Doing Business in Pakistan: A Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Pakistan

Market Overview

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The United States of America and Pakistan have a strong bilateral relationship based on a joint commitment to security and stability in the region. The United States also continues to be Pakistan's largest trading partner. During the fiscal year 2005-2006, Pakistan's total exports were $16.45 billion out of which 26.9 percent were to the United States, whereas its imports during the same period were $28.58 billion, out of which 5.8 percent were from the United States.

Pakistan's economic performance in fiscal 2006 (the year ending June 30, 2006) was strong, with GDP growth registering 6.6 percent after 8.6 percent growth the preceding year. With GDP growth averaging nearly 7 percent for the last four years, a strong export sector, and a stable currency, Pakistan is reaping the fruits of several years of stringent macro-economic adjustment. The government has tackled some of the most difficult economic reform issues, including Pakistan's massive debt overhang. Pricing has been broadly deregulated, including in the energy sector, and import tariffs rationalized and broadly reduced. The central bank has been granted unprecedented autonomy and capital market prudential oversight has been strengthened. The present administration has focused on far-reaching structural reforms to privatize public sector organizations, strengthen public and corporate governance, liberalize external trade and has pledged to maintain an open and welcoming investment climate.

Currently, there are more than 61 firms registered with the American Business Council (ABC) of Pakistan. The ABC acts as the American Chamber of Commerce for U.S. businesses present in Pakistan. Some of the leading U.S. firms doing business in Pakistan include Citibank, Pepsi-Cola, Coca-Cola, Procter & Gamble, NCR, Pfizer, Abbot, Merck, Eli Lilly, Wyeth, NCR, Oracle, Microsoft, Cisco, Intel, Chevron (Caltex), AIG, 3M, IBM, Monsanto and several others. An additional 15-20 companies maintain a presence in the Pakistan market, while others operate through their franchisees or an exclusive local distributor. For example, McDonald's, KFC, Dominoes Pizza and Caterpillar are represented through local partners.

ABC members play an important role in Pakistan's economy. These companies have collectively invested over $1.0 billion in Pakistan and their cumulative annual revenue is around $2.0 billion. ABC members contribute a sizable amount to the national exchequer every year in the form of direct and indirect taxes. During the period 2005-2006, ABC members paid about Pak Rupees 35 billion ($583 million) in taxes, approximately 8 percent of the total tax collected by the Government of Pakistan. These companies are prominent corporate citizens as well; ABC members made contributions valued at over $69 million following the October 2005 earthquake in northern Pakistan.

Market Challenges Return to top

Principal competitors of U.S. businesses in Pakistan are European, Chinese, Japanese and South Korean firms. These countries often offer credit terms that can make it difficult for U.S. suppliers to compete. Pakistanis also believe that U.S. goods can be more expensive compared to those of competitors, and that U.S. firms often do not move as quickly as some competitors to meet demand.

Potential investors in Pakistan face many of the same challenges that exist in other developing economies, such as inconsistent, sometimes contradictory policies and lack of transparency in decision-making.

Pakistan is a diverse and challenging market requiring adaptability and persistence. Careful planning and patience are the prerequisites for success in this emerging market. U.S. firms that are willing to invest time to develop market presence should expect to be rewarded in the long-term.

Market Opportunities Return to top

With a population of approximately 162 million people and a rapidly growing GDP turnover of more than $130 billion, Pakistan continues to offer significant trade and investment opportunities for U.S. businesses.

The following areas are expected to grow rapidly during the next few years: telecommunications, information technology, power generation (both thermal and hydroelectric), airport and ancillary facilities, oil and gas, franchising and construction.

Market Entry Strategy Return to top

The best way for U.S. manufacturers and suppliers to penetrate the Pakistan market is to utilize the benefits of the network services and programs of U.S. Export Assistance Centers (USEAC, visit http://www.export.gov/comm_svc/eac.html.) in association with the U.S. Commercial Service at the U.S. Embassy in Islamabad, Pakistan. Seeking the assistance of USEACs before exploring an opportunity in this market is highly encouraged. We recommend that U.S. firms use an agent/distributor relationship with a locally registered company. Many foreign manufacturers and suppliers appoint one or more agents/distributors to cover the entire country; at times foreign principals work through a regional office to cover this market. Several U.S. firms cover Pakistan through their Dubai, Singapore or London offices.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

http://www.state.gov/r/pa/ei/bgn/3453.htm

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Chapter 3: Selling U.S. Products and Services

Using an Agent or Distributor

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Many foreign firms in Pakistan appoint local agents to provide market intelligence and to facilitate distribution. These agents typically work on a fixed commission, which can range from two to 10 percent for plant and equipment purchases and from 15 to 20 percent for spare parts. Commissions may be computed on f.o.b., ex-factory, or c.i.f. basis, as mutually agreed. Some agents prefer to have suppliers quote net prices to them and they, in turn, add the commission to arrive at their selling price. Other agents operate as consultants on a retainership basis, receiving their fee regardless of the volume of total sales.

Probably the most common arrangement is the exclusive agency agreement, under which the supplier agrees to neither appoint another dealer/distributor, nor to negotiate sales through any other party. In return, the agent is barred from handling similar items produced by other companies. Under this arrangement, the agent receives commissions on all sales of the product regardless of the channels through which the order is placed. The agent often imports and stocks the spares most frequently required by the end-users. Agency agreements typically extend for a term of one to three years and generally require 30 to 90 days notice by either party for termination.

Overseas suppliers may look after the interests of their local agents in various ways. For example, the principal may arrange separate payments to the local agent in order to provide after-sales service during and beyond the warranty period. The principal often compensates the local agent for providing technical and administrative support services not directly related to any specific sales transaction.

The Commercial Service of the U.S. Department of Commerce (USDOC) can provide assistance in locating potential agents and representatives abroad through its

"International Partner Search (IPS)" and "Gold Key" services available through U.S. Export Assistance Centers in the United States. The "International Company Profile" (ICP) can provide background information on individual agents.

Establishing an Office

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A business in Pakistan may be organized as a sole proprietorship, a partnership, or as a public or private limited company. Foreign investors generally establish limited companies as required under the Companies Ordinance, 1984. They must register with the Securities & Exchange Commission of Pakistan (SECP). Company registration offices are located in each of the provincial capitals and also in Islamabad and Multan. The promoters of any proposed company must also obtain confirmation from the SECP that the proposed name of their company is not deceptive, inappropriate, nor identical to the name of an already existing company.

A company making any public offer of securities for sale or intending to issue capital is required to obtain approval from the Controller of Capital Issues (CCI). After completion of the required formalities, firms should apply for necessary utilities to the authorities below:

Electric Power: Karachi Electric Supply Corporation (KESC), for the Karachi area, and Water and Power Development Authority (WAPDA) for the rest of the country.

Natural Gas: Sui Northern Gas Pipelines (for Punjab and NWFP) and Sui Southern Gas Company (for Sindh and Baluchistan).

Telephone, Fax: Pakistan Telecommunications Company Limited.

Cellular telephone service: Mobilink, Ufone, Instaphone, Paktel, Warid and Telenor.

Water: Local governmental authorities.

All manufacturing concerns employing more than 10 persons are required to register with the appropriate provincial Chief Inspector of Industries under the Factories Ordinance, 1984.

Companies are also required to register with the Income Tax Department of the Central Board of Revenue and obtain a National Tax Number (NTN).

Within 30 days of establishment, foreign companies must file the following documents with the Registrar of Joint Stock Companies, Ministry of Finance:

- a certified copy of the charter, statutes, or memorandum, and articles of association of the company;

- the full address of the registered or principal overseas office of the company;

- the names of the chief executive and directors of the company;

- the names and addresses of persons resident in Pakistan who are authorized to accept any legal notice served on the company.

U.S. firms may find it advantageous to use the services of a local attorney in complying with these formalities.

Contact details and information regarding forming a company in Pakistan may be obtained from the following websites:

www.secp.gov.pk/organization/CRO.htm

www.pakboi.gov.pk

Franchising

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The concept of franchising is gradually gaining acceptance in Pakistan, especially in the hospitality sector. Several major U.S. hotel chains, along with seven major U.S. restaurants, and two U.S. car rental companies are currently represented in Pakistan through franchisees.

Franchising provides U.S. companies with a fairly swift way to enter the market without a major capital commitment. By operating through local franchisees, U.S. firms can gain access to local expertise and significantly reduce the problems of adjusting to an unfamiliar business environment.

However, franchising in Pakistan is not without drawbacks. Potential areas of tension between franchiser and franchisee include quality control, intensity of marketing efforts by the local franchisee, and possible conflict of interest on part of the franchisee. The local affiliate may end up as a competitor once the franchise agreement expires or is terminated.

A key consideration in establishing a franchise operation in Pakistan is quality control, particularly if the enterprise proposes to use locally produced items. In Pakistan, all imported food items, particularly meat items, must be certifiably "Halal" (slaughtered in accordance with proper Islamic ritual).

Selection of a franchisee is critical because usually it involves a long-term relationship. Prior to entering into an agreement with a local company, U.S. firms may commission an ICP on the local company, by paying the appropriate fee to their local district office of the U.S. Department of Commerce. U.S. firms are, of course, advised to identify a number of candidates and evaluate each carefully.

The franchise agreement must be carefully drafted to protect the interests of the parties. The franchiser must be able to retain some direct control over operations, even after transfer of business and technical know-how. Crucial elements of the franchise agreement include territorial coverage, duration, franchise rate, and protection of trade secrets, quality control and minimum performance clauses. The U.S. firm should ensure that its patents and trademarks will be registered in its own name rather than that of the franchisee.

Major U.S. companies with franchise operations in Pakistan include Sheraton, Best Western, Pizza Hut, Kentucky Fried Chicken, Subway, McDonald's, Dunkin Donuts, Domino's Pizza, Papa John, Berlitz, Hertz and Avis. Most of the franchise operations have concentrated their activities around Karachi and Lahore; however, some of the food outlets have opened branches in Hyderabad, Faisalabad, Islamabad and Rawalpindi.

Direct Marketing

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Until recently, direct marketing in Pakistan was limited to direct mail advertising, with leading pharmaceutical firms and large publishing groups as major users. The pharmaceutical companies used direct mail to reach out to doctors, hospitals, and other medical professionals, and the publishers used direct mail to reach out to their existing subscribers of magazines and publications for repeat business. However, the inception of telemarketing and the increased usage of courier services have recently broadened the scope of direct marketing.

The concept of direct marketing is gradually gaining acceptance in the Pakistan marketplace, driven by the efforts of several multinational companies. The low cost of domestic mail and local telephone calls makes this a potentially cost-effective sales medium. The major drawbacks to direct marketing in Pakistan are the lack of readily available mailing lists with up-to-date contact information, and the paucity of reports on consumer preferences. These limitations make it difficult to target and reach the intended audience. Efficient mail and courier services are limited to major urban areas, confining the current reach of direct marketing to the cities of Karachi, Lahore, Rawalpindi/Islamabad and Peshawar.

U.S. companies considering direct marketing in Pakistan should take local customs and cultural values into consideration before launching a campaign. The use of a local advertising agency is advisable in implementing the direct marketing option. A few advertising agencies have separate direct marketing departments. A major U.S. bank also offers direct marketing service.

Joint Ventures/Licensing

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The three principal routes to entering the Pakistan market are: (1) formation of a wholly-owned private company; (2) formation of a public limited company (foreign firm retains majority control, but seeks public participation through stock issuance); and (3) establishment of a company in cooperation with joint venture partners who supply local expertise, management and capital.

The joint venture may be either a private or a public company. Joint ventures can be an attractive option in Pakistan today because there are many local entrepreneurs who have built a substantial base in their industrial enterprises and are seeking to combine their knowledge of local markets with foreign capital and technological know-how. The foreign joint venture partner limits its initial country exposure while enjoying the support of a local partner in a new market. Prominent joint ventures have been established in the automobile, fertilizer, electronic, financial services, food and consumer product sectors.

Firms wanting to delay direct entry into the Pakistan market should consider licensing arrangements with Pakistani firms, an option that permits them to enter the market in stages if the initial response is promising.

Selling to the Government

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Pakistani government agencies and public sector companies allow only exclusive agents to submit bids for tenders to ensure that they receive only one quotation from each supplier. Many firms (especially Japanese) add a clause on direct negotiation that allows them to deal directly with the end-user, should the firm believe that the agent may have difficulty in concluding a sale. On such sales, the commission payable to the agent, if any, is determined by the principals and is based on the proportion of services rendered by the agent.

Pakistani law does not prohibit payment of commissions on commercial procurement of large amounts of military equipment. However, the Directorate General Defense Purchase (DGDP) requires that the foreign principal provide the following: ex-factory value of items supplied, FOB value of these items, and percentage or amount of commission/or any other fee for services provided by the local agent. Commercial procurement of small to medium amounts of military equipment is generally made through local agents of overseas manufacturers and suppliers.

Distribution and Sales Channels

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Pakistan's retail industry has yet to take off in a big way. Most of the retail segment is fragmented and underdeveloped; the very large number of small retail outlets – estimated at 2.5 million - in the country reflects this scenario. Most of these outlets offer basic necessities of everyday life. Consequently, food, beverages and tobacco account for as much as 75 percent of retail sales. At this time there are less than a dozen shopping malls in the country and they are generally limited to the larger cities of Karachi and Lahore.

Large supermarkets or chain stores for general consumer items still do not exist in Pakistan, though the trend may catch on soon, as one large supermarket has been established in Lahore in collaboration with a British chain of supermarkets and has become a major point of attraction there. Another supermarket chain with German collaboration is also expected to soon enter the market. However, the concept of chain stores for fashion apparel has lately begun to emerge in the larger cities, where several such chains, carrying predominantly locally manufactured merchandise, are currently operating. In addition, hundreds of government-owned Utility Stores sell food and household items and serve as a mechanism for restraining inflationary price increases by following the government line on pricing.

The general perception among Pakistani consumers is that the prices in the larger and more upscale stores must be higher due to higher overhead and investment costs.

Many consumer retail stores stock general merchandise for everyday use. There are also large numbers of stores that sell a single commodity, for example, tires, cooking utensils, textiles or jewelry. Such stores are generally located in bazaar areas and tend to be situated near other shops carrying similar goods.

Foreign companies considering marketing their products in Pakistan may choose to use the services of local distributors or may develop their own distribution chain. Distributors in the urban areas generally deal on an exclusive basis. Some market consultants estimate that the services of 100-300 distributors would be required for nationwide coverage. One very large multinational company selling consumer products employs 500 distributors to reach a significant portion of Pakistan's small towns and villages.

As a matter of policy, most companies do not provide credit to distributors, and distributors in turn generally sell on a strictly cash basis to retailers. Smaller distributors often do provide credit to retailers, but the volume of such transactions is relatively insignificant.

Pakistan's wholesale market is fairly well developed, with about 1,000 - 1,500 wholesalers constituting this segment of the distribution network. Karachi is the major distribution center for wholesale goods. Approximately one-fifth of the wholesalers in Karachi sell on a consignment basis. Less than one-third of the wholesalers allow discounts to their customers, but the granting of 30- to 90-day credit is common. Because of limited financial resources, retailers generally sell on a cash-only basis. Consumer credit in Pakistan remains an insignificant portion of the total commercial credit. Foreign companies selling industrial or capital goods often sell directly to the end-user or, if the market is fairly large, they appoint one major distributor who then sells either to sub-distributors or directly to end-users.

Selling Factors/Techniques

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The traditional approach to selling in Pakistan has been to make a personal contact with a major wholesaler who serves a network of retailers throughout the country. However, this trend is changing. Advertising is now a rapidly growing industry and some of the large consumer manufacturers extensively advertise their products through both print and electronic media. Some of the banks regularly contact their potential customers through direct marketing. Nonetheless, personal relationships are very important, especially when selling non-consumer items to the government or large corporations. Since personal relationships take time to nurture, U.S. firms are advised to invest time in the market with preferably a local presence or at least very frequent trips to the area. This is not an activity that can be done long-distance. Face-to-face contact is essential.

In addition to personal relationships, price generally remains the dominant buying factor. Government procurement also places heavy emphasis on selection of the low bidder, provided the bidder meets the technical specifications and has relevant industry experience.

U.S. products and services enjoy an excellent reputation in the local market, especially for their quality and durability. However, U.S. companies face tough competition from

European, Chinese, Japanese and Korean companies, which generally have a larger presence in the country and are able to offer their products and services at competitive prices. Providing after-sales service is also essential and U.S. firms are advised to establish this service either through a local/agent distributor or through their own presence in the local market.

Electronic Commerce Return to top

Pakistan can still be considered a cash-based economy. The majority of transactions are conducted in cash, except for those that are very large and require a bank draft or pay order.

However, a number of government departments have started to offer services through the Internet. In the private sector, at least three airlines now offer e-ticketing and several local banks offer online banking services. This segment of the economy is expected to grow steadily as there are approximately 2.5 million Internet subscribers in Pakistan and this figure is expected double during the next five years.

Trade Promotion and Advertising Return to top

Pakistan has over a dozen major advertising agencies, some with foreign affiliation. Advertising agency commissions are usually 15 percent of the cost of the advertisement. Information concerning advertising agencies may be obtained from the Pakistan Advertising Association (PAA), 232 Hotel Metropole, Abdullah Haroon Road, Karachi, Pakistan or through the PAA website www.Pakistanadvertising.com

Television and newspapers are the most widely used method of advertising. Other means of advertising include radio, billboards, periodicals and trade journals, direct response advertising, slides and commercial film shorts in movie theaters, as well as the Internet.

Pakistan has over 120 daily newspapers. The daily Jang, published in Urdu, is the single largest newspaper, with a claimed national circulation of almost 750,000 (estimated: 400,000). Combined circulation for the roughly 11 English-language newspapers is approximately 200,000. The principal English-language daily newspapers are Dawn (published in Karachi, Lahore and Islamabad), The News (Islamabad, Lahore and Karachi), The Nation (Lahore and Islamabad) and The Business Recorder (Karachi). Although the English-language press reaches only a small fraction of the population, it is influential in political, business, academic and professional circles.

The two major English-language current affairs magazines are monthlies - the Herald and Newsline. The principal English-language weekly economic magazine is the Pakistan & Gulf Economist, published in Karachi, and there is also a widely read English weekly, the Friday Times, published in Lahore. Several special interest magazines such as Spider (Internet), Computerworld (Computer and IT), and Mobile Communications are steadily gaining prominence. Almost all the newspapers in Pakistan are now available on the Internet.

Television is broadcast on state-owned Pakistan Television and several other local channels, using the PAL system. English language programs, including news, are available on several satellite channels. In 2001, the government imposed a ban on Indian channels, which were providing stiff competition to the local channels, although many are received “unofficially”.

Cable and Satellite Television: Cable television has been available in Pakistan for more than seven years, but initially none of the operators except for Shaheen Pay TV was licensed. The broadcast media is regulated by the Pakistan Electronic Media Regulatory Authority (PEMRA), which has issued more than 800 licenses to prospective operators. It is estimated that cable television reaches approximately 20 percent of households in Pakistan. Regulatory details about broadcast media are available on the PEMRA website www.pemra.gov.pk

Satellite television broadcasts have made rapid inroads in Pakistan and it is estimated that more than 200,000 dish antennas are presently installed in the country, although, with the advent of cable TV, the popularity of direct satellite television is gradually diminishing. More than 60 channels are received via satellite. The most popular transponder received in Pakistan is “Asiasat,” which carries most of the Indian TV channels.

Radio Pakistan reaches out to audiences within the country and abroad in 36 languages (19 regional and 17 foreign) from 24 medium and short wave stations and three FM stations, transmitting 442 hours of programs. The government has allowed two private companies to operate FM broadcast service. FM-100 is Pakistan's first FM stereo music channel, available round the clock in Karachi, Islamabad and Lahore. The license granted by the government does not permit them to broadcast news and current affairs programs.

Pakistan currently allows trade-advertising material other than commercial catalogs to enter duty-free, but levies a 15.0 percent sales tax on those items. Samples may be admitted duty-free only if they are representative parts of a complete shipment or are unsuitable for sale. The duties applicable to commercial shipments apply to samples having a commercial value.

Trade Shows - The textile and apparel, along with the leather and gemstones industries hold regular trade shows. Lately, the telecommunications, information technology, and oil and gas industries have become active in this area. The U.S. Department of Commerce-sponsored catalog/product shows and seminars can be useful vehicles for generating sales leads and for locating suitable agents and distributors. Trade and seminar missions can also provide valuable first-hand insights into the Pakistani market, as well as serving to introduce U.S. equipment and technology. Trade missions can educate government and other end-users about product availability, technical characteristics, quality, and price, and can establish contacts with key organizations to promote product awareness.

U.S. firms should also consider participation in regional events (focusing on either South Asia or the Middle East) in order to reach potential Pakistani purchasers, agents, and distributors.

Pricing

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Product pricing is often difficult for new entrants to the Pakistan market, principally due to the country's complex tax structure. Foreign companies represented by a local agent, distributor, licensee, or other intermediary generally work closely with their local affiliates in determining prices.

Relatively high shelf prices frequently include a substantial tax component, which can add nearly 50 percent to the retailer's purchase price. High prices for imported consumer items have created a large market for goods coming into Pakistan through the "informal channel." Expatriate Pakistanis and professional couriers bring in large quantities of goods from the Gulf region in their personal baggage. In some segments of the market, goods brought through this channel have market shares ranging from 50 to 95 percent.

As an illustration of the scale and complexity of various taxes and duties imposed on imported consumer items, marketers of products build into their final sales price the following factors: landing charges (approximately 1.0 percent of initial price); customs duty; sales tax; bank charges; insurance, and the general sales tax.

Pricing of non-consumer items is based on different parameters. Most foreign companies in this market segment are also represented by agent/distributors and give their local affiliates significant latitude in pricing decisions. Agents often opt for higher sales turnover by reducing their margins, allowing them to generate more revenue through a higher volume of sales. In other cases, local agent/distributors may add up to 30 percent to the list price as their commission, depending on the nature of the product. For duty and tariff purposes, they quote the principal's list prices only. On average, retailers mark up imported machinery and equipment 10 to 15 percent and imported general merchandise 20 to 30 percent.

Sales Service/Customer Support

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In Pakistan, the end-user generally requires comprehensive and reliable after-sales support on all durable and non-consumer items, accompanied by good documentation and instructions for product installation, operation, and repair. Many purchasers choose a complete turnkey package, which often includes employee training.

Foreign sellers generally require local agents/distributors to maintain a certain minimum inventory of spare parts. Most agents provide a warranty and "free" maintenance for one year, building the cost of maintenance into their overall price.

It is a common practice for end-users to demand a guarantee that the supplier will respond to questions or rectify faults in the equipment within a specified period of time. The time period may vary from a few hours to several days, depending on the nature of the product and the fault in the equipment.

Protecting Your Intellectual Property

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The laws in Pakistan generally provide for protection of intellectual property rights (IPR). Nevertheless, intellectual property piracy in Pakistan remains widespread. Recently, the government has undertaken the task of rewriting legislation in the areas of copyrights, patents, and trademarks. Several U.S. companies (e.g., book publishers, video film producers, and computer software companies) have complained that Pakistan's copyright law enforcement is ineffective and that penalties for violation are extremely weak.

The U.S. Pakistan Treaty of Friendship, Commerce and Navigation guarantees national treatment for patent, trademark and industrial property rights. Also, the GOP recently enacted the Trade Mark Ordinance that provides for registration and better protection of trademarks and further prevents the use of fraudulent marks.

Pakistan is a member of the World Intellectual Property Organization (WIPO), the Universal Copyright Convention, and the Bern Copyright Union, but not of the Paris Convention for the Protection of Industrial Property. The United States and Pakistan have held a series of official discussions on intellectual property protection aimed at strengthening the rights of U.S. companies and individuals, and to ensure that Pakistan complies with its TRIPS commitments.

Due Diligence

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U.S. companies seeking to do business in Pakistan are strongly advised to conduct a background check on the local company. It is always advisable to check the ownership of the company and its business track record.

It is recommended that U.S. companies carry out their due diligence on prospective partners or opportunities using the U.S. Commercial Service International Company profile (ICP) service. Please contact the U.S. Commercial Service, Islamabad, Pakistan for more information on this service.

Local Professional Services

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The U.S. Commercial Service offices located in Islamabad, Karachi and Lahore maintain a complete list of pre-screened and reputable companies that offer various services and may be of assistance to U.S. businesses in completing a specific task in this market. These lists may be obtained directly from the individual offices.

Various professional services are listed on the following website, which is Pakistan's largest online Yellow Pages:

www.jamals.com

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http://www.export.gov

http://www.buyusa.gov/pakistan

www.jamals.com

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Chapter 4: Leading Sectors for U.S. Export and Investment

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Commercial Sectors

- (Telecommunication Equipment and Services)
- (Oil and Gas Field Equipment)
- (Electrical Power Equipment)
- (Computers and Peripheral)
- (Aircraft and Ground Support Equipment)

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The telecommunication services sector has grown at a very rapid pace during the past four years and offers significant potential for future growth. The private sector is now actively involved in the expansion and development of telecommunication services. It now provides cellular telephone services, card payphone, and Internet services; with the privatization of Pakistan Telecommunication Company Limited (PTCL), it also provides fixed line telephone services.

The Government of Pakistan accords the telecommunication industry a very high priority. It plans to expand the telephone network, increase the number of public call offices and provide its customers with new and improved services in the next 2-3 years. The government welcomes foreign private investment in this sector, especially joint ventures that bring in new technology and help improve the level of efficiency and expertise of the local partner. In February 2006, the GSM Association (a global trade association representing more than 680 mobile operators) awarded Pakistan the prestigious Government Leadership Award.

Competition for U.S. equipment manufacturers during the next several years will remain strong, particularly with the European telecommunication firms because Siemens and Alcatel have established most of the software protocols in Pakistan (which are now fully integrated with the PTCL network). However, in the cellular sector, Mobilink, the largest operator, has installed a Motorola network. The two new cellular operators, Warid Telecom of UAE and Telenor of Norway, have chosen Nokia and Ericsson networks. Also, Warid has contracted with Motorola to plan, design and deploy a nationwide wireless broadband voice and data network using WIMAX technology.

FOREIGN DIRECT INVESTMENT IN TELECOM SECTOR ($ MILLION)

YEAR	TOTAL FDI	FDI IN TELECOM	TELECOM SHARE (%)
2002-03	798.00	13.50	1.69
2003-04	949.00	207.10	21.81
2004-05	1,029.76	152.02	14.76
2005-06	3,521.00	1,905.10	54.10

Cellular telecommunication is the fastest growing segment of the telecommunication industry in Pakistan. It is estimated that during the next 5-6 years this segment will attract investment in excess of $5.0 billion. Mobilink alone plans to invest $400 million in the expansion of its services during the next two years. The ongoing expansion by the leading mobile phone companies and the entrance of major players like Telenor and Warid in Pakistan have given an unprecedented boost to the sector.

Teledensity:

Fixed Line Sector: The current teledensity for the fixed line sector is 3.4 percent, compared with 2.3 percent in 2000. The growth pattern in this sector has been as follows:

YEAR	TELEDENSITY (%)
2000	2.3
2001	2.5
2002	2.7
2003	3.0
2004	3.4
2005	3.4
2006	3.5

Cellular Telephone Sector: The growth in this sector has been phenomenal, and as of July 2006 there were 36 million cellular subscribers in Pakistan. The growth pattern in this sector has been as follows:

YEAR	SUBSCRIBERS
2001	1,698,536
2002	2,404,400
2003	5,022,908
2004	12,771,203
2005	34,506,557
2006	36,778,462

Mobilink, with a subscriber base of 17.2 million customers, is the largest cellular operator, followed by Ufone with 7.5 million subscribers.

(These figures have been provided by the Pakistan Telecommunication Authority (PTA) and reflect the total number of cellular telephone connections sold. They do not account for one customer subscribing to two or more cellular service connections.)

ESTIMATED INVESTMENT BY MAJOR TELECOM OPERATORS DURING 2005-07

According to industry estimates, the following telecom operators will make substantial investments in their infrastructure in 2005-07. The estimated breakdown is as follows:

COMPANY	US$ million
Telenor	400.0
Warid	392.0
PTCL	272.3
Worldcall	115.0
Telecard	165.0
DV Com	38.0
Dancom	12.0
Burraq Telecom	21.5
Redtone	38.2
Other cellular operators	654.5
TOTAL	**2,100.5**

Best Products/Services

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- Telecom switches
- Radio communication links
- Optic fiber cables
- Submarine cable landing center within 15 miles of the coastal area of Pakistan: U.S. firm Tyco is working in collaboration with Saif Telecom on an undersea cable project connecting Karachi with Fujaira in the UAE.
  Towers, poles, ducts and pits used in conjunction with other infrastructure facilities.

Opportunities

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The PTCL was privatized in 2005 and 26 percent of its shares were sold to Etisalat of UAE for approximately $2.6 billion. In July 2006, Etisalat took over the management of PTCL. In addition, the GOP granted cellular telecommunication licenses to Warid of UAE and Telenor of Norway. The licenses were issued to each operator for a fee of $291 million. It is estimated that the new cellular firms will invest approximately $500 million each during the next two to three years, and, according to the Pakistan Telecommunication Authority (PTA), their cumulative investment is expected to be in the range of $ 645 million during the next year.

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www.pta.gov.pk

www.ptcl.com.pk

Oil and Gas Field Equipment

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The energy sector in Pakistan comprises power, gas, petroleum and coal. The total primary energy supplies measured in terms of tons of oil equivalent (TOE) stood at 55.5 million in 2004-05. Primary energy supplies have been rising steadily over the last several years, increasing by 8.0 percent in 2003-04, and 9.3 percent in 2004-05. Out of the total energy mix, 50.4 percent is derived from gas, while oil makes up 29.4 percent, sectors which Pakistan considers to be priority areas of development. Overall, oil and gas drilling activity has remained slow during the past two years. During 2004-05, 19 exploratory wells and 28 development wells were drilled, compared to 29 exploratory wells and 24 development wells drilled the previous year. Oil production increased by 7 percent, from 61,774 barrels per day (bpd) in 2003-04 to 66,095 bpd in 2004-05. Similarly, natural gas production increased by 11.8 percent - from 3,295 to 3,685 million cubic feet per day - during the same period. There were no significant new oil and gas discoveries during 2006; however, some oil and gas exploration firms are very optimistic about Pakistan's fossil fuel reserves. Pakistan's energy needs are growing more quickly than supplies, however; the country is already experiencing electricity shortages, and the demand for gas is expected to outstrip supply by 2008.

Best Prospects/Services

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Drilling Equipment: Oil & Gas
Chemicals
Instrumentation
Pipes
Petrochemical Equipment
Oil & Gas Services

Opportunities

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The Government of Pakistan provides an investment-friendly environment for the energy sector to attract local and foreign investors; as a result of these financial and structural reforms, the energy sector is fast emerging as on of the most attractive sectors of the economy. The Government of Pakistan is actively seeking investment in onshore and offshore exploration activities, development of explored wells and construction of gas pipelines.

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http://www.mpnr.gov.pk/

http://www.mpnr.gov.pk/ogdcl.php

http://www.ogdcl.com

Electric Power Systems

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	2004	2005	2006 (estimated)
Total Market Size	415.9	459.3	482.0
Total Local Production	182.2	182.2	183.3
Total Exports	10.5	10.5	10.5
Total Imports	244.2	287.6	310.3
Imports from the U.S.	17.1	23.0	25.0
Exchange Rate (rupees/USD)	58.4	59.9	60.0

The above statistics are unofficial estimates in millions of US dollars.

Pakistan's power sector is at a development stage and needs massive investment. Pakistan has 19,439 Megawatts (MW) of total installed generation capacity from both thermal and hydroelectric sources. The Water and Power Development Authority (WAPDA), Karachi Nuclear Power Plant (KANUPP) and Chashma Nuclear Power Plant are the three main public sector organizations involved in power generation, transmission, and distribution. The Karachi Electric Supply Company (KESC), operating in the Sindh province, was privatized in November 2005; a consortium led by Hassan Group holds a 73 percent equity stake, while 27 percent remains with the government. Independent Power Producers (IPPs) are involved in power generation only.

The total installed capacity of WAPDA is 11,298 MW (with hydroelectric accounting for 58 percent and thermal for 42.3 percent), or 58 percent of the country's power. The IPPs produce 5,873 MW, or 30 percent. KESC produces 1,756 MW, or 9 percent, while nuclear facilities provide 462 MW, or 2.4 percent.

Growth in power generation in recent years has come primarily from new IPPs, some of which have been funded by foreign investors, and several WAPDA hydroelectric dam projects. The two largest private power producers in Pakistan are the Hub Power Company (HUBCO) and the Kot Addu Power Company (KAPCO). HUBCO is owned by a consortium of International Power (UK), Xenal (Saudi Arabia), and Mitsui Corporation, and has a 1,300-MW capacity. The Kot Addu plant, with a 1,600-MW capacity, was privatized in 1996 (from WAPDA); International Power holds a 36 percent equity stake, while the government holds a soon-to-be-divested 64 percent stake. Both of these plants, as well as a few other small private operators, sell power to the national grid currently run by WAPDA.

Best Products/Services

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The most promising sub-sectors within this sector for FY2006 are:

Power Generation Equipment (US$ 42 million); Power Transmission Equipment (US$ 235 million); Power Distribution Equipment, including equipment for Rural Electrification (US$ 130 million)

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The power demand is projected to grow at an annual average rate of 8.0 percent during next four years (2006-10) and will increase from about 15,500 MW in 2006 to about 21,500 MW in 2010. IPPs will offer opportunities for the sale of power generation equipment and spares. The total market is expected to expand by approximately 20 percent in FY2007 owing to an urgent need to rehabilitate existing power plants, along with augmenting existing transmission and distribution networks.

The Government of Pakistan has approved the construction of various power projects under the Vision-2025 Program, its power development strategy:

Province	Name of Power Project	Project Type	Expected Capacity (MW)	Completion
AJK	New Bong Escape	Hydro	79 MW	2008-09
	Rajhani	Hydro	132 MW	2009-10
NWFP	Malakand-III	Thermal	81 MW	2007-08
	Pehur	Thermal	18 MW	2007-08
	Allia Khwar	Hydro	121 MW	2008-09
	Khan Khwar	Hydro	72 MW	2008-09
	Duber Khwar	Hydro	130 MW	2008-09
	Matiltan	Hydro	84 MW	2009-10
	Kurram Tangi	Hydro	83 MW	2009-10
	Keyal Khawar	Hydro	130 MW	2009-10
Punjab	Balloki Power Project	Thermal	225 MW	2008-09
	Muridke Power Project	Thermal	200 MW	2008-09
	Attock Gen Power Project	Thermal	150 MW	2008-09
	Gujranwala Power Project	Thermal	225 MW	2008-09
	Faisalabad Power Project	Thermal	450 MW	2008-09
	Nishat Chunian Power Project	Thermal	200 MW	2008-09
	DG Khan Power Project (Faisalabad)	Thermal	200 MW	2008-09
	DG Khan Power Project (Kallar Kahar)	Thermal	150 MW	2008-09
	KAPCO (Extension)	Thermal	400 MW	2008-09
	Star/Jarwar Power Project (Extension)	Thermal	133 MW	2008-09
	Golden Gol Power Project	Thermal	106 MW	2009-10
	Sahiwal Power Project	Thermal	200 MW	2009-10
	Intergen Power Project	Thermal	150 MW	2009-10
	Bhikki Power Project	Thermal	225 MW	2009-10
	WAPDA Power Project	Thermal	200 MW	2009-10

	Faisalabad ICE Power Project	Thermal	450 MW	2009-10
	Fatima Sugar Mills Power Project	Thermal	110 MW	2009-10
	Chichoki Mallian Power Project	Thermal	400 MW	2009-10
	Green Power Project	Thermal	405 MW	2009-10
	Chashma Nuclear Power Project	Nuclear	325 MW	2010-11
Sindh	Uch Power Porject (Phase-II)	Thermal	450 MW	2009-10
	Engro Power Project	Thermal	150 MW	2009-10
	Mari Power Project	Thermal	175 MW	2009-10
	Jinnah Low Head	Hydro	96 MW	2008-09
	Sukkur Power Project (Extension)	Thermal	60 MW	2008-09
	Coal Power Project (I & II)	Coal	600 MW	2010-11

The government has approved the construction of four new hydro plants to be built in the North West Frontier Province by 2016 that could generate several thousand? please check megawatts of additional power. If the $6.1 billion Kalabagh project is approved -- currently it is on hold because of environmental and downstream economic impact concerns -- it could supply 2,400-3,600 MW.

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http://www.ppib.gov.pk (Private Power & Infrastructure Board)
http://www.statistics.gov.pk (Federal Bureau of Statistics)
http://www.pakwapda.com (Water and Power Development Authority)
http://www.npcc.com.pk (National Power Construction Corporation)
http://www.pakistan.gov.pk (Ministry of Water and Power, Government of Pakistan)
http://www.kesc.com.pk (Karachi Electric Supply Company (Pvt.) Limited)

Computers and Peripherals

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	2004	2005	2006 (estimated)
Total Market Size	221.8	231.7	261.1
Total Local Production	0.0	0.0	0.0
Total Exports	0.0	0.0	0.0
Total Imports	221.8	231.7	257.1
Imports from the U.S.	26.7	28.8	29.6
Exchange Rate (rupees/USD)	58.4	59.9	60.0

The above statistics are unofficial estimates in millions of US dollars.

Pakistan's market for computers and peripherals has seen rapid growth during the past 4-5 years, and this trend is expected to continue. With virtually no tangible domestic production, the local computer and equipment market relies heavily on imports. The local market is generally receptive to U.S. brands, mainly for their quality and reliability, despite having strong competition from China, Japan, South Korea, and Taiwan. Major U.S. brands, including Dell, Hewlett Packard, Intel, Apple, and Cisco, have already established a strong presence in Pakistan.

The information technology industry in Pakistan has seen a robust growth during FY 2005-06, with computers and peripherals emerging as a major industry sector. Both the GOP and private businesses place high priority on the availability of computers and other IT equipment. The GOP introduced its new Information Technology (IT) Policy in FY 2000, with major emphasis on computer availability, usage and manpower training. The GOP encourages the use of computer technology in both public and private institutions/organizations, and has introduced several incentives for both local and foreign firms including tax holidays, 100 percent equity ownership, and 100 percent remittance of profits. In addition, the GOP, in collaboration with the private sector, has launched several projects to ensure the widespread availability of computers. Some of these initiatives include development of software technology parks, the provision of demand-based training, online accessibility of public utilities, research and development, federal and provincial government web portals, and digitization of government records.

The primary users for computers and peripherals in Pakistan are corporate businesses, IT and IT-enabled services companies, call centers, Internet Service Providers, government institutions, and domestic users. At present, there are 1,100 IT and IT-enabled companies (100 companies with ISO-certification, 1 CMM Level-5, 1 CMM Level-4, 2 CMM Level-3, and 1 CMM Level-2), employing over 90,000 qualified IT professionals. Business Process Outsourcing (BPO), particularly the call center business, has emerged as a business sub-sector during the last two to three years. There are presently 80 international and 30 domestic call centers operating in all major cities of the country. According to the latest industrial statistics, there are approximately 3,500 to 4,000 qualified professionals associated with this sector and this number is expected to grow at an annual rate of 60 percent in the coming years.

The majority of the international call centers operating in Pakistan are from the U.S. and the United Kingdom. During FY 2006, the cumulative outsourcing business in the country surpassed $10 million, and is expected to reach $20 million by the end of 2006. According to the Pakistan Software Export Board (PSEB), the BPO business is expected to grow by at least 45 percent in the coming five years. The local demand for Internet and broadband services and its associated equipment has been very strong, as, at present, there are 127 ISPs operating countrywide, with total subscribers of approximately 2.5 million. Under the GOP's broadband policy, the bandwidth tariff has been drastically reduced for high-speed Internet services, including DSL, VPN, ISDN, and wireless connections.

The local production capacity of computers and peripherals is marginal and currently meeting only 2 percent of the total industry demand. Three prominent local brands, including Mango PC, Inbox, and Raffles Systems, have established assembly lines in collaboration with foreign partners, and plans are underway to increase their production capacity.

Best Products/Services

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The most promising sub-sectors within Computers and Peripherals for FY-2006 are:

Product Description

Data Processing Machines/Main Frames
I/O Units – Tapes/Disks/Printers
Computer Networking Equipment
Personal Computers (Used/New)
Servers/Gateways
Modems
Multiplexes
Power Supplies/Battery Chargers
Wires and Cables
Computer Leads
Cathode Ray Tube (CRT) Monitors
Liquid Crystal Display (LCD) Monitors
Computer Laptops and hand held

Opportunities

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The past year has shown an increasing trend of computer users, especially at home, turning to used/refurbished computers. This has resulted in a large influx of used computers, both branded and unbranded, into the market. This trend has had only a minor impact on available international brands, however, as corporations still prefer new and branded equipment, and these corporations make up the bulk of the market.

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Ministry of Information Technology – http://www.moit.gov.pk
Ministry of Economic Affairs & Statistics – http://www.statistics.gov.pk
Pakistan Software Export Board – http://www.pseb.org.pk
Punjab Information Technology Board – http://www.pitb.gov.pk
Ministry of Science and Technology – http://www.most.gov.pk

Aircraft and Ground Support Equipment

The air transport sector in Pakistan is growing at a rapid pace. Private airlines such as Airblue (set to order a fleet of six additional planes) are presenting stiff competition to state-owned Pakistan International Airlines (PIA). PIA is embarking upon a major fleet renewal and expansion plan. The airline has already started to acquire Boeing 777 aircraft to replace its aging wide-bodied aircraft fleet. PIA is also replacing its fleet of obsolete Fokker Aircraft with French ATR aircraft.

The U.S. has a major market share in the following product categories: wide–bodied aircraft, aircraft ground support equipment, communication and navigation equipment, air-conditioning, electrical and fuelling equipment, passenger loading bridges, etc. American companies like FMC, Nordco, Hobart, Wilcox, AS&E, Airplane, Garsite, S&S, Stearns, GE, Pratt & Whitney, Trilectron and Westinghouse are familiar names in the industry.

Local production is extremely limited, as are exports. PIA's Precision Engineering Complex provides custom-made parts, engineering and overhaul support, including for Boeing aircraft, but there is no competition from local sources for new equipment.

The US share of the import market is estimated at between 62-65 percent for aircraft, engines and parts. Other suppliers include UK, France, Germany, and the Netherlands.

Best Prospects/Services

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Air transport:
Opportunities:
Plans are underway to develop the new Islamabad International Airport at an estimated cost of $300 million, out of which approximately 40 percent will be earmarked for the purchase of airport ground support equipment. Louis Berger of the U.S. won the airport planning study contract in June 2006. Sialkot International Airport is expected to be completed by April 2007, and Gwadar International Airport will also be coming on line soon. These projects will require the following equipment:

Aircraft and Aircraft Parts

Air Traffic Control
8526.10 Radars
8529.90 Aeronautical Communication System
8526.91/9014.10 Navigational Aids: Calibration Equipment, Voice Recorders
8535.40 Runway Lighting System
9015.10-80 Meteorological Equipment

Ground Support Equipment
9022.19 X-ray Scanners
8428.40/9403.70 Airport Terminal Equipment: Satellites, Walkways, Counters, etc.
7610.10 Passenger loading bridges
8709.00 Aircraft Tow Tractors
8503.00 Ground Power Units
8705.00 Runway Sweepers/Rubber Deposit Remover Machines

8471.92 Flight Information Display System and Parts
8413.19 Fuelling Equipment
8705.00 Fire Fighting Equipment
8511.50 Pneumatic Engine Starters
8428.40 Passenger Stairways
9022.19 Airport Security Equipment
8709.00 Aircraft Loaders
4010.10 Conveyor Belts
4010.10 Passenger Transport Vehicles
9026.10 Avionics Equipment
9014.20 Electrical Equipment
8703-Motor Cars and Vehicles for transporting persons
8703330010-Ambulances
8519938000- Tape players, Cassette Type
8517301500-Central Office Telephone switching Systems
8525203040-Radio transceiver

Opportunities Return to top

In November 2006 Airblue announced the purchase of six A320-200 aircraft from Airbus Industries at an estimated cost of $300 million; Airblue is also negotiating with Airbus for long-range A330/A350 aircraft while PIA is embarking upon a major fleet renewal.

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www.piac.com.pk

www.airblue.com

www.aeroasia.com

Agricultural Sectors Return to top

Agriculture Overview: Agriculture accounts for nearly 22 percent of Pakistan's GDP and employs 45 percent of its workforce. Agriculture also supplies raw materials to Pakistan's industries, notably the textile industry, the largest industrial sub-sector of the economy. Most importantly 66 percent of the country's population living in rural areas is directly or indirectly dependent on agriculture for their livelihood

A 2000-01 drought caused a decline in Pakistan's agricultural production. In 2003-04, there was a modest recovery due to improved irrigation systems. In 2004-05, agricultural growth reached 7.5 percent due to an unprecedented increase in cotton production (14.6 million bales) and a bumper wheat crop of 21.1 million tons. In 2005-06, agricultural growth was 2.5 percent with only the rice crop registering an impressive 10.4 percent growth.

Pakistan has suffered from severe shortages of irrigation water in recent years. However due to good monsoon and winter rains there was no significant shortage for irrigation purposes during 2006.

Agriculture Trade: In 2005-06, Pakistan imported $2.57 billion of food and agricultural products/ live animals, including vegetable oil $839 million and food/food products and live animals $1731.5 million. Pakistan exported $9.47 million of agriculture/ agriculture based products including cotton based products such as yarn, knit wear and bed wear etc $7332.1 million, rice $1155.4 million leather $291.7 million fish and fish preparations $193.7 million and fruits and vegetables $154.5 million. Pakistan is a growing market for prepared food products.

Agriculture Trade with the United States: The volume of agriculture trade between the U.S. and Pakistan during FY 2006 was $251.1 million. U.S. exports to Pakistan were $205 million, while imports from Pakistan were $46.1 million. The primary U.S. exports were: cotton ($117.8 million), wheat ($29 million), vegetable oils ($12.4 million), seeds ($15.8 million), dairy products ($7.2 million), soybeans ($2.4 million), poultry meat ($3.9 million), processed fruits and vegetables ($1 million), and tree nuts ($1.2 million). Major Pakistani exports: rice ($15.3 million), sugars, sweets and beverage bases ($6.8 million), spices ($3.1 million), processed fruits and vegetables ($4.0 million), and snack foods ($2.1 million)

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Chapter 5: Trade Regulations and Standards

- Import Tariffs
- Trade Barriers
- Import Requirements and Documentation
- U.S. Export Controls

Import Tariffs Return to top

Pakistan uses the Harmonized System to classify and describe goods. Customs duties are levied on ad-valorem basis. Maximum tariff rates were reduced from 92 percent to 70 percent in June 1994, from 70 percent to 65 percent in June 1995, and were further reduced to 25 percent in June 2002.

Other than customs duty, the government charges sales tax (15.0 percent) on the duty paid value of a variety of goods produced in or imported into the country. Customs duty and other charges are payable in rupees.

Export subsidies - Pakistan seeks to encourage exports through rebates of import duties, sales taxes, and income taxes, as well as through subsidized export financing.

Trade Barriers Return to top

Pakistan's trade policy in 2006 continued to ban the import of 30 items, mostly on religious, environmental, security, and health grounds. Effective July 1, 2005, Pakistan reduced duties on imported automobiles from 75-100 percent to 50-75 percent. The government exempted all domestically produced pharmaceutical-related inputs from its General Sales Tax (GST-actually a value added tax) through a Statutory Regulatory Order issued in April 2002. Imported pharmaceutical inputs subject to a 10 percent customs duty rate are also exempt from payment of GST. This includes most, but not all, imported pharmaceutical inputs. In FY 2002, the government reduced duties on instant print film and instant print cameras to 10 percent from the 30-200 percent range, in order to control smuggling and related industry losses.

The government reserves the power to grant sector-specific duty exemptions, concessions, and protections under Statutory Regulatory Orders (SROs). In recent years, the use of SROs has decreased. SROs and other trade policy and regulatory documents are published on the Central Board of Revenue's website, www.cbr.gov.pk

In January 2000, the government began implementing a transactional valuation system where 99 percent of import valuation is based on invoices, pursuant to the WTO's Customs Valuation Agreement. Currently, about 90 percent of imports are assessed under the WTO-accepted customs valuation system. However, a number of traders in food and non-food consumer products report experiencing irregularities and deviations in application of the transaction value system.

Import Requirements and Documentation

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The following documents are required for imports and exports: bills of lading; invoices; packing lists; certificates of origin; copies of letters of credit; and insurance certificates. Further details regarding the documentation for imports and exports may be obtained from the local banks. Updates of Customs regulations and tariff information is available at the following web site: www.pakistancustoms.org

U.S. Export Controls

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Certain government and business entities in Pakistan are barred from receiving high-end U.S. technology. Information on these organizations is available on the following:

www.bis.doc.gov

Temporary Entry

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GOP import regulations permit temporary import of legally importable items by foreign companies (e.g., commercial samples), and goods imported by oil and gas companies, oil exploration and production companies, their contractors and sub-contractors, refineries, mining companies, foreign airlines and shipping companies, construction companies and contracting firms, provided that a bank guarantee or indemnity bond is provided to Customs to ensure that the items will be re-exported. Similarly, domestic industrial firms may import items for test, trial, and re-export, subject to submission of indemnity bond or bank guarantee.

Export of imported goods in their original form is not allowed except for parts obtained from ship breaking, scrapped battery cells, waste dental amalgam, waste exposed x-ray films, old machinery, items imported against back to back letters of credit, and items whose re-export F.O.B price is at least 2.5 percent higher than their C&F price.

Re-export of used machinery is allowed, subject to the condition that no refund of import levies and duty drawback shall be made.

Re-export is made against sight letters of credit or advance payment and payment of full duties if re-exported through land routes.

Customs allows Pakistani exporters to replace exported goods that are found defective during the warranty period subject to furnishing of a copy of the contract and documentation from they buyer giving the details of the goods that have been found defective.

Export-Cum-Import: The Ministry of Commerce allows export-cum-imports in case of repairs and replacement of imported items, subject to the condition that the applicant will submit an indemnity bond assuring that the goods will be re-imported after repair and replacement.

Labeling and Marking Requirements Return to top

Pakistan has no uniform or universal system of imposing labeling and marking requirements on products. However, individual industries or sectors are subject to the regulations of specific bodies. For example, the Ministry of Health sets requirements for the pharmaceutical industry. The Ministry of Agriculture sets requirements for pesticides and edible products.

Prohibited and Restricted Imports Return to top

The Government of Pakistan has banned the import of the following items: arms and ammunition, high explosives, radioactive substances, security printing, currency and mint and alcoholic beverages.

Customs Regulations and Contact Information Return to top

Customs regulations and contact information may be obtained from the following website:

www.cbr.gov.pk

Pakistan Customs has its head office in Karachi, located at the following address:

Pakistan Customs
Custom House, Near KPT
Karachi, Pakistan
Tel: 92-21-9214170, Fax: 92-21-9214234
Contact: Collector of Customs (Preventive or Appraisals)

Pakistan Customs has a presence at all other major points of entry into the country and also has several inland dry ports.

Standards Return to top

- Overview
- Standards Organizations
- Conformity Assessment
- Product Certification
- Accreditation
- Publication of Technical Regulations
- Labeling and Marking
- Contacts

Overview Return to top

The technology department of the Ministry of Science and Technology sponsors and encourages public and private organizations in the standardization of products and services according to ISO standards. In this regard, the Ministry of Science and Technology and the Ministry of Commerce have jointly launched a program for entrepreneurs to facilitate their ISO certification. This program provides an incentive grant for achieving ISO 9000/14000 certification.

Further information is available on:

www.pakistan.gov.pk

Standards Organizations Return to top

The Pakistan Standards and Quality Control Authority (PSQCA), Ministry of Science and Technology, is responsible for the formulation and enforcement of standards in Pakistan. Although the Authority has adopted about 15,000 standards, their enforcement remains very poor, as they have a very small inspection team with limited capacity. In most cases, adoption of their standards is voluntary. Mandatory adoption of standards applies to only a limited number of essential items, mainly in the food and export sectors.

NIST Notify U.S. Service
Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect U.S. companies' access to international markets. Register online at Internet URL: http://www.nist.gov/notifyus/

Conformity Assessment Return to top

The Pakistan Standards & Quality Control Authority is responsible for conformity assessment. It may be contacted at the following address:

Pakistan Standards & Quality Control Authority
Ministry of Science and Technology
Block 77, Pak Secretariat
Karachi, Pakistan
Tel: 92-21-9206260
Fax: 92-21-9206263

Product Certification Return to top

The Pakistan Council of Scientific and Industrial Research (PCSIR) provides product certification in some cases. The PCSIR has been instrumental in monitoring the quality of bottled water in Pakistan.

The contact for PCSIR is:

Pakistan Council of Scientific and Industrial Research (PCSIR)
No. 16, Sector H-9
Islamabad, Pakistan
Tel: 92-51-4430195

Fax: 92-51-4434923
E-mail: pcsir@isb.paknet.com.pk

Accreditation Return to top

The Pakistan National Accreditation Council (PNAC), Ministry of Science and Technology, Islamabad handles accreditation matters. The contact for PNAC is as follows:

Pakistan National Accreditation Council
Evacuee Property Complex
Aga Khan Road, F-5/1
Islamabad, Pakistan
Tel: 92-51-9209509
Fax: 92-51-9209510
E-mail: pnac@isb.paknet.com.pk

Publication of Technical Regulations Return to top

The Pakistan Council of Scientific and Industrial Research (PCSIR) and the Ministry of Science and Technology regularly publish technical regulations governing industry standards.

Labeling and Marking Return to top

Pakistan has no uniform or universal system of imposing labeling and marking requirements on products. However, individual industries or sectors are subject to the regulations of specific bodies. For example, the Ministry of Health sets requirements for the pharmaceutical industry, and the Ministry of Agriculture sets requirements for pesticides and edible products.

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All government ministries and departments may be accessed through the following website:

www.pakistan.gov.pk

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The United States and Pakistan are in the process of negotiating a Bilateral Investment Treaty (BIT), which would provide significant protections for U.S. investors in Pakistan. Pakistan also maintains BITs with the People's Republic of China, France, Germany, the United Kingdom, the Republic of Korea, the Netherlands, Romania, Sweden, Spain, Portugal, Turkmenistan, Tajikistan, Kyrgistan, Uzbekistan, Switzerland, Azerbaijan, Bangladesh, the United Arab Emirates, Iran, Indonesia, Tunisia, Syria, Belarus, Mauritius, Italy, Oman, Sri Lanka, Australia, Japan, Denmark, Philippines, Egypt, Lebanon, Morocco Qatar, Turkey, Kuwait, OPEC, Malaysia, the Belgo-Luxembourg

Economic Union, Yemen, Bosnia and Herzegovina, Laos, Cambodia, Kazakhstan, and Singapore.

These investment treaties generally include dispute settlement provisions. If a dispute cannot be settled through mutual consultation, investors can generally take cases to arbitration under rules of the U.N Commission on International Trade Law, the World Bank's International Center for Settlement of Investment Disputes, or to the Court of Arbitration of the International Chamber of Commerce. Pakistan is a member of the Multilateral Investment Guarantee Agency (MIGA), an arm of the World Bank.

The United States and Pakistan have had a bilateral tax treaty in force since 1959. Pakistan also has double taxation agreements with Austria, Canada, Germany, Indonesia, Italy, Lebanon, Mauritius, Poland, Switzerland, Turkmenistan, Kazakhstan, the United Arab Emirates, Belgium, China, France, Greece, Iran, Japan, Libya, Saudi Arabia, Romania, Sweden, Belarus, Hungary, Jordan, Kenya, Kuwait, Malaysia, Netherlands, Nigeria, Norway, Oman, Philippines, Qatar, South Africa, Syria, Tunisia, Uzbekistan, the United Kingdom, Bangladesh, Denmark, Finland, India, Ireland, South Korea, Malta, Singapore, Sri Lanka, Thailand, Azerbaijan and Turkey.

Web Resources Return to top

www.pakistan.gov

http://www.state.gov/r/pa/ei/bgn/3453.htm

www.pakistancustoms.org

www.cbr.gov.pk/newcu/

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Chapter 6: Investment Climate

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Pakistan actively seeks foreign investment. Three distinct government investment liberalization initiatives begun in 1992, 1997 and 2000, respectively, have progressively opened Pakistan to foreign investment, offering broad arrays of incentives to attract new capital inflows. The previous military government (1999-2002) initiated a successful, broad-based macroeconomic reform and structural adjustment program with the assistance of international financial institutions. The current government, with leadership from Prime Minister Shaukat Aziz, has pledged to sustain and build on these economic reforms and has pointedly assured domestic and foreign investors of its intent to maintain the consistency of its pro-investment policy.

Notwithstanding this pro-investment stance, foreign direct investment (FDI) activity remains relatively modest. While FDI in FY 2006 jumped 133 percent to USD 3.5 billion, this level needs to be sustained and increased. This is especially true since almost half of the FDI in 2006 (USD 1.5 billion) derived from proceeds from the privatization of public enterprises. Reasons for relatively low FDI inflows include significant security threats to foreign interests in Pakistan; concerns about political stability; inadequate infrastructure; past protracted disputes between foreign investors and the government; weak intellectual property rights protection; arbitrary and non-transparent application of government regulations; and resistance to the adoption of new policies by some elements of federal and provincial bureaucracies that have not yet fully adjusted to the more open economic environment. There is a need for continuity in economic policy, enhanced legal protection for foreign investment and a clear and consistent policy of upholding the sanctity of contracts. A series of investment promotion agencies, most recently the Pakistan Investment Board and its successor, the Board of Investment (BOI), have lacked bureaucratic authority and the continuity of leadership needed to be effective. Pakistan is currently a business environment in transition, with many significant policy improvements since 2000, and levels of both foreign and domestic investment increasing; however, some policies unfriendly to business still remain. Further reforms are needed at both at the policy and legislative levels, as well as in implementation.

In 1992, as part of an integrated investment promotion strategy, the government undertook a comprehensive program of economic reforms, including liberalization, privatization and deregulation, which were designed to steer the economy toward a fully market-oriented system. Power generation, telecommunication, highway construction, port development and operations, oil and gas, services and infrastructure, as well as the social and agriculture sectors were opened to foreign investment. In 1997, this liberalization was significantly expanded, with restrictions on FDI eased and foreign investors allowed unrestricted profit repatriation in the agriculture, services, infrastructure and social sectors. Full foreign ownership, already permitted in the manufacturing sector, was expanded to the social and infrastructure sectors. In June 2004, the GOP abolished the requirement that foreign investors in the services sector accumulate a minimum of 40 percent Pakistani equity within five years of the initial investment. Now foreign investors in the services sector may retain 100 percent equity “for the life of the investment.” In addition, the minimum allowable equity investment in the non-financial services sector has been reduced from USD 300,000 to USD 150,000. In addition, 100 percent repatriation of profits is now allowed in the services sector. In the social and infrastructure sectors, 100 percent foreign ownership is allowed with the minimum investment requirement of USD 300,000. In the agricultural sector, 60 percent foreign ownership is allowed. Corporate farming is permitted remittance of full capital, profits and dividends, with dividends tax-exempt. There are no limits on the size of corporate farming land holdings and the sector is allowed to lease land for 50 years with renewal options. However, only companies incorporated in Pakistan can own land for corporate farming.

The tourism, housing, construction and information technology sectors have been granted “industry” status, which means they are eligible for lower tax and utility rates than the commercial sector (which includes banks, insurance companies, and other businesses).

Pakistan has eliminated some of the tariff incentives provided for various manufacturing sub-sectors. These were classified into three areas: value added, priority, and high tech industries. Now the manufacturing sector has to pay only 5 percent customs duty across the board on imported plant and machinery. In its FY07 budget, the government also eliminated sales tax on all types of plant and machinery. Export industries are entitled to duty-free import of raw materials, as well as exemption from sales tax. The government removed minimum equity investment and national ownership requirements for investments in the manufacturing sector and granted a 50 percent depreciation allowance for all fixed assets.

Foreign investors in Pakistan have complained of being subject to a confusing array of federal and provincial taxes and controls. These taxes have been assessed with considerable administrative discretion, resulting in discrimination among taxpayers, inefficiency and corruption. The government is exploring simplifying the federal and provincial tax structure and an ambitious program of income tax self-assessment was recently introduced, with World Bank support, to reduce the administrative costs of tax collection. In 2004, the World Bank launched a USD 100 million, multi-year tax reform program in Pakistan. This program has assisted the government with the reorganization of the Central Board of Revenue, the establishment of "large and medium tax payers" units and the introduction of self-assessment schemes.

In the past, a significant hurdle to investment in Pakistan has been the bewildering number of approvals, permits, and licenses required from various levels of government prior to launching a project. A series of government agencies, most recently the Board of Investment in 1994, have been created in an attempt to ease this burden by providing a one-stop interface between investors and Pakistani authorities. Mandatory foreign investor registration with the Board of Investment has been eliminated, although investors still must register with the Securities and Exchange Commission of Pakistan (SECP) and the State Bank of Pakistan (SBP). The government no longer screens industrial sector foreign investment unless investors apply for special incentive packages or government tariff protection and price guarantees. Earlier requirements that foreign investors seek provincial government clearance for project location have also been eliminated. Regulations on petroleum and petroleum product marketing were lifted in 2001. Some pharmaceuticals remain on a regulated list and registration with the Ministry of Health is required for local production.

The government is committed to providing full national treatment and full legal protection to foreign investment in all but designated "sensitive" sectors, which include defense production and broadcasting. The 1976 Foreign Private Investment Promotion and Protection Act specifically provides that foreign investment will not be subject to higher income tax levels than those assessed on similar investments made by Pakistani citizens. This Act and the 1992 Economic Reforms Act are the primary statutory safeguards for the rights of foreign direct investors. While Pakistan's legal framework and economic strategy do not discriminate against foreign investment, contract enforcement can be problematic given the domestic court system's inefficiency and lack of transparency.

The Securities and Exchange Commission of Pakistan regulates the insurance industry, while the Ministry of Finance oversees the banking sector. Foreign investors are permitted to hold up to a 51 percent equity stake in general insurance. Pakistan improved its financial services commitments when it signed the WTO Financial Services Agreement in December 1997. These commitments grant foreign firms the right to establish new banks as well as grandfathering acquired rights of established foreign banks and foreign securities firms. Foreign banks are permitted to open banking companies via the establishment of branches as well as wholly owned locally incorporated subsidiaries, subject to the condition that they have global tier-1 paid up capital of USD 5 billion or more or they belong to countries which are part of regional groups and associations of which Pakistan is a member (e.g., the Economic Cooperation Organization – ECO, and the South Asian Association for Regional Cooperation – SAARC). Foreign banks not meeting these conditions are capped at 49 percent equity stake, with a mandatory 51 percent local ownership. The State Bank of Pakistan (SBP) has changed its branch licensing policy and has eliminated restrictions on the number of branches foreign banks may have. Currently, foreign banks, like local banks, must submit an annual branch expansion plan to the SBP for approval. The SBP approves new branch openings based on the bank's net worth, adequacy of its capital structure, future earning prospects, credit discipline, and the needs of the local population.

Pakistan permits most-favored-nation (MFN) exemptions in financial and telecommunication services with the view to preserving reciprocity requirements and promoting joint ventures among Economic Cooperation Organization countries (Azerbaijan, Kazakhstan, Kyrgistan, Tajikistan, Turkmenistan, Uzbekistan, Afghanistan, Iran, Turkey and Pakistan). Islamic banks in Pakistan face the same regulatory environment, as do interest-based banks.

The privatization of substantial government holdings in the energy, financial services and telecom sectors has attracted considerable foreign investor interest. Foreign investors are permitted to bid on the privatization of state-owned industries and financial institutions on terms equivalent to those offered to local investors. A Privatization Law enacted in 2001 established the Privatization Commission as a corporate body and also limited government powers to oversee or investigate privatization transactions up to one year following execution. Mergers are allowed between multinationals, as well as between multinationals and local companies. The 1984 Companies Ordinance governs mergers and takeovers.

Conversion of Transfer Policies Return to top

Pakistan has a liberal foreign exchange regime with few restrictions on holding and transferring foreign exchange. There are no limits on the remittances of profits, dividends, debt service, capital, capital gains, returns on intellectual property, or payments for imported inputs. Though there are no restrictions on payment of royalties and technical fees, there are some conditions, including that only initial payments up to USD 100,000 can made as royalties and subsequent royalty payments can be made up to a maximum of 5 percent of net sales for five years. The royalty and technical payments are subject to 15 percent income tax.

Investor remittances can only be made against a valid contract or agreement. Such agreements and contracts must be registered with the

State Bank of Pakistan, within 30 days of execution. In 2002, the SBP eliminated requirements that commercial banks pre-notify their issuance of foreign exchange to support cross-border payments of loans, interest, profits, dividends and royalties. As a result, the delay for remitting such payments has been reduced from an average of three to four weeks to under one week.

In June 2004, the State Bank of Pakistan required informal money changers to convert into and register as foreign exchange companies by August 30 of the same year. This regulation has resulted in the consolidation of the foreign exchange regime, subjecting it to more stringent prudential regulations, including higher minimum capital requirements and stricter monitoring. These exchange companies must maintain proper accounts that are audited by SBP-appointed auditors. They are permitted to buy and sell foreign exchange to individuals, banks, and other exchange companies. They also are allowed to sell foreign exchange to incorporated companies for remittance of royalties, franchises and technical fees. In recent years there has been an increase in workers' remittances sent through these companies.

Expropriation and Compensation

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Direct foreign investment in Pakistan is protected from expropriation by the 1976 Foreign Private Investment Promotion and Protection Act and by the 1992 Furtherance and Protection of Economic Reforms Act. The government had nationalized a number of private domestic companies between 1972 and 1975, but is now committed to a privatization initiative that is returning most state-owned enterprises to private hands.

Dispute Settlement

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Legal System: Pakistan's legal system is based on British law, with an overlay of Islamic legal precepts. The 1973 Constitution established Islamic principles to serve as a guide to state authorities; Article 198 of the Constitution provides that no law shall be repugnant to Islam. Statutes are a mixture of laws carried over from British rule and updating amendments and laws enacted since the country's independence in 1947.

Tiers of civil and criminal courts begin at the tehsil (sub-district) level and range up to the federal Supreme Court. Each province has a High Court. (The Islamabad Capital Territory falls within the jurisdiction of the Punjab High Court at Lahore.) The High Courts hear appeals from judgments and orders of the District Courts (for civil cases) and Session Courts (for criminal cases) and have original jurisdiction in certain other matters. District and Session judges sit at the district level; often the same individual sits as both a district and sessions judge, depending on whether the matter at hand is civil or criminal. A Federal Shariat (i.e., Islamic) Court hears appeals of judgments in cases tried under Hadood laws and to determine whether laws or statutory provisions are repugnant to Islam. The Supreme Court hears appeals from the four provincial High Courts and the Federal Shariat Court; referrals from the federal government; and cases involving disputes between provinces or between a province and the federal government. There are also a number of special courts and tribunals to deal with specific types of cases, such as Taxation, Banking and Labor.

Commercial law follows British and British-Indian precedents. Pakistan's Contract Act is, in effect, a codification of English contract law; Pakistan adopted the Indian Companies Act of 1913 at Independence and has built on it since then. Pakistan does have a concept of bankruptcy law, again using the British model. The Companies Ordinance of 1984 contains bankruptcy provisions. Bankruptcy petitions involve corporations and businesses; personal bankruptcy is not currently a widespread concept. In general, the court appoints a liquidator to sell off and account for the property of the bankrupt, but the process can take years.

International Arbitration (Private/Private): While Pakistan is a signatory to the 1958 New York Convention on arbitral decisions and awards, it has yet to ratify the agreement. A longstanding investment dispute between a major U.S. multinational and local partner over contractual obligations has raised concerns in the international investor community about the sanctity of contractual international arbitration clauses between private parties. Despite a clear ruling by the International Chamber of Commerce Arbitral Panel in 2000 in favor of the U.S. investors, the local parties continue to litigate the matter in Pakistani courts. Pursuant to a Supreme Court of Pakistan directive to decide the question of its own jurisdiction, the Lahore Civil Court in June 2005 agreed with the ICC ruling and determined that the Pakistani courts did not have jurisdiction of the matter. Nevertheless, an appeal of the ruling still remains pending in the Lahore High Court, more than six years after the dispute was fully settled in international arbitration.

International Arbitration (Private/State): Pakistan is a member of the International Center for the Settlement of Investment Disputes (ICSID). The Center provides facilities for conciliation and arbitration of investment disputes between contracting states and nationals of other states under the Convention for the Settlement of Investment Disputes. The Pakistan Arbitration Act of 1940 also provides a mechanism for arbitration of commercial disputes under which parties either jointly appoint a single arbitrator or each appoints an arbitrator who joins a neutral arbitrator on a three-person panel.

In 2000, however, Pakistan's Supreme Court ruled that a foreign company could not invoke a contractual arbitration clause because sufficient evidence of fraud and corruption in amendments to the contract precluded arbitration as a matter of public policy. Charges of corruption against the foreign company were withdrawn following the resolution of the contract dispute between it and a state-owned firm.

Pakistan established an Ombudsman in 1983 to deal with public complaints against the Federal Government and improve bureaucratic accountability. The Ombudsman is a non-partisan presidential appointee with a four-year, non-renewable term who is not subject to dismissal.

Performance Requirements and Incentives

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Current government investment policy provides that all incentives, concessions, and facilities for industrial development be equally available to domestic and foreign investors. A number of time-bound incentives and concessions, including exemption from customs duties, sales tax concessions and income tax holidays, were introduced in 1992 to promote industrial development. These incentives were progressively withdrawn for those industries that produced for Pakistan's domestic market, but remained in place for export-oriented industries and for the IT sector. The FY06 and

FY07 budgets restored some of the incentives that had been withdrawn in the 1990's. Specifically, they removed sales tax on plant and machinery, reduced custom duty to 5 percent on import of machinery by the manufacturing and services sectors, zero rated the import of agricultural machinery and reduced the withholding tax to 0-3 percent on the import of machinery that is subject to 5 percent or less customs duty. Export-oriented industry has already been granted customs duty and sales tax exemptions on the import and purchase of raw materials. The FYO5 budget allowed an acquiring company to carry forward (offset) losses against taxes due for three years after acquiring at least 75 percent of the shares of a loss-making company. However, firms claiming the carry-forward must retain 75 percent ownership in the loss-making firm for five years. There are no conditions imposed on the transfer of technology. Foreign investors are allowed to sign technical agreements with local investors with no requirement to disclose proprietary information.

In the past, government investment policies strongly favored investment proposals with large export, local value-added and local-content components. Local-content provisions were covered by the government's "deletion policy." In exchange for favorable tax treatment, assembly industries were required to substitute, over time, local materials or semi-processed local components for imported parts. In 2006, Pakistan eliminated all local content requirements, including those in the automobile sector, in order to comply with TRIMs. As of July 1, 2006, automobiles (which had been the only sector that maintained the required use of domestic inputs) had their "deletion" programs replaced with the Tariff Based System (TBS). The Tariff Based System assesses higher tariffs on imported auto parts that are also manufactured domestically, and lower tariffs for auto parts that are not manufactured in Pakistan.

In June 2004, Pakistan eliminated the performance requirement for export industries to export an average of 50 percent of production during the first 10 years of operation.

For new investment, a 50-percent first year depreciation allowance for plant, machinery and equipment can be used to offset taxable income. Unused allowances can be carried forward to subsequent years. An investment tax credit of up to 50 percent of the cost of plant, machinery and equipment is available to encourage plant expansion and modernization.

Pakistan's visa policy has been relaxed considerably since 1997. Businesspeople and investors from 45 countries, including the United States, who invest USD 200,000 or more in Pakistan, are granted multiple entry visas valid for three years. Businesspeople from these countries who wish to establish business offices in Pakistan are issued multiple entry visas valid for one year on the recommendation of their embassies in Pakistan. Technical and managerial personnel are not required to obtain special work permits in sectors that are open to foreign investment, including manufacturing, infrastructure, agriculture, services and social sectors. Work visas are granted for three to five year periods depending upon passport validity. Pakistan's latest visa policy (as of July 2006) contains an important facilitation measure for foreign investors: i.e., the issuance of airport visas for investors from 17 countries including the U.S., for 15- to 30-day periods. Since September 2001, the government has increased the scrutiny of landing permits to reduce the number of illegal entries.

In a bid to prevent illegal immigration, nationals from 16 countries designated on a "negative list" are required to register with the police; all other foreigners are exempt from this requirement. With the exception of Indian nationals, foreign managers with work permits/visas from negative list countries are also exempt from police registration.

Right to Private Ownership and Establishment Return to top

Foreign and domestic investors are free to establish and own business enterprises in all sectors of the economy with the exception of five restricted sectors: arms and munitions, high explosives, currency/mint operations, non-industrial alcohol and radioactive substances. Private entities are similarly free to acquire and dispose of their interests in business enterprises.

While the government has not adopted visibly unfair practices in cases where public and private sector firms compete, the situation varies from industry to industry. The government has licensed three private airlines which compete with state-owned Pakistan International Airlines. In retail food sales, the government has used pricing in its chain of several hundred Utility Stores to create price competition in essential foodstuffs such as flour, rice and lentils. Market leaders in the cement and sugar industries are alleged to have formed cartels. The Water and Power Development Authority (WAPDA) retains control of power transmission and distribution throughout much of the country outside Karachi, and continues to be highly subsidized.

In FY06, the Privatization Commission privatized eight entities, including the Pakistan Telecommunication Company (PTCL), the Karachi Electric Supply Corporation (KESC), and United Bank Ltd (via an initial public offering). The amount earned through privatizations during this period totaled Rs.196 billion (USD 3.2 billion), 356 percent higher than in the previous year. The sell-off of these major state assets has reduced the government's role in power and telecommunications. The state, however, continues to hold equity stakes in important players in the oil and gas, civil aviation, electric power and steel sectors. In FY07, the government plans to privatize 26 companies, including Sui Northern Gas Company (Pakistan's largest gas company); Sui Southern Gas Company; Pakistan State Oil (PSO), Pakistan's largest gasoline retailer; and Pakistan Petroleum, Ltd. The government also plans to offer the global depository receipts of the Oil and Gas Development Company (Pakistan's largest energy exploration company) in the international securities markets. In an effort to create market competition in former monopoly sectors, the government has issued licenses to long distance and local telephone operators, as well as to cellular and wireless local loop operators, ending PTCL's monopolies.

On June 24, 2006, the Supreme Court of Pakistan declared the privatization of Pakistan Steel Mills Corporation (the country's largest steel mill) unconstitutional and illegal. The Privatization Commission has filed a review petition (i.e., an appeal) in response to the Supreme Court's action. The Court's ultimate decision may adversely impact the privatization process by casting doubt on the government's ability to fully carry out its ambitious privatization agenda. Nonetheless, the government's commitment to the continued privatization of its holdings appears firm.

Protection of Property Rights Return to top

Pakistan's legal system offers incomplete protection for the acquisition and disposition of property rights. The 1979 Industrial Property Order safeguards industrial property in Pakistan against compulsory acquisition by the government without sufficient compensation, even in the public interest, in accordance with the provisions of the law. This Order protects both local and foreign investment. The Foreign Private Investment Promotion and Protection Act 1976 guarantees remittance of profits earned through sale and appreciation in value of property.

Intellectual Property Rights:
The Government of Pakistan took significant steps to improve copyright enforcement in 2005 and 2006, especially for optical disc piracy. Pakistan has identified intellectual property protection as a key area for its "second generation" economic reforms. Pakistan has enacted five major new laws relating to patents, copyrights, trademarks, industrial designs and layout designs for integrated circuits in the past few years, but their impact has been limited by weaknesses in the legislation and/or enforcement.

Other significant problems also remain. Book piracy, weak trademark enforcement, lack of data protection for proprietary pharmaceutical and agricultural chemical test data, and problems with Pakistan's pharmaceutical patent protection remain serious barriers to trade and investment. The U.S. Government placed Pakistan on the Special 301 "Watch List" from 1989 to 2003 due to widespread piracy, and continuing IPR violations prompted the U.S. Government to place Pakistan on the "Special 301 Priority Watch List" in 2004 and 2005, since, in early 2005, Pakistan was among the world's leading producers of pirated optical discs and other copyrighted material.

However, the Government has acted forcefully to shut down illegitimate optical disc production and exports over the last two years. In May 2006, Pakistan's Federal Investigation Agency (FIA) raided and closed six major illegal disc plants outside of Karachi. Additional raids on other production facilities continued throughout the year, resulting in 27 registered cases, 34 arrests and over one million pirated CDs and DVDs being confiscated. All those arrested have been released on bail and their cases are pending before Pakistani courts. These raids correspond with anecdotal reports of fewer pirated copyright goods available in the markets of Pakistan. In recognition of these efforts, in 2006, Pakistan was removed from the "Priority Watch List", and placed on the less severe "Special 301 Watch List."

Another factor in this decision was the August 2005 establishment of the Intellectual Property Office (IPO). The IPO, an autonomous body under the administrative control of the government's Cabinet Division, consolidated into one body authority over trademarks, patents, and copyrights – areas that were previously handled by three separate ministries. The IPO's mandate was to initiate and monitor the enforcement and protection of intellectual property rights through cooperation with law enforcement agencies, in addition to dealing with other IPR related issues.

In April 2005, in an effort to improve the protection of intellectual property within Pakistan, the government transferred inter-agency responsibility for the enforcement of intellectual property laws to the Federal Investigation Agency (FIA). FIA staff has received specialized training in intellectual property enforcement and technological tools, which has enabled the agency to expand enforcement operations to target manufacturers of pirated goods. Key challenges ahead will be to expand manpower and increase training, and, in particular, to establish a dedicated IP enforcement unit.

In 2000, Pakistan enacted a patent law that protected both process patents and product patents in accordance with its WTO obligations. Under this law, both the patent owner and licensees can file suit against those who infringe. An ordinance passed in 2002 weakened the 2000 law by eliminating use patents, restricting patent filings to single chemical entities, limiting protection for derivatives, and introducing barriers to patenting biotechnology-based inventions.

Pakistan does not take stringent measures to protect against unfair commercial use of test or other data; although data exclusivity legislation is under discussion, it has yet to be passed. While courts have issued injunction orders against firms licensed by the Ministry of Health that sell drugs in violation of patent holder rights, such orders are not consistently enforced. As part of the registration process, the government also sets prices - often at levels that do not reflect the cost of developing the product. In August 2006, the government removed the requirement from its patent law to process product patents within 18 months. While the Health Ministry claims that this will not delay the process, the amendment has the potential to cause discriminatory treatment.

In 2000, Pakistan developed its Trademarks Ordinance, which provided for the registration and better protection of trademarks and for the prevention of the use of fraudulent marks. Implementing rules were enacted in April l, 2004, to enforce the ordinance. The government has eliminated the requirement that generic names be given at least equal prominence to the brand name. Trademark infringement remains widespread, however.

According to the International Intellectual Property Association, copyright piracy rates in 2005 in Pakistan remained at 100 percent for records and music and 83 percent for business software (no figures were available for motion pictures, entertainment software, or published books). CD and DVD losses dropped significantly, from USD 70 million in 2004 to USD 25 million in 2005.

Pakistan is a party to the Berne Convention for the Protection of Literary and Artistic Works, and is a member of the World Intellectual Property Organization (WIPO). In July 2004, Pakistan acceded to the Paris Convention for the protection of industrial property. Pakistan has not yet ratified the WIPO Copyright Treaty nor the WIPO Performance and Phonograms Treaty. A draft law concerning plant breeders' rights that had not moved forward for the past two years because of a dispute over federal and provincial jurisdiction is now close to approval, after the GOP obtained the consent of three of Pakistan's four provincial governments to introduce such a law (the approval of two was required). Administrative formalities are expected to take six to 12 months before the law is officially enacted.

The Industrial Designs Law provides for the registration of designs for a period of ten years, with the possibility of extending the registration for two additional ten-year periods. The Law for Layout Designs of Integrated Circuits provides for protection of layout designs for ten years starting from its first commercial exploitation anywhere in the world. Penalties and legal remedies are also available in case of infringement on industrial designs, layout designs and trademarks. Implementing rules to enforce these ordinances remain incomplete.

Transparency of Regulatory System Return to top

A number of government agencies oversee commercial and financial regulatory regimes, including the Securities and Exchange Commission of Pakistan (SECP), the Central Board of Revenue (CBR), the Board of Investment (BOI) and the State Bank of Pakistan. While Pakistani law provides for recourse against adverse administrative decisions, the legal system remains backlogged and long court delays are common.

The SECP is responsible for company administration under the 1984 Companies Ordinance and regulates securities markets through its Securities Market Division. The SECP and the national stock exchanges have cooperated to streamline procedures to register and list securities. Equity markets are regulated by the 1969 Securities and Exchange Ordinance and by the 1971 Securities and Exchange Rules. A Takeover Ordinance was enacted in 2002, and 11 takeovers took place under this law during fiscal year 2006.

Under Section 40 of the 1997 SECP Act, the SECP publishes draft regulations to seek public comment prior to their finalization. The SBP, in its role as bank regulatory authority, consults with commercial banks on proposed regulations. The CBR issues Statutory Regulatory Orders (SROs), which are used either to reduce duties to give special relief to certain sectors or to enhance duties. The CBR does not solicit public input on SROs.

Competition law in Pakistan is under the jurisdiction of the Monopoly Control Authority, an independent regulatory authority that lacks enforcement capacity. Although Pakistan has enacted a Monopolies and Restrictive Trade Practices Ordinance, regulatory oversight suffers from resource constraints, and state-owned firms are exempt from the provisions of this law. Thus, in Pakistan, where state-owned firms dominate several sectors, competition regulation remains under-developed. At present, the MCA is engaged in finalizing a competition law with technical assistance from the World Bank. This will entail capacity building and creation of a new Competition Authority. While the end of licensing regimes, the rationalization of bureaucratic controls, and broad-based market liberalizations have reduced market entry barriers, in numerous industrial sectors concentration remains relatively high.

Pakistan's key environmental issues are an acute lack of clean drinking water, soil erosion, deforestation, water and air pollution, limited natural fresh water resources and desertification. On June 29, 2005, the Cabinet approved Pakistan's first National Environment Policy. Prior to approval, the National Conservation Strategy (NCS) of 1992 governed environmental issues. The new policy is designed to achieve sustainable development through conservation, protection, and restoration of Pakistan's environment, and is in line with national targets for achieving the Millennium Development Goals. The broad policy covers air and water pollution, waste management, deforestation, loss of biodiversity, desertification, natural disasters, and climate change. The policy will be implemented over the next five years as part of the GOP's medium-term development framework. The GOP has allocated USD 476 million for 150 projects to implement the policy.

The 1997 Pakistan Environmental Protection Act provides a comprehensive legal framework for prevention and control of pollution; import of chemicals and other toxic substances; management, handling, and transportation of hazardous substances;

management of industrial, municipal, and agricultural wastes; and promotion of sustainable development. The Pakistan Environmental Protection Agency (PEPA) enforces environmental protection laws and controls national environmental policy, environmental standards, and monitoring compliance. To date, PEPA has developed standards for municipal and liquid industrial effluent and waste, industrial gaseous emissions, motor vehicle exhaust, and noise and air pollutant tolerance levels. Standards for air quality and solid waste management have yet to be developed.

Projects likely to have an adverse environmental impact are required to file detailed Environmental Impact Statements with PEPA while still in the planning stage. Potential investors should contact PEPA early in the planning process to ensure compliance with environmental standards. Each province also has its own environmental protection agency. Provincial Directorates of Industry may refer a project to the provincial agency when there are concerns about environmental impact. The government has developed a National Environment Action Plan, which provides for mandatory environmental impact assessments for all future development projects with potential adverse environmental impact. This Action Plan was implemented prior to the announcement of National Environment policy and is related to environmental impact assessments of projects. The government's technical capacity to review, assess and monitor industry compliance with environmental standards remains weak. In 2004, the government established water standards, but a nationwide water quality monitoring system has not yet been instituted. The government has also introduced lead-free gasoline to control air pollution, and Pakistan is now among the world's largest users of compressed natural gas vehicles.

Current Pakistani laws regulating commercial transactions include the 1969 Securities and Exchange Ordinance, the 1980 Modarba Ordinance, the 1984 Companies Ordinance, and the 1987 Securities and Exchange Commission of Pakistan Act. The Securities and Exchange Ordinance regulates capital markets. The Securities and Exchange Commission Act empowers the Securities and Exchange Commission of Pakistan to administer all aforementioned laws. Pakistan regulates business activity via laws covering competition, intellectual property, insurance and banking, financial markets and investment protection. International investors have expressed concern about the ineffective implementation and enforcement of these laws.

The government subscribes to principles of international competitive bidding. The procurement regulatory framework, which has suffered from significant weaknesses, has begun to improve with the procurement rules recommended by the Public Procurement Regulation Authority (PPRA), which was created in 2002. Several key systemic flaws have been identified, including inadequate bidding documents, inadequate response time for bidders, prequalification as a means of restricting competition, price negotiations, lack of an independent complaints' handling process and irregularities in inspections or measurements. External partners including the ADB, DFID and the World Bank are supporting the government to modernize and strengthen the public procurement system at the Federal and provincial levels. There has been a greater degree of transparency in procurement practices over the past few years, with international tenders now advertised and past practices of sole-source contracting via company-specific requirements eliminated. Nevertheless, some procurement bidding irregularities were reported in 2004 in the telecom sector. Investors reported instances when the government used the lowest bid as a basis for further negotiations, rather than accepting the lowest bid under its tender rules. The government does not invite private tenders for the transportation of crude oil and requires all crude oil to be transported by the state-owned Pakistan National Shipping Corporation. Though a member of the WTO, Pakistan has yet to accede to the WTO Government Procurement Agreement. The sanctity of contracts also has been a major concern for some companies in their dealings with the government.

Efficient Capital Markets and Portfolio Investment Return to top

Pakistan's financial sector policies support the free flow of resources in product and factor markets for domestic and foreign investors. The State Bank of Pakistan and the SECP continue to progressively expand and fine-tune their prudential regulation and oversight of financial and capital markets with the assistance of the World Bank and the Asian Development Bank.

Banking sector credits total approximately USD 32.6 billion, heavily concentrated among a handful of state-owned and private-sector institutions. With the privatization of state-owned Habib Bank Ltd, approximately 80 percent of domestic bank credit is now allocated by private and foreign banks. System-wide, non-performing bank loans total approximately USD 3.1 billion, or 9.6 percent of total advances.

Credit is allocated on market terms, and domestic interest rates, after hitting historical lows in 2004, have risen again as the State Bank of Pakistan tightened monetary policy. Foreign-controlled manufacturing, semi-manufacturing (i.e., those goods that require additional processing for consumer marketing) and non-manufacturing concerns are allowed to borrow from the domestic banking system without regulated limits specific to them. Just as their local counterparts, foreign concerns must ensure that the total exposure (fund-based and/or non-fund based) from financial institutions does not exceed ten times their equity; in addition, fund based exposure must not exceed four times their equity. While there are no restrictions on private sector access to credit instruments, few alternative instruments are available beyond commercial bank lending. Pakistan's domestic corporate bond, commercial paper and derivative markets remain in early stages of development.

Despite phenomenal growth, Pakistani equity markets have recently witnessed extraordinary volatility and are today some of the most volatile in the world. Following periodic crashes at the dominant Karachi Stock Exchange (KSE), a number of investigations were carried out. Aggravating causes of market volatility include non-standard practices (when viewed from the perspective of international best practices) and deficiencies of Carry Over Transactions (COT – Badla). The excessive volatility has led to market manipulation, and investor losses. The lack of hedging instruments that can protect individual as well as institutional investors also caused volatility and investor losses. The Karachi Stock Exchange currently has 658 listed firms with a total market capitalization of USD 46.6 billion. However, only four companies – of which three are state-owned – account for 36.7 percent of market capitalization. The FY05 budget extended an exemption on a 10-percent capital gains tax through June 2007, but retained a 5-10 percent withholding tax on cash dividends. In June 2004, the GOP imposed a capital value tax of 0.01 percent on the purchase of shares and a 0.005 percent tax on the sale of shares. The FY07 budget doubled these taxes, increasing the capital value tax from 0.01 to 0.02 percent on share purchases, and increasing the withholding tax from 0.005 to 0.01 percent on the sale of shares. The GOP also added a 0.005 percent tax on brokerage income. The government now taxes continuous funding systems (a method of financing the sale and purchase of shares, which it plans to abolish completely in favor of margin financing) at 10 percent. Portfolio investments, capital gains and dividends can be fully repatriated.

Recent capital market reforms include the introduction of minimum capital requirements for brokers, linking of exposure limits to net capital, strengthening of brokers' margin requirements, the introduction of system audit regulations that mandate the audit of 60 percent of brokers to ensure compliance with rules and regulations, introduction of over the-counter (OTC) markets to facilitate registration of new companies with less paid up capital and the introduction of a National Clearing and Settlement system. During 2005, the SECP framed a number of other regulations, including rules for regulating the clearing house, margin trading regulations, proprietary trading regulations and abolition of the group account facility. An SECP Corporate Governance Code was adopted in 2002 for all firms listed on the nation's equity exchanges. Capital markets' legal, regulatory and accounting systems are increasingly consistent with international norms. Pakistan has adopted international accounting standards, with comprehensive disclosure requirements for companies and financial sector entities. Pakistan adheres to 38 of 41 international accounting standards – it does not yet apply IAS 15 (information reflecting the effects of changing prices), IAS 29 (financial reporting in hyperinflation) and IAS 41 (accounting treatment of agricultural activities). A national commodity exchange infrastructure, including clearing, settlement and risk management systems, is in place, and mock trading has begun. The Commodity Exchange is likely to be launched in early 2007. Initially, the Commodity Exchange will deal in gold future contracts, to be followed by wheat, cotton and other commodities. The State Bank of Pakistan, in its role as bank regulatory authority, has put in place a formal process of consultations with banks on draft regulations. Under Section 40 of the 1997 SECP Act, the Securities and Exchange Commission of Pakistan also publishes draft regulations to seek public comment prior to their finalization.

The SECP eliminated the 30-percent cap on cross-shareholding in June 2004. This limit on cross-shareholding did not apply to foreign investors. Legislation providing a legal framework for friendly and hostile takeovers was enacted in 2002. The law provides that companies have to disclose any concentrations of share ownership over 25 percent. There are no laws or regulations that authorize private firms to adopt articles of incorporation that discriminate against foreign investment.

Political Violence Return to top

There are significant threats to foreign interests in Pakistan, both from al-Qaida and Taliban and from domestic terrorist organizations. The U.S. Embassy is operating on reduced staffing with no non-working dependents at post; most other Western diplomatic missions have reduced staff levels. All major Western countries, including the United States, have issued travel advisories recommending against non-essential travel to Pakistan.

The presence of Al-Qaida, Taliban elements, and indigenous sectarian groups poses a potential danger to Westerners, especially along the porous border with Afghanistan. Continuing tensions in the Middle East also increase the possibility of violence against Westerners in Pakistan. Terrorists and their sympathizers have demonstrated their willingness and capability to attack targets where Westerners are known to congregate or visit, such as hotels, clubs and restaurants, places of worship, schools, or outdoor recreation events. American fast food restaurants and other companies in Karachi were bombed in late 2005, resulting in several deaths and multiple injuries among Pakistani employees and customers. On March 2, 2006, and American diplomat, his locally employed driver, and three others were killed when a suicide bomber detonated a car packed with explosives in front of the U.S. Consulate in Karachi. Fifty-two others were wounded. Occasional sectarian violence has resulted in fatal bomb attacks in Karachi, Peshawar, Quetta, Lahore, and other Pakistani cities in 2006.

Militant nationalists in the province of Balochistan targeted gas pipelines and electric transmission lines in 2006.

The Government of Pakistan has taken significant steps to curb the terrorist threat, including banning eight extremist organizations and placing extra police protection on diplomatic missions, hotels that cater to international guests, and similar locations. Despite these measures, the threat to Western diplomats, executives and tourists in Pakistan is likely to remain high for at least the medium term. Most Western businesses operating in Pakistan will require extra security measures and should budget accordingly.

Corruption Return to top

Pakistan laws targeting the fight against corruption include the 1947 Prevention of Corruption Act, the 1973 Efficiency and Discipline Rules and, most recently, the 1999 National Accountability (NAB) Ordinance. Previously, the NAB, the FIA and Provincial Anti-Corruption Departments shared official responsibility for combating corruption. In October 2002, Pakistan's Cabinet approved a National Anti-Corruption Strategy (NACS) that identified areas of pervasive corruption and recommended time-bound measures and reforms to combat corruption. The NACS also named the NAB as the sole anticorruption agency at the federal level.

Giving and accepting bribes are a criminal act punishable by confiscation of property, imprisonment, recovery of ill-gotten money, dismissal from service and reduction in rank. Corruption remains widespread in Pakistan, especially in the areas of government procurement, international contracts, and the taxation system. Pakistan's ranking in Transparency International's Corruption Perceptions Index dropped from 129th out of 145 countries in 2004, to 144th out of 158 countries listed in 2005. Pakistan scored 2.1 points (on a scale of 0-10) on Transparency's Corruption Perception Index in 2005. Pakistan is not a signatory to the OECD Convention on Combating Bribery; however, it is a signatory to the Asian Development Bank/OECD Anti Corruption Initiative.

Bilateral Investment Agreements Return to top

See also "Trade Agreements" above. The United States and Pakistan have a bilateral tax treaty in force dating from 1959. Pakistan also has double taxation agreements with Austria, Canada, Germany, Indonesia, Italy, Lebanon, Mauritius, Poland, Switzerland, Turkmenistan, Kazakhstan, the United Arab Emirates, Belgium, China, France, Greece, Iran, Japan, Libya, Saudi Arabia, Romania, Sweden, Belarus, Hungary, Jordan, Kenya, Kuwait, Malaysia, Netherlands, Nigeria, Norway, Oman, Philippines, Qatar, South

Africa, Syria, Tunisia, Uzbekistan, the United Kingdom, Bangladesh, Denmark, Finland, India, Ireland, South Korea, Malta, Singapore, Sri Lanka, Thailand, Azerbaijan and Turkey.

OPIC and Other Investment Insurance Programs

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Following Pakistan's decision to support the coalition against terrorism following the September 11, 2001, terrorist attacks, U.S. economic sanctions were waived and Overseas Private Investment Corporation (OPIC) insurance and financing facility became available for commercial transactions involving Pakistan. Projects must meet OPIC eligibility guidelines.

Labor

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The Pakistan work force is approximately 51 million, but this estimate does not include the informal sector or child labor. The majority of the labor force works in the agricultural sector (44.8 percent), followed by the services sector (39.6 percent), and industry (13.6 percent). Officially, the unemployment rate hovers around 6.5 percent, but many of the employed are underemployed. The real unemployment rate is commonly accepted to be considerably higher despite shortages of skilled manpower. Pakistan is also an extensive exporter of labor, particularly to the Middle East. Federal law mandates a minimum wage for unskilled workers (currently USD 66 per month) and a maximum workweek of 48 hours (54 hours for seasonal factories) with rest periods during the workday and paid annual holidays. These regulations only apply to workers in factories employing ten or more workers. It is generally agreed that multinational employers do better than many local employers in fulfilling their legal obligations and dealing responsibly with workers. The only significant area of U.S investment in which workers' rights are legally restricted is the petroleum sector, which is subject to the Essential Services Maintenance Act. The Act bans strikes, limits workers' rights to change employment, and affords little recourse to a fired worker, but allows collective bargaining. However, this Act has seldom been applied. Criticism of confusing, overlapping labor laws led to the creation in 2000 of a government commission to revise and consolidate Pakistan's labor legislation. This commission drafted the Industrial Relations Ordinance of 2002, the first comprehensive update to Pakistani labor code since 1968. Pakistan's Industrial Relations Ordinance of 2002 gives industrial workers the right to form trade unions, but union organizers are subject to a variety of restrictions that hinder their activities and effectiveness. According to GOP estimates, union members make up approximately ten percent of the industrial labor force and five percent of the total workforce.

The government has ratified 34 ILO conventions relating to human rights, workers' rights and working conditions. The government announced a labor welfare package in April 2001, which included a voluntary group insurance scheme, expansion of existing low-cost housing schemes, an increase in monetary compensation for death or disability, old age pensions, vocational training programs, and yearly excellence awards. Some parts of this package have been enacted into law while others are in the process of enactment. Organized labor comprises a very small percentage of the total workforce.

Foreign-Trade Zones/Free Ports

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The Government established its first Export Processing Zone (EPZ) in Karachi in 1989, with special fiscal and institutional incentives available to encourage the establishment of exclusively export-oriented industries. The government subsequently established additional EPZ's in Risalpur, Gujranwala, and Sialkot in the Punjab and Saindak and Duddar in Balochistan. Principal government incentives for EPZ investors include an exemption from all federal, provincial and municipal taxes for production dedicated to exports, exemption from all taxes and duties on equipment, machinery and materials (including components, spare parts and packing material, indefinite loss carry forwards, and access to Export Processing Zone Authority "one window" services, including facilitated issuance of import permits and export authorizations.

The government also offers incentives for additional categories of export manufacturing. An Export-Oriented Unit (EOU) is a stand-alone industrial unit allowed to operate anywhere in the country that exports 100 percent of its production. EOU incentives include an exemption from duty and taxes on imported machinery and raw materials and duty-free import of two vehicles per project. Pakistan also has 83 Industrial Zones (IZ's: 27 in Punjab, 29 in Sindh, 16 in North West Frontier Province, and 11 in Balochistan. The IZ's provide infrastructure facilities but do not enjoy fiscal incentives, unlike EPZ's.

Foreign Direct Investment Statistics

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Foreign direct investment (FDI) in Pakistan increased to USD 3.521 billion in FY2006 from USD 1.524 billion the prior year. A significant USD 1.54 billion or 43.3 percent of FY2006 FDI inflows derived from the sale of state-owned enterprises. In FY2006 Pakistan Telecommunication Company Privatization fetched USD1.186 billion, while the sale of Karachi Electric Supply Corporation brought USD 255 million. Historically, the United States, the United Kingdom, United Arab Emirates and Japan have been Pakistan's major sources of FDI (Table 1). Principal sectors attracting FDI are financial services, oil and gas exploration, power, trade, transport, storage and communications, chemicals, pharmaceuticals and fertilizers, and textiles.

While the government does not provide stock measures of foreign direct investment, the American Business Council of Pakistan estimates total U.S. investment in Pakistan at roughly USD 1 billion. In FY06, major U.S. investments were concentrated in oil and gas exploration, communications, cement, and trade. (Table 2).

Table 1

FDI Flows into Pakistan by Source Country

U.S. $ Millions, Fiscal Year (FY) Ending June 30

COUNTRY	FY 2004	FY 2005	FY 2006
UK	64.6	181.5	244.0
USA	238.4	326.0	516.7
UAE	134.6	367.5	1425.5
Saudi Arabia	7.2	18.4	277.8
Japan	15.1	45.2	57.0
Hong Kong	6.3	32.3	24.0
Germany	7.0	13.1	28.6
Netherlands	14.0	36.7	121.1
France	-5.6	-3.6	3.2
Other	467.8	506.9	823.1
Total:	949.4	1524.0	3521.0
FDI/GDP (%):	1.01	1.39	2.74

Source: Pakistan Board of Investment

Table 2

FDI Inflows in Pakistan from United States
(By Economic Groups)

July 2005- June 2006
(Amounts in US $ Millions)

Oil and Gas Exploration	199.30
Transport and Storage Facilities	4.89
Communication	81.55
Trade	36.45
Financial Business	17.91
Textile	9.49
Construction	19.47
Social and Personal Services	28.42
Chemical, pharmaceutical and fertilizes	10.68
Food and Beverages	21.37
Power	19.14
Cement	30.52
Others	37.51

Total	516.70

Source: Pakistan Board of Investment

Table 3

U.S. Foreign Direct Investment Inflows by

10 Major Companies in Pakistan during FY 2005-06

(Amounts in US $ Millions)

Company Name	U.S.FDI
--------------	-------
BP Pakistan Exploration and Production	121.40
Telenor Pakistan	51.00
Occidental Petroleum Pak Inc	34.26
Subh-e-Noor Cement	30.43
Occidental Oil and Gas Pakistan LLC	17.37
Uch Power Project	15.17
Huawei Technologies Pakistan	12.90
Pak Oman Investment Company	12.51
Orient Petroleum Inc	10.79
Pakistan Refinery Ltd	10.64

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www.sbp.org.pk State Bank of Pakistan

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Chapter 7: Trade and Project Financing

How Do I Get Paid (Methods of Payment)

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Imports of goods into Pakistan generally require a Compulsory Letter of Credit (L/C), unless a special exemption is obtained in advance. Revolving, transferable, and packing letters of credit are not permissible. Letters of credit should provide for negotiation of documents within a period not exceeding 30 days from the date of shipment.

Payment to the beneficiary (stipulated in the L/C) may be made either in the country of origin or in the country of shipment of goods. Other payment terms are subject to approval by the State Bank of Pakistan. Remittances may be made soon after goods have been cleared by Customs.

Pakistan Customs authorities require a commercial invoice and a bill of lading (or airway bill). Exporters should forward documents separately if shipment is by sea, but should include them with air shipments. Certificates of origin are not legally required but may be requested by the consignee or consignee's bank. When a certificate of origin is not requested, a statement of country of origin should appear on the invoice. Consular invoices are not required.

The exporter should also be sure to ascertain from the importer the precise number of copies of each document that will be required. Importers, depending on the specific circumstances as insurance certificates and packing lists, also may request other documents. Customs authorities require special certificates for imports of plants and plant products and used clothing (e.g., a U.S. Food and Drug Administration certificate for foods and pharmaceuticals). In order to expedite the process and to avoid potential delays and penalties, exporters should request detailed instructions from the Pakistani importer prior to shipping.

How Does the Banking System Operate

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The financial sector in Pakistan is going through a major transition period. New groups are buying out Pakistan operations of foreign banks and the number of listed banks is also increasing. While the income from core banking activity is increasing due to higher business volume, earnings are also expected to further improve due to greater trends toward consumer finance, housing finance and enhanced lending to the agriculture sector.

Pakistan's banking sector consists of commercial banks, foreign banks, development finance institutions (DFI's), and micro-finance banks. Presently there are 39 commercial banks, seven DFI's, and five micro-finance banks operating in the country. The commercial banks comprise four nationalized banks, 20 local private banks, 11 foreign banks and three specialized banks. All these banks are supervised and regulated by the State Bank of Pakistan.

Further details about banking in Pakistan are available at:

www.sbp.org.pk

Foreign-Exchange Controls Return to top

Pakistan has a very liberal foreign exchange regime and allows 100 percent repatriation of profits and dividends. Pakistan has a floating exchange rate, although the Pakistani rupee is freely convertible on the current account. During the past five years, the rupee has more or less remained stable vis a vis the U.S. dollar.

U.S. Banks and Local Correspondent Banks Return to top

Citibank is the only U.S. bank with operations in Pakistan. Effective December 2, 2006, American Express transferred its commercial banking business along with assets and liabilities in Pakistan to Jehangir Siddiqui Investment Bank Ltd. A number of Pakistani banks either have branches in the U.S. or correspond with certain American banks to cater to the needs of their local and international clientele.

International Banks Operating in Pakistan:

1. ABN Amro Bank, NV
2. Albaraka Islamic Bank
3. Bank of Tokyo Mitsubishi Ltd.
4. Citibank N.A.
5. Deutsche Bank A.G.
6. Habib Bank A.G. Zurich
7. Hong Kong & Shanghai Banking Corporation Ltd.
8. Oman International Bank S.O.A.G.
9. Rupali Bank Ltd.
10. Standard Chartered Bank Ltd.

Project Financing Return to top

Credit is allocated on market terms. Foreign-controlled manufacturing concerns are allowed to borrow from the domestic banking system without regulated limits. Foreign-controlled (minimum 51 percent equity stake) semi-manufacturing concerns (i.e., those producing goods that require additional processing for consumer marketing) are permitted to borrow up to 75 percent of paid-up capital, including reserves. For non-manufacturing concerns, local borrowing caps are set at 50 percent of paid-up capital. While there are no restrictions on private sector access to credit instruments, few alternative instruments are available beyond commercial bank lending. Pakistan's domestic corporate bond, commercial paper and derivative markets remain in early stages of development.

Web Resources

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Export-Import Bank of the United States: http://www.exim.gov

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: http://www.opic.gov

Trade and Development Agency: http://www.tda.gov/

SBA's Office of International Trade: http://www.sba.gov/oit/

USDA Commodity Credit Corporation: http://www.fsa.usda.gov/ccc/default.htm

U.S. Agency for International Development: http://www.usaid.gov

(Insert a link to the applicable Multilateral Development Bank here and any other pertinent web resources.)

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Chapter 8: Business Travel

Business Customs

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In the major cities of Pakistan men and women work together in offices. Most executives working for international corporations wear business attire (business suits in winter and shirt and tie in summer), and women dress conservatively and modestly. Western women traveling to Pakistan for business should dress conservatively, in pants suits or below the knee skirt suits or dresses with sleeves.

In most parts of the country meetings generally run late and last-minute changes are not unusual. It is important to promptly respond to faxes and other communications.

During a meeting it is customary for the host to offer tea to business visitors. Most meetings will start with an exchange of pleasantries and very often the host will engage the U.S. visitor in small talk for several minutes; personal connections and relationships are important in Pakistan's business environment. Business cards are usually exchanged during the meetings.

Travel Advisory Return to top

The travel advisory for Pakistan is available on the following website under the U.S. Citizen Services caption:

http://islamabad.usembassy.gov/

Visa Requirements Return to top

U.S. citizens are required to obtain a visa for Pakistan before arrival in the country. Further information on obtaining a Pakistani visa in the U.S. may be obtained from the following website:
www.embassyofpakistan.org

U.S. companies that require travel of foreign businesspersons to the United States should familiarize themselves with the visa process by going to the following links:

State Department Visa Website: http://travel.state.gov/visa/index.html

United States Visas.gov: http://www.unitedstatesvisas.gov/

U.S. Embassy, Islamabad: www.islamabad.usembassy.gov

U.S. companies that require travel of foreign businesspersons to the United States should be advised that security opinions are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: http://travel.state.gov/visa/index.html

United States Visas.gov: http://www.unitedstatesvisas.gov/

Telecommunications

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During the past five years, the telecommunication sector in Pakistan has grown tremendously. The recently privatized Pakistan Telecommunication Company Limited (PTCL) is the sole provider of landline service; however, there are now six cellular companies (Mobilink, Ufone, Paktel, Instaphone, Warid and Telenor) operating in the market. In addition, there are four firms offering Wireless Local Loop (WLL) service. In addition to these services, there are several card payphone services, which offer highly competitive international calling rates, especially to the United States and United Kingdom. The average tariff for the United States, using a pre-paid calling card, is currently Rs. 5 per minute (approximately 9 cents per minute).

Internet is widely available throughout the country, and there are several companies that offer fairly good DSL connections. Most hotels have business centers that offer a complete range of telecommunication facilities; some leading hotels also have Wi-Fi networks for their guests.

Transportation

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Ground transportation: In most Pakistani cities, taxis are readily available and the fares are quite reasonable; however, due to security reasons, U.S. travelers are advised not to use taxis. Instead, it is recommended that travelers rent a car, preferably from the hotel or guesthouse where they are staying. Most hotels and guesthouses in Pakistan provide complimentary airport pick-up service if they are informed in advance. When renting a car, either from the hotel or a rental agency, it is recommended that a chauffeur be hired along with the car. Radio cab service is now available in Karachi, Lahore and Islamabad.

Air Transport: No U.S. air carriers fly to Pakistan; however, there are several connecting flights from European and Asian cities to Karachi, Lahore, Islamabad and Peshawar. British Airways has direct flights from London to Islamabad, and Pakistan International Airlines (PIA) has regular flights to New York, Houston and Chicago. PIA is the state-owned airline and has the largest network of domestic and international destinations. In addition to PIA, there are three other private airlines - namely, Aero Asia, Airblue and Shaheen Air International - and two private chartered services - JS-Air and Princely Jets.

Shaheen Air International (SAI): SAI was previously managed by Shaheen Foundation (a subsidiary of Pakistan Air Force). In July 2004 it was taken over by the Canadian group TAWA International.

Shaheen Air got its start as Pakistan's second national carrier. Shaheen Air International has four Boeing 737-200's in its fleet, and there are plans to acquire a fifth in the near future. Shaheen Air International expects to operate 54 international and 88 domestic flights by January 2007, including new flights to the UK and Canada by March 2007. The airline carries around 652,000 passengers annually.

Aero Asia:
At present Aero Asia Airlines has a fleet of four aircraft, including two MD-82's and one DC-9. Many of Aero Asia's international and domestic routes have been suspended temporarily for operational and technical reasons. Aero Asia is now operating 21 flights weekly from Karachi, Lahore and Islamabad to Dubai. Aero Asia is also operating twice weekly flights between Lahore and Muscat. Overall, it operates about 350 flights per month carrying about 40,000 to 45,000 passengers. Aero Asia plans to resume full operations, as well as expanding to other destinations in the Persian Gulf, Saudi Arabia, Middle East, Europe, U.K., India and South East Asia.

The Regal Group, based in the UK, acquired Aero Asia in June 2006. The Regal Group is a business conglomerate primarily catering to the South Asian community in the United Kingdom.

Airblue: This private airline commenced operations in June 2004; its fleet comprises three Airbus A320's and two A321's on dry lease, and one A321 on wet lease.

Airblue operates domestic flights between Karachi, Lahore, Islamabad, Peshawar, Quetta, Faisalabad, and Gawadar. Airblue also operates daily international flights to Dubai from Karachi and Lahore, four flights a week to Dubai from Islamabad, and three flights a week to Dubai from Peshawar. Airblue will be starting flights on the Lahore-Islamabad route in January 2007; in addition, Airblue plans to introduce direct flights to Manchester from Pakistan by June 2007.

Airblue has a 30 percent share of the domestic market and its revenue base is over $150 million. It employs cutting-edge IT systems and is the first airline in the region to operate 100 percent on e-tickets. Airblue has recently introduced self check-in kiosks for its passengers, another first in Pakistan. Airblue continues to expand its operations, and year on year revenue and passenger growth has been over 100 percent.

JS-Air:
Jehangir Siddiqui, a major financial concern, launched a private service, JS-Air, in 2006. JS Air is a regional air charter business established to serve relatively low passenger-volume routes for commercial airlines as well as providing executive charter services to the oil and gas industry and other leading businesses. JS Air conducted their first commuter flight to Gwadar in June 2006. JS Air's fleet comprises two Beechcraft 1900 planes.

Princely Jets:
Akbar Group of Pakistan launched Princely Jets, another charter service, in 2006. Currently their fleet consists of a Bombardier- Challenger and Citation Bravo.

PIA, Aero Asia, Airblue, and Shaheen offer online reservation services. Travelers on these three carriers can now maker reservations and obtain e-tickets through the Internet. The relevant websites are as follows:

Pakistan International Airlines: www.piac.com.pk

Air Blue: www.airblue.com

Aero Asia: www.aeroasia.com

Shaheen Airlines: www.shaheenair.com

JS Air: www.jsair.com.pk

Princely Jets: www.princelyjets.com

Language Return to top

Urdu is the national language of Pakistan, but English is widely spoken and understood in most of the cities and urban areas. In the rural areas, the services of an interpreter may be required. All business correspondence is in English.

Health Return to top

U.S. visitors seeking medical care in Pakistan will be expected to pay in cash at the time of service or on discharge from a hospital. Travelers to Pakistan are strongly recommended to verify that that their insurance company will honor overseas claims. Also, business travelers are advised that the U.S. Government will not arrange or pay for medical evacuations of unofficial U.S. citizens (private American citizens) overseas.

Food- and water-borne illnesses: Tap water and drinks with ice in Pakistan are generally not considered safe. Travelers should drink only bottled water or other bottled beverages. If thoroughly cooked hot foods are eaten, most food-borne infections can be avoided. Raw fruits should only be eaten if they have unbroken skin and can be peeled, or if they have been soaked in bleach. Travelers should avoid foods that may have been un-refrigerated for over two hours, particularly those containing poultry, eggs, meat and dairy products.

Healthcare facilities: Most of the major cities in Pakistan have fairly good hospitals and healthcare facilities. The Aga Khan Hospital in Karachi, Sheikh Zayed Hospital in Lahore, and the Shifa International Hospital in Islamabad have several foreign trained doctors.

Local Time, Business Hours, and Holidays Return to top

Most private offices in Pakistan work from 9:00 a.m. to 5:30 p.m., with the week starting on Mondays and ending on Fridays. However, government offices are usually open from 8:00 a.m. to 3:00 p.m. between Mondays and Thursdays. On Fridays, most government offices close at 12:30 p.m. for Friday prayers. Government offices are usually open on Saturdays until 2:00 p.m. Private banks in Pakistan also work six days a week, with shorter working hours on Fridays and Saturdays.

Business visitors planning a trip to Pakistan should take into account the following local holidays before finalizing their travel itinerary:

- 2007 Pakistani Holidays:

*Eid ul-Azha	January 1-2
*9th/10th of Muharram	January 29-30
Pakistan Day	March 23
*Eid-e-Milad-un Nabi	March 31
Independence Day	August 14
*Eid-ul-Fitr	October 13-15
Birthday of Quaid-i-Azam	December 25

* (Based on the Islamic lunar calendar and may differ by one or two days from the expected dates.)

During the Islamic month of Ramazan (Ramadan), observant Muslims do not eat, drink, or smoke between sunrise and sunset. During this month, travel is more difficult, the pace of business activity slows (many offices close by mid-day), and it is therefore more difficult to accomplish business objectives. Ramazan begins 29 or 30 days before the festival of Eid-ul-Fitr.

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Temporary Entry of Materials and Personal Belongings:
Current information regarding temporary entry of materials and personal belongings is available on the following website:

http://www.cbr.gov.pk/tpef/customs/Brochures/Brochure-014.pdf

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http://islamabad.usembassy.gov/

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Chapter 9: Contacts, Market Research, and Trade Events

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U.S. Government Trade Related Contacts In Pakistan

Economic Counselor: Mary Townswick
United States Embassy
Diplomatic Enclave, Ramna 5
Islamabad, Pakistan
Tel: 92-51-208-2690
Fax: 92-51-208-2380
E-mail: TownswickMN@state.gov

Regional Senior Commercial Officer for Pakistan & Qatar: Robert Peaslee
U.S. Commercial Service
Embassy of the United States of America
Doha, Qatar
Tel: 974-488-4101
Fax: 974-488-4163
E-mail: Robert.Peaslee@mail.doc.gov

Senior Commercial Specialist: Tariq Sayeed
U.S. Commercial Service
United States Embassy
Diplomatic Enclave, Ramna 5
Islamabad, Pakistan
Tel: 92-51-208-2064
Fax: 92-51-282-3981
E-mail: Tariq.Sayeed@mail.doc.gov
Website: www.buyusa.gov/pakistan

Commercial Specialist – Karachi: Sara Haroon
US Commercial Service
US Consulate General
8 Abdullah Haroon Road
Karachi, Pakistan
Tel: 92-21-520-4259
Fax: 92-21-520-4330
E-mail: Sara.Haroon@mail.doc.gov
Website: www.buyusa.gov/pakistan

Commercial Specialist – Lahore: Aftab Qamar
U.S. Commercial Service
American Consulate
50 Empress Road
Lahore, Pakistan
Tel: 92-42-603-4000
Fax: 9242-603-4229
E-mail: Aftab.Qamar@mail.doc.gov
Website: www.buyusa.gov/pakistan

USDA Agricultural Attaché for Pakistan & Afghanistan:
U.S. Foreign and Agricultural Service
United States Embassy
Diplomatic Enclave, Ramna 5
Islamabad, Pakistan
Tel: 92-51-208-2983
Fax: 92-51-227-8142
E-mail: Asmat.Raza@usda.gov

U.S. Consulate - Peshawar
11 Hospital Road
Cantonment
Peshawar, Pakistan
Tel: 92-91-527-9801
Fax: 92-91-5284171

U.S. Government Trade Related Contacts in Washington, D.C.

Pakistan Country Manager: Rachel Kreissl
International Trade Administration
U.S. Department of Commerce
14th St. & Constitution Avenue, N.W.
Washington, D.C. 20230-0001
Tel: 202-482-5063
Fax: 202-482-5179
E-mail: Rachel.Kreissl@mail.doc.gov

Trade Information Center (TIC)
U.S. Department of Commerce
Washington, D.C. 20230-0001
Tel: 1-800-USA-TRADE
Website: www.export.gov
E-mail: tic@ita.doc.gov

Foreign Agricultural Service (FAS)
U.S. Department of Agriculture
Box 1052
Washington, D.C. 20250-1052
Tel: 202-720-7420
Fax: 202-690-4374
Website: www.fas.usda.gov

Pakistan Mission in the United States

Minister (Trade)
Embassy of Pakistan
3517 International Court, N.W.
Washington, D.C.
Tel: 202-243-3266
Fax: 202-686-1589
Pakistan Trade Office
Consulate General of Pakistan
12E, 65th Street
New York, NY 10021
Tel: 212-472-6123
Fax: 212-472-6780

Trade & Industry Associations (U.S. and Pakistan)

American Business Council of
Pakistan
NIC Building (6th Floor)
Abbasi Shaheed Road
G.P.O. Box 1322
Karachi 74400
Tel: 92-21-5676436
Fax: 92-21-5660135
Website: www.abcpk.org.pk
E-mail: abcpak@cyber.net.pk

Esperanza Gomez
Executive Director
U.S. - Pakistan Business Council
U.S. Chamber of Commerce
1615 H Street, N.W.
Washington, D.C. 20062-2000
Tel: (202) 463-5732
Fax: (202) 463-3114
E-Mail: egomez@uschamber.com

Federation of Pakistan Chambers of Commerce & Industry
Federation House, Shahrah-e-Firdousi
Main Clifton, P.O. Box 13875
Karachi
Tel: 92-21-5873691-94
Fax: 92-21-5874332

Overseas Investors Chambers of Commerce and Industry
Chamber of Commerce Building
Talpur Road, P.O. Box 4833
Karachi 74000
Tel: 92-21-2410814-5

Fax: 92-21-2427315

Karachi Chamber of Commerce and Industry
Aiwan-e-Tijarat Road, Off Shahrah-e-Liaquat
P.O Box 4158
Karachi 74000
P.O. Box 4158
Tel: 92-21-2416091; 2412414
Fax: 92-21-2416095

Islamabad Chamber of Commerce and Industry
Aiwan-e-Sanat-o-Tijarat Road
Mauve Area, Sector G-8/1
Islamabad, Pakistan
Tel: 92-51-2250526-2253145
Fax: 92-51-2252950
President
Website: www.icci.com.pk

Rawalpindi Chamber of Commerce and Industry
Chamber House, 39 Mayo Road
Rawalpindi, Pakistan
Tel: 92-51-5111051-54
Fax: 92-51-5111055
President
Website: www.rcci.org.pk

Lahore Chamber of Commerce and Industry
P.O. Box 597, 11-Race Course Road
Lahore, Pakistan
Tel: 92-42-6305538;
Fax: 92-42-6368854
President

Sarhad Chamber of Commerce & Industry
Sarhad Chamber House
G.T. Road
Peshawar, Pakistan
Tel: 92-91-9213314
Fax: 92-521-9213316
President
Website: www.scci.org.pk

Quetta Chamber of Commerce & Industry
Zarghoon Road, P. O. Box 117
Quetta (Balochistan), Pakistan
Tel: 92-81-2821943
Fax: 92-81- 2821948
President

Government of Pakistan Offices

Ministry of Foreign Affairs
Constitution Ave.
Islamabad, Pakistan
Director for the Americas
Tel: 92-51-9211942
Fax: 92-51-9201681

Ministry of Industries
Secretary
Block A, Pakistan Secretariat
Islamabad, Pakistan
Tel: 92-51-9211709; 9210192
Fax: 92-51-9205130

Ministry of Commerce
Secretary
Block A, Pakistan Secretariat
Islamabad, Pakistan
Tel: 92-51- 9210277
Fax: 92-51-9205241

Ministry of Food, Agriculture
& Cooperatives
Block B, 3rd Floor, Pak Secretariat
Islamabad, Pakistan
Tel: 92-51-9203307; 9210351
Fax: 92-51-9210616

Ministry of Finance
Secretary
Q Block, Pakistan Secretariat
Islamabad, Pakistan
Tel: 92-51-9206367
Fax: 92-21-9205166

Civil Aviation Authority
Headquarters
Quaid-e-Azam International Airport
Karachi
Phone: 92-21-9248724, 9248720
Fax: 92-21-9248725
Director General

Securities Exchange Commission
Ministry of Finance
NIC Building, Blue Area
Islamabad
Tel: 92-51-9206790, 9207091
Fax: 92-51-9204915
Chairman

www.secp.gov.pk

Directorate General Defense Purchase (DGDP)
Ministry of Defense
Defense Production Division
Pak Secretariat No.II
Rawalpindi
Tel: 92-51-9270967
Fax. 92-51-9270964

Export Promotion Bureau
Government of Pakistan
Finance and Trade Center
Shara-e-Faisal
Karachi
Tel: 92-21- 111-444-111, 9206484
Fax: 92-21-9206461; 9206497

Board of Investment
Attaturk Avenue, G-5/1
Islamabad
Tel: 92-51-9221824
Fax: 92-51-9217665
Secretary
Website: www.pakboi.gov.pk

Central Board of Revenue
CBR House (opposite Parliament House)
Islamabad
Pakistan
Tel: 92-51-9209723,
Fax: 92-51-9205308
Chairman
Website: www.cbr.gov.pk

Karachi Port Trust
Eduljee Dinshaw Road
Karachi
Tel: 92-21-9214310, 9214315
Fax: 92-21-9214330, 9214329
Chairman

Pakistan Customs
Custom House Karachi
Tel: 92-21-9214170, 9214166
Fax: 92-21-9214234
Chief Collector, Customs
www.cbr.gov.pk

Pakistan Int'l Airlines
PIA Building

Quaid-e-Azam Int'l Airport
Karachi
Tel: 92-21-45794341, 4575900
Fax: 92-21-45793024, 4575250
Managing Director
Website: www.piac.com.pk

State Bank of Pakistan
Central Directorate
State Bank Building
I.I. Chundrigar Road
Karachi
Phone: 92-21-9212447-9212448-9212400
Fax: 92-21-9212446-9212434
Governor
Website: www.sbp.org.pk

Pakistan Tourism Development
Corporation (PTDC)
22 Saeed Plaza, 2nd Floor
Islamabad
Tel: 92-51-9201775, 227574
Fax: 92-51-9218233, 2274507
Managing Director
Website: www.tourism.gov.pk

Privatization Commission
Ministry of Finance & Economic
Affairs
5-A, Constitution Avenue
Expert Advisory Cell Building
Islamabad
Tel: 92-51-9205146
Fax: 92-51-9203076
Chairman
Website: www.privatisation.gov.pk

Water & Power Development Authority
WAPDA House, The Mall
Lahore
Tel: 92-42-9202226, 9202211, 9202223
Fax: 92-42-9202485
Chairman

Multilateral Development Bank Offices

The World Bank
20-A, Shara-e-Jamhuriat
Ramna 5, P.O. Box 1025
Islamabad

Tel: 92-51-2279641; Fax: 92-51-2279648
Website: www.worldbank.org/pk

Asian Development Bank
Pakistan Resident Mission
OPF Building, Shara-e-Jamhuriat
G-5/2, Islamabad
Tel: 92-51-2825011; Fax: 2823324
Website: www.adb.org/PRM/

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: http://www.export.gov/marketresearch.html and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Note: Agricultural reports are available via the Reports Office, USDA/FAS, Ag Box 1052, Washington, D.C. 20250 and via the FAS Home Page on the Internet at the following URL:

http://www.fas.usda.gov/scriptsw/attacherep/default.asp

Trade Events

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Please click on the link below for information on upcoming trade events.

http://www.export.gov/tradeevents.html

www.pegasusconsultancy.com

http://www.ecgateway.net/ecgevents.htm

http://www.export.gov/tradeevents.html

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Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses in Pakistan, please click on the link below.

www.buyusa.gov/pakistan

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: http://www.export.gov