



PAKISTAN TURKIYE BUSINESS AND INVESTMENT FORUM

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SECRETARY COMMERCE



GOVERNMENT OF PAKISTAN
MINISTRY OF COMMERCE



EMERGING
PAKISTAN



SCHEME OF PRESENTATION

01. Introduction to Pakistan Economy
02. Pakistan – Turkey Bilateral Trade

The background of the slide is a blurred photograph of a group of people in a meeting or conference room. They are seated around a table, and the image is out of focus. A large, bright green geometric shape, consisting of several overlapping triangles and polygons, is overlaid on the left side of the image. The text is positioned within this green area.

INTRODUCTION TO PAKISTAN ECONOMY

PAKISTAN AT A GLANCE

Economic Indicators 2018-19

284

GDP (Billion US\$)

1,497

GDP per Capita (US\$)

3.3%

GDP Growth Rate

1,668

FDI (Net) (Million US\$)

7.3%

Inflation Rate

23

Exports (Billion US\$)

54.8

Imports (Billion US\$)

PAKISTAN: AN ECONOMIC PERSPECTIVE

- ✓ Shortest route to Afghanistan, land locked Central Asia & land route to China
- ✓ Gwadar – One of the largest deep sea port of the World
- ✓ 220 million population
- ✓ 3.5 billion cell phones market demand
- ✓ Broadband subscribers hit 70 Mn. in June 2019; more than 160 Mn. cellular subscribers
- ✓ Home to 8 out of 20 highest mountains in the world



Milk
4th largest



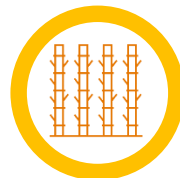
Salt Mine
2nd largest



Dates & Mangoes
6th largest



Wheat
8th largest



Sugarcane
5th largest



Cotton
4th largest

WHY TO INVEST IN PAKISTAN?



Geo-strategic Location



Enhanced Market Access



Population & workforce



**Business Friendly Government
with Strong Reform Agenda**



Economic Outlook



Investment Policy



Special Economic Zones

IN HIS INAUGURAL SPEECH

THE PRIME MINISTER MENTIONED HIS COMMITMENT TO IMPROVE BUSINESS CLIMATE.

Ranked 6TH biggest
DOING performer
BUSINESS 2020
— WORLD BANK GROUP

We are pursuing a reform agenda to develop Pakistan on modern lines, which include facilitating ease of doing business, changing tax laws, and encouraging investments.

PRIME MINISTER IMRAN KHAN
World Government Summit 2019, Dubai



GOVERNMENT OF PAKISTAN
MINISTRY OF COMMERCE



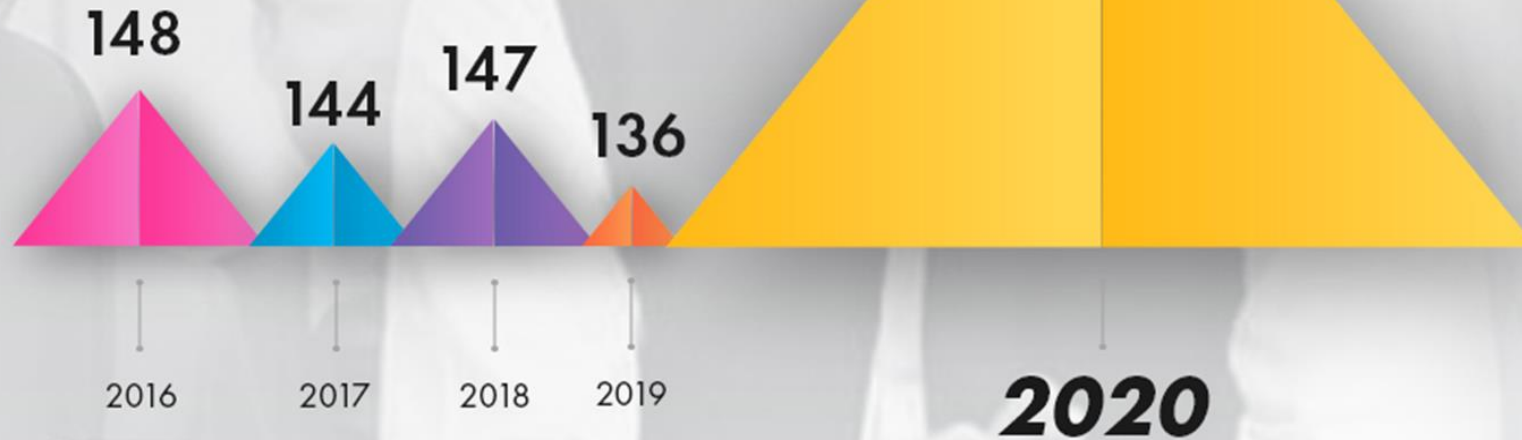
Trade and Investment Opportunities in Pakistan
MINISTRY OF COMMERCE

PAKISTAN'S 2ND BIGGEST JUMP IN EoDB RANKING 2020 - 28 PLACES!

108



GOVERNMENT OF PAKISTAN
MINISTRY OF COMMERCE



Ranked 6TH biggest performer
DOING BUSINESS 2020
WORLD BANK GROUP



Trade and Investment Opportunities in Pakistan
MINISTRY OF COMMERCE

INTERNATIONAL RECOGNITION

**Pakistan projected to become
world's 20th largest economy
by 2030 and 16th largest by
2050 in terms of PPP**



pwc 2017 Report

**Economic Complexity Global
Growth projections rank
Pakistan among the fastest
growing economics to 2025 with
projected growth rate at 5.97%**



**Center for International Development
at Harvard University**



**Trade and Investment Opportunities in Pakistan
MINISTRY OF COMMERCE**

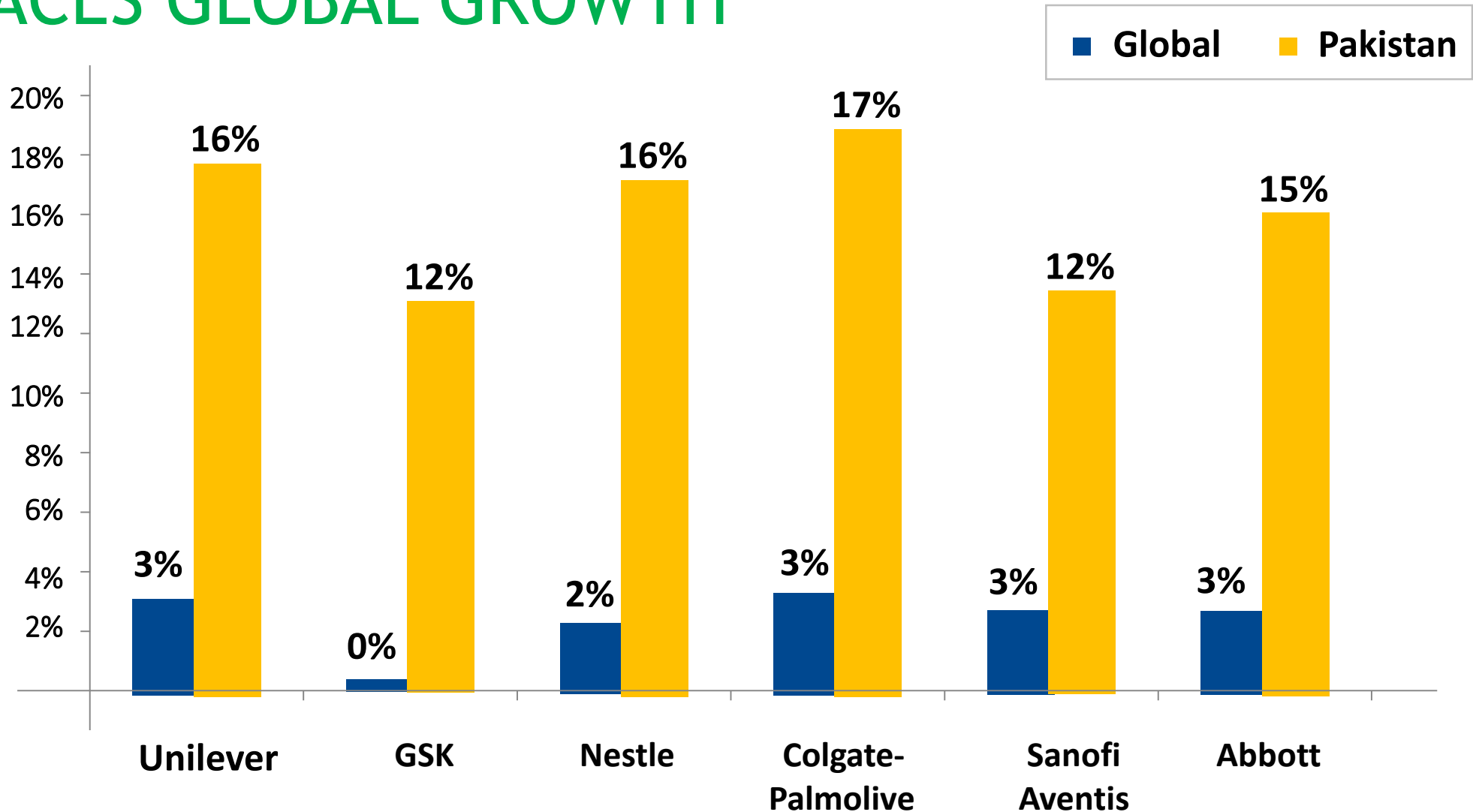
Ease of Doing Business rankings are a proof that the **business climate** is **improving in the country**



GROWTH OF MNCs IN PAKISTAN OUTPACES GLOBAL GROWTH

10-year revenues CAGR (2007-2017)

Source: Bloomberg



RECENT EXAMPLES OF LARGE FOREIGN INVESTMENTS



Lotte (S Korea)
bought substantial
share in Pepsi



\$380Mn

Coca Cola expansion



Nestlé

\$450Mn

Nestlé's investment
in milk chain



Unilever

\$530Mn

Unilever (GB) parent
bought out minority
(c.24%) for US \$ 530 Mn

\$150Mn

Investing US\$150 Mn
For expansion



FrieslandCampina 

\$442Mn

Friesland Campina (NL) bought
51% of Engro Foods for approx.
US\$ 442 Mn.

\$250Mn

Arcelik of Turkey
acquired Dawlance
Appliances for \$250 Mn

HOME TO MULTINATIONAL BUSINESSES

Arçelik



albayrak



ZORLUENERJİ

citi



Cargill



JHIMPIR POWER

IGI Life



Standard Chartered

SharpTel

NOKIA

Lilly



ZONG Say it all



TOYOTA



METRO Cash & Carry



INVEST IN PAKISTAN

Major tariff concessions available to Pakistan in:

- Malaysia
- Indonesia
- Sri Lanka
- South Asian region-SAFTA

Pakistan-China FTA:

- China: **China-Pak FTA (Phase II)** providing duty free access to Pakistan on 90% of China's global imports. It officially came into force on January 01, 2020.



INVESTMENT INCENTIVE STRUCTURE IN ZONES

SPECIAL ECONOMIC ZONES

- ❑ Utilities and land connectivity ensured by law
- ❑ One time duty exemption on import of plant and machinery
- ❑ Income tax holiday: 5 years for Developers and 10 years for Enterprises
- ❑ Captive power generation allowed
- ❑ Single window facility
- ❑ Development Modes
 - Public Sector
 - Private Sector
 - Public-Private Partnership

EXPORT PROCESSING ZONES

- ❑ Developed land on competitive rates for 30 years
- ❑ Duty-free import of machinery, equipment, materials
- ❑ Exchange control regulations of Pakistan not applicable
- ❑ No sales tax on inputs including electricity/gas bills
- ❑ Domestic market available to the extent of 20%

INVESTMENT INCENTIVES

Financial Benefits

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

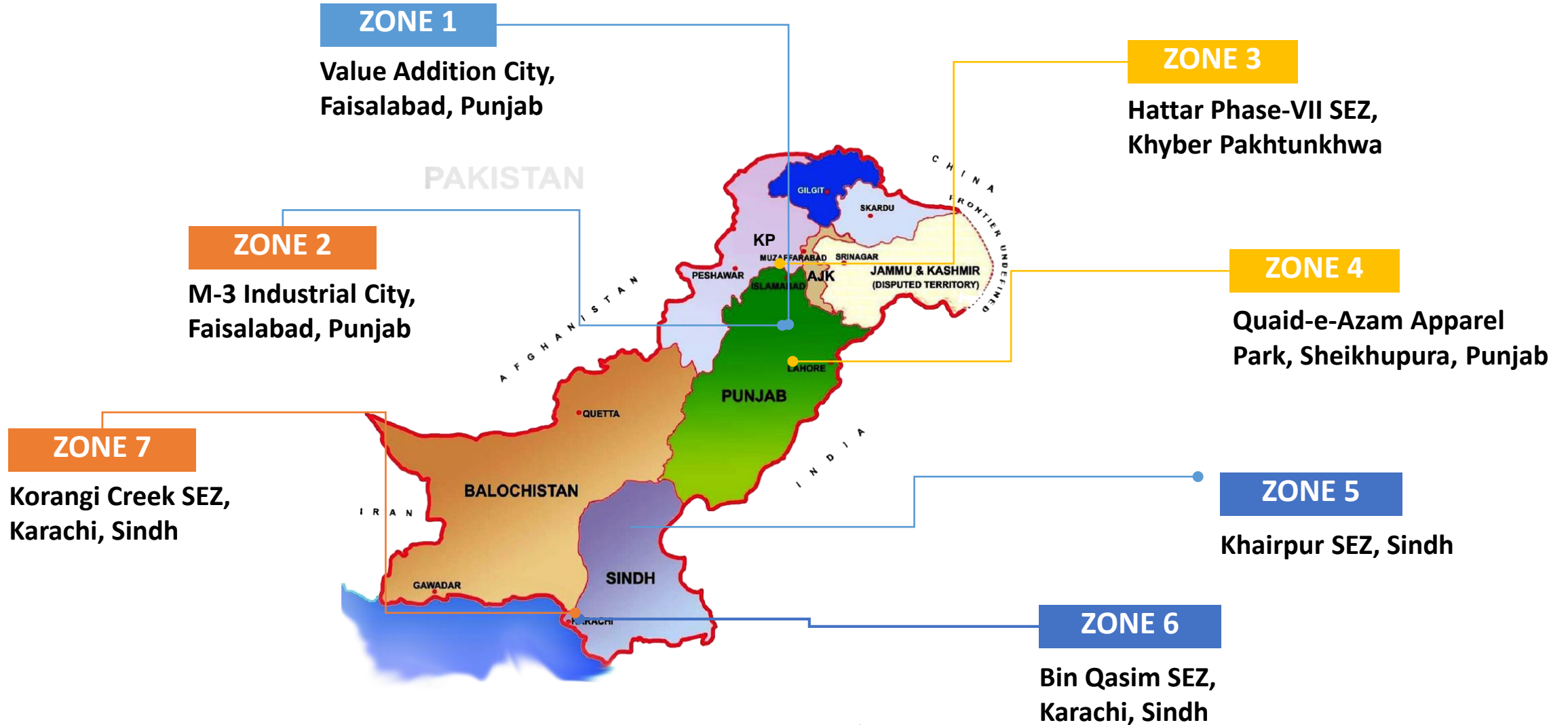
Business Services

- ✓ Online registration procedure for foreign companies
- ✓ Opening of branch or liaison offices
- ✓ Entitlement to sell shares, transfer ownership, and de-register
- ✓ Domestic borrowing allowed

Basic Infrastructure Service

- ✓ 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

SEVEN (07) APPROVED SEZs



GWADAR FREE ZONE



Complete tax holiday for establishing business for 23 years



Complete tax holiday for contractors and sub-contractors for 20 years



Exemption from customs duty for 40 years on import of equipment and material



Exemption from paying minimum tax for concession holders and operating companies



Exemption from tax on dividend income



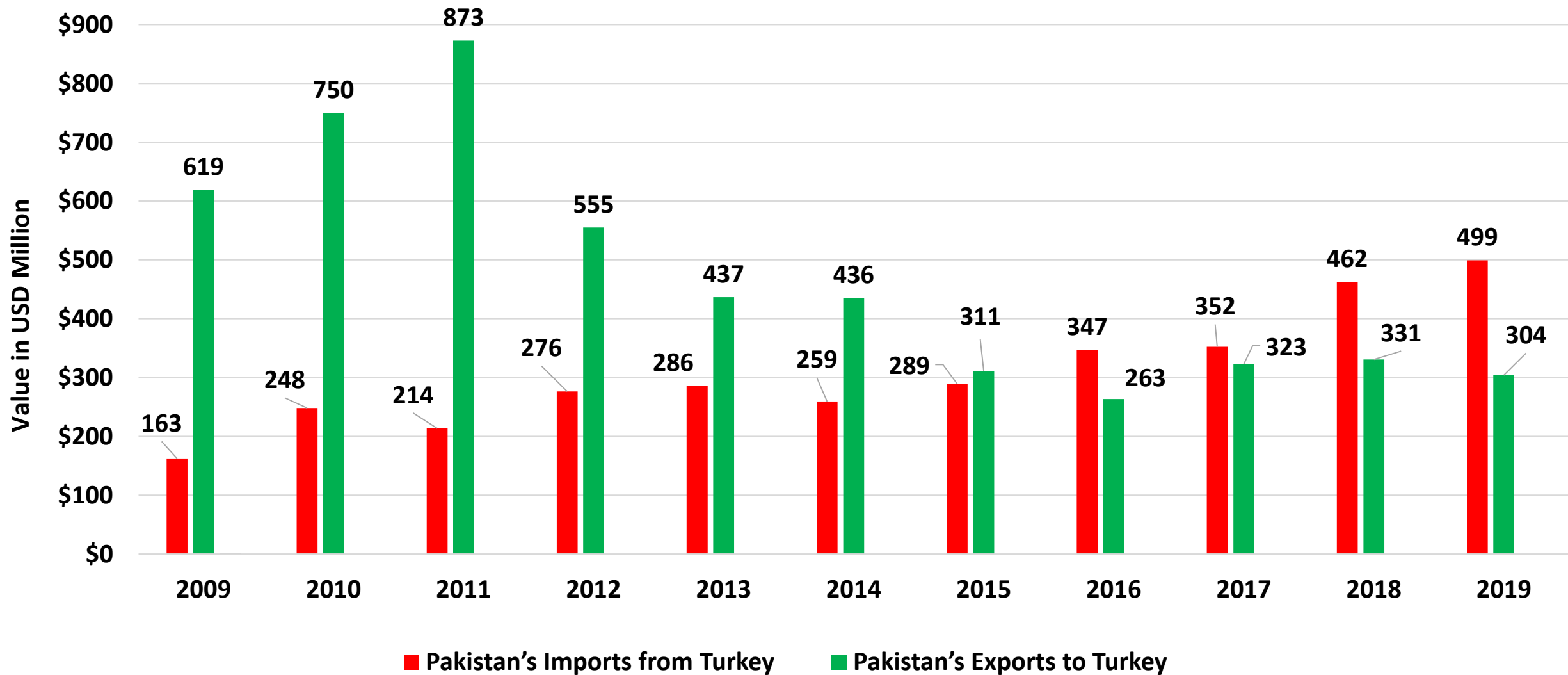
Income tax exemption on profits on debt obtained from local banks



PAKISTAN AND TURKEY BILATERAL TRADE



PAKISTAN-TURKEY BILATERAL TRADE



PRIORITY SECTORS FOR TRADE WITH TURKEY

Traditional Sectors:

- ✓ Textile and Apparel
- ✓ Leather
- ✓ Surgical Instruments
- ✓ Sports Goods

Services Sectors:

- ✓ Logistics and Shipping
- ✓ Information Technology
- ✓ Tourism & Hospitality

Non-Traditional Sectors:

- ✓ Sea Food
- ✓ Meat and Poultry
- ✓ Fruits and Vegetables
- ✓ Footwear
- ✓ Machinery
- ✓ Marble and Granite
- ✓ Chemicals

PAKISTAN'S TOP TEN EXPORTS TO TURKEY

US\$ Million

HS	Product label	Pakistan's Exports to Turkey		
		Value in 2017	Value in 2018	Value in 2019
TOTAL	All products	323,117	330,748	303,901
52	Cotton (yarn & grey cloth)	203,384	194,736	173,203
39	Plastics and articles thereof (chemicals - PET)	14,907	23,055	21,418
22	Beverages, spirits and vinegar (ethyl alcohol)	14,197	22,336	20,008
62	Articles of apparel and clothing accessories, not knitted or crocheted	19,192	16,217	19,007
61	Articles of apparel and clothing accessories, knitted or crocheted	15,489	14,011	13,455
55	Man-made staple fibres	7,427	9,022	10,641
90	Optical, photographic, measuring, checking, precision, medical or surgical instruments	5,854	6,226	6,304
63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	1,644	1,656	5,412
41	Raw hides and skins (other than furskins) and leather	4,421	6,521	3,637
95	Toys, games and sports requisites; parts and accessories thereof (Football only)	3,470	3,623	3,095



TURKEY'S TOP TEN EXPORTS TO PAKISTAN

US\$ Million

HS	Product label	Turkey's Exports to Pakistan		
		Value in 2017	Value in 2018	Value in 2019
TOTAL	All products	352,166	462,207	499,355
84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	94,186	100,966	90,260
52	Cotton	14,884	55,078	50,386
72	Iron and steel	5,675	9,726	45,718
90	Optical, photographic, cinematographic, measuring, checking, precision, medical	4,565	11,824	39,233
39	Plastics and articles thereof	18,982	21,687	27,257
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television	22,405	25,303	20,792
38	Miscellaneous chemical products	12,178	17,065	16,663
73	Articles of iron or steel	7,549	14,086	13,950
4	Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere	7,634	9,275	13,711
7	Edible vegetables and certain roots and tubers	420	10,451	13,333

TRADE AND ECONOMIC COOPERATION BETWEEN PAKISTAN & TURKEY

- ❑ Pakistan Turkey Trade Agreement 1964 (MFN Treatment)
- ❑ Pakistan Turkey Joint Economic Commission (15 Sessions have been held so far)
- ❑ Avoidance of Double Taxation 1985
- ❑ Promotion & Protection of Bilateral Investment 1995 – amended in 2012 & 2015
- ❑ Framework Agreement on Comprehensive Economic Partnership between Pakistan and Turkey 2004
- ❑ Pakistan Turkey Preferential Trade Agreement Framework Agreement – 2004
- ❑ High Level Cooperation Council (2010) and later High Level Strategic Cooperation Council (2015) – Joint Working Group on Trade & Investment
- ❑ Pakistan Turkey Free Trade Area Framework Agreement – 2016
- ❑ Strategic Economic Framework (SEF) – Feb, 2020

CHALLENGES IN BILATERAL TRADE

Inadequate market exploration

No direct shipping & logistics

Easier trade finance accessibility

Banking access

Import duties structure

Harmonization of Standards

Matching Export Products with no
intra-industry trade



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THANK YOU