings, some actions were suggested and mutually agreed. This notes summarizes the advice.

Besides doing the above-mentioned activities, it is proposed to take the following steps:

A) List of Key Pakistani enterprises and potential Chinese partners

There is a need to develop sector-specific lists of key Pakistani enterprises and potential Chinese investors, who can be invited to attend ISBOP. All relevant departmental secretaries / point persons (even more than relevant people per sector) should be requested (preferably through a phone call by Secretary) to provide a list of 10 key enterprises in their sector and 10 potential Chinese partners, with which they might have had an interaction or know of their interest in Pakistani market. These sectors are already identified and include (along with relevant persons):

| SECTOR | RELEVANT PERSON |
|------------------------|---|
| Agriculture | Secretary Agriculture |
| Livestock | Secretary Livestock/ CEO Punjab Halal Development Agency (PHDA) / VC (UVAS) |
| Mines and minerals | Secretary Mines and Minerals |
| Energy | Secretary Energy |
| Information Technology | Chairman PITB / PASHA |

| | |
|---|--|
| Health | Secretary Tertiary Health |
| <i>Manufacturing:</i> Textiles Electronics Leather and Footwear Light Engineering | APTMA Muhammad Javed Afridi, CEO Haier Pakistan Pakistan Tanners Association / CEO Servis TBD |
| Others | CEO TDAP Commercial Counselor Beijing |

B) Mapping existing partnerships and collaborations

There is a direction from Chief Minister to move ahead of MoUs and possibly sign agreements. While this may not be possible in such a short span of time, it may be worthwhile to scan the existing landscape and look for any possible agreements/JVs in the pipeline. It is proposed to deploy a team of 1-2 RAs/resources, who can go and meet different industry reps and identify any such opportunities in the pipeline. They can meet respective chambers, industry associations, notable industry leaders, etc.

C) Secondary research

There is a need to support the above-mentioned activities through rigorous desk-based research and identifying relevant enterprises in selected sector especially in China and Turkey. This support will be provided by the Strategic Advisor (and team).

D) B2B Facilitation Directory

It is proposed to develop a directory with a one-page profile of relevant Pakistani and Chinese companies, which has indicated some interest in ISBOP. With at least 100 interested enterprises (50 from Pakistan and 50 from abroad), such a book can provide a sound foundation for effective B2B engagement during ISBOP. In this regard, a template has been developed, both for local and international enterprises and has been shared. This template should be used for the above activities and shared with relevant secretaries/point persons for provision of information.

E) B2B Portal

The B2B facilitation works best with an online portal, where different companies can be registered and exchange information. PBIT informed that the portal is ready, however the details need to be disseminated urgently to generate traffic and increase awareness.

Sector Briefs

Agriculture

Pakistan has a vast natural resource base that covers various ecological and climatic zones. The country has a rich potential for producing a wide variety of food commodities¹. Pakistan has two crop seasons, namely Kharif and Rabi. "Kharif" is the first sowing season starting from April-June and harvested during October-December. Some of the major crops in this season include rice, sugarcane, cotton, maize, moong, mash, bajra and jowar. "Rabi", the second sowing season, begins from October-December and harvested in April-May. Major crops in this season include wheat, gram, lentil, tobacco, rapeseed, barley and mustard.

Although the overall growth of the sector remained stagnant during last year, owing to multiple reasons, forestry registered a healthy growth of more than 8%, while livestock and fishing grew by more than 3%. Agriculture sector contributes a approximately 20% to national GDP and is the largest employer absorbing 42% of the country's total labor force. Punjab claims significant share of the agriculture sector in Pakistan. It grows 83% of national cotton, 80% of wheat, 97% of fine aromatic rice, 63% of sugarcane, 95% of potato and 78% of maize. Amongst fruits, Punjab has 66% share of national mango production, 95% of citrus and 82% of guava². The agriculture sector (including livestock) contributes 27% to Punjab's GDP and employs 40% of its labor force³. It also provides a large share to national export earnings due to manufactured products derived from agriculture, such as textiles.⁴

The government is focusing on improving agricultural productivity through systematic application of better inputs and advance technology to enhance profitability of the farming community. It is also laying great emphasis on improving competitiveness and ensuring the environmental sustainability of agriculture. It aims at achieving a sustained agriculture growth rate of four to five percent per annum to support the overall GDP growth trajectory. To protect the farmers from the whims of unprecedented climate change and global slowdown in commodity prices, the government has announced the Farmers Package in September 2015, which is a mega relief package of Rs 341 billion for small farmers including direct cash support and provision of soft agriculture loans. It is aimed at introducing progressive agriculture on scientific lines,

¹ <http://boi.gov.pk/Sector/SectorDetail.aspx?sid=1>

² <http://www.agripunjab.gov.pk/index.php?agri=detail&r=0>

³ Khalid Ikram (2013), "Provincial Economic Development: Performance, Challenges, and Way Forward". Mimeo.

⁴ Agriculture Sector Plan, 2015

<http://www.agripunjab.gov.pk/index.php?agri=detail&r=0>

90

reducing production cost of crops, consequently causing the small farmers to prosper. In addition to the relief package, a comprehensive plan is being devised in order to achieve higher cotton production through short-term and long-term measures.

The Government of Punjab has rolled out an interactive information dissemination system through use of modern technologies for innovative agriculture, which is expected to reach completion by June 2018. The project allow agricultural information officers and farmers to communicate with one another through laptops and android phones thus leading to greater efficiency. Numerous such projects are underway that ensure adoption of state of the art agriculture technologies and practices that will pave way for further development and growth of the sector⁵.

Besides immense contribution of the sector to the economic growth, it also possesses huge investment potential that enhances the attractiveness of the sector. Of the total 16.5 million hectares of cultivable land in Punjab, a vast 1.7 million hectares is still available for corporate farming, the benefits of which cannot be denied as it helps to transfer modern technology, raises output, cuts input costs, improves food security, prevents fragmentation of cultivable land, creates much-needed backward and forward linkages between agriculture production, processing and marketing, and pushes industrial growth. Moreover, foreign investors are allowed to hold 100% equity in the case of Corporate Agricultural Farming (CAF) (Investment Policy, 2013)⁶. Another major area for investment is that of 30% horticultural produce that goes to waste every year, and can be converted into economic gain by investing in agribusiness value chain industries.⁷

Automotive Sector

Automotive industry is one of the fastest growing industries of Pakistan. It accounts for 4% of the national GDP and the sector, as a whole, provides employment to 3.5 million+ people and plays a pivotal role in promoting the growth of the vendor industry. The industry has an annual production capacity of about 1.8 million motorcycles and over 200,000 vehicles. Its contribution to the national exchequer is nearly . 50 billion (US \$ 480 million). The auto industry remains the second largest payer of indirect taxes after the petroleum industry in Pakistan. Over 100 companies that assemble motor vehicles, which include cars, trucks, buses, motorcycles, rickshaws as well as tractors, exist in Pakistan along with 1,700 automotive parts' manufacturers⁸. In fiscal year 2015-16, about 180,000 vehicles were produced while 181,000 vehicles were sold with engine capacities of 1300-1600cc, and 2000 cc (Diesel)⁹. Pakistan Automotive Manufacturers Associate (PAMA), a licensed trade body, represents

⁵ <http://dai.agripunjab.gov.pk/ongoing>

⁶ <http://boi.gov.pk/UploadedDocs/Downloads/InvestmentGuide.pdf>

⁷ <http://boi.gov.pk/Sector/SectorDetail.aspx?sid=1>

⁸ <http://www.theigc.org/wp-content/uploads/2012/01/Pasha-Ismail-2012-Working-Paper.pdf>

⁹ <http://www.pama.org.pk/images/stories/pdf/historical-data.pdf>

the automotive industry manufacturers of country, whereas Pakistan Association of Automotive Parts & Accessories Manufacturers (PAAPAM) represents the vendor industry.

In 2016, Government of Pakistan launched the Automotive Development Policy (2016-21) offering numerous incentives to the new entrants helping them to set-up manufacturing facilities in the country. According to this Policy¹⁰, the government has allowed one-off duty-free import of plant and machinery for setting up an assembly and manufacturing facility. It has also permitted import of 100 vehicles of the same variants in the form of completely built units (CBUs) at 50% of the prevailing duty for test marketing after the groundbreaking of the project. Another major incentive for the new investors is the reduced 10% customs duty on non-localized parts for five years against the prevailing 32.5% rate. For existing investors, the duty was to be slashed by 2.5% to 30% from fiscal year 2016-17. Similarly, localized parts can be imported by the new entrants at 25% duty compared to the current 50% for five years. For existing players, the duty on import of localized parts will be brought down to 45% from June 2017. In the CBU category, customs duty on cars up to 1,800cc engine capacity has been reduced by 10% for two years, 2017-18 and 2018-19. This will be applicable to the existing players as well and will encourage reduction in car prices. A single duty rate will be applied to the localized and non-localized parts after five years of the new policy. The present duty structure will continue for seven years for the new investors.

The Board of Investment provides a single point of contact for all new investors. Any new investors are required to submit a detailed business plan and relevant documents to the Engineering Development Board (EDB) for assessment. The Ministry of Industries, on recommendation of the EDB, will then approve the new investor under the relevant category.

At present, there are 10 cars for every 1000 people in Pakistan and the ratio itself speaks of high potential of growth. Rising per capita income with changing demographic distribution and an anticipated influx of 30 to 40 million young people in the economically active workforce spread over the next decade is creating high investment opportunities within the industry. Moreover, due to the various tax incentives under the new "Auto Policy" (2016), the government is aiding the country in order to make it one of the friendliest markets in South Asia to establish a manufacturing concern. In response, Renault-Nissan, Kia Motors, Audi, Volkswagen and Hyundai have expressed interest in entering the Pakistani market creating immense scope for investment.

Education

Education in Pakistan has been exclusively devolved to provinces after the 18th Amendment to the constitution in 2010 and now each province is responsible for

¹⁰<http://boi.gov.pk/userfiles1/file/AutoPolicy/AP.pdf>

91

its own education planning, policy-making, curricula standards, budget allocation, and legislation. As of fiscal year 2015, the literacy rate in Pakistan stood at 60% as opposed to 58% in 2014. The data shows that literacy rate is higher in urban areas (76 percent) than in rural areas (51 percent). Moreover, Punjab maintained a lead with 63% literacy rate (2015) amongst all provinces. Public expenditure on education was 2.2% of GDP in fiscal year 2015 as compared to 2.1% in the previous year, showing an increase of 4.8 percent. Punjab made the maximum contribution of 38% in the total public expenditure on education amongst all provinces. At national level, the total enrolment during fiscal year 2015 was recorded at approximately 44 million as compared to 42 million during the same period last year. The total number of institutions stood at 253,000+ during fiscal year 2015 as compared to 242,000+ during fiscal year 2014, showing an increase of 4.5 percent. In addition, the total number of teachers showed an increase of 3.9 percent from fiscal year 2014 to 2015¹¹.

There are a total of 163 universities in Pakistan, out of which 91 universities (56%) are a part of the public sector, whereas 72 (44%) are working in the private sector. The total enrolment in the universities is 1.3 million, out of which almost 84% students are enrolled in public universities, whereas the rest are studying in private universities. As of 2015, Punjab had 20 public and 22 private universities/degree awarding institutions. Moreover, Pakistan has a total of 3,746 technical and vocational institutions. Out of which 1,123 (30%) are in public sector, whereas 2,623 (70%) are a part of the private sector. The total enrollment is 0.3 million of which almost 0.1 million is in public sector while the rest in the private sector. Punjab has 662 male, 793 female and 362 mix gender vocational and technical institutions amounting to a total 1,817 institutions.

Government of Pakistan is committed to promoting education, increasing literacy rate, investing in capacity building of teachers and enhancing facilities in all educational institutions. Higher Education Commission (HEC) has also played its role in running different scholarship programs to enhance academic qualification at various levels on merit basis in line with specific criteria. During fiscal year 2016, a total of 43,000 scholarships were awarded under different programs by HEC. To further build on its contribution, HEC introduced another initiative, "Smart Universities through Smart Campuses" which aims to transform Higher Education Institutions (all public/ private sector universities/ Institutes) into 'Smart Universities' by augmenting a highly conducive, technologically advanced, and cost effective learning environment. In addition, the 'Prime Minister's Fee Reimbursement Scheme' for less developed areas (selected regions) was successfully executed and a reimbursement was made to around 23,500 students of less developed areas in fiscal year 2015. The government has implemented multiple similar projects in order to support the education sector, which include; Prime Minister's Laptop Scheme, Hunarmand Pakistan Program, President's Fanni Maharat Program, Prime Minister's Youth Program, and National Endowment Scholarship for Talent (NEST) etc. Error! Bookmark not defined. Moreover, World Bank has provided US\$ 150 million to launch a Co-

¹¹ <http://www.irispunjab.gov.pk/Economic%20Surveys-New/Economic%20Survey%202015-16.pdf>

responsibility Cash Transfer (CCT) (Waseela-e-Taleem) program for the primary education of the children (5-12 years) of Benazir Income Support Program (BISP) beneficiaries and DFID has provided a grant of £ 300 million to the program recently.

Government of Punjab has laid great emphasis on the development of education through provision of missing facilities and up gradation of educational institutions through the Punjab School Roadmap initiative, which aims to ensure 100% enrollment and 100% retention. In addition, the government has ensured provision of scholarships and stipends through endowment funds and scholarship schemes up to matriculation level. There has been significant investment in improvement of physical infrastructure and establishment of IT/ Science labs in secondary and higher secondary level schools along with provision of early childhood education (ECE) at primary level. During fiscal year 2016, Punjab government allocated Rs. 56 billion (approx.) indicating an increase of 15 % from the previous year for 717 on-going and new development projects for education^{Error! Bookmark not defined.}

Besides immense contribution of the education sector to the economic growth, it also possesses huge investment potential that enhances the attractiveness of the sector. 'Lahore Knowledge Park (LKP)' is an initiative undertaken by the government of Punjab (GoP) in order to make Punjab in particular and Pakistan in general; into South Asia's future nodal point for the Global Knowledge Economy. LKP will help to create linkages and synergy between academia and the corporate world in areas that feed into the global knowledge industry. Moreover, an area of 825 acres of prized land at a prime location in Lahore has been dedicated for this purpose. The project possesses immense investment potential. In addition, many such investment opportunities exist within the education sector that require immediate attention¹².

Energy Sector

The energy sector in Pakistan consists of power generation, distribution and transmission companies. Power generation is handled by Pakistan Electric Power Company (PEPCO), which is a government owned entity along with four power generation companies (GENCOs) and 30 major Independent power producers (IPPs). The Water and Power Development Authority (WAPDA), which is an autonomous and statutory body under the control of the federal government also shares the power generation function. In addition National Transmission Distribution Company (NTDC) manages most of the energy transmission services and is divided into 10 power distribution companies (DISCOs) that include Lahore Electric Supply Company (LESCO), IESCO (Islamabad), GEPCO (Gujranwala), FESCO (Faisalabad), etc. Electric power in Pakistan comes from a variety of sources namely hydel, thermal, wind, solar, agriculture biomass and nuclear. The power generation capacity in Pakistan was 19,132 MW as of fiscal year 2015 as opposed to 18,771 MW in fiscal year 2014, showing an increase of 2%.

¹² <http://hed.punjab.gov.pk/lahore-knowledge-park>

10

92

The power generation companies in Pakistan receive multiple incentives and are allowed to import plants and equipment at 5% duty (0 % for renewable energy) with exemption on sales tax along with income tax exemption for life. They also receive full repatriation of profit plus investment along with international arbitration awards enforceable under law. The hydrological risk is borne by the government and minimum 15% Return on Equity (ROE) is guaranteed (net of taxes).

Multiple government organizations and agencies operate in the energy sector to overlook the smooth functioning of various activities. National Electricity and Power Regulation Authority (NEPRA) is the major regulator in the sector that ensures transparent regulatory regime for investors to secure their investment through long-term contracts. Moreover, it grants licenses, determines tariffs and adjustments and sets performance standards. Private Power and Infrastructure Board (PPIB) works on behalf of all ministries and departments of the government of Punjab in setting up/approving power projects in the private sector. In addition, Alternation Energy Development Board works as a one-window facilitator for renewable energy projects. The Ministry of Water and Power is a parent government body responsible for water and power projects in Pakistan. Within Punjab, Punjab Power Development Board (PPDB) and Energy Department, Punjab are the key agencies involved in power projects.

Punjab shows immense investment potential due to an increase in power demand by 6-8% in the previous years. In addition, almost 40% of Pakistan's total installed power capacity is located in Punjab and it consumes about 68% of the total generated electricity in the country. Punjab is the hub of various hydel, coal, solar, and biomass opportunities, which can be capitalized through investment. The government is heavily focusing on renewable energy and 'Wind Corridors' have been set up at Kallar Kahar and Rajanpur along with solar power generation zones in southern Punjab with solar irradiation of 5 to 7 Kwh/sqm/day. Quaid-e-Azam Solar Park is a notable solar power project spanning over 6,500 acres promising 17% Return on Equity (RoE) (indicative) in dollar terms i.e. protected against foreign exchange risk guaranteed for energy projects. There is crop residue of around 34 million tons per annum consisting of rice husk, rice straw, maize stalk and cotton stick etc., which offers immense opportunity for bagasse based energy generation. Moreover, there is 2,300 tons/day of solid waste from livestock in urban centers of Punjab that can be converted into energy.

Healthcare Sector

Health sector contributes 0.45% to national GDP and out of the total Rs. 134 billion expenditure on health, 30% is made on health care development. Punjab contributes 45% to the total expenditure on health, the largest share amongst provinces¹³. Currently the public health care system comprises about 1,167 hospitals, 5,695 dispensaries, 5,464 basic health units, 675 rural health centers, 733 mother and child health centers and allied medical professionals i.e. doctors,

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nurses, midwives and pharmacists. As of fiscal year 2016, there are 184,71 doctors, 16,652 dentists, 94,766 nurses and 118,869 hospital beds in the country. Moreover, during nine months of 2015-16, 4,500 doctors, 450 dentists, 3,500 nurses and 4,450 paramedics have completed their academic courses and 4,350 new beds have been added in the hospitals. In addition, during 2015, 23 basic health care sub-centers and 6 rural health care centers were constructed and 63 maternity and child health care centers along with 24 new hospitals were constructed on priority.

Government of Pakistan has made substantial efforts to improve health status of the people and reduce burden of disease through series of programs and projects. The government has launched 'Prime Minister's National Health Insurance Program' to improve the health status of the country's population by ensuring access to quality health care especially enhancing coverage and access to secondary and priority treatments of the poor and vulnerable citizens. The scheme covers secondary healthcare including daycare and maternity. Moreover, 'Expanded Program of Immunization (EPI)' provides immunization against the seven vaccine preventable diseases i.e. childhood tuberculosis, poliomyelitis, diphtheria, pertussis, neonatal tetanus, measles and hepatitis B to children less than one year of age. New vaccines like Pentavalent vaccine have been introduced with the help of United Nations Children Fund's (UNICEF). The government has also introduced other targeted programs such as: program for family planning and primary health care (LHWs program), Malaria control program (MCP) (only 9 reported cases in 2016), Tuberculosis (TB) control program, maternal & child health program, HIV/ AIDS control program, prime minister's program for prevention and control of Hepatitis, and cancer treatment program to name a few. Drug abuse also receives special attention by the government and a special anti-narcotics policy deals with drug supply reduction, drug demand reduction and international cooperation¹³.

Government of Punjab (GoP) is also investing significantly into the health sector through various activities, which include; expansion of family welfare centers (FWCS), recruitment of community based family planning workers (CBFPW), activation of mobile service units (MSUs), up gradation of family health centers for training, reorganization of regional training institutes, establishment of new family health clinics, establishment of provincial warehouse, and strengthening of population welfare training institutes¹⁴. Moreover programs like Punjab AIDS Control Program (PACP) and Punjab Health Sector Reforms Program (PHSRP) are also steps taken towards better healthcare.

Pakistan's population is on the rise and the government requires private sector support to cope with the increasing health demands. This gap provides ample opportunities for investment. Moreover, there is a huge scope of foreign investment in research institutions for the up gradation of research and development in the sector and help improve healthcare standards. Even though

¹³ http://www.finance.gov.pk/survey/chapters_16/11_Health.pdf

¹⁴ http://www.pndpunjab.gov.pk/system/files/Punjab_Health_Sector_Plan_2018_0.pdf

medical education is subsidized in Pakistan, it is only available in a handful of government medical institutions and the quality of education offered by private medical institutions is not at par with that of government built medical institutions. This creates immense amount of investment opportunities in medical education.

Information Technology

Information technology has assumed the central role in the development of knowledge economies and transformation of the world into a global village. The IT sector is growing rapidly in Pakistan along with the country positioned as the preferred source of freelance software developers, programmers, business process outsourcing and application designers¹⁵, owing to large English speaking population and a number of excellent IT training institutions. Pakistan has more than 2,000 IT companies and call centers, with 300,000+ English-speaking IT professionals with expertise in current and emerging IT products and technologies, providing an enormous human and knowledge capital potential. Moreover, in the last three years, IT exports have grown manifold amounting to \$2.4 Billion in software and IT enabled services outsourcing. The major share of IT exports is made to US, accounting for 58% of the total exports followed by UK (9%), Canada (4%), UAE (3%), China (2%) and Others (10%).

Government of Pakistan (GOP) has been supporting IT sector through numerous initiatives that include various sustainable development and accelerated digitization projects, research and innovation, establishment of software technology parks, provision of subsidized bandwidth, international certifications, internships and trainings. As a result of this continuous support, Pakistan has been able to establish 14 Software Technology Parks spanning over an area of one million square feet with several world-class technology parks in the making. In order to further substantiate these efforts, a comprehensive plan has been laid out for positioning Pakistan on the global outsourcing map, whilst ensuring participation in international forums, organizing domestic conferences, scaling the software technology parks and facilitating various certification (ISO 27001 and CMMI) programs. Moreover, the government is planning establishment of "Technology Incubators" and "Venture Funds" resulting in acceleration of entrepreneurship locally. Various incentives on part of the government have been put in place in order to strengthen the growth of the sector which include 100% equity ownership, 100% repatriation of capital/dividends, tax exemption on IT export revenues and subsidized state of the art Software Technology Parks¹⁵.

¹⁵

Ministry of Information Technology . (2016, December). *National IT Policy, 2016*. Retrieved from http://moit.gov.pk/policies/National_IT_Policy_2016.pdf

Pakistan Software Houses Association (P@SHA), Pakistan Software Export Board (PSEB) and Punjab Information Technology Board (PITB) have acted as catalysts for this change. P@SHA works as a functional trade association for the IT industry in Pakistan and has gained international recognition by having won several awards in the Asia Pacific ICT awards¹⁶. Similarly, the Punjab Information Technology Board (PITB) has significantly contributed towards raising awareness among the public regarding the uses of IT through its various ventures in e-governance and public surveillance. These include projects such as Citizen Feedback Monitoring Program, Land Records Management and Information Systems, Disease Surveillance System, and Anti-Corruption Case Management System. Such projects have stimulated local demand and boosted activity in IT companies. PITB has also laid a strong foundation for tech-entrepreneurship by establishing Plan9, which has become the largest technology incubator in Pakistan and is distinguishable by its zero-equity model¹⁷. This has been followed by the establishment of Plan X, which is an accelerator to empower mid-stage technology startups to the point where they are enabled to positively contribute to the economy in a sustainable manner. An amount of Rs.14 billion (approx.) has been earmarked for Governance & IT Sector in 2016-17 for implementation of projects sponsored by Punjab Information Technology Board and other government departments. Numerous projects like Property Registration System, Prison Management Information System, Automation of Case and Courts Management System at LHC & District Courts Lahore, Punjab Police Integrated Command, Control and Communication Centre in six mega cities etc. are in the pipeline.

The IT Sector in Pakistan has massive potential for growth, investment and development. It encompasses various investment opportunities that includes potential for investments in company acquisitions and mergers, information technology parks, technology incubators, venture funds, software companies, call centers, gaming & animation studios, data centers, and training and consulting centers etc.

Mines and Minerals

Pakistan possesses a wide variety of mineral resources. The mineral wealth of Pakistan contributes 3% to the national GDP and the sector has experienced an overall growth of 6.8 percent in fiscal year 2016 showing an improvement of 2.8% on the growth in the same period last year. Calcite, Rock Salt, Phosphate, Marble, Gypsum, Dolomite, Soap Stone, Lime Stone and Natural Gas have posted a positive growth rate of approximately 124% percent, 65 percent, 54 percent,

¹⁶ <http://pasha.org.pk/>

¹⁷ Qadeer, N. (2015, September 21). A Start of Something Big. Retrieved from: <http://www.technologyreview.pk/a-start-of-something-big/>

51 percent, 48 percent, 33 percent, 26 percent, 23 percent and 2 percent respectively¹⁸. Punjab is the second largest province (area-wise) and has vast mineral potential like coal, salt, iron ore, limestone, gypsum, silica sand and fire clay etc.

District Khushab being central part of salt range is rich in mineral wealth and contributes substantial revenue to public exchequer and provides employment to a significant proportion of local population. The government has also conducted a detailed legal review and has introduced the concept of reserve price and blacklisting along with the introduction of a number of holding limits in order to curb monopolistic trend of sand/stone mafia and provision of transparent environment for genuine investors.

Government of Punjab places high importance on mineral exploration projects and it aims to enhance the mineral production in the province. It also plans on expanding the mining sector by focusing on exploration and evaluation of mineral resources along with enhancing public sector investment on resource mapping, geo-database development and provision of physical infrastructure, roads and electricity etc. in the potential areas. Various steps have been taken to promote environment friendly mining practices and mitigation of environmental hazards for sustainable development of mineral sectors. In addition, the government also has various achievements in the sector to its credit that include; the geophysical survey of sub surface pre-cambrian shield rocks in Punjab for metallic mineral deposits, capacity building and strengthening of Directorate General of Mines & Minerals Punjab, Lahore and Development of physical infrastructure provision of electricity in mining area of District Khushab.

The government has also developed a plan to undertake a number of projects in the fiscal year 2017. These projects include; construction of road network to facilitate coal supply to power plant at Pind-Dadan Khan District Jhelum, identification of effective strategies to optimize coal production from coal ines in Salt Range/Trans Indus Range (District Jhelum, Chakwal, Khushab and Mianwali), and rock salt potential blocks' delineation in Salt Range, Punjab¹⁸.

Besides immense contribution of the sector to the economic growth, it also possesses huge investment potential that enhances the attractiveness of the sector. In fiscal year 2015, the government conducted an international seminar on business opportunities in Punjab (ISBOP) and successfully signed thirteen MOU's with foreign and local companies on mining projects. Moreover, four major projects with an estimated cost of \$2 billion are in the pipeline and offer immense opportunities for investment. The projects include; iron & copper mining and establishment of steel mills, 150-300 MW local coal fired power plants on mine mouth model, plants for soda ash & caustic soda at Salt Range and cement plants at Salt Range with estimated cost of \$663 million, \$800 million, \$200 million and \$300 million respectively¹⁹.

¹⁸ Pakistan Economic Survey 2015-16

http://www.finance.gov.pk/survey/chapters_16/03_Manufacturing.pdf

Special Economic Zones (SEZs)

Special Economic Zones (SEZs) are expected to play a significant role under the China Pakistan Economic Corridor (CPEC) to attract foreign direct investment (FDI) and help to provide an enabling environment for entrepreneurs and investors. SEZ Act 2012 provides the governing structure for these zones and allows both federal and provincial governments to set up these special zones under various administrative frameworks.

Government of Pakistan has formulated the SEZ Policy, which helps to stimulate the provision of industrial areas with quality infrastructure. The policy provides incentives for developers and enterprises; helps implement transparent governance, and provides clear standards for compliance. Under the policy, zone developers and zone enterprises have duty free import of capital goods for establishment, maintenance of zones and projects therein. Government also provides income tax exemption for zone developers and zone enterprises for a period of ten years. In addition, captive power generation is allowed to zone developers and excess power can be sold. Board of Investment (BOI) provides 'One-Window' facilities to the zone developers and zone enterprises. Moreover dry ports' facilities along with security arrangements by the provincial government are also secured under the SEZ Policy²⁰.

Multiple Special Economic Zones are being established in Punjab, considering the significance of China Pakistan Economic Corridor and relocation of various Chinese industrial units. 'Value Addition City' is a special economic zone spread over an area of 225 acres and has been established about 20 kilometers from Faisalabad city and is located at a distance of 1.5 kilometers off Sheikhpura - Faisalabad expressway. In addition, another SEZ, 'M-3 Industrial City' is located along motorway M-3 (south) near Sahianwala Interchange at a distance of 20 kilometers from Faisalabad. It spans over an area of 4,356 Acres and is expected to reach completion by 2019.

'Quaid-e-Azam Apparel Park' (QAAP) is a special economic zone in progress on M-2 (Lahore - Islamabad Motorway) at a distance of 2 kilometers from Sheikhpura interchange. It spans over an area of 1,536 acres and phase I of the project is to be completed by December 2017 and phase II will complete by June 2018. QAAP will have numerous facilities including a dedicated interchange on M 2 with easy access to link roads, a dedicated power plant along with 132 KV grid station and gas supply. Various shopping arcades, amenity areas and parking lots will be built at the facility along with a hospital and 24 hours functional emergency center.

¹⁹boi.gov.pk/userfiles1/file/PIC2015/5th%20November,%202015/Punjab/PBIT.pptx

²⁰ <http://boi.gov.pk/UploadedDocs/Downloads/InvestmentGuide.pdf>

95

Moreover, an international apparel university will be designed and built by CNTEX China. As textiles account for more than 50% of total exports and Pakistan stands as the world's second largest exporter of cotton yarn and towels, and the third largest exporter of cloth along with immense foreign exchange earnings and employment opportunities created by the cotton spinning industry, the Government of Punjab has attached immense importance to the establishment of Quaid-e-Azam Apparel Park. These newly declared SEZs are expected to have a turnover of over Rs. 1 trillion and guarantee 200,000 plus jobs.

Punjab Board of Investment & Trade (PBIT) works as Special Economic Zone Authority and assists public and private developers in completion of their applications. In doing so, it has successfully achieved various significant milestones and Special Economic Zone Cell (SEZA) at PBIT is currently assisting developers for the declaration of numerous industrial parks as SEZs, which are looking to attract immense foreign investment. These upcoming special economic zones include; Bhalwal Industrial Estate (445 acres), Vehari Industrial Estate (277 acres), Chunian Industrial Estate (313 acres), Rachna Industrial Park (174 acres), and Punjab China Economic Zone (5000 acres) etc.

The Provincial Governments have received many applications for various potential zones in their respective provinces and are in the process of preparing documents to further process the applications. They are also engaged with potential local and foreign investors to finalize arrangements for infrastructure development of the areas identified for Zones.

Textile Sector

Pakistan is the 8th largest exporter of textile products in Asia. It is 4th largest producer and 3rd largest consumer of cotton. Textile sector is the backbone of Pakistan's economy. It is the single largest sector, which contributes 60 percent to Pakistan's total exports. It comprises 46 percent of total manufacturing sector and provides employment to 40 percent of total labor force. It is worthy to mention that textile sector contributes 8.5 percent to gross domestic product of the country. Market Capitalization (Listed Companies) of textile sector is 5.0 percent of total market capitalization, while 40 percent of bank credit is being consumed by the textile sector. There are 423 textile industries working in the country.

Textile sector is the largest manufacturing sector of Pakistan. The industry consists of 11.3 million spindles, 3 million rotors, 350,000 power looms, 18,000 knitting machines and processing capacity of 5.2 billion sqm. It has about 700,000 industrial and domestic stitching machines. There are 21 filament yarn units having capacity of 100,000 tons. A complete textile value chain exists in the country, unlike many other countries that possess only the primary base or the finished base.

Government of Pakistan has been supporting the textile sector through various schemes. The 'Technology Up-gradation Fund Support Scheme' is a noteworthy contribution on part of the government through which a 'mark-up' and 'investment' support is extended to the textile sector players. As a part of this scheme the federal government may reimburse 50% of markup subject to a maximum of 5% per annum (whichever is less) and also extend up to 20% investment support to SMEs and 5% to non-SMEs for the import of new plant and machinery up-to Rs 10 million, through loans or their own sources. The aim of this scheme is to improve overall technological configuration of the sector, remove critical imbalances in the value chain and achieve compliance with international standards.

The government has also set various ambitious goals to be achieved until the end of 2019 as a part of the Textile Policy 2014-19. It plans to double the value-addition from \$1 billion per million bales to \$2 billion per million bales along with aiming at doubling the textiles exports from \$13 billion per annum to \$26 billion per annum. The government also plans to heavily invest in ICT-based textile innovations in order to achieve greater efficiency. Moreover, great emphasis is being laid upon vocational training of workers for capacity building, internships and introduction of different programs for enhancement of skills and higher per capita productivity. Initiatives are being taken to strengthen the strategic and competitive capacities of textiles value chain and allied firms. Under performing units are being supported through management capacity building, business development services support, facilitating mergers and any other viable options. Technical textile is an emerging area and the government aims to develop a comprehensive strategy and plans to establish exclusive centers in fields of geo-tech, meditech and sportech. Furthermore, the allied industry is also being offered assistance in textile machinery manufacturing, and production of dyes and chemicals. Besides the ministry is taking measures to give priority to textiles sector for availability of energy to fully utilize the 'Generalized System of Preferences Plus Status' (GSP+) granted by the European Union allowing Pakistani products a duty free access to the European market.

In addition to the ambitious textile sector targets, the government also offers budgetary support to the textile manufacturers and exporters. Mark-up rates for 'Export Refinance Scheme' of State Bank of Pakistan has been reduced from 9.4% to 7.5%, 'Textiles Industry Units' in the value added sector have been provided Long Term Financing Facility (LTFF) for up gradation of technology from State Bank of Pakistan at the rate of 9% for 3-10 years duration, duty free import of machinery has been extended for another two years and drawback of local taxes and levies has been provided to manufacturing-cum-exporting units on exports of products under specific tariff codes of the Pakistan customs tariff at rates included: one percent for eligible product lines of processed fabrics; eligible products of made-ups category at two percent; and eligible products of garments category at four percent.

Besides immense contribution of the sector to the economic growth, it also possesses huge investment potential that enhances the attractiveness of the

sector. Pakistan is ranked as the 4th largest cotton producer in the world but it ranks 12th in global textile exports by value due to its low value added exports. As a result of this gap, there is immense room for opportunities of investment to set up additional value-addition units e.g. in apparel. Also, Pakistan is the 3rd largest in cotton consumption, which shows high demand of cotton in the domestic market and creates a requirement for its expansion. The local market also reflects a high demand of finished cotton apparel, which provides avenues for new entrants to step into the local market and create their mark in the apparel industry.

Website Content

Website Content

The two messages on the landing page, under the timer

ISBOP 2017: Another Step Towards Promoting Investment In Punjab

The Government of the Punjab is organizing International Seminar on Business Opportunities in Punjab 2017. The event is aimed at continuing the momentum developed from the previous ISBOP in 2015 and will bring together a host of national and international investors, entrepreneurs, businessmen and experts to explore how they can work together to take benefit of immense economic opportunities provided by Punjab. Government of Punjab has already taken a number of steps to facilitate new businesses and investors and this event marks yet another step towards promoting investment in Punjab.

ISBOP 2017: Mark the Dates!

The Government of Punjab is organizing International Seminar on Business Opportunities in Punjab 2017 at Pearl Continental Lahore from May 22 - 24, 2017. A mega exhibition featuring representations from various sectors will also run on the sidelines of the seminar at Expo Center Lahore on May 23 - 24, 2017.

Chairman's (CM Punjab) Message... The tab is currently not visible

Punjab is quickly emerging as a secure and economically vibrant investment destination for local and foreign investment. Punjab has recently been attracting significant interest from investors. China Pakistan Economic Corridor has further catalyzed this process and has put Punjab on the map of preferred investment destinations. Punjab is well positioned to take benefit from this interest and translate into an increased investment flow through providing an enabling environment for national and international investors.

Government of Punjab places a very high importance on facilitating investors and businesses to ensure that their investment is made with utmost ease and results into healthy returns both for them as well as for the province through employment generation, leading to socio-economic development. In order to translate this priority into action, we have simplified the business process regime in the province and are offering a number of incentives to investors. We are also working on skills development to ensure that the investors and new businesses have access to qualified labor.

In recent years, our government has made significant investment in infrastructure, proving road access connected to national highway network, flowing from our border next to China in the north all the way to our ports in the south. We are also working on addressing energy shortages and in the next few months, we'll be adding significant new capacity to the national grid, providing uninterrupted power to the industries. Our industrial estates in Punjab are the best in the country, with developed and secure infrastructure. We believe that this

International Seminar on Business Opportunities in Punjab is a testament to our commitment to promoting investment in Punjab, whereby we are inviting a number of interested national and international investors to come together and explore how they can take benefit of immense opportunities available in our province. I believe that ISBOP will help you better understand what Punjab has to offer in terms of state-of-the-art infrastructure, friendly business environment and a robust economic base. I warmly welcome you all to this landmark event and hope that we become partners in this journey towards success and prosperity.

21

Overview

The ISBOP is Punjab's largest and most successful event for anyone interested to invest in Punjab. Our aim at ISBOP is to bring together investors, enterprises, business owners, entrepreneurs and experts to come together and discuss how they can capitalize on immense business opportunities offered by Punjab. With thousands visitors and hundreds of participants, a world-class seminar and useful information sessions, ISBOP is the most successful event of its kind in Punjab, where participants will have access to top-of-the-line speakers, business experts, incredible interactive exhibits, world class networking, in-depth education and valuable networking opportunities.

Vision/Mission**Vision**

Our vision is to "make Punjab as the investment destination of choice for national and international investors offering seamless business facilitation for investors leading to creating a pipeline of healthy investments".

Mission

Our mission is to stimulate investment in Punjab through making ISBOP a robust platform for investors and entrepreneurs, with a range of value-added services and facilitating them to take benefit of the immense opportunities offered by Punjab.

Objectives

Our objectives are:

- Provide an information hub for interested investors, businesses, entrepreneurs and other relevant audience regarding business opportunities in Punjab
- Raise awareness about the improved business environment in Punjab
- Introduce a pipeline of attractive investment opportunities
- Explore business opportunities in Punjab
- Provide an interface for investors to interact with key government agencies
- Offer a platform for networking for investors from Pakistan as well as abroad

77

B2B Director Contacts

Attached.

Designed Sector Briefs

Attached.

Business Registration and Processes

Review done for attached brief and investment booklet.

Investment Incentives Report

Peer review done.