



*Workshop on*

***ECONOMIC ZONES IN SOUTH ASIA***

***- LEARNING FROM GLOBAL***

***EXPERIENCE***

***Presentation on***

***PROBLEMS AND PROSPECTS OF  
SPECIAL ECONOMIC ZONES IN  
PAKISTAN***

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- **POLICY OBJECTIVES**
- **SPECIAL INCENTIVES**

# SEZ POLICY

USE SEZ CONCEPT AS A TOOL OF  
MACRO-ECONOMIC POLICY AIMED AT:

**GROWTH-LED DEVELOPMENT**

THROUGH

**EXPORT-LED GROWTH**

# **POLICY THRUSTS**

- **FOREIGN MARKET ACCESS**
- **DOMESTIC MARKET EXPANSION**

# MARKETING STRATEGY

- **SUPPLY COMPETITIVENESS**  
(Price + quality)
- **DEMAND CONFORMITY**  
(Compliance + Reliability)
- **MARKET CONNECTIVITY**  
(Right time + Right place)  
(Supply Chain Management)

# INFRASTRUCTURE BASE

- **Physical infrastructure**
- **Financial infrastructure**
- **Technological Infrastructure**
- **Legal Infrastructure**
- **Intellectual Infrastructure**

# Quality of Infrastructure

**Fast Track, High Capacity,**

**First World Modern Infrastructure**

# SEZ POLICY OBJECTIVES

- **FDI attraction**
- **Supply side strengthening**
- **Employment generation**
- **Transfer of technology**
- **Product/ cluster/ region development**
- **Model making - Showcasing**

# Advantages

- **Reduced cost of doing business**
- **Enabling environment**
- **Comparative advantage utilization**
- **Globalizing**
- **Linkaging - Leveraging**

# COMMON INCENTIVES

- Freedom of access/ transit/ storage
- Easy start up
- Simplified documentation
- Simplified customs procedures
- Fiscal incentives ( customs, personal/ corporate taxes, sales tax/vat etc)
- Financial incentives (depreciation, low interest loans, repatriation of profits)
- Subsidised utilities, land/ buildings lease
- Exemption from municipal laws
- Sales to domestic market (reasonable proportion)

# SEZ Terminology

<b>FEZ</b>	<b>Free Economic Zone</b>
<b>FTZ</b>	<b>Free Trade Zone</b>
<b>DFZ</b>	<b>Duty Free Zone</b>
<b>EPZ</b>	<b>Export Processing Zone</b>
<b>SIZ</b>	<b>Special Industrial Zone</b>
<b>SEZ</b>	<b>Special Economic Zone</b>

# Pakistan Scenario

<b>EPZ</b>	<b>1980</b>	<b>8</b>	<b>(Operational 4)</b>
<b>SIZ</b>	<b>1994</b>	<b>12</b>	<b>(Operational 2)</b>
<b>SEZ</b>	<b>2002</b>	<b>1</b>	<b>(Planned)</b>

# Categories of Zones in Pakistan

- **General Manufacturing Cum Trading**
- **Product Specific/Sector Specific**
- **Cluster Specific/Industry Specific**
- **Country specific**

# Types of Zones

- **Enclave type**
- **Open Area Type**

# Gwadar SEZ

- Huge Area
- Open type

## **Aimed at**

- Industrial Development
- Trade Promotion
  - Tourism attraction
  - Transit Support
  - Regional Development.

# Objective of SEZ at Gwadar

- Poverty alleviation and general economic/social advancement of the nation
- Kick start economic and regional development of Balochistan
- Gateway for transit to Afghanistan and CARs.
- Establishment of a regional maritime distribution/transshipment hub serving, primarily the Persian Gulf from outside the strait of Hormuz.

# Major Support Infrastructure

<b>Category</b>	<b>Cost</b>
<b>Deep Sea Port</b>	<b>Rs. 14.9 Billion</b>
<b>650 KM Coastal Highway</b>	<b>Rs. 15 Billion</b>
<b>Gwadar North South Road Corridor</b>	<b>Rs.15.5 Billion</b>
<b>Railways networking</b>	<b>Project under study</b>
<b>Modern Airport</b>	<b>Work under progress</b>
<b>Border Crossing Infrastructure</b>	<b>Chaman + Torkham</b>

# Transit Potential

## Afghanistan

- Exports growth 5.1% per annum
- Import growth 7.6% per annum

## Tajikistan

- Exports growth 4.7% per annum
- Import growth 1.7% per annum

## Uzbekistan

- Exports growth 3.1% per annum
- Import growth 2.1% per annum

# UNCTAD Study

**GWADAR CAN CAPTURE 40% OF  
TOTAL TRANSIT CARGO TO AND  
FROM CENTRAL ASIA**

**KEY**

**QUALITY OF SERVICE**

# Critical Factors

## External

- **WTO**
- **European Union**
- **Free Trade Agreements**
- **Country Image**

## Internal

- **Safety & Security Environment**
- **Service Standards**
- **Alternative Schemes**

**THANK YOU**