

# **Role of BOI in context of Special Economic Zones & China Pakistan Economic Corridor**

**17<sup>th</sup> FEBURARAY, 2018**

**Prime Minister's Office  
BOARD OF INVESTMENT**



# Sequence

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3.	<b>Industrial Cooperation under China Pakistan Economic Corridor (CPEC)</b> <ul style="list-style-type: none"><li>• Special Incentive Package for prioritized SEZs (pSEZs)</li><li>• Guidelines for re-location of industries in pSEZs</li><li>• 46 potential sites identified for SEZs</li><li>• Seven Notified SEZ</li><li>• Nine Prioritized Special Economic Zones (pSEZs) under CPEC</li></ul>



# Role of BOI in CPEC / SEZs

- Secretariat of Board of Approval (BOA) and Approvals Committee
- Co-ordination of all activities pertaining to SEZs, developers and zone enterprises
- Processing zone application submitted by SEZ authorities for consideration of BOA
- Processing applications for additional benefits
- Reviewing development agreements
- Responsible for domestic and international promotion of SEZ
- Facilitating developers and enterprises during the whole business cycle
- BOI is the SEZ Authority for Islamabad Capital Territory



# Role of BOI in CPEC / SEZs

In the 6<sup>th</sup> JCC meeting held on 29<sup>th</sup> December, 2016, the Board of Investment (BoI) was designated as lead agency on Industrial Cooperation (IC) and Chairman BoI as the convener of the Working Group on IC from Pakistan's side.



# Investment Policy

- Uniform treatment to local and foreign investments
- Up to 100% foreign ownership allowed except in specific sectors including airline, banking, agriculture and media
- Foreign investor is allowed to hold 60% stake in agriculture projects
- 100% repatriation of investment; profits and dividends are allowed
- Foreign Companies are allowed to use borrowing facilities both from local and foreign banks
- Setting up Branch / Liaison offices allowed
- Work Visa facility available
- Visa on arrival allowed to 67 countries



# **Special Economic Zones Initiative of BOI**



# Special Economic Zone

- SEZ Act passed by the Parliament in 2012 and subsequent amendments made therein in 2016 to make it more business friendly.
- SEZs can be developed by:
  - Public sector
  - Private sector
  - Public-Private Partnership basis
- SEZ Act 2012 provides for the establishment of SEZ anywhere in the country with **minimum 50 acres** of land
- 70% area is to be used for processing while remaining 30% as non processing area (hospitals, residence, vocational training institutes, etc.)



# Special Economic Zone – Incentives

## FISCAL INCENTIVES

### For Developers:

- One time exemption from all custom duties and taxes on plant and machinery imported into Pakistan for the development, operation and maintenance of the SEZ
- Exemption from all taxes on income accruable in relation to the development and operation of the SEZ for a period of five years, starting from the date of signing of the Development Agreement

### For Zone Enterprises

- One time exemption from all custom duties and taxes on imports of plant and machinery into the SEZ for installation therein;
- Exemption from all taxes on income for a period of ten years to units starting production by 30 June 2020 and five years for those doing so after 30th June 2020.





# Special Economic Zone – Incentives

## GENERAL INCENTIVES

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

## Facilitation Services

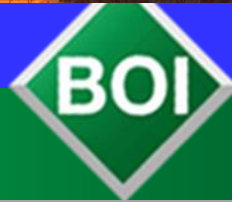
- BoI to act as One Stop Shop for liaison and facilitation between the relevant federal agencies and SEZ authorities, developers and enterprises



# **Industrial Cooperation under China Pakistan Economic Corridor and BOI**



# China Pakistan Economic Corridor



# Industrial Cooperation under CPEC and BOI

- BOI is a close partner in CPEC for beefing up the industrial plan for establishing Industrial Parks along-side the corridor
- Forty six (46) potential sites for SEZs have been identified so far
- Nine (9) sites have been declared prioritized in the meeting of 6th Pak-China JCC
- BOI notified seven (7) SEZs in the country; three (3) each in Sindh and Punjab and one in KP
- In the 7<sup>th</sup> Pak-China JCC and 2<sup>nd</sup> JWG on IC, Iron & steel, petrochemicals, textile & mines & minerals have been identified as priority sector



# pSEZs - Package of Incentives

BOI in consultation with all the provinces, GB, AJK and FATA has devised an incentive package for establishment / relocation of industry from abroad.

- Salient features of the package are
  - Provision of plots on installments (50% down payment and remaining 50% in four biannual installments basis).
  - Markup support @ 50% of the markup (to a maximum of 5%) to be provided by respective Governments on the loans taken in Pakistani currency for financing the project.
  - Freight subsidy @50% on the inland transportation of plant and machinery for installation in / development of any of the priority SEZ.



# pSEZs - Package of Incentives

- One Window operation
- The developer shall also be allowed to purchase Gas, Electricity and other utilities from utility providers in bulk and supply the same to the enterprises at rates that are duly notified by SEZA in consultation with stake holders.
- To reduce cost of setting up, the developer would also be allowed to rent out sheds for industrial use.

# Incentive Package for pSEZs - Guidelines

## May Prefer the industries that:-

- Have least Dependence on Imports
- Utilize local factor endowment instead of imported inputs/ raw material
- Generate local employment
- Enter into JV – technology transfer, entrepreneurship

## May prescribe :-

- Level of Value Addition – (to say 20%) or
- Export Orientation – (to say 80%)

## Must Avoid to industries that :-

- Do not comply with environmental protection standards
- In end of life (EoL) / end of support stage (EoS)



**IDENTIFIED  
POTENTIAL SITES OF  
SEZS**

The logo consists of a green diamond shape with a white border. Inside the diamond, the letters "BOI" are written in white, bold, sans-serif font.

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# Potential sites identified for SEZs

S. No	Location	No. of Zone	Area (Acres)
1.	Khyber Pakhtunkhwa	17	5,349
2.	Balochistan	9	17,148
3.	Sindh	7	7,056
4.	Punjab	4	9,105
5.	Gilgit-Baltistan	2	450
6.	FATA	1	353
7.	AJK	4	1,410
8.	Federal Government	2	1,700
	<b>Total</b>	<b>46</b>	<b>41,715</b>



# NOTIFIED SEZS

A green diamond-shaped logo with a white border containing the letters "BOI" in white.

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# Notified SEZs

<b>S. No.</b>	<b>Name of SEZ</b>	<b>Type of Industry</b>
<b>01.</b>	<b>Khairpur SEZ, 140 acres, Sindh</b>	<b>Agro based Industry and date processing</b>
<b>02.</b>	<b>Bin Qasim SEZ, 930 acres, Pakistan Steel</b>	<b>Light Engineering, auto vendors, steel fabricating units chemical &amp; food, pharmaceuticals, electrical &amp; consumer goods and furniture.</b>
<b>03.</b>	<b>Korangi Creek SEZ, 240 acres, Sindh</b>	<b>Consumer goods, food &amp; pharmaceuticals, garments, value added textile, light engineering, packaging &amp; printing, warehouses / logistics</b>
<b>04</b>	<b>Hattar Phase-VII SEZ, 424 Acres, Khyber Pakhtunkhwa</b>	<b>Mining, Marble, Fruit Processing</b>

# Notified SEZs

S. No.	Name of SEZ	Type of Industry
05.	Quaid-e-Azam Apparel Park, 1,536 Acres Sheikhupura, Punjab	Textile & Cotton
06.	M-3 Industrial City, Faisalabad, 4,356 Acres, Punjab	Textile, Engineering & Construction, Chemicals, Pharmaceuticals, Electronics, Food & Beverages, IT
07.	Value Addition City, Faisalabad, 225 Acres, Punjab	Textile, Chemicals, Pharmaceuticals, Engineering, Information Technology

**Total (7 SEZs), 7847 Acres; with three (3) SEZs each in Punjab and Sindh and one in KP**

# PRIORITY SEZS

A green diamond-shaped logo with a white border, containing the letters "BOI" in white capital letters.

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# SEZs under CPEC



# pSEZs

Province	Name of SEZ/ Location	Area (Acres)	Type of Industry	Development Status	Connectivity
Khyber Pakhtunkhwa	Rashakai Economic Zone, M-1, Nowshera	1000	Fruit/Food Packaging, Textile Stitching/ Knitting	-Feasibility Completed/ -land acquired -Agreement finalized CNEEC	<ul style="list-style-type: none"> <li>• Airport 65 Km</li> <li>• Dry port 65 Km</li> <li>• Railway Station 25 Km</li> <li>• Motorway 0 KM</li> <li>• Highway 5 KM</li> <li>• City Center 15 KM</li> </ul>
	Hattar Phase VII Industrial Zone, Hattar (Alternate)	424 + 1000 acres	Food/Pharm aceuticals/ Engineering	Already notified 60% Civil Work Completed	<ul style="list-style-type: none"> <li>• Airport 50 Km</li> <li>• Dry port 25 Km</li> <li>• Railway Station 25 Km</li> <li>• Motorway 20 KM</li> <li>• Highway 1 KM</li> <li>• City Center 10 KM</li> </ul>

# pSEZs

Province	Name of SEZ/ Location	Area (Acres)	Type of Industry	Development Status	Connectivity
<b>Balochistan</b>	Bostan Industrial Zone	1000	Fruit Processing, Agriculture machinery, Pharmaceutical, Motor Bikes Assembly, Chromite, Cooking Oil, Ceramic industries, Electric Appliances, Halal Food Industry	-Consultant hired -Pre-feasibility prepared -42 % progress achieved -200 acres developed	<ul style="list-style-type: none"> <li>• Airport 23 KM</li> <li>• Dry port (Quetta) 32 KM</li> <li>• Highway (N-50) 0 KM</li> </ul>
	Khuzdar Industrial Zone, Ziddi Dist. Khuzdar (Alternate)	5000	Fruit Processing, Agriculture machinery, Pharmaceutical, Motor Bikes Assembly	-Land identified -Feasibility yet to be carried out.	<ul style="list-style-type: none"> <li>• Airport 15 KM</li> <li>• Karachi Seaport 420 KM Gwadar 597 KM</li> <li>• On M-8</li> </ul>



# pSEZs

Province	Name of SEZ/ Location	Area (Acres)	Type of Industry	Development Status	Connectivity
Punjab	Allama Iqbal Industrial City (M3), Faisalabad	3,000 Approx	Textile, Steel, Pharmaceuticals, Engineering, Chemicals, Food Processing, Plastics, Agriculture Implements, etc.	-Land being acquired -Feasibility completed -Ready by July' 2018	<ul style="list-style-type: none"> <li>• Adjacent to existing SEZ of M-3 Industrial City, Faisalabad.</li> <li>• Sahianwala Interchange Motorway M-3</li> </ul>
	Punjab - China Economic Zone, M-2 District Sheikhupura (Alternate)	5000	Mixed Industry	-Land earmarked however still to be acquired -Feasibility completed	<ul style="list-style-type: none"> <li>• Airport 55 KM</li> <li>• Railway Station 6 KM</li> <li>• Dry port 45 KM</li> </ul>

# pSEZs

Province	Name of SEZ/ Location	Area (Acres)	Type of Industry	Development Status	Connectivity
Sindh	China Special Economic Zone - Dhabeji	1000	To be determined during feasibility stage	-Consortium for F/S selected -Pre-feasibility prepared -Land transfer under process	<ul style="list-style-type: none"> <li>• Airport 80 Km</li> <li>• Seaport 85 Km</li> <li>• Railway Station 5 Km</li> <li>• Highway 4.5 KM (N-5)</li> </ul>
	Keti Bundar, Thatta (Alternate)	3200	To be determined during feasibility stage	Land acquired  Feasibility to be started shortly	<ul style="list-style-type: none"> <li>• Airport 265 KM (Karachi)</li> <li>• Seaport 245 KM (Port Qasim), Keti Bandar (0.5 KM)</li> <li>• Highway 265 KM</li> <li>• City Center 3.5 KM</li> </ul>

# pSEZs

Province	Name of SEZ/ Location	Area (Acres)	Type of Industry	Development Status	Connectivity
<b>Gilgit-Baltistan</b>	Moqpondass, SEZ, Gilgit	250	Marble, Granite, Iron Ore Processing, Fruit Processing	-Feasibility prepared -Land acquired	<ul style="list-style-type: none"> <li>• Airport 35 Km (Gilgit) &amp; 160 KM (Skardu)</li> <li>• CPEC Route 4-Km</li> </ul>
<b>Azad Jammu Kashmir</b>	Special Economic Zone at Mirpur	1078	Mixed industry	-PC-II for hiring of consultants approved -F/S under progress -Land acquired	<ul style="list-style-type: none"> <li>• 22 Km from Main GT Road Dina-Jhelum-</li> <li>• 130 Km from Airport</li> <li>• 02 Km from In-active Railway Track</li> </ul>
<b>FATA</b>	Mohmand Marble City	350 To be expanded more	Marble & other Mixed industry	-Development completed	<ul style="list-style-type: none"> <li>• 29 km from Peshawar</li> <li>• 200 km from Islamabad</li> <li>• Junction point to the Major Marble Clusters</li> </ul>

# pSEZs

Province	Name of SEZ/ Location	Area (Acres)	Type of Industry	Development Status
Federal Government	ICT Model Industrial Zone, Islamabad	200- 500	Hi-tech industry Food Processing & Beverages Pharmaceutical & Chemicals Printing and Packaging Light Engineering etc.	<ul style="list-style-type: none"> <li>• Neither acquired nor earmarked</li> <li>• Identification of land under process with ICT</li> </ul>
	Development of IP on Pakistan Steel Land in Port Qasim near Karachi	1500	Steel, Auto & Allied, Pharmaceutical, Chemical, Printing and Packaging, Garments etc	<ul style="list-style-type: none"> <li>• Pending approval of PS Board</li> <li>• Land has been earmarked</li> <li>• PSM will transfer the land to NIP</li> </ul>



# Pakistan

The Preferred Investment Destination

