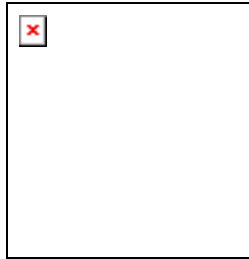


Presentation

on

“Special Economic Zones in South Asia”

Learning From Global Experience



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Owned by Government of Punjab



Reasons for Establishing SEZ's All Over the World:

- **To attract and utilize foreign capital in a wide range of products and services**
- **Acquire advanced foreign production and managerial technologies**
- **Develop an ample economic structure to support general urbanization**
- **Encourage foreign trade by promoting the advantages of the region; and**
- **Gain experience in economic reforms**



Requirements of SEZ's

- **Highly efficient support services**
- **High quality infrastructure**
- **No custom duties**
- **No / reduced taxes**



Benefits of SEZ's to Local Economy

- **Local raw material consumption and market for finished products**
- **Growth of local economy**
- **Employment opportunities**
- **Foreign exchange earnings**
- **Technology transfer and management skills**
- **Customs duty privileges**
- **Streamlined application and registration procedures**
- **High quality business infrastructure**
- **To match international standards**



Reasons & Success Stories in Asia & Middle East

Reasons of Success :

- **Political stability / Law and order / Efficient legal system**
- **Commitment to free economy**
- **Strategic Location**
- **Appropriately trained Human resources**
- **Good infrastructure facilities**



Success stories:

- **Jabel Ali Free Zone**
- **Singapore**
- **Thailand**
- **Malaysia**



Reasons of poor performance in Pakistan

- **No data collection and updating of requirements from potential investors**
- **Delays in Project approvals**
- **Lack of authorities delegated to EPZ's to solve the problem of its residents**
- **Customs rules for inflow & outflow of local raw material cumbersome**
- **No match making between foreign and local investors**
- **Lack of linkages to the international market**

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- **Only medium sized & small sized factories (No large sized units)**
 - **Samples movement in and out of EPZ's not possible without a lot of hassle**

Other Not So Successful Stories:

- **Egypt**
- **Jordan**
- **Syria**



Pakistan Case

- **Karachi**
- **Sialkot**
- **Risalpur**
- **Saindak**


Statistical Data of Pakistan


	Karachi	Sialkot	Risalpur
Total Plots	433	881	137
Alloted Plots	420	838	11
Constructed Plots	118	5	6
In Production	110 units	Nil	5 units
Closed Down	30 units	“	Nil
Total \$ Expenses	(Project cost US \$ 363 M)	(Project Cost US \$ 184 M)	(Project Cost US \$ 138 M)
Manpower	10,000	(Envisaged 20,000 persons)	71 persons
Raw material Local	US\$ 341.461 M	Nil	US \$ 0.288 M
Raw material Imported	US \$ 487.472M	“	US \$ 1.237 M



The Way Forward and What to Do

- **Extremely efficient support services (each job to be handled in less than one day preferably in hours)**
- **Set up SEZ as a part of larger industrial estates in SUNDAR with**
 - **Technically trained Human Resource**
 - **Local raw materials availability in neighborhood**
 - **Low cost energy (Electricity & Gas)**
 - **Efficient and comprehensive infrastructure**
- **Problem free inflow and outflow of goods with no interference from Tax officials**
- **The local authority will do all the monitoring and facilitation services**

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- **Get as many foreign investors as possible with or without local partner for large size industry**
 - **Expatriate and local Pakistanis should be encouraged to invest in medium and large size industries**
 - **High quality infrastructure should be provided**
 - Roads**
 - Electricity and Gas**
 - Warehousing**
 - Processed Water**
 - Effluent Treatment Plant**
 - Telecommunication facility**
 - Banking**
 - Insurance**
 - Near airport**

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- **Highly skilled and trained manpower should be arranged by local authority**
 - **PIE should be supported by representatives from following department**
 - EPZA**
 - Ministry of Finance**
 - CBR**
 - Ministry of Industries**
 - Technical Education & Vocational Authority (TEVTA)**
 - **Consistent long term policies should be a hallmark of Govt. rules**
 - **No corporate or personal Income Tax in EPZ**

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- **High tech international firms should be given discounts in energy cost and setup cost by providing them rental premises (funds for prefabricated buildings should be provided by federal govt. to PIE to provide rental factories and warehouses)**
 - **Industrial manufacturing as well as trading should be allowed**
 - **Local sales should be allowed with duties on value addition only**
 - **Foreign experts and local investors should be treated with lot of respect and appreciation and definitely no harassment**



THANK YOU



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