SEZMC

Special Economic Zones Management Sindh

Investment Department

ROAD *to* PROSPERITY

SEZ
habeji

PAKISTAN AT A GLANCE

Pakistan is located in the Middle East, a recognized geographical region of southwestern Asia, and is situated in both the northern and eastern hemispheres. Thus, it is a gateway to the regional market with a large population, wide and diverse resources and untapped potential for trade.

Pakistan: basic facts	
Official name	Islamic Republic of Pakistan
Capital	Islamabad
Area (sq. km)	796,095 sq. km
Languages	Urdu & English (official)
Government form	Parliament
Sea ports	Karachi, Bin Qasim & Gwadar
Currency	Pakistan Rupee (PKR)

Major Import & Export	
Import	**Export**
Steel	Leather
Automobile	Fruits
Industrial equipment	Construction material
Chemical	Handicrafts
	Rice

Demographics

- According to the Pakistan's latest census, the total population is estimated to be 207 million, which is growing at a rate of 2.4 per annum.
- Pakistan has a very young population, with a median age of 23.8 years with a 64:36 split between rural and urban residents.

ECONOMIC OUTLOOK OF PAKISTAN

- Pakistan is on it's way to emerge as one of the fastest growing countries in the region. Government of Pakistan is committed to implement reforms to provide an enabling environment to attract foreign and local investors.

- Pakistan's current account deficit declined to US$ 579 million in the first month of the current fiscal year as compared to last year's US$ 2.13 billion indicating a reduction of 73%.

- The country's trade deficit decreased by almost 38% in the first two months of the current fiscal year.

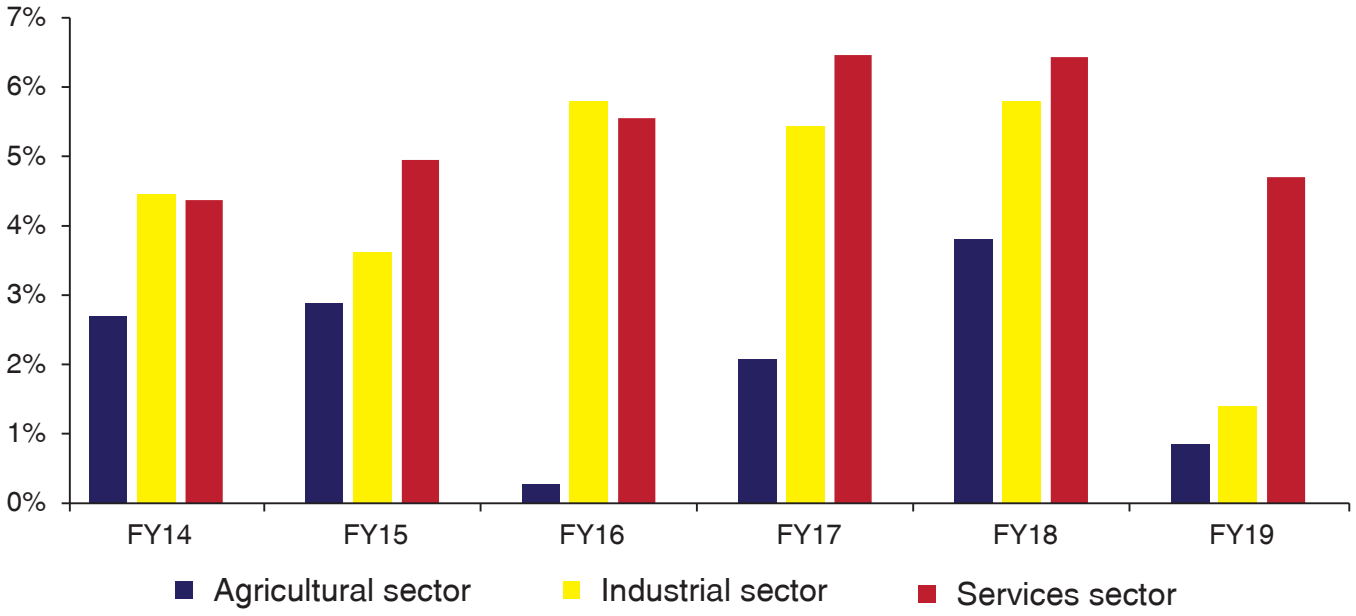
- The recent reduction of 31 basis points from the cut-off yield of 12-month treasury bills which reflects the restoration of market confidence and lowers the perceived default risk associated with the Government.

- S&P Global Ratings affirmed Pakistan's 'B-' long-term and 'B' short-term sovereign rating while maintaining the long-term outlook at 'stable' rating.

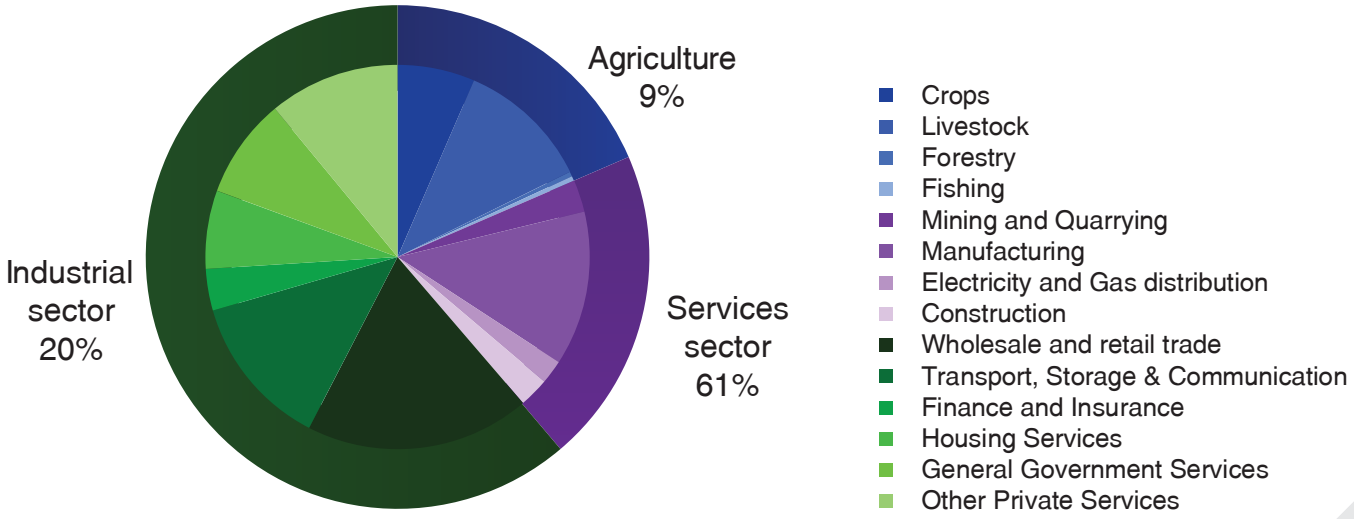
- GDP growth for the last year was recorded around 3.3%.

- World Bank forecasts that economic growth in the country is expected to recover in the coming fiscal year 2020- 2021, as macroeconomic conditions are improving, so export demand is growing up on the back of structural reforms and increased competitiveness.

Sectoral growth:

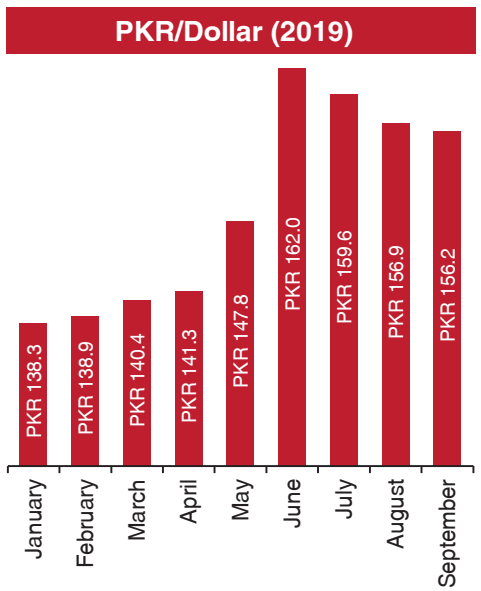


GDP composition:



ECONOMIC OUTLOOK OF PAKISTAN (CONT')

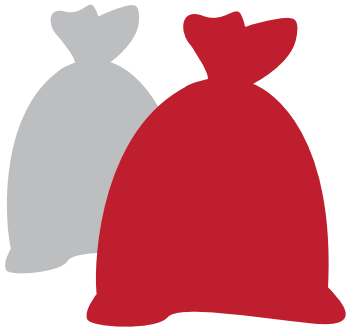
- Key developments — Subsequent to the introduction of the market-based exchange rate system and continued adjustments in the current account, the rupee has strengthened modestly against the greenback. The Policy cuts by US feds and other major central banks around the world would also help to reduce pressure on emerging market currencies and potentially increases the financial inflows.
- Pakistan's currency appears to have stabilized at a level that allows the C/A deficit to shrink dramatically, and this should be supported by a global recession.
- For the enhancement of FDI, the government has under taken different initiatives at the international level. Few of these initiatives have been listed below:
- The Govt. plans to set up nine Special Economic Zones (SEZs), out of which, three are listed as priority projects, including Dhabeji SEZ.
- Saudi Arabia has signed seven MoUs worth USD20bn across several sectors including oil, mining and energy.
- Agreement to be signed with China for the upgradation of Mainline-1 (ML-1).
- Some other huge foreign direct investments are in the pipeline around USD5bn investment by UAE in oil refinery project.
- Foreign remittances are likely to be stable in the coming years on the back of rising interest rates and increased employment opportunities in Qatar due to FIFA 2022, among other contributing factors.



"Late in May this year, the government had reached a staff-level agreement with the International Monetary Fund for a loan of $6 billion over a period of 39 months."

Inflation rate
(July — Sep Y0Y)

11.5%



GDP
(July — June 2018)

$~283bn

GDP per capita — USD1,333 p.a.

Trade deficit
(Jul — Sep FY20)

US$ 5.7bn

Current account deficit
(July — Sep 2020)

US$ ~0.24bn

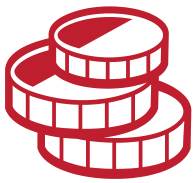
Policy rate

13.25%

Remittances
(Jul — Sep FY20)

US$ 5.47bn

Foreign exchange reserves
(Sep 2019)



US$ 15bn

External debt
(Jul 2019)

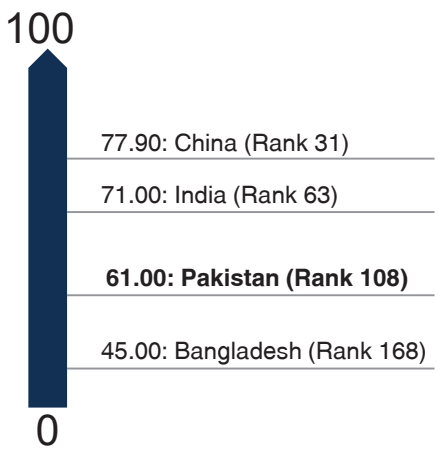
US$ 106bn

EASE OF DOING BUSINESS

- Pakistan ranked among the top 20 global economic reformers.
- Pakistan has improved 28 ranks, from 136 to 108.
- The World Bank has acknowledged Pakistan amongst top 10 economies that improved the most on the ease of doing business after implementing regulatory reforms.

Snapshot of Key Reforms taken by Pakistan

1. **Starting a Business**
   From 130 to 72
   58 points
2. **Getting electricity**
   From 167 to 123
   44 points
3. **Registering property**
   From 161 to 151
   10 points
4. **Trade across border**
   From 142 to 111
   31 points
5. **Construction permits**
   From 166 to 112
   54 points
6. **Paying taxes**
   From 173 to 161
   12 points



THE WORLD BANK
IBRD • IDA

Ease of doing business index: Pakistan's DB score for 2020 increased to 61.00 compared to 55.31 for 2019.

SPECIAL ECONOMIC ZONES

Special Economic Zone (SEZ) is a specific area of the land used to promote industrial growth in a country by providing more special exemptions and tax policies as compare to general economic policies in a country. According to World Bank's 2008 annual report, "by some estimates, there are approximately 3,000 zones in 135 countries today, accounting for over 68 million direct jobs and over $500 billion of direct trade-related value added within zones."

Keeping in view the great success of SEZs around the globe, the Government of Pakistan passed Special Economic Zone (SEZ) Act 2012. It was promulgated for attracting the investments, to revive and diversify the manufacturing and exports. SEZs will enhance overall economic connectivity, integration and competitiveness, as well as investments, exports and productivity, which are keys for economic growth, job creation, poverty alleviation and socio economic developments in the province.

Currently Pakistan has 9 proposed SEZs:

1. **Dhabeji, Thatta**
2. Rashakai Economic Zone
3. Port Qasim, Karachi
4. ICT Model Industrial Zone
5. Allama Iqbal Industrial City
6. Moqpondass SEZ, GB
7. Mirpur SEZ
8. Bostan Industrial Zone
9. Momand Marble City

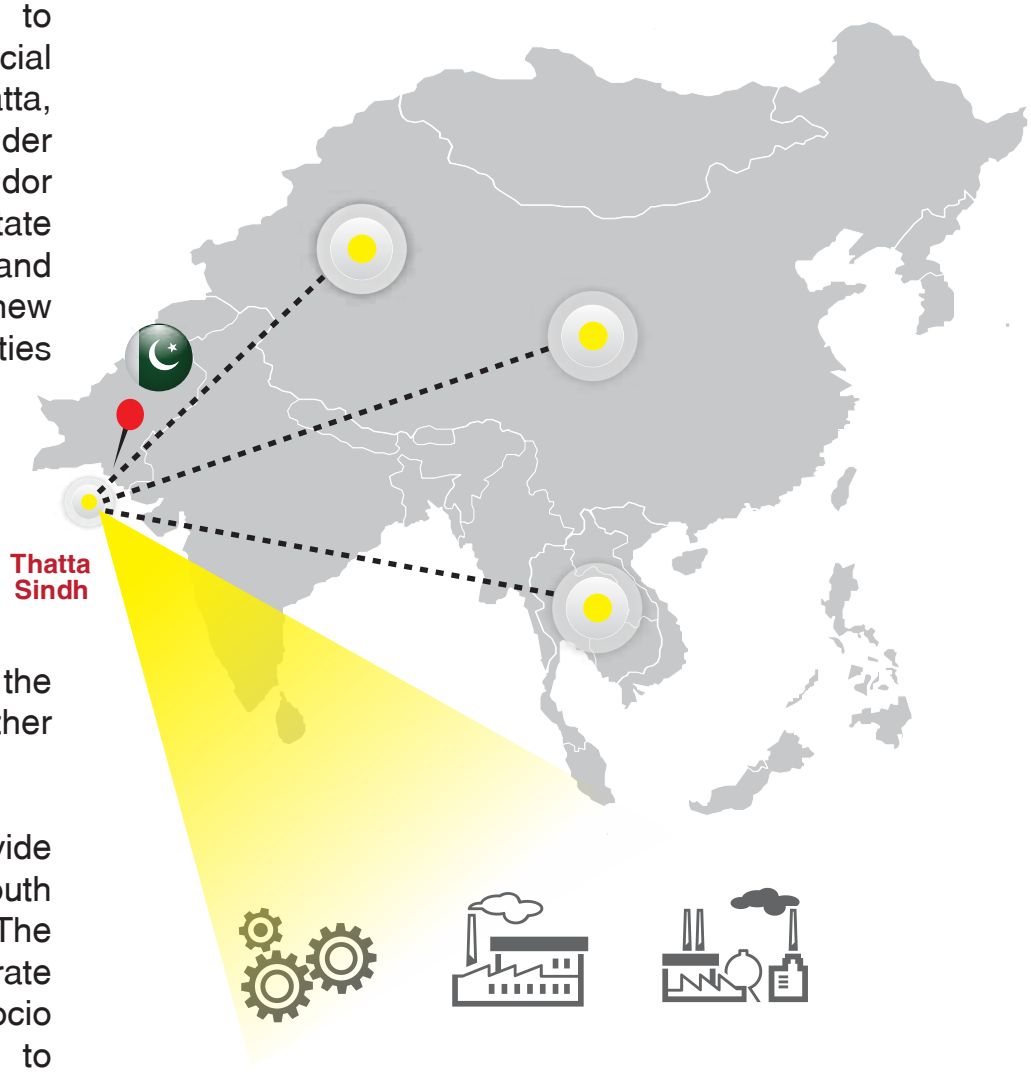
DHABEJI SEZ - PROJECT BRIEF

The Government of Sindh has allocated 1530 acres of land to be developed as Dhabeji Special Economic Zone (DSEZ) in Thatta, a Priority Project under China-Pakistan Economic Corridor (CPEC). The project will facilitate potential investors of China and other countries to establish new enterprises or transfer their facilities to Dhabeji SEZ in Pakistan.

The Project is proposed to be implemented in two (2) phases of 750 acres and 780 acres each respectively.

Dhabeji SEZ will offer state of the art infrastructure, utilities and other amenities at the doorsteps.

Dhabeji Industrial Zone will provide a gateway to Central Asia, South Asia, Middle East and Africa. The project is expected to generate employment opportunities, socio economic development and to strengthen the poverty alleviation in the region besides helping to boost country's exports.



Heavy & medium industry clusters

IDEAL LOCATION FOR AN ECONOMIC ZONE

Easy access to Port Qasim (22 Km) enabling raw material imports and finished good exports without incurring major inland transportation costs and saving time.

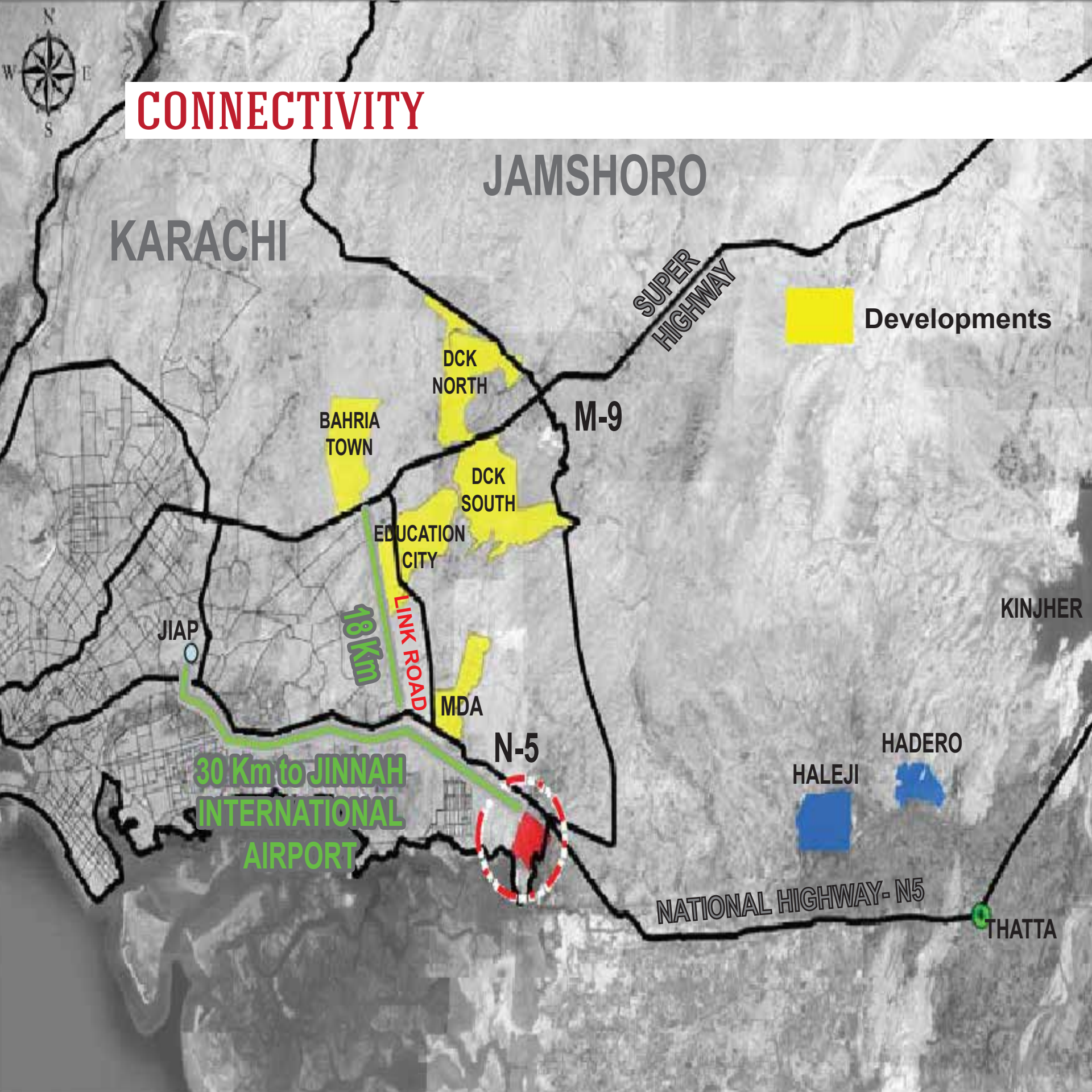
Easy access to Karachi Airport (35 Km) via national highway enabling safe travel of foreign workers and management personnel.

Direct access to the National Highway (0.5 Km) enabling the transportation of goods to upcountry and Central Asian nations utilizing the National Trade Corridor.

Access to: Karachi — 22 million people, Hyderabad — 7 million,Thatta — 3 million.

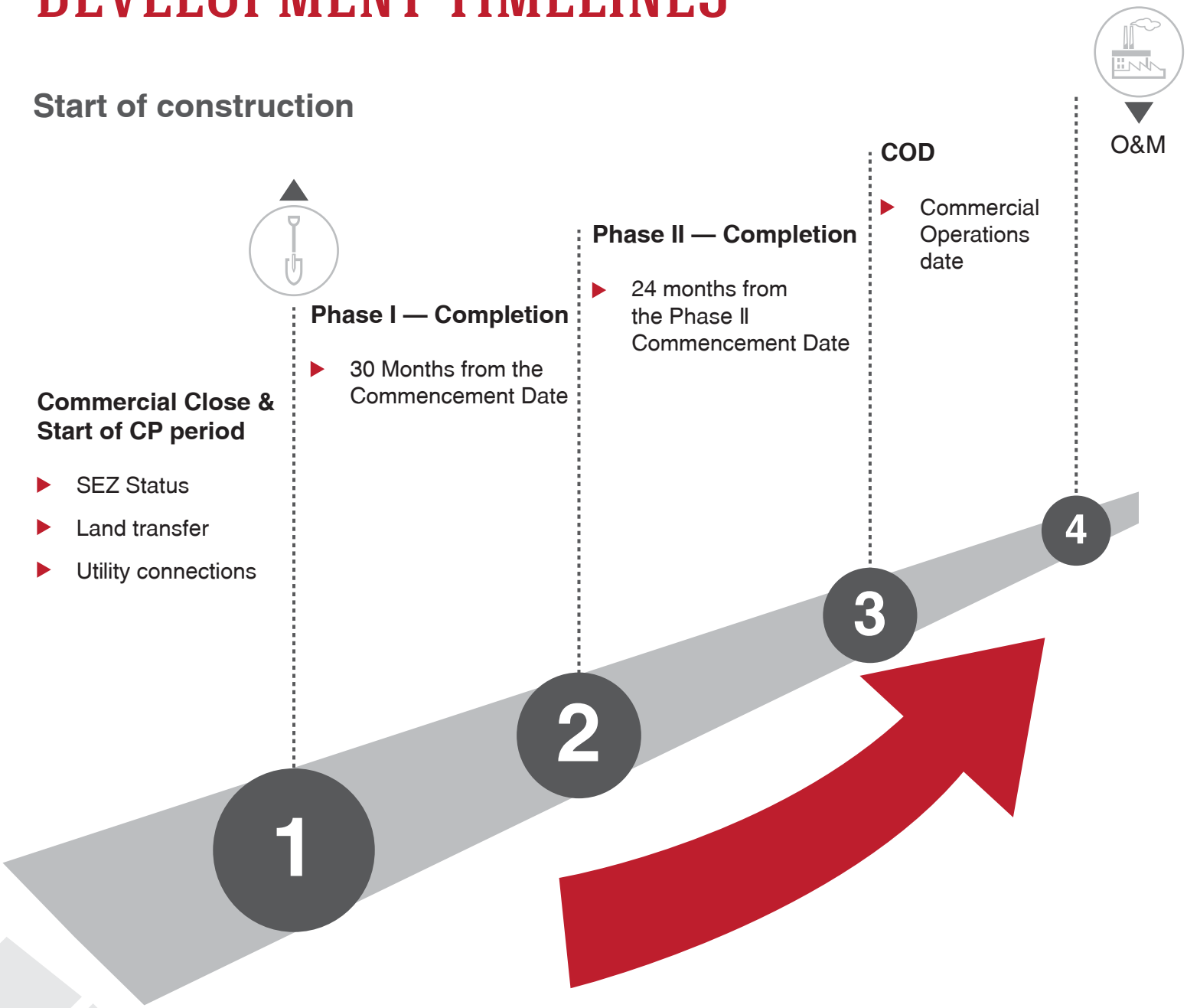
CONNECTIVITY

CONNECTIVITY



DEVELOPMENT TIMELINES

Start of construction



UTILITIES

Federal government of Pakistan has directed to fast-track provision of utilities to Special Economic Zones for facilitation of potential investors in investments and establishment of industries.

SEZMC has arranged a dedicated grid station of 250 MWs with financial support of federal government. K-Electric to execute the job worth Rs 4 billon.

15 mmcfd to be provided at the door step by government through Sui Southern Gas Company.

10 Mlllion Gallon Per Day to be provided by government through Karachi Water & Sewerage Board at the doorstep.

FISCAL INCENTIVES

Incentives for Developers

- One time exemption from all custom duties and taxes for all capital goods imported into Pakistan for the establishment of an SEZ.
- Exemption from all taxes on income accruable in relation to the development and operation of the SEZ for a period of five (5) years starting from the date of signing of the Development Agreement.

Incentives for Zone enterprises

- One time exemption from custom duties and taxes on imports of capital goods into the SEZ for installation.
- Exemption from all taxes on income for enterprises commencing commercial production by 30th June 2020, for the next ten years.
- Zone enterprises that start operations after 30th June 2020, shall be exempted from income tax for the next five years only.

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SEZ Dhabeji

A Priority Project under
China Pakistan Economic Corridor

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