

PAKISTAN 2020 & BEYOND

A PLACE TO INVEST IN



JANUARY 16, 2020

Karakoram Highway, 1,300-kilometre national highway that connects Pakistan with China, through Khunjerab Pass at the height of 4,693 meters.

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Gwadar Port - It is one of the largest deep-sea ports
in the world – Balochistan, Pakistan

1. EXECUTIVE SUMMARY

People of Pakistan in their individual capacities have raised the country's flag in various fields across the globe; be it science, sports, finance or technology, however, the potential has not yet been channelized to make the country a worldwide success story. With the younger generation all geared up and government showing the intentions to leave a mark on the world map, the time is NOW to believe and enter into this exciting market.

As per the "World in 2030 Report" published by HSBC Global Research, Pakistan is ranked among the top countries that would be the driving force behind global economic growth during the years leading up to 2030.

Conventional sectors such as agriculture, livestock, tourism, transport, textile & garments, and livestock have still not reached their true potential. For instance, Pakistan ranks at fifth in the world in total milk production; however, only 5%¹ of milk is processed. Millions of liters of milk are wasted on a daily basis due to the absence of value addition method and processing facilities. In terms of agriculture, Pakistan has a vast resource of agricultural land; however, it ranks among the countries with the least agricultural productivity, due to very little mechanization in the agriculture sector. For instance, currently, the use of horsepower per hectare in Pakistan stands at 0.9 as compared with the international standard of a minimum of 1.7 hp per hectare².

The country holds a huge potential for growth and investment in technology-enabled solutions that can disrupt the way, businesses are dealt with. Together with a growing economy, Pakistan's middle-class is also emerging. Currently, Pakistan's middle class is estimated to be over 80 million people – a large number considering that is already the population of Germany alone³. Connectivity is also increasing with the penetration of the internet and the rising use of smartphones and 3G/4G subscribers in the last three years. The connectivity has further led to the increased demand for digital services. US technology giant, Google, says Pakistan is quickly becoming a 'Digital-first country'⁴, which means there are new opportunities for brands to reach and engage with consumers that may have previously been overlooked.

During the last few years, the private sector has played a vital role in bringing the startup sector in Pakistan to life by establishing incubators and accelerators with the help of local VCs. This has not only paved the path for new VCs but has also brought support from international organizations such as Google, which has partnered with the NEST I/O which is a technology incubator launched by Pakistan Software Houses Association for IT and ITES (P@SHA). The government has also put a lot of effort into creating a

Ripe for the ones' who support disruption

Innovative Start-ups have started attracting overseas investors and with various pieces of the puzzle in the eco system finding their right positions, - Pakistan is ready to be the next big place for the startups

Abundant available natural resources only exploited to a fraction of the potential

Modern agricultural practices, infrastructure for tourism and value addition in dairy are the levers for future growth

On a track from a "Red tape" to "investors friendly"

Improvement by 28 points as compared to last year, on the Ease of Doing Business (EODB) global rankings

¹ <https://www.brecorder.com/2019/04/10/487651/processed-milk-embrace-not-divorce/>

² <https://aurora.dawn.com/news/1143184>

³ <http://pakistanpolitico.com/pakistan-census-2017-what-does-the-data-indicate/>

⁴ <https://www.arabnews.com/node/1406546/media>

facilitating ecosystem for startups by building national and provincial incubators and revising the regulatory framework for private equity and venture capital.

Consequently, in the past few years, the surge in the startup activity has been enormous and Pakistani startups have now started getting recognition worldwide. In the past few years, several Pakistani startups such as Daraz.pk (\$150m), Zameen.com (\$100m), Airlift (\$12m), Cheetay (\$7.8m) and Bykea (\$5.7m) have raked in millions of dollars from national as well as international investors.⁵

Since the last few years, the government has started taking the structural and policy reforms that it badly needed for long. As a result, the investment ecosystem of the country has improved a lot. These efforts have also been noticed at the global level and as per the World Bank 'Ease of Doing Business Report, 2020', Pakistan now ranks at 108, up by 28 points as compared with 136 last year, on the Ease of Doing Business (EODB) global rankings⁶.



⁵ <https://www.linkedin.com/pulse/why-pakistani-startups-next-big-thing-aatif-awan/?trackingId=L7DE0%2FEaS4CQDHTnBU%2B0w%3D%3D>

⁶ <https://www.worldbank.org/en/news/press-release/2019/10/24/doing-business-2020-accelerated-business-climate-reform-agenda-puts-pakistan-among-top-10-improvers>



2. 3Ps' OF PAKISTAN

2.1 PEOPLE

As per the National Human Development Report (2018) launched by the United Nations Development Program (UNDP) Pakistan, Pakistan now boasts the largest percentage of youth population aged below 29 in its history and is ranked at fifth place worldwide in terms of its youth population. The country is also termed as one of the youngest countries in the world and second youngest in the South Asian region after Afghanistan. Currently, the youth population of Pakistan comes around 64%⁷ of the total population. The country also homes in a thriving middle class that is growing at a fast pace. People of Pakistan have excelled in every part of life, be it science, sports, journalism, writing, education, finance, intelligence, music, acting, visual effects in the film industry, philanthropy and so on.

A number of famous startups that were founded or co-founded in Pakistan and the Middle East have major contributions from Pakistanis. Such as Careem, which is a ride-hailing service in a number of Middle Eastern countries, was co-founded by a Pakistani, named Mudassar Shaikha. Similarly, a Pakistani named Muneeb Maayr, who is also a co-founder of Daraz.pk, which is an e-commerce store, also founded Bykea, that is a bike ride-hailing service.

These people have not only made Pakistan proud but have also played a significant role in diminishing all the negativity that is linked with Pakistan and portraying the positive image of the country.

- **DR NAWEED I SYED, FIRST SCIENTIST TO CONNECT BRAIN CELLS TO A SILICON CHIP**
- **YOUNGEST MICROSOFT CERTIFIED PROFESSIONAL IS FROM PAKISTAN (ARFA KARIM RANDHAWA)**
- **ALI MOEEN NAWAZISH, A PAKISTANI WHO SET A WORLD RECORD BY ACING IN 23 SUBJECTS IN CAMBRIDGE O' LEVELS**
- **LARAIB ATTA, A WORLD RENOWNED VISUAL EFFECTS ARTIST**
- **PAKISTAN BOASTS FORTH LARGEST RESOURCE OF FREELANCERS IN THE WORLD**
- **ABDUSTTAR EDHI RUNS THE WORLDS LARGEST FLEET OF AMBULANCE SERVICE IN PAKISTAN**

2.2 POTENTIAL

Pakistan literally means 'Land of Pure' in Urdu and Persian, is one of the fastest-growing countries in the world. As compared with other South Asian economies, which achieved economic growth and prosperity through effectively realizing their potential, Pakistan is still behind these countries. Since independence, the country has faced many

⁷ <https://www.dawn.com/news/1405197>

problems in its way towards prosperity, be it bad governance, bureaucracy, religious extremism, terrorism and so on.

In the last decade, the situation has changed a lot. The government has taken a number of steps in bringing an enabling environment for domestic and foreign investors and has reduced the challenges they had to face in the past when investing in Pakistan. Therefore, despite the economic challenges that Pakistan is facing, the country is now on an upward trajectory and the world has started to realize that Pakistan has many potentials.

Government efforts for creating the enabling environment for investment in Pakistan have also led to increased investor confidence in Pakistan Stock Exchange and now it is among the best performing stock exchanges in the world. In October 2019, the country posted a \$99 million current account surplus⁸. The sharp increase in the number of Pakistani startups every year as well as recent entry of international brands in Pakistan such as Careem, SWVL, Alibaba, Uber is also an indicator of increased investor confidence in Pakistan. Now, it is only a matter of time that the economic conditions of Pakistan will improve and soon it will be on its way towards sustainable growth and prosperity.

2.3 PROXIMITY

Pakistan - the land of numerous unexplored opportunities is located at the junction of South, West and Central Asia. Pakistan is located between 24 and 36.5 Northern latitudes and between 61 and 75.5 eastern latitudes. The area of Pakistan is at 803,940 square kilometers⁹. It lies in a region, which has a great political, economic and military importance. It neighbors with China in the north, India in the east, and Iran and Afghanistan in the west. Being in the same vicinity as two major powers, China and Russia also add to its position.

Pakistan is also a gateway to the six Muslim Central Asian states through Afghanistan. These states are landlocked and Pakistan can provide a link between the Gulf States as well as African, European and Central Asian countries. The moderate temperature in its coastal areas also adds to its strategic importance, as all the country's seaports remain open throughout the year. Further, there are a series of Muslim countries from the Middle East to the African continent, which is easily accessible from Pakistan. Thus, it connects almost all the Muslim countries of the world, as well as African, European and Central Asian countries from the Atlantic Ocean to the Arabian Sea.



Islamabad City View, from "The Monal"

⁸ <https://www.dawn.com/news/1517577>

⁹ <https://www.ilmcorner.com/Geo-Strategic-Significance-Pakistan>

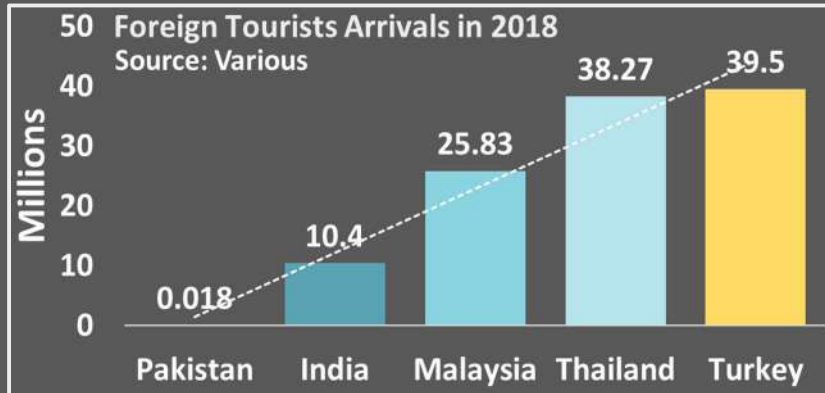
TOURISM SECTOR

TOURISM

WHY NOW?

Significant Improvement in the security situation, its recognition in International media and keen interest of government to further develop the tourism sector

Premium spots with average facilities offer huge potential investment opportunities



WTTC expects that Pakistan tourism will grow **5.8%** by annum from 2018 to 2028

\$19.4

Billion contribution towards total GDP



In previous five years, Pakistan has seen an exponential increase in its tourism sector. The country has seen a massive influx of domestic as well as foreign tourist arrivals. As per the Travel & Tourism Economic Impact Report, 2018 published by World Travel and Tourism Council (WTTC), it is expected that Pakistan tourism will grow by 5.8% per annum from 2018 to 2028. However, currently the tourism infrastructure in Pakistan is not developed as compared with other tourism destinations. Therefore, there is a huge gap that should be filled through improving and increasing the current tourism facilities such as such as entertainment, travel & tour and recreation facilities. The current circumstances presents a clear indication that there is an enormous potential for growth and investment in Pakistan tourism.

Visa on arrival and e-visa services launched for 50 and 175 countries respectively including, UK, USA, Canada, Germany, Italy, France, Switzerland and many more

Capital investment in travel and tourism is expected to rise by **4.1%** p.a. over the next 10 years to **PKR647.4bn** in 2028

TOURISTS ATTRACTIONS



One of the highest lakes in the world



5 of the highest peaks of the world are in Pakistan



'Shandur' is the highest polo ground in the world



One of the best Skiing Resorts – Naltar, Malam Jabba



One of the oldest archeological sites – Mohenjo Daro and Taxila



Hub of one of the tastiest foods in the world

INTERNATIONAL RECOGNITION

- One of the coolest places to visit
- Pakistan's potential for growth in tourism is almost limitless
- Pakistan is an adventure playground
- World's top travel destination

Forbes,
2019

The Telegraph,
2019

The Broke,
2019

British Backpacker
2019

RECENT DEVELOPMENT

- In the World Crime Index Report, published in November 2019, Lahore (Pakistan), a major tourist and cultural city, has been declared safer than Dhaka, Kuala Lumpur, Delhi, Birmingham, Washington, Las Vegas, Manchester, Tehran, Rome, San Francisco, London, Istanbul, Mumbai, Beijing and Jerusalem.

Tribune.com.pk

3.1 GENERAL OUTLOOK

Tourism activities are considered one of the major sources of economic growth. It can be regarded as a mechanism of generating employment as well as income in both formal and informal sectors.

Pakistan particularly has a lot of potential regarding tourism because of its diverse and well-preserved culture; from the Beaches in Baluchistan and Sindh to the Forts in Lahore and beautiful valleys of the north like Kailash and Kumrat. Every part of Pakistan has its own culture and language, which makes it even more interesting.

Rupee devaluation has made visiting Pakistan even cheaper:

- Traveling
- Accommodation
- Food of high standards

3.2 GLOBAL RECOGNITION OF PAKISTAN AS ONE OF THE BEST TOURISM DESTINATIONS

- Forbes¹⁰ Listed Pakistan as one of the coolest places to visit – 2019
- World Economic Forum's Travel & Tourism Competitiveness Report placed Pakistan in the top 25 percent of global destinations for its World Heritage sites¹¹
- Telegraph¹² stated that Pakistan's potential for growth in tourism is almost limitless – 2019
- The Broke¹³ stated that Pakistan is an adventure playground - 2019
- British Backpacker Society¹⁴ ranked Pakistan as the world's top travel destination – 2018
- Lonely Planet¹⁵ termed Pakistan as being "tourism's 'next big thing' for more years than we care to remember" – 2010

- **TOTAL CONTRIBUTION TO THE ECONOMY WAS \$19.4 BILLION**
- **IT IS PREDICTED THAT BY THE YEAR 2025 TOURISM WILL CONTRIBUTE PKR 1 TRILLION TO PAKISTAN'S ECONOMY**
- **VISA-ON-ARRIVAL FOR 50 COUNTRIES AND E-VISAS FACILITY FOR CITIZENS OF 175 COUNTRIES HAS BEEN STARTED**
- **DIRECT CONTRIBUTION OF TRAVEL & TOURISM TO GDP IS EXPECTED TO GROW TO RS1,727.7 BILLION BY 2028**
- **70% INCREASE IN FOREIGN TOURISTS IN 2018**

3.3 STATISTICS

The World Travel and Tourism Council (WTTC) puts the total contribution of tourism to Pakistan's economy at \$19.4 billion last year or 6.9% of gross domestic product and in a decade, the WTTC expects that to rise to \$36.1 billion.¹⁶ As per the WTTC data for the year 2018 – the direct contribution of Travel & Tourism to GDP was \$8.83 billion, which comes around 2.9% of GDP (2017). Further, it is expected to grow by 5.8% per annum from 2018 to 2028 to \$16.3 billion, 3% of total GDP in 2028¹⁷.

¹⁰ <https://www.forbes.com/sites/annabel/2018/12/12/the-10-coolest-places-to-go-in-2019/#22b3c761fdc5>

¹¹ <http://atriumhorizon.com/travel-tourism/pakistan-tourism/>

¹² <https://www.telegraph.co.uk/travel/destinations/asia/pakistan/articles/pakistan-tourism-visa-growth/>

¹³ <https://www.thebrokebackpacker.com/travel-to-pakistan/>

¹⁴ <https://www.lonelyplanet.com/articles/pakistan-top-backpacker-destination>

¹⁵ <https://nation.com.pk/07-Dec-2018/tourism-in-pakistan>

¹⁶ <https://dailytimes.com.pk/228069/tourism-the-untapped-potential-of-pakistan/>

¹⁷ <https://www.wttc.org/-/media/files/reports/economic-impact-research/archived/countries-2018/pakistan2018.pdf>

This primarily reflects the economic activity generated by industries such as hotels, travel agents, airlines and other passenger transportation services (excluding commuter services). However, it also includes, for example, the activities of the restaurant and leisure industries directly supported by tourism.

3.4 GOVERNMENTAL INITIATIVES TO IMPROVE TOURISM

The announcement of the visa-on-arrival policy revives hope for the tourism industry. The government's announcement of a visa-on-arrival policy for 50 countries and giving e-visas to citizens of 175 countries have given hope of revival to the tourism industry.¹⁸

The government is making continuous efforts to promote tourism in Pakistan and they predict that by the year 2025 tourism will contribute PKR 1 trillion¹⁹ to Pakistan's economy. The government has planned to invite foreign investment into the country for establishing tourism zones in potential Northern Areas, Swat, Galiat and Hazara region and Gilgit Baltistan and other tourism zones. It is also offering tax holiday for foreign investments in the tourism sector in a bid to attract Foreign Direct Investment.²⁰

3.5 INVESTMENT OPPORTUNITY

Visitor exports are a key component of the direct contribution of Travel & Tourism. In 2016, Pakistan hosted around foreign 9,161 tourists. This figure grew to 10,476 in 2017 and 17,823 in 2018 respectively²¹. By 2028, international tourist arrivals are expected to grow to 2.05 million, generating expenditure of PKR 192.5 bn approximate²².

There are currently very few luxury hotels in Pakistan. The growth in tourism will also give rise to the hoteling industry. However, the current number of luxury hotels in Pakistan cannot seem to cater for the expected increase in tourists in the coming years; therefore, the current situation presents a huge potential for investment in the Pakistan's hoteling industry.

3.6 FOREIGN INVESTMENT IN TOURISM SECTOR

The new government is continuously working on its mandate to bring foreign investment in Pakistan and to uplift the tourism sector in the country. Because of its efforts in this regard, a lucrative investment of around \$100 million is expected from US business tycoons in Pakistan's tourism sector.²³

UK based International Hospitality Investment Group (IHIG) is also heavily investing in the Pakistan tourism sector through acquiring hotels in and resorts in various cities of Pakistan, especially the northern areas and equipping these hotels with modern amenities, along with various other initiatives. Overall, IHIG aims to invest around \$118 million in the Pakistan tourism industry.²⁴

Turkey also aims to contribute to the Pakistan tourism sector by helping the government in increasing the skilled workforce in the tourism sector. Turkey aims to build a state of the art Centre of Excellence for Hospitality at the National Skills University in Islamabad under the skills development institution of the Turkish Cooperation and Coordination Agency.²⁵

¹⁸ <https://www.dawn.com/news/1462882>

¹⁹ <https://dailylimes.com.pk/350664/developing-tourism-industry-of-pakistan/>

²⁰ <https://nation.com.pk/30-Sep-2019/pakistan-offers-tax-holiday-for-foreign-investment-in-tourism-sector>

²¹ <https://gulfnews.com/world/asia/pakistan/foreign-tourists-in-pakistan-up-70-in-2018-1.67891432>

²² <https://www.wttc.org/-/media/files/reports/economic-impact-research/archived/countries-2018/pakistan2018.pdf>

²³ <https://www.brecorder.com/2019/10/24/537488/us-investors-to-invest-100mn-in-pakistans-tourism-industry/>

²⁴ <https://www.thenews.com.pk/latest/446965-ihig-set-to-invest-118-million-in-pakistans-tourism-industry>

²⁵ <https://www.pakistantoday.com.pk/2019/09/22/turkey-to-support-hotel-tourism-industry-in-pakistan/>

AGRICULTURE SECTOR

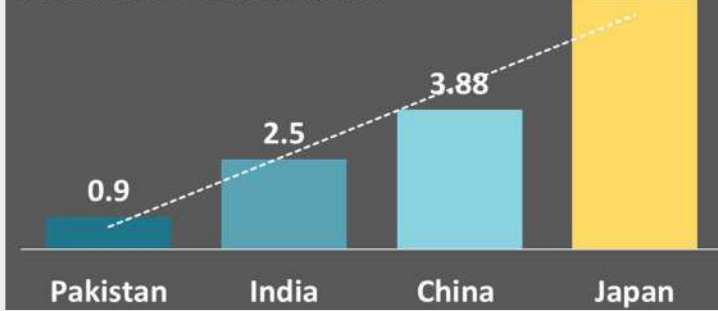
AGRICULTURE

WHY NOW?

Government's keen interest to uplift the agriculture sector through creating an enabling environment for bringing modern agricultural techniques such as mechanization; and Introduction of a number of investor-friendly agriculture policies that lead to the foreign investors' interest in Pakistan Agriculture sector.

Pakistan has a vast resource of agricultural land, but it ranks among the countries with least agricultural productivity, due to very less mechanization in agriculture sector, therefore there is a huge investment potential in modern agriculture machinery

Use of Horsepower Per Hectare
Source: Researchgate & Tractor.com.pk

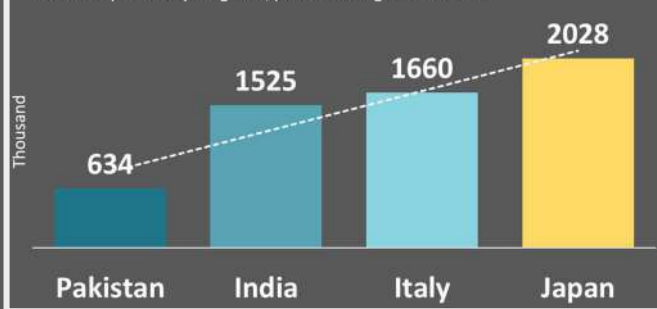


Use of Horse power in Pakistan (hp) is well below the international norm of 1.7 hp per hectare

Agriculture sector contributes around **18.5%** Towards Total GDP

Total number of tractors

Source: Topfiveofanything.com, pakistan and gulf economist

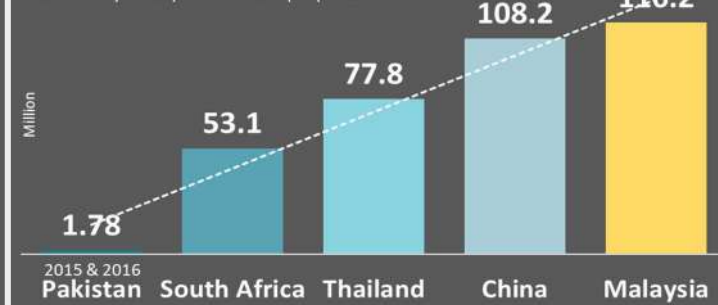


As per Export.gov, agricultural machinery and equipment sector in Pakistan has huge investment potential. Some of the best prospect agriculture machinery include tractors, combined harvesters, rotator, planter, drip irrigation systems irrigation pumps etc.

Floriculture has been one of the most neglected sector in Pakistan, however, if invested properly there is a huge potential for growth and investment. Currently Pakistan's contribution in global floriculture market of **\$136 billion**, is near to none.

Floriculture Exports - Country Wise 2018

Source: dailytimes.pk & worldstopexports.com



10.2 Million acres of land in Pakistan is still uncultivated

1.7 Million hectares of land available in Punjab for corporate farming

11% Contribution in Pakistan's total export earnings

INVESTMENT OPPORTUNITIES

PUNJAB CORPORATE FARMING PROJECT

The project aims to establish sale points by forming village level organisations for the sale of farming products and agricultural machinery.

EDIBLE OIL SEEDS & EDIBLE OIL PRODUCTION

Local production of edible Oil seeds and edible oils has a great investment potential as neither of these commodities being produced in Pakistan and are therefore imported in huge quantities.

FLORICULTURE

There seems to be a huge potential for entering into floriculture sector as this is a very profitable and mainly an export oriented sector.

4.1 GENERAL OUTLOOK

The agricultural sector is the backbone of the Pakistan economy as it directly supports three-quarters of the country's population, employs half the labor force and contributes a large share of foreign exchange earnings. The agriculture mix of Pakistan is heavily based on important crops, which include wheat, rice, sugarcane maize, and cotton. According to the Pakistan Economic Survey, 2018 – 2019, the agriculture sector contributes 18.5% to the country's GDP, employs 38.5% of the Labor force. As per the Agriculture Marketing Information Service (AMIS) agriculture commodity export data, agriculture exports contribute approx. \$2.52 billion or 11% of Pakistan's total exports export earnings (2018-2019: \$22.958 billion) approximately.

There are two principal seasons for the production of these crops in Pakistan, which are Kharif and Rabi. Cotton, rice, and sugarcane are produced during the Kharif season, which lasts from May to November, whereas wheat, cereals, pulses, linseed, mustard are produced during the Rabi season, which extends from November to April.

In 2017-18, Pakistan registered a record 3.81%²⁶ of growth in the agriculture sector. This growth was attributed to a number of initiatives taken by the government to improve the overall agriculture sector. Such initiatives have been detailed in the "Governmental Initiatives to Improve Agriculture Sector" below.

Despite being a major producer of sugarcane, rice, wheat, maize, cotton, etc., Pakistan's agricultural output for these crops lags in terms of yield when compared with other countries where agriculture is a major economic activity. This reflects a tremendous opportunity for both local and foreign investors to invest in bringing modern agricultural techniques through the introduction of agricultural equipment and machines. This will not only lead to increasing in overall yield at the country level through efficient utilization of agricultural land but at the same investment in the agriculture sector will result in a higher return for both local and foreign investors.

4.2 STATISTICS:

— Pakistan is one of the largest producers in the world of some of the crops as mentioned below:

- Fourth²⁷ largest producer of cotton;

- ONE OF THE MAJOR PRODUCERS OF WHEAT (8th), RICE (11th), SUGARCANE (5th), AND MAIZE (22nd) IN THE WORLD
- AGRICULTURE SECTOR CONTRIBUTES 18.5% TO THE GDP
- EMPLOYS 38.5% OF THE LABOUR FORCE
- 10.2 MILLION FARM AREA STILL UNCULTIVATED
- HUGE OPPORTUNITY FOR INVESTING IN MODERN MECHANIZATION EQUIPMENT e.g. TRACTORS, FARM EQUIPMENT AND IMPLEMENTS, AND IRRIGATION EQUIPMENT
- CONSTITUTES 11% OF EXPORT EARNINGS APPROX.
- 1.7 MILLION HECTARES OF LAND IS AVAILABLE FOR CORPORATE FARMING IN PUNJAB
- NEARLY 23 MILLION HECTARES OF AGRICULTURE LAND

²⁶ <https://profit.pakistantoday.com.pk/2018/04/27/economic-survey-2017-18-agriculture-sector-records-growth-of-3-81-percent/>

²⁷ <https://fp.brecorder.com/2018/10/20181011414236/>

- Fifth²⁸ largest producer of sugarcane;
 - Eighth²⁹ largest producer of wheat;
 - Eleventh³⁰ largest producer of rice;
- Pakistan has one of the largest irrigation systems in the world³¹
- The other crops account for 11.36 % of the value-added in overall agriculture and contribute around 2.25 % to the GDP³².

4.3 GOVERNMENTAL INITIATIVES TO IMPROVE AGRICULTURE SECTOR

NATIONAL AGRICULTURAL EMERGENCY PROGRAM

The present government has launched a PKR 309.7 billion National Agricultural Emergency Program, as part of which it is extending generous subsidies on the import of crop-specific machinery. As many as 16 projects in the agriculture sector would be launched under this project to boost yields of major crops. The said program is expected to drastically increase the agricultural spending over the next five years, by 360%³³.

INITIATIVES RELATED TO FERTILIZERS

During the 2018-19 fiscal year, the government introduced subsidies in fertilizers ranging from a uniform 2%³⁴ tax rate for fertilizers, opened two operationalized fertilizer plants, provided per bag subsidies in the import and manufacture of fertilizers and other incentives.

INVESTMENT FOR IMPROVING IRRIGATION SYSTEM

During 2017 – 2018, the government also launched various projects for improving the irrigation system in Pakistan. In order to reduce water losses from the current irrigation system, PKR 2,000 million³⁵ were allotted for the lining of small and minor canals in Punjab as well as Sindh. A further For the rehabilitation and improvement of existing irrigation canals in Punjab, Sindh & Khyber Pakhtunkhwa.

NATIONAL OIL SEEDS ENHANCEMENT PROGRAM

In August 2019, the federal government launched a national oilseed enhancement program with a total cost of PKR 5,115 million by promoting its cultivation in Punjab. The program will be implemented in all 36 districts of Punjab³⁶. The objective of this national oilseed enhancement program is to make oilseed crops comparable with cash crops, address low yields by enhancing oilseed production both vertically and horizontally, promote mechanization for oilseed crops to minimize post-harvest losses and get good yields.

4.4 INVESTMENT OPPORTUNITY

Of the total, 16.5 million hectares of cultivable land in Punjab, a vast 1.7 million hectares are still available for corporate farming³⁷. Likewise, as much as 30%³⁸ of horticultural produce that goes to waste every year can be converted into economic gain by investing agribusiness value chain industries.

²⁸ <https://www.pakissan.com/english/allabout/crop/sugarcane.shtml>

²⁹ <https://www.worldatlas.com/articles/top-wheat-producing-countries.html>

³⁰ <http://www.rruij.com/open-access/rice-in-pakistan-present-scenario-trade-problems-and-prospects.php?aid=87358>

³¹ <https://www.pc.gov.pk/uploads/plans/Ch20-Water1.pdf>

³² http://www.finance.gov.pk/survey/chapters_16/02_Agriculture.pdf

³³ <https://tribune.com.pk/story/2004597/2-govt-unveils-rs309b-programme-uplift-agriculture-sector/>

³⁴ <http://www.pakistaneconomist.com/2019/11/25/fertilizer-production-rises-by-2-6pc-in-july-march-2018-19/>

³⁵ http://www.finance.gov.pk/survey/chapters_19/Economic_Survey_2018_19.pdf

³⁶ <https://fp.brecorder.com/2019/08/20190828512606/>

³⁷ <https://fp.brecorder.com/res/44-miscellaneous/4810-what-went-wrong-with-corporate-farming/>

³⁸ <http://www.pakistaneconomist.com/2017/03/27/how-pakistan-can-become-an-agriculture-production-powerhouse/>

OILSEEDS, OTHER PLANT SEEDS, AND PRODUCTION OF EDIBLE OILS

Further, there is a lack of availability of high-quality seeds in Pakistan. Millions of tons of oilseeds, other plant seeds and edible oils such as soya bean and palm oil are imported on an annual basis. For instance, the import of oilseeds was 1.67 million metric tons in 2014-15, which jumped to 3.35 million tons in 2018-19, showing a surge of 100.6%. Similarly, the import of vegetable oil during the same period also saw an increase of 11% from 2.98 million tons in 2014-15 to 3.31 million tons in 2018-19³⁹. Therefore, there is an immense opportunity to produce high-quality seeds as well as edible oils locally. The government is also offering incentives to the domestic as well as foreign investors interested to invest in this sector. Through investing in this sector, the investors would not only play a part in meeting the domestic edible oil needs, but they would also be able to earn huge profits through the export of edible oils to Middle Eastern as well as European and American countries.

The government would also benefit at the same time as local production of seeds as well as edible oils would not only save it a huge amount of foreign exchange, it would also be able to reduce its dependence on imported edible oils.

LOCAL FLOWER PRODUCTION

Pakistan is being increasingly viewed as a growing market for floral products, particularly cut flowers and tulips, and offers huge opportunities to businesses to flourish rapidly. The government has also started various initiatives to improve the floriculture in Pakistan. However, still, there is a long way to go to reach the level other countries have reached in this sector. For instance, as per an article published in 2017 in dailytimes.pk, Pakistan's exports remained under PKR 180 million (\$1.78 million) in the successive last two years each, while Indian exports stood at PKR 1,900 million a year, which is almost 91% more than exports of floriculture from Pakistan. Therefore, it is clear that there is an immense opportunity in investing in floriculture in Pakistan.

MODERN AGRICULTURE EQUIPMENT

Conventional methods of farming and irrigation are still being widely used, and the use of solar panels for electricity for water pumps is not properly introduced in Pakistan until now. Further, the utilization of tractors, farm implements and equipment, and irrigation equipment is also very low in Pakistan as compared with other Asian economies. Export.gov, which is managed by the International Trade Administration (ITA), U.S. Department of Commerce, also listed the agricultural machinery such as tractors, harvesters, cultivators, thrashers and irrigation equipment, etc., which the American Investors can export to the Pakistani markets. Similarly, foreign investors can also do the same by investing in Pakistan through the export of Agricultural Machinery to Pakistan. They can also set up agricultural machinery plants in Pakistan, engaging the local labor, which is cheap and then exporting to the Central Asian as well as other agricultural countries.

Therefore, the current situation presents a huge potential for foreign and local investors to invest in the projects for edible oilseeds and other plant seeds, edible oils, local flower production and bringing in the modern agriculture equipment and techniques in Pakistan.



³⁹ <https://www.thenews.com.pk/print/450595-oilseed-imports-double-in-5-years-defying-efforts-to-up-domestic-output>

4.5 FOREIGN INVESTMENT IN AGRICULTURAL SECTOR

In early 2019, Cargill, a renowned and one of the leading food and agriculture producers announced its plan to invest in agricultural trading, oilseeds crushing, edible oils, and animal feed and dairy industries in Pakistan. Cargill plans to invest more than \$200 million in the next three to five years. The company's investment strategy in Pakistan includes expansion across its agricultural trading and supply chain, edible oils, dairy, meat, and animal feed businesses while ensuring safety and food traceability⁴⁰.

In October 2019, a Dutch Agriculture Mission also visited Pakistan and showed interest in investing in the agriculture sector along with other sectors as well. A follow-up visit of the Dutch Agriculture Mission to Pakistan is expected to be held this year in November⁴¹.



⁴⁰ <https://www.reuters.com/article/us-pakistan-carg/cargill-to-invest-200-million-in-pakistan-government-says-idUSKCN1PB2CA>

⁴¹ <https://www.thenews.com.pk/print/535583-nine-dutch-companies-want-to-invest-in-pak-poultry-livestock-sectors>

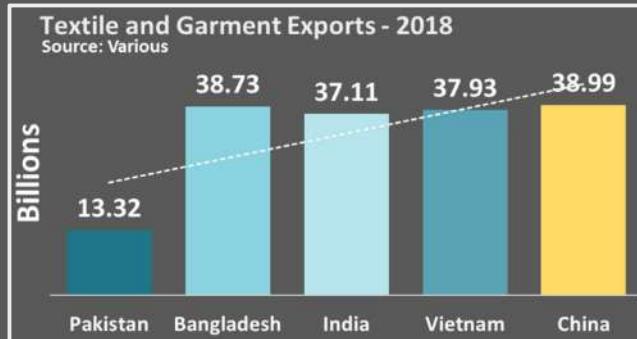
TEXTILE & GARMENTS SECTOR

TEXTILE & GARMENTS SECTOR

WHY NOW?

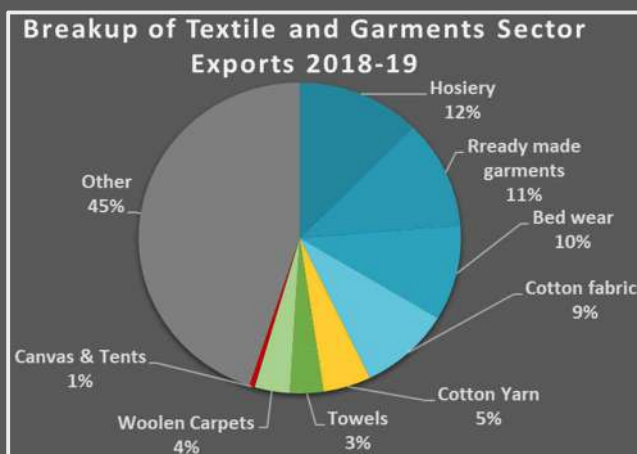
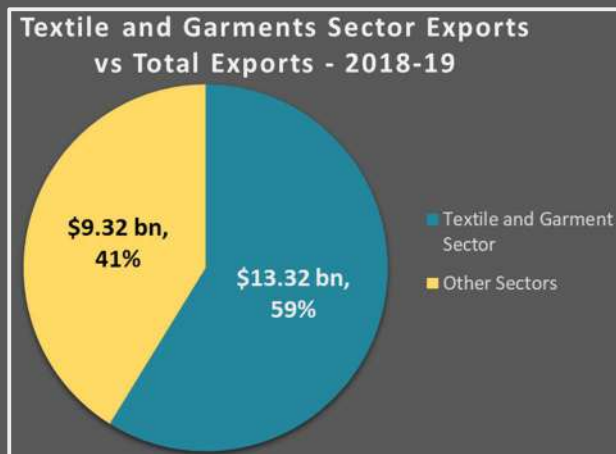
Governments' keen interest to further develop and strengthen the textile and garments sector, that is majorly an export oriented, through the provision of various incentives and introduction of long-term textile policies and creating an enabling environment for both foreign as well as domestic investors, makes it the right time to invest in this potential sector.

Pakistan's textile and garments sector has the highest contribution in the total export earnings of Pakistan; however, if compared with other Asian economies, this sector still lags behind, which means that this sector has a lot of potential that is yet to be realized. Current government has taken a number of initiatives to strengthen this sector and to make it even more attractive to the foreign and domestic investors.



Pakistan's export to EU increased by 55% after attainment of GSP plus Status

The GSP Plus grants duty-free market access to more than 6,000 tariff lines (TLs) from Pakistan



PAKISTAN TEXTILE POLICY

Government aims to introduce the **Textile Policy 2019-2024** very soon, with an emphasis to double its textile exports to **\$26 bn** by 2024. Some of the specific policy measures include providing uninterrupted supply of electricity and gas to the production units at competitive rates and making the textiles sector compliant with domestic and international labor and environment rules.

FOREIGN INVESTMENT IN PAKISTAN TEXTILE AND GARMENTS SECTOR

A Chinese company, Shanghai Challenge Textile, plans to invest up to **\$500 million** on the development of a private Special Economic Zone (SEZ) spread on an area of 400 acres near Kasur for establishing an exclusive apparel park for garments and allied industries.

137%

HIKE IN FOREIGN DIRECT INVESTMENT IN JULY – SEPTEMBER FY19 AS COMPARED WITH THE SAME PERIOD LAST FINANCIAL YEAR - SBP

SOME OF THE LEADING GLOBAL RETAILER CLIENTS BEING SERVED

- Nike
- Adidas
- Puma
- Levis
- Reebok
- Tommy
- Hilfiger
- Dickies
- Yonex
- Wilson
- Target
- C&A
- Tesco
- JCPenny
- ASDA
- LIDL
- Umbro
- Columbia
- S Oliver

\$13.32

Billion exports in FY 2019

59%

Contribution towards total export earnings

Ranked **3rd** in the world in terms of Yarn production

5.1 GENERAL OUTLOOK

Textile and Garments sector is by far the largest manufacturing industry of Pakistan and is considered as the backbone of the country's export. This sector plays an important role in shaping the path for economic improvement in Pakistan. This sector not only earns significant foreign exchange for the country, but it also contributes heavily to the country's GDP as well as employs around 40% of the country's labor force.

In 2018-2019, the profits of the Textile and Garment Sector increased by over 5%. These companies posted a turnover of \$16 billion out of which \$13.3 billion⁴² was exported and \$2.8 billion were sold in the domestic market approximately. This reflects an increase of more than 5% as compared to 2017-2018. In the same period, the Textile and Garments Sector also contributed around PKR 40 billion⁴³ to the national exchequer in terms of income tax.

5.2 STATISTICS:

- The contribution of this industry to the total GDP is 8.5%⁴⁴.
- Pakistan is the world's fourth largest producer and third largest consumer of cotton⁴⁵.
- The Textile and Clothing Industry has been the main driver of the economy for the last 50 years in terms of foreign currency earnings and job creation.
- International brands being produced in Pakistan.
- As of June 2018, Pakistan Textile and Garments Industry are comprised of 517 textile units out of which there are 40 composite units and 477 spinning units⁴⁶.
- There are 28,500 shuttle-less looms and 375,000 conventional looms approximately⁴⁷.

- **4TH LARGEST PRODUCER OF COTTON**
- **3RD LARGEST CONSUMER OF COTTON**
- **RANKED 3RD IN THE WORLD IN TERMS OF THE YARN PRODUCTION**
- **PROFITS OF THE TEXTILE AND GARMENT SECTOR INCREASED BY OVER 5%.**
- **TEXTILE EXPORTS FROM THE COUNTRY DURING JULY-APRIL 2018-19 WERE RECORDED AT \$11.419 BILLION**
- **IN 2018-2019, TEXTILE AND GARMENTS COMPANIES POSTED A TURNOVER OF \$16 BILLION APPROX.**
- **517 TEXTILE UNITS OUT OF WHICH THERE ARE 40 COMPOSITE UNITS AND 477 SPINNING UNITS**
- **APPROXIMATELY 28,500 SHUTTLE-LESS LOOMS AND 375,000 CONVENTIONAL LOOMS ACROSS PAKISTAN**

⁴² <https://customnews.pk/2019/07/20/pakistans-textile-sector-exports-decline-1-42pc-in-fy19/>

⁴³ <https://pkrevenue.com/trade-industry/aptma-praises-policies-to-make-textile-industry-viable-after-10-red-years/>

⁴⁴ <https://nation.com.pk/03-Jun-2018/textile-industry-in-pakistan-an-open-example-of-resistance-economy>

⁴⁵ <http://www.rcci.org.pk/wp-content/uploads/2012/12/gtopti.pdf>

⁴⁶ <http://www.tco.com.pk/documents/de6897176d.pdf>

⁴⁷ <http://www.tco.com.pk/documents/de6897176d.pdf>

5.3 GOVERNMENTAL INITIATIVES TO IMPROVE TEXTILE SECTOR

TEXTILE POLICY 2019-2024

In October 2019, the Task Force on Textile Chairman announced that a comprehensive textile policy would be finalized by the end of 2019 with an aim for increasing the country's textile exports to \$26 billion by 2024⁴⁸. The Textiles Policy 2019-2024 would lay down a prospective plan for the next five years, through bringing support measures and development initiatives of the Government aimed at promotion and uplifting of the textile sector, which is the biggest industrial sector of the country. The policy also aims to reduce costs of doing business in Pakistan, improve Pakistan's ranking on the ease of doing business, as well as bringing measures for making the textiles sector compliant with the domestic and international labor and environment rules and conventions.

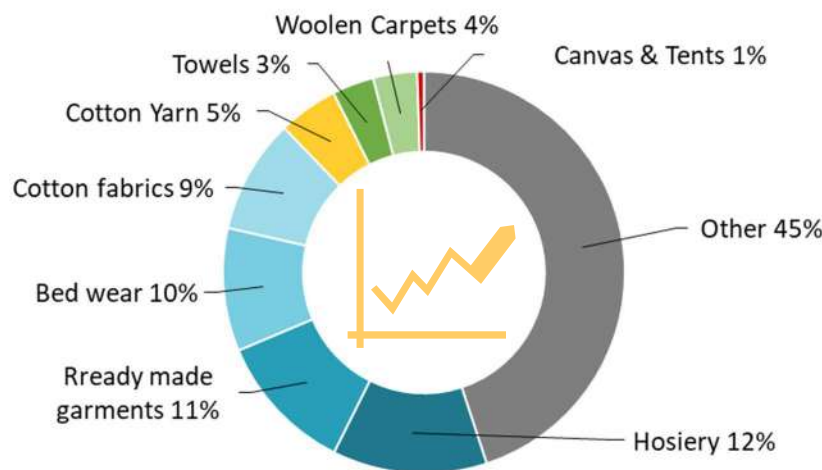
PRIME MINISTER'S EXPORTS ENHANCEMENT PACKAGE

Under the Prime Minister's Exports Enhancement Package, the government has paid approximately PKR 62.5 billion to the local textile industry for development and growth and to help boost the exports of textile and garments.⁴⁹ The Exports Enhancement Package was aimed at bridging the gap between exports and imports by encouraging the export-oriented industry and incentivizing the industrial sector for introducing innovative, modern and cost-cutting technologies, particularly in the textile industry as well as creating job opportunities for the people of Pakistan.

5.4 INVESTMENT OPPORTUNITY

- In 2018-2019, Pakistan's largest export industry was the textile industry with Hosiery and Readymade Garments contributing \$3.47 billion / PKR 544 billion to total trade⁵⁰.
- The ready-made garments industry has emerged as one of the important small-scale industries in Pakistan. These readymade garments and products have large demand both at home and abroad.

Breakup of Textile and Garments Sector Exports 2018-19



Source: Pakistan Economic Survey, 2019

⁴⁸ <http://www.textile.gov.pk/moti/userfiles1/file/Textile%20Policy%202014-19.pdf>

⁴⁹ <https://nation.com.pk/28-May-2019/govt-pays-rs62b-to-textile-sector-under-pm-exports-enhance-package>

⁵⁰ <https://gallup.com.pk/in-2018-2019-pakistans-largest-export-industry-was-the-textile-industry-with-hosiery-and-readymade-garments-contributing-544-billion-pkr-347-million-usd-to-total-trade/>

- The utilization of better technology and techniques can help to improve production and so there is an opportunity to invest in better techniques to convert Pakistan's competitive advantage in both the domestic and international markets.
- Pakistan's export to Europe has increased fifty five percent after grant of GSP Plus status to the country.⁵¹
- Pakistan's organization All Pakistan Textile Mills Association (APTMA) has recently announced that one thousand manufacturing units worth \$7 billion would be installed in Pakistan⁵².

Ready-made garments industry has emerged as one of the important small-scale industries in Pakistan and have large demand both at home and abroad.

5.5 FOREIGN INVESTMENT IN TEXTILE SECTOR

CPEC's LONG TERM PLAN & TEXTILE SECTOR

The CPEC project has been the most important and the biggest foreign investment made by China in Pakistan. The project was launched in 2013 with an aim to heavily invest in various potential sectors in Pakistan. One of the plans included in "The Long Term Plan (LTP)"⁵³ under CPEC includes improving industrial co-operation in textiles by developing efficiencies in the textile and apparel value chain and expanding the size of the industry.

SHANGHAI CHALLENGE TEXTILE COMPANY PLAN TO INVEST \$500 MILLION

A Chinese company, Shanghai Challenge Textile, plans to invest up to \$500 million on the development of a private Special Economic Zone (SEZ) spread on an area of 400 acres near Kasur for establishing an exclusive apparel park for garments and allied industries. The investors expect the project to complete and start production for the export markets in the next two years. The entire garment production from the apparel park will be meant for export markets and is estimated to bring in foreign exchange revenue of \$300m to \$500m a year. Shanghai Challenge Apparel already has a facility in Lahore and had a few years back bought almost 25 % shareholding in the Faisalabad-based Masood Textile Mills⁵⁴.

5.6 LEADING GLOBAL RETAILERS CLIENTS BEING SERVED

Interloop, which is one of the world's largest⁵⁵ hosiery manufacturers, manufacture garments, sportswear and knitwear for the following leading global retailers and brands:

- | | | |
|------------------|-----------|-----------------|
| • Nike | • Dickies | • Payless |
| • Adidas | • Yonex | • Family Dollar |
| • Puma | • Wilson | • Medipeds |
| • Levis | • Target | • Hi-Tec |
| • Reebok | • C&A | • Umbro |
| • Tommy Hilfiger | • Tesco | • Columbia |
| • Prince | • JCPenny | • S Oliver |
| • Hurley | • ASDA | • SportMaster |
| • H&M | • LIDL | |

⁵¹ <https://mettisglobal.news/pakistans-export-to-europe-increased-55-after-gsp-plus-status-envoy>

⁵² <https://www.researchsnipers.com/pakistan-to-invest-7-billion-in-garments-sector/>

⁵³ <https://www.brecorder.com/2019/03/07/479379/textiles-the-big-picture/>

⁵⁴ <https://www.dawn.com/news/1473998>

⁵⁵ <https://www.bsl-lausanne.ch/wp-content/uploads/2017/03/Interloop-Limited-by-S.-Gull.pdf>

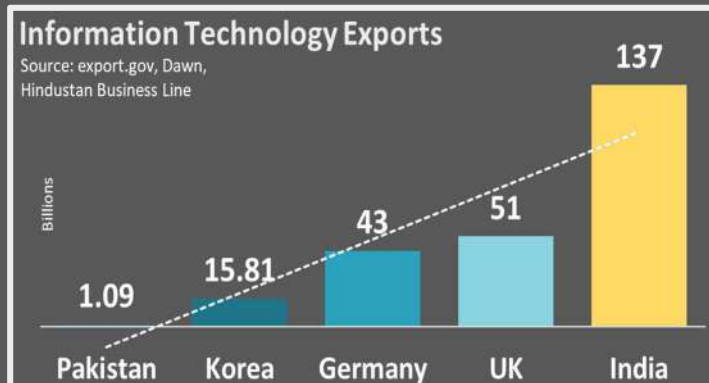
INFORMATION TECHNOLOGY SECTOR

INFORMATION TECHNOLOGY

WHY NOW?

Information Technology (IT) is one of the fastest growing sector in Pakistan. The country has a huge resource of IT graduates and the number is increasing rapidly. Government is also keen to elevate this sector through creating an enabling environment and providing learning opportunities to young generation to develop high demand skills. This has not only lead to the significant growth in IT sector, but has also attracted a number of foreign IT companies to come and invest in Pakistan.

In recent four years, Pakistan's IT exports have almost doubled, however, it's share in global IT exports is still near to none. Due to a number of policy and infrastructure measures taken by government, a lot of foreign IT companies are investing in Pakistan IT sector, as Pakistan has a huge growth potential in this sector.



100%
Repatriation of profits to foreign IT/ITeS companies

Tax holiday for venture capital funds till 2024

RECENT INVESTMENTS IN PAKISTAN'S TECH ENABLED STARTUPS

AIRLIFT \$12m **cheetay** \$7.8m
daraz \$150m **BYKEA** \$5.7m
afiniti \$1.6b **KEEP TRUCKIN** \$1.25b

LAUNCH OF PAKISTAN'S FIRST EVER DIGITAL POLICY

In 2018, the government launched Pakistan's first ever Digital Policy that contained several initiatives to incentivize the IT and ITeS companies (domestic and foreign), such as extension of income tax holiday, 5% cash reward on export remittances, 5% sales tax on services (domestic), provision of bank loans to IT/ITeS industry and Tech Special Economic Zones (SEZs) applications and contents

0%
Income tax on IT/ITeS exports in Pakistan

0%
Income tax for PSEB registered IT startups

INVESTMENT OPPORTUNITIES

COMPUTER SOFTWARE & IT CONSULTING

According to a US based organization, export.gov, Computer Software is the best prospect area in the IT/ITeS sector for investment in Pakistan. The most promising sub-sectors for US companies within the computer software sector for FY-2020 include E-commerce, IT Parks, Incubators, Venture Funds, Software Companies Call Centers and Gaming and Animation Studios.

E-COMMERCE & M-COMMERCE

According to Bloomberg the larger number of young people in Pakistan, relative to the total population, has contributed to the rapid rise in the e-commerce and m-commerce sector. At 51%, Pakistan has a considerable smartphone penetration rate in the world. Further, the introduction of 3G & 4G has further created an enabling environment for growth in these services.

IT PARKS

Investment in IT parks provides one of the highly lucrative investment opportunity as upto 70% can be saved on annual operational expenses through investment in the IT & ITeS sector in Pakistan. This is attributed to the lower average cost of the technical resources in the country. The annual cost for a software engineer in Pakistan is one fifth of the cost in USA and

Over the last 4 years, IT/ITeS exports have increased by over

100%

\$1.09
Billion worth of IT export in 2018-19

6.1 GENERAL OUTLOOK

Information Technology (IT) sector is one of the sectors in Pakistan which has achieved significant growth over the previous decade. According to the estimates of the Board of Investment, Pakistan, the IT Sector is one of the fastest-growing sectors of Pakistan contributing about 1% to the GDP of Pakistan at about \$3.5 billion. It doubled in the past four years and experts expect it to grow a further 100% in the next two to four years to \$7 billion⁵⁶. In 2018-19 Pakistan's IT sector exports reached around \$1.09 billion.

According to the Pakistan Software Export Board (PSEB), there are more than 3000 active IT/ITes companies, which possess expertise in custom software development, enterprise resource planning (ERP), financial solutions, mobile content, document management, enterprise computing, and business process outsourcing (BPO)⁵⁷.

6.2 STATISTICS

- The IT & IT enabled services (ITes) export remittances increased by 23.35% over the first five months of FY 2019-20 (July-November) in comparison with the same period last year⁵⁸.
- Enterprise software has grown by 17%, marketing tech 15%, financial services 13%, consumer goods 9%, retail/e-commerce 8%, professional services 8%, internet of things/hardware 7%, health care 4%, media 4%, and non-profit 3%⁵⁹.
- Ranked number four for freelance development in the world - Payoneer's Global Gig Economy Index.
- More than 300,000 English speaking IT professionals with expertise in current and emerging IT⁶⁰.
- Pakistan has more than 15 IT parks with IT-enabled infrastructure with more being planned in the future.
- With 3G/4G service, over 85% of telecommunication infrastructure on fiber-optic cables and internet access in over 2,000 cities/towns across Pakistan.⁶¹
- Pakistan has about 64% of its 230 million population in the 15 to 29 age group⁶². This represents an abundance of human and knowledge capital.

- **IN 2018-19, PAKISTAN'S SOFTWARE EXPORTS WERE APPROXIMATELY \$1.090 BILLION**
- **MORE THAN 2000 IT COMPANIES & CALL CENTERS AND THE NUMBER IS GROWING EVERY YEAR.**
- **MORE THAN 300,000 ENGLISH SPEAKING IT PROFESSIONALS WITH EXPERTISE IN CURRENT AND EMERGING IT**
- **RANKED NUMBER FOUR FOR FREELANCE DEVELOPMENT IN THE WORLD**
- **MORE THAN 20,000 IT GRADUATES AND ENGINEERS ARE BEING PRODUCED EACH YEAR COUPLED WITH A RISING STARTUP CULTURE**
- **64% OF THE POPULATION IN PAKISTAN IS BELOW THE AGE OF 30, ABUNDANCE OF HUMAN RESOURCE**

⁵⁶ <https://invest.gov.pk/sites/default/files/inline-files/IT.pdf>

⁵⁷ <https://www.pseb.org.pk/about-us>

⁵⁸ <https://dnd.com.pk/pakistans-it-exports-increased-by-23-35/179297>

⁵⁹ <http://www.pakistaneconomist.com/2018/07/09/pakistans-it-industry-showing-positive-growth-trend/>

⁶⁰ <https://invest.gov.pk/it-ites>

⁶¹ <https://www.pseb.org.pk/why-pakistan2>

⁶² <http://hdr.undp.org/en/content/unleashing-potential-young-pakistan>

- More than 20,000 IT graduates and engineers are being produced each year coupled with a rising startup culture⁶³.
- In accordance with Pakistan Vision 2025 and the Digital policy of Pakistan 2018, the ICT industry size is targeted to reach \$20 billion by 2025.

6.3 INCENTIVES FOR INVESTMENT IN IT SECTOR

- Zero Income tax on IT & ITeS exports until June 2025.
- Zero Income tax for PSEB registered IT start-ups (3 years).
- 100% foreign ownership of IT & ITeS companies.
- 100% repatriation of profits to foreign IT & ITeS investors.
- Tax holiday for venture capital funds until 2024.
- Up to 70% on annual operational expenses by investing in the IT & ITeS sector in Pakistan. On average, the annual cost for a software engineer in Pakistan is one-fifth of the cost in the USA and Europe.
- Accelerated depreciation of 30% on computer equipment.
- Provision of low rent space in Software Technology Parks (STPs), with fiber-optic connectivity.

Source: PSEB

6.4 GLOBAL RECOGNITION OF PAKISTAN IT SECTOR

- Pakistan is ranked as the 4th fastest growing freelance markets in the world.
- Pakistan has won GSMA Awards, Spectrum for Mobile Broadband (2015) and Government Leadership Award (2017). Minister of State for IT, Anusha Rehman won the Gender Equality and mainstreaming (GEM-TECH) Award in December 2015, from the United Nations' International Telecommunication Union.
- Ministry of Information Technology (MoIT) has also secured a seat in the Governing Council of Asia Pacific Centre for Information and Communication Technology for Development under the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)⁶⁴.
- In 2010, Folio3 was judged as one of the Harvard Business School's All-World Fast Growth 500 companies⁶⁵.
- The presence of International IT companies such as Bentley, Ciklum, IBM, Mentor Graphics, S&P Global, Symantec, Teradata, and VMware is a vote of confidence in potential in the Pakistan IT sector and its recognition in global IT markets.

6.5 GOVERNMENTAL INITIATIVES TO IMPROVE IT SECTOR

PAKISTAN SOFTWARE EXPORT BOARD (PSEB)

PSEB is a pivotal organization of the Government of Pakistan with a mandate to ensure sustainable development of the IT industry, boost cooperation with international IT entities and create an attractive environment for investment in the Pakistan IT sector. As enumerated in the Digital Pakistan Policy, PSEB would allocate land on a long-term lease to IT/ITeS companies.

IT PARKS

Pursuant to PSEB's mandate to facilitate IT industry growth, PSEB established 1st STP in 1999 in Islamabad and so far, twelve (12) STPs have been established to provide IT-enabled office space (equipped with quality ICT infrastructure and arrangements of backup power) to help the IT industry of the country to meet its immediate goals of increased FDI, technology transfer, increased exports, technology diffusion, increased employment, and human resource development. At the time, over 800,000 sq. ft. IT-enabled office space has been provided in 12

⁶³ <http://invest.gov.pk/it-ites>

⁶⁴ <https://nation.com.pk/12-Feb-2018/it-industry-wins-recognition-at-international-forums>

⁶⁵ <https://www.app.com.pk/pakistan-it-industry-hits-international-markets/>

designated Software Technology Parks where around 80 public and private IT / ITes companies are engaged in software development and export services.

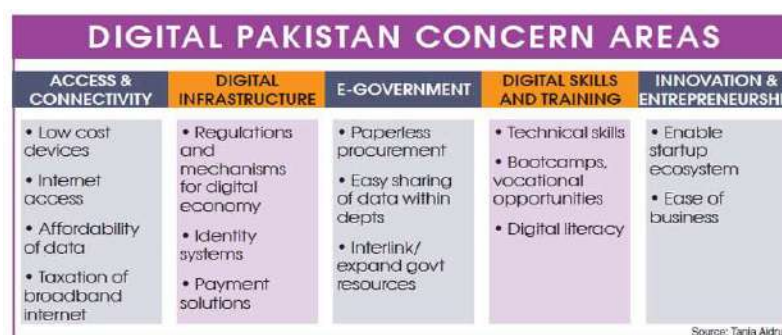
Many top tiers IT companies are working in STPs instead of taking space in traditional buildings due to the availability of the latest ICT infrastructure and allied facilities along with a conducive IT work environment.

Following table shows the details of Software Technology Parks in Pakistan

S #	Name	City
1	Aiwan e Iqbal Software Technology Park	Lahore
2	Shaheen Complex Software Technology Park	
3	Anjuman Himayat e Islam Software Technology Park	
4	Netsol IT Village	
5	JGC Descon Software Technology Park	
6	Imran House Software Technology Park	
7	TRG Complex Software Technology Park	
8	Systems Software Technology Park	Islamabad
9	Awami Markaz Software Technology Park	
10	Evacue Trust Complex Software Technology Park	
11	KSL Software Technology Park	Rawalpindi
12	Rose Center Software Technology Park	
13	Meridian Software Technology Park	Karachi
14	Tariq Center	

DIGITAL PAKISTAN POLICY

In May 2018, the Government of Pakistan took an initiative to introduce the first Digital Policy of Pakistan that envisages becoming a strategic enabler for an accelerated digitization ecosystem to expand the knowledge-based economy and spur socio-economic growth. The Digital Pakistan Policy contained several incentives for the IT and ITes



companies, including extension of income tax holiday, 5% cash reward on export remittances, 5% sales tax on services (domestic), provision of bank loans to IT/ITes industry and Tech SEZs (special economic zones) to create a digital ecosystem with infrastructure and institutional frameworks for the rapid delivery of innovative digital services, applications and contents⁶⁶.

6.6 INVESTMENT OPPORTUNITY

According to a US-based organization, export.gov, Computer Software is the best prospect area in the IT/ITes sector for investment in Pakistan. The most promising sub-sectors for U.S. companies within the computer software sector for FY-2020 are:

- E-commerce
- Company Acquisitions and Mergers
- IT Parks
- Incubators
- Venture Funds
- Software Companies
- Call Centers
- Gaming and Animation Studios
- Data Centers
- Training Centers
- Consulting Centers

According to Pakistan's Ministry of Finance, during FY 2017-18, the local economy achieved a considerable growth rate of 5.8 percent despite chronic challenges including an energy crisis and terrorism. The local software market offers substantial business opportunities for U.S. companies who offer products for the corporate sector including financial management and business forecasting, online IT training portals, e-commerce, e-payment, embedded tools, and other web-based applications.

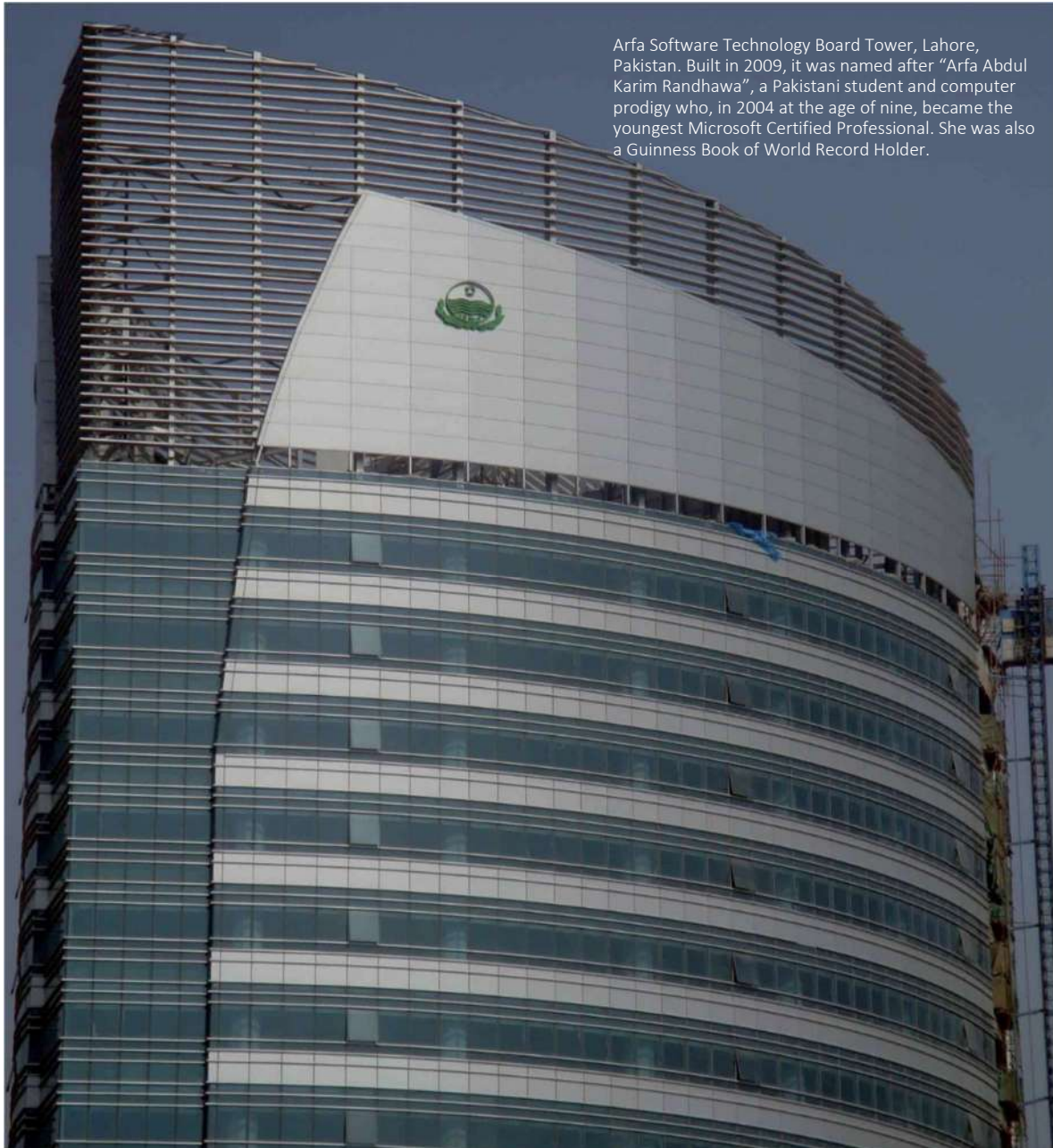
Industry experts expressed optimism about growth prospects in the e-commerce sector, projecting \$1 billion in

⁶⁶ <https://fp.brecorder.com/2018/05/20180523373638/>

revenue by 2020. Increased use of mobile wallets, coupled with cheaper, more reliable smartphones, has helped increase the user base for Pakistan's e-commerce industry⁶⁷.

6.7 FOREIGN IT COMPANIES IN PAKISTAN IT MARKET

- Netsol – USA – 1995
- S & P Global Pakistan Pvt Ltd – USA – 2004
- Tera Data Pakistan – USA – 1995
- Mentor Graphics Pakistan – USA – 1999



Arfa Software Technology Board Tower, Lahore, Pakistan. Built in 2009, it was named after “Arfa Abdul Karim Randhawa”, a Pakistani student and computer prodigy who, in 2004 at the age of nine, became the youngest Microsoft Certified Professional. She was also a Guinness Book of World Record Holder.

⁶⁷ <https://www.export.gov/article?id=Pakistan-Computer-Software>

LIVESTOCK SECTOR

LIVESTOCK

WHY NOW?

Recent improvement in the World Bank Doing Business rankings of Pakistan and various initiatives taken by the government focused on facilitating the domestic and foreign investors makes it the right time to invest in the Pakistan Livestock Sector that has an enormous potential of growth through contributing towards fulfilling the food and nutritious demands of the ever-increasing global population.

Meat Sector

Pakistan has a huge production of meat (beef, mutton and poultry). It has 8th largest population of cattle in the world. Further, it is also the 11th largest producer of poultry meat in the world. However, its meat exports (beef, mutton, poultry) and market share in global halal meat market is very less. Located very near to the middle-eastern countries, which are the biggest importers of halal meat, therefore, presents a huge investment opportunity that the investors can tap into through increasing the meat production and exporting it to these Middle Eastern countries.



3-4%

Per annum growth in meat production

10-12%

Per annum growth in poultry production

60.54%

Value addition in agriculture

11.22%

Contribution towards agricultural GDP

8th

Ranking in the world in total cattle production

11th

Largest poultry producer in the world

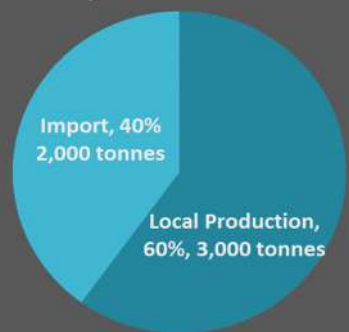
34

billion liters milk produced on an annual basis

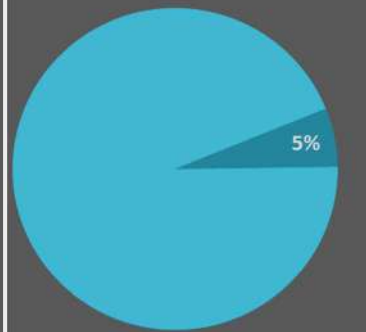
5th

Ranking in world in terms of milk production

Production of Cheese vs Import of Cheese

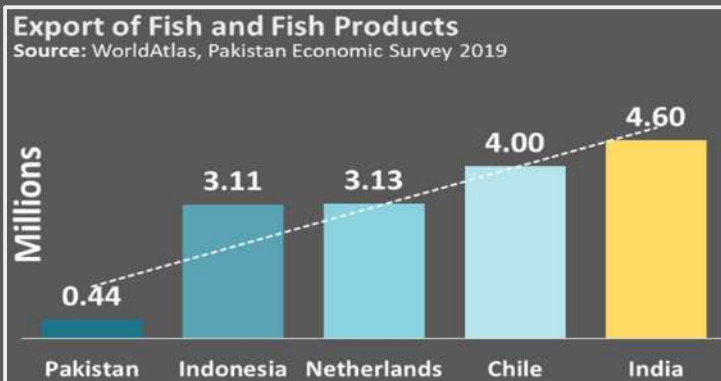


% of total Milk Processed in Pakistan



Seafood Sector

Pakistan's seafood production and exports are much lower than other countries competing in this sector. Countries such as Bangladesh, Netherlands, Spain, Denmark etc. has almost similar area of coastline, however, their seafood production and exports are many times higher than that of Pakistan as they have started using modern fishing techniques and have expanded commercial farming as well. Currently, in Pakistan, modern fishing techniques and commercial fish farming is very less, despite the fact that all conditions required for that are present. Therefore, there seems to be a huge potential in Pakistan's seafood sector.



7.1 GENERAL OUTLOOK

Livestock is considered a central component in the agricultural sector of Pakistan. It contributes approximately 60.54%⁶⁸ of value addition in agriculture and nearly 11.22% to the agricultural Gross Domestic Product (AGDP) as well as provides employment to more than 8⁶⁹ million families. It is an extremely labor-intensive sector, includes a large part of the rural workforce and employs nearly 30 million people. The livestock sector also yields an enormous range of by-products especially leather, which also contributes an enormous amount in the foreign exchange earned by Pakistan.

Following are the main livestock sector constituents, which have been discussed in detail below:

- Milk
- Poultry
- Meat
- Fishing

Milk

Milk is one of the favorite food in Pakistan and is consumed as fresh, boiled, powdered and in processed form like yogurt, ghee, lassi, butter, cheese, ice cream, sweets and in other confectioneries. Pakistan ranks fourth in the world in terms of milk production every year. The dairy sector of Pakistan contributes about 11% in Pakistan's gross national income⁷⁰. According to FAO, Pakistan is ranked eighth in the total cattle population⁷¹ and is one of the countries that are surplus in the production of milk. Major milk-producing animals are buffaloes contributing about 73 % to a total milk production followed by cows at 24 % and 4% by goat and sheep, respectively⁷². As per the Pakistan Economic Survey 2018-19, the total estimated milk production in the country was 59.76 million tons, which is 3.23% higher as compared with 2017-2018.

POULTRY

The poultry sector is one of the most vibrant subsectors of the livestock sector. The current investment in Poultry Industry is more than PKR 700 billion⁷³. This industry is

- **LIVESTOCK SECTOR GREW BY 4% IN 2018-19**
- **CONTRIBUTES APPROXIMATELY 60.54% OF VALUE ADDITION IN AGRICULTURE**
- **LIVESTOCK CONTRIBUTES NEARLY 11.22% TO THE AGRICULTURAL GDP**
- **LIVESTOCK SECTOR EMPLOYS NEARLY 30 MILLION PEOPLE**
- **DAIRY SECTOR OF PAKISTAN CONTRIBUTES ABOUT 11% IN PAKISTAN'S GROSS NATIONAL INCOME.**
- **AMONG ONE OF THE COUNTRIES THAT ARE SURPLUS IN MILK PRODUCTION**
- **MORE THAN PKR 700 BILLION INVESTMENT IN POULTRY**
- **11TH LARGEST PRODUCER IN PRODUCTION OF BROILERS**
- **\$438.021 MILLION WORTH OF SEAFOOD EXPORTED IN 2018-19**

⁶⁸ <http://www.pakistaneconomist.com/2019/07/08/agriculture-sector-a-declining-performance/>

⁶⁹ <https://pdfs.semanticscholar.org/d1c1/71c1e2a62f73f7c42ab16eff6445b61239aa.pdf>

⁷⁰ <https://www.pakistantoday.com.pk/2017/01/16/pakistan-fourth-largest-milk-producing-country-in-world/>

⁷¹ <http://beef2live.com/story-world-cattle-inventory-ranking-209-countries-fao-247-127843>

⁷² <https://www.pakistantoday.com.pk/2017/01/16/pakistan-fourth-largest-milk-producing-country-in-world/>

⁷³ http://www.livestockpunjab.gov.pk/LiveStockAdmin/uploads/editor_files/performance_report_-_directorate_of_poultry_research_institute_osln.pdf

progressing at an impressive growth rate of 8 to 10 percent per annum over the last few years⁷⁴. Pakistan has become the 11th largest poultry producer in the world with the production of 1,163 million broilers annually. This sector provides employment (direct/indirect) to over 1.5 million people⁷⁵.



Poultry today has been a balancing force to keep a check on the prices of mutton and beef. Poultry meat production showed a growth rate of 9.1 percent whereas egg production showed a growth of 5.6% (19.0 billion Nos.) during 2018-19 as compared to the previous year⁷⁶. The transformation of poultry production in a controlled shed system is making a tremendous difference in quantity and quality of poultry production. There are now over 6,500-controlled environment poultry sheds in the country, which indicates that our poultry sector is moving in the direction of modernization and using advanced technology.⁷⁷

MEAT

The meat industry in Pakistan is vibrant and has enormous growth and investment potential, as it is not only a large contributor to the local consumption of meat, it also contributes a handsome share to the foreign exchange earned by the country. One important area in meat exports that Pakistan has not properly tapped yet is the exports of halal meat. Out of the total global halal food market worth \$1 trillion roughly, halal meat and beef have the biggest share i.e. 44.2%⁷⁸, which comes around \$440.2 billion roughly, out of which Pakistan's share is around 0.25%⁷⁹, which is near to none. In 2018-2019, total estimated meat production (excluding the poultry meat production) in Pakistan was 2.960 million tons, which is 3.10% higher as compared with the meat production in 2017-2018. Major contributors to the production of meat are Beef and mutton with a share of 75.3% and 24.7% share respectively. Pakistan meat industry has seen rigorous developments during the last decade as the government also showed interest to boost livestock production and processing facilities to meet increasing local and global demand.

FISHING

The Fisheries Development Commissioner (FDC) under the Ministry of Food, Agriculture, and Livestock (MFAL) of the Government of Pakistan manages the fishing industry in Pakistan⁸⁰. Fishery, as well as fishing industry as a sub-sector of agriculture, plays a significant role in the national economy and towards the food security of the country as it reduces the existing pressure on demand for mutton, beef, and poultry. This sector not only provides employment to a number of people living in coastal areas but also earns a considerable foreign exchange for Pakistan through the export of fishes and other marine edible foods. Major markets for export of fish and fish products include Canada, USA, Denmark, Japan, Holland, Norway, Iceland, Korea, Hong Kong, Taiwan, Singapore, Malaysia, and upper and lower Gulf states⁸¹.

⁷⁴ http://www.finance.gov.pk/survey/chapters_19/Economic_Survey_2018_19.pdf

⁷⁵ <http://www.pakistaneconomist.com/2019/07/08/agriculture-sector-a-declining-performance/>

⁷⁶ <http://eyepakistan.app.com.pk/poultry-farming-an-easiest-economical-mode-to-boost-rural-economy/>

⁷⁷ http://www.finance.gov.pk/survey/chapters_19/Economic_Survey_2018_19.pdf

⁷⁸ <https://www.prnewswire.com/news-releases/global-halal-food-market-to-reach-us-2-043-2-billion-by-2027--coherent-market-insights-300869331.html>

⁷⁹ <https://tribune.com.pk/story/1818659/2-pakistans-share-global-halal-trade-just-0-25/>

⁸⁰ <https://www.pakistanfishing.com/fishing-info/fishing-industry-in-pakistan>

⁸¹ http://www.finance.gov.pk/survey/chapters_19/2-Agriculture.pdf

7.2 STATISTICS

- Share of livestock in total export earnings stands at 3.1%
- The livestock sector of Pakistan grew by 3.8% in 2018-2019.
- The estimated livestock population of Pakistan is 201.9 million approximately.
- Annual milk production in Pakistan stands at 42 million tonnes.
- The current investment in the poultry industry is more than PKR 700 billion.
- Annual Production of poultry in Pakistan stands at around 1,163 million broilers.
- Poultry meat contributes 34 percent (1,518 thousand tons) of the total meat production (4,478 thousand tons) in the country.
- The fisheries sector contributes around 1% to the GDP of Pakistan.
- The fisheries sector provides employment to around 1 million people directly and indirectly.
- Pakistan earned \$438.021 million from seafood exports in 2018-2019.

Annual milk production in Pakistan stands at 42m tones

7.3 GOVERNMENTAL INITIATIVES TO IMPROVE LIVESTOCK SECTOR

Livestock Wing under the Ministry of National Food Security & Research, with its redefined role under the 18th Constitutional Amendment, continued to regulate the sector and took several measures to improve the overall livestock sector of Pakistan. Government initiatives in each of the four constituents of livestock have been separately discussed below.

MILK

In order to promote the corporate dairy sector, import of calf milk replacer & cattle feed premixes has been allowed at concessional tariffs. During 2018-19 (July-March), 364.6 metric tons of calf milk replacer & 297.4 metric tons of cattle feed premix has been imported for feeding to our dairy herd⁸². Livestock Wing allowed the import of 824.9 thousand doses of superior quality semen and 8,811 high yielding exotic dairy cattle of Holstein-Friesian & Jersey breeds during 2018-19 (July-March). The policy objective of these permissions is the genetic improvement of indigenous dairy animals in terms of per unit productivity. The imported dairy cows added approximately 61 million tons of milk per annum in the commercial milk chain/system⁸³.

POULTRY

Livestock Wing has encouraged the poultry farmers to import micronutrients and high-quality feed for the poultry. It has also played an important role in reducing the duties on the import of high-quality poultry feed. As per the Pakistan Economic Survey, 2019, Sales Tax on the import of seven types of poultry machinery is reduced to 7 percent. These include poultry incubators, brooders, grain storage silos for poultry and poultry sheds.

In September 2019, National Food Security & Research launched the backyard poultry initiative to promote poultry farming in the public. The project is designed to provide five million pre-vaccinated 'high laying chickens' across the country, including the federal capital, Azad Jammu and Kashmir and Gilgit Baltistan⁸⁴. This project will not only help in improving the overall poultry farming but will also help in the provision of animal protein to the malnourished population as well as reducing the poverty in the country.

⁸² http://www.finance.gov.pk/survey/chapters_19/2-Agriculture.pdf

⁸³ http://www.finance.gov.pk/survey/chapters_19/Economic_Survey_2018_19.pdf

⁸⁴ <https://www.pakistantoday.com.pk/2019/09/02/govt-launches-backyard-poultry-initiative/>

MEAT

Livestock Wing also provided the necessary facilitation for the export of meat and meat products. A total of 48.8 thousand tons of meat and meat products were exported during FY 2017-18 that fetched US\$ 198.8 million, from the registered export-oriented slaughterhouses in the private sector. The efforts continued for market access with the relevant concerned authorities in China, South Africa, Jordan, and Indonesia using diplomatic channels for export of various meat and meat products. The government has also engaged the National Veterinary Laboratory for doing surveillance and diagnosis of highly contagious diseases in animals. This is an important step to make the outlook of Pakistan Meat Industry more vibrant in international meat markets.

FISHING

Marine Fisheries Department (MFD) is conducting a training Program for fishermen about the use of Turtle Excluder Device (TED). The use of TED is mandatorily required for the export of shrimp to the USA. The use of TEDs will help the fishermen to comply with the USA fishing regulations and will enable Pakistan to increase the export of shrimps to the USA.

During 2018-2019, the Cabinet has approved the new deep-sea fishing licensing policy 2018. Applications for licenses have been invited through print media in May 2019, which are under process. This will also enable the government to increase the fishing yield of the country largely.

7.4 INVESTMENT OPPORTUNITIES

Pakistan is geographically located close to the Middle East and South-East Asia. Both of these regions are deficient in livestock products and depend upon imports from other countries. On the other side, Pakistan is rich in livestock resources and is surplus in some of the livestock constituents such as milk. Therefore, this presents a huge opportunity for domestics as well as foreign investors to the export of its livestock products to these Middle East and Southeast Asian countries and earn handsome profits. Investment opportunities in each of the four constituents as discussed above have been individually discussed below.

— MILK

As discussed above, Pakistan is one of the countries with surplus milk production; however, the dairy sector of Pakistan is one of the least commercial enterprises here due to the lack of proper, planning in the collection, transportation, and distribution chains. As per the Livestock and Dairy Development Board, Pakistan ranks at 5th in total milk production, however, only 5%⁸⁵ of milk is processed. Millions of liters of milk are wasted on a daily basis due to the absence of value addition method and processing facilities. The absence of value addition method and processing facilities, therefore, presents an investment potential for domestic and foreign investors to invest in Pakistan and earn huge profits.

OTHER PROCESSED DAIRY PRODUCTS

As discussed already, Pakistan is surplus in the production of milk; however, millions of milk are wasted on a daily basis. Further, only 5%⁸⁶ of milk is processed in Pakistan, which is very less as compared with other countries that are self-sufficient in the production of milk. The reason behind that is the lack of proper value chains. Further, there are a number of dairy products such as cheese, high fat, low-fat milk, and creams, which are imported in Pakistan and there production in Pakistan is near to none. For instance, Pakistan imports around \$3.34 million⁸⁷ worth of

⁸⁵ <https://www.brecorder.com/2019/04/10/487651/processed-milk-embrace-not-divorce/>

⁸⁶ <https://www.brecorder.com/2019/04/10/487651/processed-milk-embrace-not-divorce/>

⁸⁷ <https://www.pakistantoday.com.pk/2018/09/10/cheese-to-rescue-pakistans-economy/>

cheese and nearly the same amount of processed milk and cream on an annual basis. The consumption pattern of these items is also increasing as these products are heavily used in fast foods such as pizzas and another bakery/restaurant products and cuisines. The consumption of these fast food items is also increasing with immense growth in the upper-lower and middle-class population. Therefore, there seems to be a good investment potential in these processed dairy products as well.

— POULTRY

The poultry sector in Pakistan has also seen tremendous growth and investment in the poultry sector. Like other livestock constituents, the consumption of poultry items is also very high in Pakistan as well as foreign countries as it is a rich source of proteins and other nutrients. To meet its poultry consumption, foreign countries import poultry products in huge quantities. Pakistan is among the countries, which have investment-friendly policies for domestic investors as well as foreign investors. Further, the investment return in the poultry sector in Pakistan is also very attractive. Therefore, there lies a potential for domestic and foreign investors, which they can realize through investment in this lucrative sector.

— MEAT

Pakistan is one of the countries that are rich in terms of livestock animal population. Almost all Gulf States import live animals every year from foreign countries including Pakistan. Similarly, these countries also have less meat production capacity; therefore, they are dependent on imported halal meat. Therefore, there lies a huge investment potential that domestic as well as foreign investors can tap into by setting up meat processing units in Pakistan and exporting the halal meat to these countries.

— FISHING

Pakistan has a total coastline of 1,120 km covering Mekran (Baluchistan) as well as the coast of Karachi (Sindh) and a total fishing area of approximately 300,270 sq. km⁸⁸. These areas are highly rich in marine life with a vast variety of species. However, still, the fisheries' output is not at par as compared to other countries that are rich in fishing resources. This is because; fisheries sector still depends upon conventional techniques. Investors can, therefore, realize the potential to maximum extent through bringing modern machinery, equipment, and techniques for catching marine animals and then exporting to the USA, Gulf, and European countries.

Fish farming of different kinds of fishes is also practiced in the Punjab, Northwest Frontier and Sindh provinces but on a limited scale and this is receiving increased attention, as it appears to have good profit potential for small and medium-sized investors. Therefore, investors can also consider fish farming for investment.



⁸⁸ <https://www.pakistanfishing.com/fishing-info/fishing-industry-in-pakistan>



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