

Ministry of Investment

Contact: adnan.khan@pakboi.gov.pk

Saturday November 21, 2009

Economic Bulletin

News Review

Investment outreach policy likely to yield good results;

Ministry of Investment is bent on boosting Pakistan's trade volume and investment with countries across the world by outreaching to every interested country and attracting potential investors. Senator Waqar Ahmed Khan, Minister for Investment has vowed to bring maximum investment to Pakistan by exposing its investment opportunities to the world.

(Daily Times)

Pakistan and Germany sign enhanced version of BIT: Saleem H Mandviwalla, Chairman, BoI;

Pakistan and Germany have broken new ground by signing the enhanced version of Bilateral Investment Treaty (BIT). This was stated by Saleem H Mandviwalla, chairman of Board of Investment (BoI). Pakistan and Germany have become the first two nations in the world who have signed the enhanced version of BIT and the investment in this regard would come under the state insurance of Germany.

(Source, Business Recorder, The News)

- Senator Waqar Ahmed Khan, Minister for Investment has vowed to bring maximum investment to Pakistan by exposing its investment opportunities to the world.
- Given the worsening law and order situation in Pakistan and the consequent hesitation of foreign investors to come and invest in Pakistan, the Ministry of Investment is proactively pursuing the policy of outreaching to foreign investors to encourage and invite them to invest in Pakistan.
- For that matter, Minister of Investment follows a liberal and open investment policy, with maximum investment securities and opportunities that any foreign investor would like to come and explore the investment opportunities in Pakistan.
- The Minister referred to the very recent mutual investment collaboration among Pakistan and countries like UAE, Malaysia, Turkey, Thailand and China.
- It is hoped that massive foreign investment would arrive in Pakistan that would help grow and sustain our economy.
- The modalities of the agreement would hopefully be finalised by the premier in his visit to Germany, which is scheduled in the first week of next month.
- Some five German companies are keen to invest in Pakistan.
- The agreement as landmark achievement by the incumbent political government.
- The government will be sending a delegation belonging to both public and private sectors to the two states of America including Houston and New York in December to attract foreign investment in the energy sector, particularly.
- Pakistan is fighting the war of the world and Pakistan needs support in this regard, which would not only help Pakistan but it would also propitious for the world.
- The trade can only resolve the problems being confronted by the country. The international community should support Pakistan on this direction.
- Japan has finalised Mitsubishi and others as the partners for establishing Japan Special Economic Zone (JSEZ).
- Japan would initially invest around \$5 billion for next five years to develop the infrastructure of JSEZ.
- The first phase of the project would be completed within next two years.
- The government of Pakistan has assured its full support to the foreign entrepreneurs in terms of security.

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IDC opens office in Karachi to augment Pak-Italian ties;

The Italian Development Council (IDC), an association of Pak-Italian professionals belonging to different industries, experiences and visions, opened its office in this commercial hub of the country on Thursday to provide the local and Italian businessmen with a forum to discuss new business opportunities and prospects. "The Italian Development Council is committed to expansion of trade, commerce, industrial ventures and investments between Italy and Pakistan," Italian Ambassador to Pakistan Vincenzo Prati, who is the patron-in-chief of IDC, Karachi, said in his message to the inaugural ceremony at Defence Housing Authority.

(Source, *Business Recorder, The News*)

Investment in Pakistan: Swiss companies want to assess opportunities: diplomat;

Swiss Consul General in Karachi, Martin Bienz, has said some major Swiss companies want to assess the possibilities/opportunities of investment in different fields in Pakistan. Speaking at a reception hosted by Honorary Consul General of Mozambique, Khalid Tawab, Martin Bienz said that the Swiss investors in

- Among others, the ceremony was attended by Minister of State/Chairman, Board of Investment (BoI), Pakistan, Saleem H Mandwiwalla, Advisor to CM on Investment Zubair Motiwala, Consul-General of Italy Dominico Benincasa, President of IDC, Tariq Ikram and other office-bearers of the Council's Executive Committee along with other notables.
- According to Italian envoy, the initiative would effectively strengthen business ties between the two countries.
- The council enjoys a complete support of Rome through the Embassy of Italy at Islamabad.
- Italians are confident that their (IDC office bearers) efforts would result in increased bilateral relationships between Italy and Pakistan.
- On the occasion, Consul General of Italy, Dominico Benincasa, also the honorary president of IDC, Karachi, read out a message of President Asif Zardari.
- In his address, Minister of State/Chairman BoI, Saleem H. Mandwiwalla, invited the Italian businessmen to invest in Pakistan, where, he said, a trustworthy and active business fraternity is existed.
- He also called upon the local businessmen to take part in the development of their homeland which is facing numerous challenges at present.
- There are many areas of business and trade in which Pakistani and Italian businessmen can cooperate for mutual benefit.
- Food and agriculture, gemstone technology, marble quarrying and cutting, oil exploration, energy, textiles and leather value addition are some of the areas where the investors and businessmen from the two countries can do mutually profitable business.
- Pakistan offers a host of incentives to enterprising businessmen and investors.
- The incentives offered include Special Economic Zones promising long tax holidays, low cost labour force, one window operation for setting up businesses and a very competitive environment to do business.
- The bilateral relations between the two countries; Pakistan and Switzerland; are initiated right after Pakistan's independence in 1947, when Switzerland immediately recognised the new state.
- The economic ties between Switzerland and Pakistan have reached a remarkable level over the years.
- In 2008, the trade volume saw a record high of close to 500 million Swiss francs.

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Pakistan are satisfied with their current financial results and keen in further investment to consolidate their market position.

(Source, *Business Recorder, The News*)

UK diplomat calls for boosting trade ties;

UK Deputy High Commissioner Robert W Gibson has stressed the need for bolstering trade ties between Pakistan and the UK during his visit to the Hyderabad Chamber of Commerce and Industry. Gibson, who is also director trade and investment, told members of the HCCI that British companies such as Shell and others are working in oil and gas sectors in Pakistan. (Source, *The News*)

HC designate pledges to promote trade ties with Australia;

The Pakistan High Commissioner designate to Australia, Fauzia Nasreen has said that she would urge the Australian business community to exploit joint venture opportunities in the small and medium enterprises (SME) sector in Pakistan. (Source, *Business Recorder*)

PTA with Indonesia to be finalised soon;

The Preferential Trade Agreement (PTA) between Pakistan and Indonesia is under progress and would be finalised by the end of this year, which would help harness trade

- Switzerland is among the leading countries in terms of foreign direct investment (FDI) in Pakistan.
- There is a need of frequent dialogue between business communities of the two countries to further explore trade potential.
- Pakistan is facing serious electricity crisis and Swiss companies can invest in this sector.
- There is need of frequent exchange of trade delegation and dissemination of trade and investment information to boost two-way trade and investment.

- Both the countries have friendly ties and these relations should be further improved and strengthened.
- There are restrictions on some export products from Pakistan to the European Union, especially the fish harbour is the main hurdle to fish export and similarly the human rights activists also create problems for export of Pakistani products.
- Sindh is the business hub and the province is full of natural resources there are opportunities for expanding trade ties between both the sides.
- Hyderabad is a main city in the province and joint ventures are possible in oil, gas, coalmines, industrial and agricultural sectors.
- Business people should start electronic surveillance and employ watchmen in markets

- Development strategies developed by SMEDA are encouraging to convince the foreign investors for joint ventures with their Pakistani counterparts.
- The governments of the developed countries give priority to the SME sector, while evolving new development policies and resources, Pakistan, too, need a paradigm shift to the SME sector.
- The SMEDA efforts have created a number of new business opportunities in the country in SME sector.
- SMEDA has recently entered into Public Sector Development Projects (PSDP) besides making development strategies and extending hand-holding services to the SMEs in Pakistan.
- The government has so far granted approval to 20 PSDP projects including Agro- food Processing Plant (AFP), Multan; Gujranwala Business Center (GBC), Women Business Center (WBIC), Lahore etc.

- There is need for exchange of subject specialists and sector specific experts so that both the countries may be able to learn more and more from each other's experiences.
- Pakistan and Indonesia must share their

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potential between the two countries. Ambassador of Republic of Indonesia, Ishaq Latuconsina has disclosed this while talking to the office bearers and executive committee members of the Lahore Chamber of Commerce and Industry (LCCI). The negotiations on PTA are well underway and the sixth and final round of talks would be held in Jakarata on December 29, while the fifth round of talks on the subject has already been held in Islamabad.

(Source, Business Recorder, The News)

- experiences in the larger interests of the business community.
- Pakistan and Indonesia are the two most populous countries of Muslim Ummah.
- These two countries together have a population of over 410 million and constitute about 25 percent of the total Muslim population of the world.
- Both the countries are bonded together by old historical links and enjoy cordial relations based on commonality of religion.

Although the trade between Pakistan and Indonesia have been gradually growing from \$645.4 million in 2004-2005 to \$1254 million in 2008 but it is still at a very low level in view of the size of the markets of the two countries.

- Pakistan's trade deficit with Indonesia, which is \$773.7 million during 2006-07, has increased to over \$1100 million owing to a faster increase in import from Indonesia compared with exports to Indonesia.
- Indonesia's import from Pakistan should be increased to create a win-win situation for both the countries.
- A lot of progress can be made on trade front through identification of new tradable items between the two countries.
- Indonesia can export rubber, rubber products, accessories of motor vehicles to Pakistan while Pakistan has a comparative advantage in textile, surgical instruments, leather products, sports goods, fruits, vegetables and rice which could be exported to Indonesia on a larger scale.
- There is a lot of scope for Indonesia for making investment in Pakistan because Indonesia has a fairly advanced petro-chemical, rubber, plywood, telecommunication and tourism industry.
- Indonesia can make direct investment in these sectors and can also enter into joint ventures with the Pakistani counterparts.

Japan to provide KCR loan after encroachers' resettlement: National Assembly body told;

Japan will provide \$1.457 billion soft loan for Karachi Circular Railway project (KCR) only after completion of the Resettlement Action Plan (RAP) of affectees/encroachers. Officials of the KCR have told the National Assembly standing committee planning and development that Japan would not provide the loan for KCR without completion of RAP survey. The study for the settlement of encroachers in consultation with the Japan International Cooperation Agency (Jica), is currently

- About 300 acres land of Board of Revenue of Sindh at Jumma Goth has been identified for the resettlement project for affectees/encroachers.
- The resettlement plan study would be displayed at Jica website for World Bank and Jica review ahead of WB appraisal mission.
- The loan agreement would take place in July-August 2010 while the study/design loan might be treated separately by Jica for completion of preliminary work.
- Final study to revive KCR--constructed and opened for traffic by Pakistan Railway in 1964--was conducted by the donor agency, Jica, and the estimated cost of the revival project is \$1558.8 million.

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underway and is scheduled to be completed by the end of November 2009.

(Source, Business Recorder)

- Jica will contribute 93.5 percent funding, while remaining 6.5 percent will be borne by the implementing agency, Karachi Urban Transport Corporation (KUTC).
- Environmental Impact Assessment (EIA) study has been approved, while the RAP study would be completed on November 30, 2009.
- The KUTC has invited Expressions of Interest (EoI) for validation of final report prepared by Saprof and fixed December 2009 as the last date for submission of proposals.
- The Satellite Imagery of KCR route has been completed by Suparco, while route preliminary alignment work, in progress, would be completed by December 30, 2009.
- The allocation of 300 acres of land at Jumma Goth by Board of Revenue, Government of Sindh for Resettlement of Project Affected Persons is being awaited as well as release of funds of Rs 817 million for the year 2009-10 against the allocation of Rs 750 million in Public Sector Development Projects (PSDP) and Rs 60 million in annual development plan of Sindh government.

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