-PN-ABK-381

A GUIDE TO

INVESTMENT

OPPORTUNITIES IN

PAKISTAN

December, 1993

Prepared for

Pakistan Investment Board
Saudi - Pak Tower
Jinnah Avenue
Islamabad , Pakistan.
Ph No. (051) 218266, 21867
Fax : (051) 215554, 217665

Compiled by :

First International Investment Bank Limited

Sponsored by :

United States Agency for International Development

and

Foreign Investment Advisory Service (IFC/MIGA)

Pakistan's geographic location has been prominent throughout history. The Indus river arises in the world's highest mountain ranges, which separate China from the Indian-subcontinent. It runs through the plains of Punjab and the semi-desert of Sindh to reach the Arabian Sea near the port of Karachi.

The Indus valley was the home of civilizations 4000 years ago, and the ruins of two ancient cities still remain. Influences from Northern Asia and Europe flowed through the Khyber Pass by way of migration and conquest, a path taken by the Aryan invaders and later Alexander the Great. The earliest influence of Islam arrived by the southern route into Sindh in the eighth century, 300 years before conquest by Mahmud of Ghazni established his court of Lahore. Trading was ever important on this crossroads of the silk route, the major trade route linking East and West over centuries.

Today Pakistan is the world's ninth most populous country with approximately 120 million people. Many are skilled in traditional trades and yet others have qualified overseas and as expatriates employ their engineering, financial, medical and other skills in many parts of the world. In Pakistan itself major industries have been established. Although growth has been inhibited in the past by overregulation and the effects of nationalization in the early 1970s, today the drive for a free and open market has set the stage for investment, diversification and growth.

MAP OF PAKISTAN

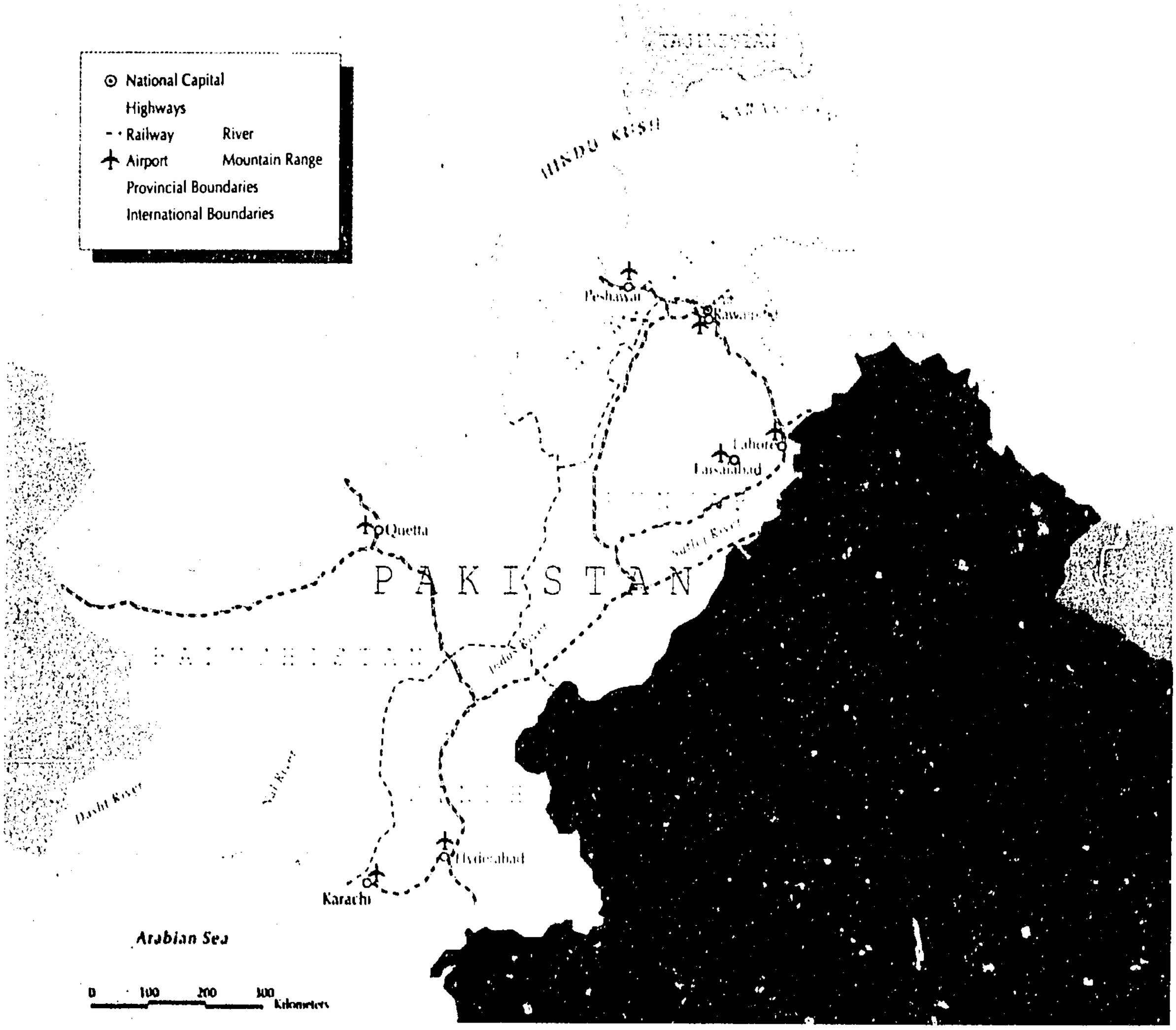


TABLE OF CONTENTS

The Investment Landscape	5
Industrial Opportunities	6
Investment Risks	8
How to enter the Pakistan Market	9
Economic Highlights	12
Agriculture	14
Industry	15
Infrastructure	16
Economic Policies	17
Foreign Participation in the Economy	22
The Financial System	26
Common Modes of Financing	29
The Stock Market	31
The Money Market	34
Overview of Selected Growth Sectors	36
Pakistan - A Brief Overview	58
Appendices	64
Flying Time from Karachi	65
1994 National Holidays	66
Directory	67
Acronyms	80

This guide was compiled from data believed to be reliable, but we guarantee neither its accuracy nor completeness, nor accept any responsibility for any loss or damage which may result from use of the information contained herein. This guide is not to be construed as an offer or invitation of any kind. Opinions expressed here may be revised at any time. Circumstances and market

PAKISTAN

Pakistan was founded in 1947, on partition of India, as a home state for Muslims with a democratic form of Government.

The four provinces of Pakistan, the Punjab, Sindh, Balochistan and North-West Frontier Province (NWFP), have a total population of 120 million.

The current rate of economic growth is 6% p.a. and has been consistently high during the last decade. The gross national product is approximately US $ 55 billion, excluding a substantial unrecorded informal sector.

In 1991 the Government introduced wide ranging reforms to spur economic development and attract foreign investment.

THE INVESTMENT LANDSCAPE

During the past few years Pakistan has seen a very rapid pace of development. At present there are over 30,000 incorporated organizations in the country, of which 533 have foreign capital. The focus has been on encouraging private investment in the economy, both local and foreign, in order to expand the industrial base. The stock market alone has witnessed the injection of Rs.19.68 billion (US $ 6.55 billion) in capital during the first 10 months of 1993. Private investment has been invited successfully through the process of privatization of government owned operations. Up until now 69 units have been privatized including two commercial banks. Parallel to the privatization effort is a policy shift to self-reliance away from foreign aid, tied credit and financial assistance from international financial institutions.

Foreign exchange controls have been eliminated with a view to progressing to full convertability of the Rupee in the short term. In particular, cumbersome procedures relating to foreign investment in Pakistan have been removed and approval requirements restricted to a minimum. Capital and profits can now easily be transferred out of the country in hard currency. Investor confidence resulting from deregulation will serve to attract foreign interest, know-how and technology, facilitating the opening of new sectors of industrial activity.

In response to the Government's swift implementation of reform, particularly in the areas of deregulating and liberalizing the economy, and as a consequence of the privatization program, local expectations are buoyant.

Optimism about the economy seems to be shared by investors abroad. Major US and UK based investment houses have formed joint ventures with local brokerage houses. Since the first Pakistan equity fund was floated by Citibank and Morgan Grenfell in 1991, another fund has been floated by Credit Lyonnaise, and another three are expected during the course of 1994. Trading on the local stock markets has risen to record volumes and price levels. Expressions of interest in private sector projects are on the increase and enjoy support from foreign equity participants and lenders.

INDUSTRIAL OPPORTUNITIES

MAJOR EXISTING INDUSTRIES

Textiles

Cotton & synthetics
- spinning & weaving
- garments

Chemicals & Pharmaceutical

Fertilizers
Pharmaceutical
Synthetic Fibers
Soda ash & caustic soda
Other organic chemicals
Paints

Consumer Electronics

Radios & televisions
Airconditioners
Refrigerators & freezers
Lamps & tubes
Components & parts

Food & Consumer Products

Sugar, tea, Tobacco
Edible fats & oils
Conserves
Dairy products
Soaps & Detergents
Packaging
Footwear

Cement

Portland, white
Slag, sulphate resistant

Energy

Oil & gas exploration
Oil & gas refining
Electricity generation
Fuel & power distribution
Power generation

MAJOR OPPORTUNITIES

Textiles

Weaving and finishing
Knitwear
Made-ups

Chemical & Pharmaceutical

Basic pharmaceutical
Pesticides
Synthetics
Inorganic chemicals
Polymers/plastics
Dyes and pigments

Consumer Electronics

Computers and components
Telecommunications equipment
Video, audio recorders
Monitoring and control instruments
Security system accessories

Food and Consumer Products

Potable water
Fruit juice concentrate

Processing, Packaging and Exporting

Fruits and vegetables
Cereals
Sea food and meat
Storage of perishables

Energy

Oil & gas exploration and development
Oil refining
Private power generation

MAJOR EXISTING INDUSTRIES

Iron & Steel

Pig iron/steel mills
Foundries
Drawing/rolling

Engineering

Fabrication
Machine tools
Construction Equipment
Rolling stock and track
Telecommunications equipment
Cables and switchgear
Electric Motors
Plastic & rubber molding
Agricultural implements

Automobiles

Passenger & commercial vehicles
Two and three wheelers
Tractors
Components and parts

General

Paper & Board
Leather products
Glass & ceramics
Printing
Carpets
Furniture & fixtures
Cutlery
Sports goods
Rubber & rubber products

MAJOR OPPORTUNITIES

Iron, Steel and Metals

Metals/metallurgy
Special Steels
Alloys

Engineering

All Sectors

Infrastructure

Toll roads, bridges
Telecommunications
Irrigation, hydro-eng. systems/materials
Container Terminals

Automobile

Cars, commercial vehicles, buses
Components and parts

General

All sectors

Tourism

Resorts/hotels
Package tours
Entertainment parks

Health Care

Diagnostic equipment
Surgical instruments
Hospitals

INVESTMENT RISKS

POLITICAL RISK

Pakistan, like many developing countries, has seen several sudden changes of Government. This has been offset somewhat by the continued operation of a stable, professional civil service. Since the new government of Mrs. Benazir Bhutto has been elected through the democratic process, it is expected that the political climate in the country will become more stable. Political risk insurance for investment in Pakistan is available.

REGULATORY AND LEGAL ENVIRONMENT

The regulatory and legal environment in the country has been prone to sudden and at times arbitrary changes, which may kill existing lines of business or drastically reduce their attractiveness.

DEVALUATION

The Rupee has seen steady devaluation with the potential to erode the value of local investments in foreign currency terms. In practice this has tended to be more than compensated by enhanced local cash flows. In addition, the State Bank of Pakistan offers a comprehensive foreign exchange coverage scheme, so that the foreign currency requirement of a project, contributed by way of loan capital, can be fully protected against adverse exchange rate movements.

LAW AND ORDER SITUATION

Since the mid 1980s crime levels have been on the rise, particularly in Karachi and rural Sindh. In response there has been a drive against illegal weapons and legislation has been introduced aimed at reducing the incidence of violent crime. The army has conducted a clean up operation and as a result the situation has improved substantially.

HOW TO ENTER THE PAKISTAN MARKET

ROUTES OF ENTRY

Entry to the markets in Pakistan may have the objective of exploiting potential in the populous, developing domestic market or more broadly the development of a low cost base to serve regional markets. Three major options are available:

1. Establish a fully owned and controlled private company (assets up to Rs. 100 million /US$ 3.3 million).
2. Establish a public limited company, retaining majority control but seeking public participation through floatation. This serves to reduce the foreign corporation's level of equity exposure to achieve the same level of operations - first because the general public shares in the equity and, secondly, because the local company can assume debt independently.
3. Establish a company in co-operation with joint venture partners, who supply local expertise, management and capital. This may be as a private or public company, in which case it can have the benefits of point two above.

USAID Feasibility Study Funds

Feasibility study funds established by USAID provide financial support to Pakistani, US, or Pakistani-US joint venture firms interested in establishing commercial projects in Pakistan. Financial support is in the form of loans up to 50 per cent of the cost of conducting the project feasibility study. Interbank is marketing and managing these funds under a cooperative agreement with USAID.

MARKET PARTICIPATION THROUGH JOINT VENTURES

Investment in Pakistan lends itself to the joint venture route. Pakistani entrepreneurs who have built a substantial base in their industrial sector now wish to employ their resources in diversification. They seek to combine their knowledge of local markets and business conditions with the know-how of foreign corporations, in order to open up new industrial sectors in Pakistan. Some of the industries in which joint ventures have been established in Pakistan are: automobile, fertilizer, electronics, financial services, food, and consumer products.

Through the joint venture arrangement the foreign partner can benefit from the support of a local partner in a new market, while limiting country exposure to his shareholding in a newly established Pakistani public limited company. Contact with local partners can be established through one of the local investment banks or one of the twenty two foreign banks present in Pakistan, who will also confirm the credentials of prospective partners.

Usually sponsors of a project in Pakistan will incorporate a public limited company. It will be floated on the stock markets once the project is in operation, and 50% of the equity will be offered to the general public. During project implementation local financial institutions supply bridge financing (in respect of equity to be floated to the general public) which is repaid out of the floatation proceeds. Term finance arrangements with both foreign and local institutions are typically in place at the outset, i.e., also well ahead of flotation.

Under current market conditions foreign currency financing is readily available for sound projects to meet the cost of imported plant and machinery. Foreign funding by the way of equity participation from international financial institutions (such as IFC or Asian Development Bank) is also available. The State Bank of Pakistan offers a foreign exchange cover scheme in order to fully protect the local company against adverse exchange rate movements.

The European Community Investment Partners Program

The European Community Investment Partners Program (ECIP) of the Commission of European Communities (EC) aims at increasing direct investment in eligible countries, including Pakistan, by EC and local companies either in joint ventures or through licensing agreement. ECIP supports and facilitates all the various stages of joint venture creation, viz. identification of potential joint venture projects and partners, operations prior to launching a joint venture including market and feasibility studies, financing of capital requirements, and human resource development including training and management assistance. ECIP financial support is in the form of grants, loans and direct investment. Interbank, Banker's Equity Ltd. and NDFC have been appointed as ECIP's "intervening" financial institutions in Pakistan.

INVESTMENT PROMOTION AGENCIES & ORGANIZATIONS

Pakistan Investment Board

Pakistan Investment Board functions as the focal point of contact between potential investors and all the agencies of the Government which may be concerned with investment proposals and may be responsible for providing infrastructure facilities. The Board is attached to the Prime Minister's Secretariat, working directly under the Prime Minister.

Ministry of Industries (MOI)

The MOI oversees the formulation and implementation of policies regarding industrial operations. It provides information regarding several industries in the form of industry briefs and prefeasibility studies, in which the government wishes to encourage local and foreign participation.

Investment Banks

Great emphasis has been laid upon the easing of regulatory barriers for new foreign entrants to Pakistan. Nonetheless, a sound understanding of the workings of the infrastructure, the local markets, labor conditions and the financial system is, as in all new markets, essential. Since the establishment of investment banks over the last three years, expert assistance is readily available. Because of their knowledge of the local markets, contacts and experience, the investment banks are able to offer a comprehensive range of services under one roof.

The Role of Investment Banks

- Market analysis and project feasibility assessment
- Development of local contacts including potential joint venture partners
- Selection of the appropriate team of professional advisers (engineers, surveyors, lawyers, accountants, headhunters, etc.)
- Dealing with administrative bodies as appropriate
- Completion of applications regarding infrastructure requirements and other registration procedures as may be required
- Assessment of sites with regard to local environment and concessions available
- Establishment of local corporate structure
- Assessment of availability and arrangement of financing, both local and foreign currency
- Assistance in floatation of equity on the stock markets

ECONOMIC HIGHLIGHTS

At current factor cost (Rs. billion)	**88-89**	**89-90**	**90-91**	**91-92**	**92-93**
Agriculture	184	197	233	268	305
Manufacturing	114	132	159	186	210
Services	50	57	68	80	93
Trade	116	129	155	177	196
Financial	20	22	27	31	35
Others	199	224	268	313	378
G.D.P.	***683***	***761***	***910***	***1,055***	***1,217***
Net factor income from abroad	28	37	31	23	17
G.N.P.	***711***	***792***	***941***	***1,078***	***1,235***
Federal Budget					
Revenue Receipt (net)	119.15	132.65	136.55	164.89	178.60
Revenue Expenditure	167.09	165.24	189.28	213.04	218.81
Deficit	47.95	32.59	52.73	48.15	40.21
Whole sale price index	173.50	186.16	207.99	227.26	241.44
General price index	151.49	167.23	177.33	199.78	218.99
State Bank General Index of Share Prices	273.23	283.49	387.67	762.46	160.85*
Market Capitalization (Rs. billion)	43.93	48.62	68.44	218.36	187.38
Listed companies	438	487	523	625	640
Population (million)	107	110	114	120	120
Per capita income	6,664	7,226	8,269	9,118	10,218
Rupee/Dollar (avg)	20.09	21.71	23.12	25.07	30.05

• The base year has been changed from 1980-81 to 1990-91.

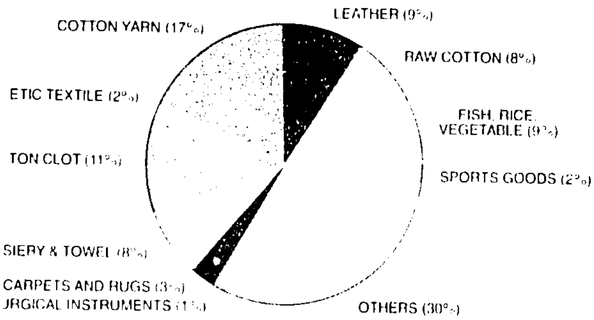
Sources. State Bank Annual Report (1991-92), Pakistan Statistical Yearbook (1990-91), Ministry of Industries

TRADE STATISTICS

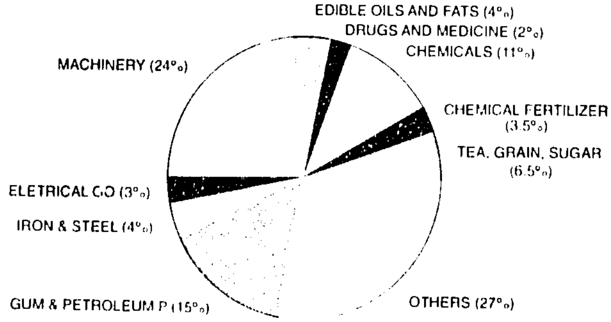
	87-88	88-89	89-90	90-91	991-92
(US $ billion)					
Imports	6.22	6.77	6.86	8.00	9.30
Exports	4.39	4.53	4.96	5.70	6.90
Trade Surplus/ Deficit	(1.84)	(2.23)	(1.90)	(2.30)	(2.40)
Exports					
(as perentage of total)					
European Community	31.3	26.9	30.7	30.9	27.5
Asia*	18.9	27.9	22.4	25.8	26.9
USA	11.0	11.5	13.2	10.8	12.8
Middle EAst	11.2	8.1	7.8	8.9	11.5
Japan	11.3	11.6	9.2	8.3	8.3
Others	16.3	14.0	16.7	15.3	13.0
Imports					
(as percentage of total)					
European Community	26.1	23.1	21.0	23.7	26.6
Middle East	16.7	14.4	18.1	14.0	13.6
Asia*	19.0	20.2	20.4	23.2	20.8
USA	11.1	15.7	13.8	11.8	10.5
Japan	15.0	13.8	12.6	12.9	14.3
Others	12.1	12.8	14.1	14.4	14.2

* Asia excludes the Middle East and Japan

Major Exports 1991-92



Major Imports 1991-92



Source : State Bank Annual Report (1991-92), Pakistan's Foreign Trade Key-Indicators 1992

AGRICULTURE

Agriculture is the largest single contributor to Pakistan's GDP (26%). Crops include cotton, wheat, rice, sugar cane, sorghum, millet, maize, barley, tobacco, lentils, pulses, mustard and rapeseed. Pakistan produces a wide range of fruits given its climatic diversity. In the south are large mango plantations, while in the mountains of the north apricots are grown in the valleys. Other fruits include oranges, dates, apples, grapes, bananas and various tropical fruits. A wide variety of vegetables are grown for local consumption and for export to the Middle East.

A substantial portion of Pakistan's exports are based on agriculture, in particular cotton, of which Pakistan is a major world producer and exporter. Agricultural production is steadily rising (up by 6.4% in 1989-90), and substantial further growth can be achieved through further mechanization, irrigation and employment of fertilizers.

MAJOR CROPS - PRODUCTION ('000 tons)

	87-88	88-89	89-90	90-91	91-92
Rice	3,241	3,200	3,220	3,285	3,243
Wheat	12,675	14,419	14,316	14,565	14,643
Sugarcane	33,029	36,979	35,494	35,989	35,656
Cotton ('000 bales)	8,633	8,385	8,560	9,628	12,867
Maize	1,127	1,204	1,179	1,185	1,203
Tobacco	70	74	68	75	75
Citrus Fruit	1,411	1,565	1,684	1,609	1,630
Mangoes	713	735	762	776	787
Apples	212	215	224	243	295
Dates	277	282	284	N.A.	N.A.
IRRIGATION					
Area under cultivation (Million Hectares)	19.52	21.82	21.89	21.89	21.89
Water availability (MAF)	112.22	114.66	117.14	119.62	122.12
AGRICULTURE					
Contributin to G.N.P. (US$ Billion)	8.64	9.16	9.03	9.31	10.08
(1980-81 = 100)					
Acreage index	103	111	112	113	N.A.
Quantum index	127	134	135	142	154
Value index	177	204	222	258	N.A.

Source: Pakistan Statistical Yearbook 1992-93, State Bank Annual Report (1991-92)

INDUSTRY

From an almost non existent industrial base at the time of independence in 1947, Pakistan has built a substantial capability to produce a variety of consumer and capital goods.

Because of the agricultural sector's dominance, early manufacturing was either agro-based (fertilizers, cotton textiles, sugar, farm machinery) or expanded production of traditional goods such as carpets, leather products, surgical instruments and sports goods.

Incentives and support to the private sector and direct investment by the public sector, together with a sizable unexploited market, encouraged both domestic and foreign investment. Significant export potential was also obvious.

Consequently, while investment in traditional sectors continued, the industrial base expanded to include production of plant and machinery, rolling stock, heavy and light vehicles, electrical goods, chemicals, steel, oil and gas. More recently entries have been made in aviation and shipping. Substantial upstream and downstream support industries have also developed.

A noteworthy feature of the economy is the existence of a prosperous informal sector, particularly in the furniture, carpets, textiles, sports goods and leather goods industries. This sector comprises small-scale businesses using little or no mechanization, employing traditional craftsmen, and generally located close to their raw material sources. The output of this sector is either the input to the organized sector (for example, grey cloth and leather) or is marketed locally and abroad (for example sports goods and carpets).

Given Pakistan's manufacturing base, there is potential to continue expanding and especially to integrate vertically, in order to manufacture machinery, equipment and intermediary products required by other sectors of the economy.

The Government is emphasizing the development of export-oriented and import-substitution industries, particularly in the priority areas of the agro-based, engineering, electronics, and hi-tech industries.

INFRASTRUCTURE

WATER & POWER

WAPDA distributes water through municipal corporations

total availability: 112.22 million acre feet
Power supplied throughout the country by WAPDA, Karachi supplied in addition by KESC

Total Generation: 6,409 MW
Hydel : 41.39%
Thermal: 58.69%

FUEL

Natural Gas (80% methane) is recovered and pumped in the south by SSGC. Gas from the Sui and other fields is distributed in the north by SNGPL

Recoverable Reserves : 25 trillion cuft

Pakistan's production of crude oil is 60,000 barrels per day, enough to meet 25% of domestic requirements.Recoverable reserves are estimated at 150million barrels.

The retail distributors are :
Pakistan State Oil
Shell Pakistan
Caltex

INTERNATIONAL AIRPORTS

Karachi Islamabad Lahore Peshawar-served by over 25 airlines

Domestic Routes

Frequent daily connections between the main centres, other centers connected regularly

Highways and railways connect all major centers

IRON & STEEL

Pakistan Steel Mills Corp - 1.1 million tons capacity (steel) with expansion provision to 3 million tons

Over 300 mills/foundries

CEMENT

Capacity 8 million metric tons from 24 plants throughout the country

INDUSTRIAL ESTATES

Total industrial estates	59
Near major cities	14
Sindh	22
Punjab	21
Baluchistan	5
NWFP	11

Export Processing Zone, Karachi
All rural areas enjoy major concessions

MAIN PORTS

Karachi Port Qasim

LABOUR RESOURCES

Total Labour force	33.8 million
Agricultural	51%
Manufacturing	13%
Commerce	2%
Construction	6%
Services	11%
Other	7%

TELECOMMUNICATIONS

Pak Telecom, two private cellular companies and a paging service

Source: Pakistan Statistical Year Book 1992-93, Ministry of Industries

ECONOMIC POLICIES

LIBERALIZATION AND DEREGULATION

Foreign Investment and Exchange Control

The Government of Pakistan has adopted highly constructive policies regarding foreign and domestic investment, foreign trade and foreign exchange resource mobilization. These reforms include:

1. All restrictions on possession, inflow, or outflow of foreign currency by foreigners and resident and non-resident Pakistanis have now been waived.
2. Resident Pakistanis, firms, and companies are now allowed, along with non-resident Pakistanis, to open foreign currency accounts in Pakistan.
3. Issue of shares in a new public offer or transfer of shares listed on the stock exchange to foreign citizens or foreign companies does not require consent from the exchange control authorities, if the issue price or purchase price is paid in foreign exchange and is not below par.
4. Local companies issuing shares to foreigners or non-resident Pakistanis are permitted to open foreign currency collection accounts with banks abroad for receiving the subscription in foreign currency.
5. Foreign banks can now underwrite the issue of shares to the extent of 30 per cent of the public offering or 30 per cent of the banks' own paid-up capital.
6. Foreigners and non-resident Pakistanis can now invest in all but a few specified industries. The exceptions being security printing, currency mint, ammunition, explosives, alcoholic beverages, and radio-active substances.
7. For majority owned foreign companies, there are no restrictions on foreign borrowing.

Borrowing by foreign controlled companies

- Borrowing up to 100% of equity may be raised locally without any approval; companies which export 50% or more of their production may borrow without limit.
- Borrowing for fixed investment from local financial institutions are unrestricted.
- Borrowing raised abroad, not involving a State Bank of Pakistan guarantee, require no approvals.

Incentives to Industry

Permission of the government is no longer required for setting up of new industries in the private sector.

The maximum permissible debt-equity ratio for new industrial ventures has been altered so as to enable entrepreneurs to enter the market with lower equity. The debt-equity can, in some cases, be as high as 80:20.

Existing companies have been permitted to raise their capital from Rs.50 million to Rs.100 million before public listing becomes essential.

Trade Reforms and Incentives

1. A number of export oriented industries have been exempted from duty on import of machinery and spares.
2. The level of credit under the Export Refinance Scheme was raised from Rs.15 billion to Rs.20 billion.
3. The maximum import duty was reduced so as to discourage smuggling and make local industry more competitive.
4. Public sector monopoly on rice and cotton exports has been abolished.
5. Foreign companies now have permission to export their products.
6. Task forces have been set up with the objective of boosting exports of nontraditional items so as to broaden the export base of the country.
7. Import procedures have been simplified.

Export Processing Zones

In order to encourage Export Processing Industries, Export Processing Zones have been established. These zones have all the requisite infrastructure (water, gas, telecommunications, etc.), and have additional incentives like exemptions from custom duty surcharge and reduced import license fee on machinery.

A company can be located in the Export Processing Zone if it is to export at least 60 per cent of its output and has at least 40 per cent foreign participation.

PRIVATIZATION

A Privatization Commission has been set up for the implementation of the privatization policy. It reports directly to the Cabinet Committee on Privatization chaired by the Finance Minister.

PRIVATIZATION PROGRESS

	Offered for sale	Sold	Management transferred	Under tramsfer	To be sold
Automobiles	10	8	5	3	2
Cement	15	11	8	3	4
Chemicals	11	6	5	1	5
Fertilizer`	7	2	1	1	5
Engineering	10	5	4	1	5
Edible Oils	25	15	11	4	10
Roti Plants	15	13	12	1	2
Rice Mills	8	7	5	2	1
MIscellaneous	7	2	-	2	5
	108	69	51	18	39

The government has made an effort to encourage the employees of the state owned enterprises proposed to be privatized to make bids. 10% shares of all enterprises are normally offered for sale to employees. In case of denationalization of taken over units, the previous owners are given the option to match the highest bid, provided the highest bid has not been made by the employees.

The Bidding Procedure

The valuation is done by the Privatization Commission through independent consultants. Three permanent members of the commission examine the valuation and put forward to the Cabinet Committee for approval a reserve or reference price which reflects:

- Current value of assets, less all liabilities at the book value
- Level and growth of earnings
- Future earning potential

Once this is done, bids are invited. The successful bidders are required to pay 25% of the bid value within 2 weeks of the acceptance of the bid, 14% at the time of execution of the agreement and the balance 60% in 3 equal annual installments or 6 equal half-yearly installments with interest.

TAX STRUCTURE

The tax system in Pakistan is administered by the Central Board of Revenue and it is updated in the budget in June of each year. It is necessary for each new company to register itself for tax purposes.

The corporate tax rate is set at 42%; however, the effective rate is likely to be different in view of allowances and exemptions related to industry, location, exports etc, and also the imposition of surcharges.

REDUCTION IN CORPORATE TAX RATE

The tax rates chargeable on corporate profits will be decreased each year, as can be seen from the table shown below :

Year	Public Co. other than Banking Company	Banking Company	Other Company
1993-94	42%	64%	52%
1994-95	39%	62%	49%
1995-96	36%	6-0%	46%
1996-97	33%	58%	43%
1997-98	30%	55%	40%
1998-99	30%	50%	35%

Dividend income is taxed at flat rates. The tax rate applicable to resident companies on dividend income is 5% and a surcharge of 10 per cent, if income exceeds Rs.100,000, while for non-resident companies it is 15% along with a surcharge of 10 per cent for dividend income of over Rs.100,000. The tax rates applicable to resident and non-resident individuals on dividend income is 10%.

Sales taxes are applicable at a rate of 15% but again certain exemptions exist.

There is a 10% withholding tax on all profit earned on deposits and 1% central excise duty payable on loans.

Capital gains tax on investments has been exempted for residents and non-residents till the assessment year 1995-96.

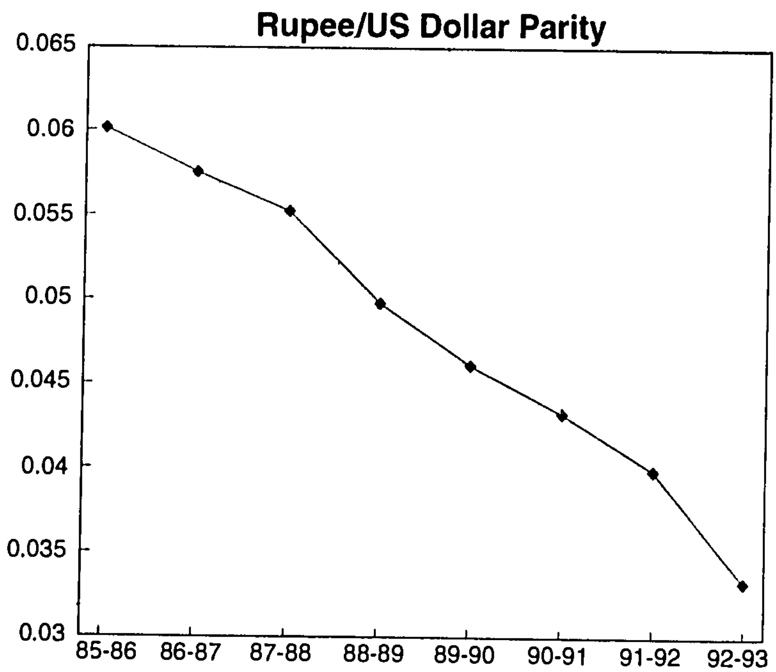
BILATERAL TAX AGREEMENTS

Austria, Belgium, Bangladesh, Canada, China, Denmark, France, Germany, Greece, India, Iran, Ireland, Italy, Japan, Lebanon, Libya, Malta, Malaysia, Netherlands, Norway, Philippines, Poland, Romania, Saudi Arabia, South Korea, Sri Lanka, Sweden, Switzerland, Thaniland, Turkey, United Kingdom, USA

DEVALUATION

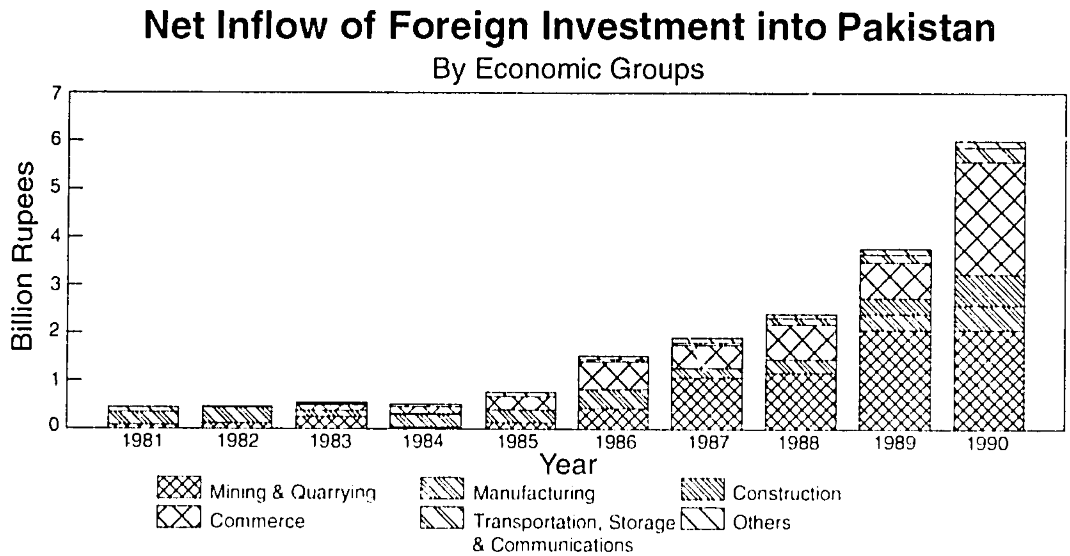
Pakistan has been pursuing a managed floating exchange rate policy since 1982. The rupee is pegged to a basket of currencies, with the US Dollar given the greatest weight. The main objectives of the flexible exchange rate policy are to maintain external competitiveness of non-traditional exports, improve the current account balance and raise foreign exchange reserves. The Government has permitted a steady rate of depreciation of the Rupee which has averaged approximately 10 per cent per annum since 1982.

However,in July 1993 the Rupee was devalued, by 9.5%. As a result the accumulated depreciation of the rupee against dollar for 12 months ending August 1993 is 18%. The devaluation was implemented in particular to boost the textile industry which was suffering due to the international recession and was losing market share to India and China who had devalued their currency significantly during 1992/3.



FOREIGN PARTICIPATION IN THE ECONOMY

Out of 30,000 companies incorporated in the country 533 have foreign capital. In addition, inflows occur in the form of debt financing and in equities via the stock market.



Multinational participation in Pakistan predates the country's inception. ICI established a soda ash works in 1942, and its business has since grown to include polyester fibre, paints, agro and general chemicals and pharmaceuticals. Several other multinationals such as Unilever, IBM, Shell, Mitsubishi and Philips, also saw an early opportunity and benefitted.

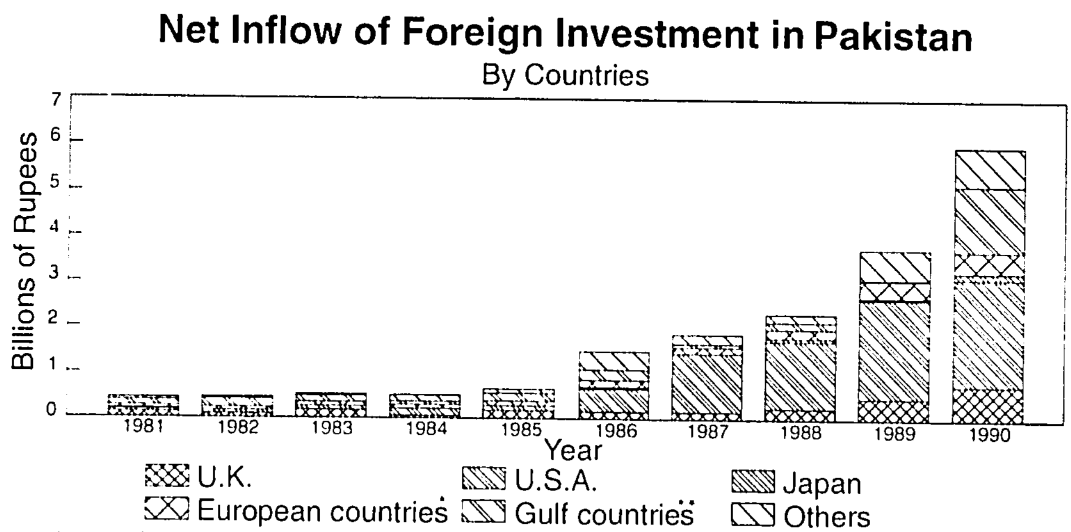
The flow of foreign equity into Pakistan increased as markets developed and opportunities arose. Foreign pharmaceutical companies were among the first multinationals to set up operations in Pakistan. They are responsible for the development of the pharmaceutical industry and represent the greatest number of multinationals in Pakistan.

Pakistan's predominantly agro-based economy has given rise to the development of ancillary industries, serving the agricultural sector. Exxon was the first private company to set up a urea fertilizer plant in the 1960s; Hercules followed in joint venture with the Dawood Group. The farm equipment industry started flourishing as mechanization of agriculture took place. Massey Ferguson, Fiat and Belarus capitalized on the opportunity through joint ventures with local concerns.

Multinationals have also contributed to the country's infrastructure development (dams, power generation, telecommunications, hospitals, airports, highways).

In the consumer goods sector, the local subsidiary of Unilever is the second largest listed company in terms of market capitalization; it is also the largest consumer products company in Pakistan, with sales of Rs.6.5 billion.

In addition to subsidiaries and joint ventures, there are many licensing and technical support arrangements with local entrepreneurs, some of which result from earlier involvement in opening an industry through direct investment (e.g., Exxon in the fertilizer industry, Exide in the battery market). In recent years the number of entrants was limited by regulatory constraints; today, however deregulation is a priority to allow foreign investors full participation in the economy.



* – Includes Germany, France, Netherlands, Denmark and Switzerland
** – Includes Saudi Arabia, Kuwait, U.A.E. and Bahrain

Examples of
FOREIGN PARTICIPATION IN INDUSTRY

AUTOMOBILE & ENGINEERING

AEG, C Itoh, Exide,Fiat, General Tyre, Hino, Honda, Lucas, Nissan, Mitsui, Singer, Suzuki, Toyota, Yamaha

CHEMICALS & PHARMACEUTICALS

BASH, Bayer, Beecham, Berger, Boots, British Oxygen, Ciba Geigy, Cynamid, Dow Chemical Pacific, Dupont Far East, Engro, Glaxo, Hercules, Hoechst, ICI, Johnson & Johnson, Johnson & Nicholson, Merck & Co., N.V. Upjohn, Parke Davis, Pfizer, Reckitt & Coleman, Roche, Rhone Poulenc, Samyang, Sandoz, Smith Kline & Beecham, Squibb/Searle, Sterling Products, Warnter Lambert, Wellcome, Wyeth

ELECTRONICS & ELECTRICAL

GEC, Gestetner, IBM, Johnsosn & Philips, Mitsubishi, NCR, Philips, Siemens

TRANSPORT & COMMUNICATION

Alcatel, Cable & Wireless, DHL, Ericsson

OIL & GAS

Caltex, Castrol, Gulf, Lasmo, Shell, Union Texas

FOOD, CONSUMER PRODUCTS & PACKAGING

Associated Biscuits, BAT, Brooke Bond, Cargill, Coca Cola, Colgate, Eastman Kodak, Gillette, Knorr A.G., Nestle, Pepsico, Philips Morris, Proctor & Gamble, Tetra Pak, Unilever

HOTELS

Holiday Inn, Marriott, Ramada, Sheraton

VISA POLICY

To encourage investment and promote trade in the country, the Government of Pakistan has decided to liberalize Pakistan's visa policy. The salient features of the policy are as follows :

- Businessmen from the 43 countries, which are listed below, with substantial investment in Pakistan would be granted 3 years multiple entry visa.

- Businessmen from the listed countries who want to establish business offices in Pakistan would be issued multiple visa for a period of one year on the basis of recommendations of their Embassies/Missions in Pakistan.

- Businessmen from the listed countries where there is no Pakistani Embassy will also be allowed 30 days landing permit on arrival at Pakistani airports.

- Multiple entry resident visa for a period of three years will be issued to the nationals of all countries (excepting those countries that are not recognized by Pakistan) who bring in an amount of US$ 200,000.

- Pakistani businessmen interested in inviting foreign entrepreneurs from countries other than listed, for the promotion of trade and industrial co-operation would be allowed to issue sponsor visa facility through the Chambers of Commerce and Industry at Islamabad, Karachi, Lahore, Peshawar and Quetta and the Federation of Pakistan Chambers of Commerce and Industry for which they will inform the Ministry of Interior and the visa would be granted to the foreign investors on their guarantee for a period of one month.

The investors from the following countries will enjoy the above concessions:

Australia, Austria, Bahrain, Belgium, Brunei, Canada, China, Czech & Slovak Reps., Denmark, Finland, France, Germany, Greece, Hong Kong, Hungary, Iceland, Indonesia, Iran, Ireland, Italy, Japan, Kenya, Kuwait, Luxembourg, Malaysia, Netherlands, New Zealand, Norway, Oman, Poland, Portugal, Qatar, Saudi Arabia, Singapore, South Korea, Spain, Sweden, Switzerland, Thailand, Turkey, U.A.E., U.K., U.S.A.

THE FINANCIAL SYSTEM

THE BANKS

The State Bank of Pakistan (SBP) supervises the banking system. Currently 40 commercial banks (foreign and local) are operating in Pakistan. These banks include 3 state-owned banks, 2 state-owned regional banks and 22 foreign banks. The granting of licenses for the establishment of 10 new commercial banks reflects the Government's commitment to privatize the financial sector, and it adds depth to the financial markets.

The commercial banks offer a full range of services, covering foreign trade requirements, working capital arrangements, term finance facilities and retail banking. For example letters of credit can be routed through the local banks, which have overseas network, or through the branches of foreign banks, which also play a significant role in Pakistan's foreign trade. Foreign exchange transactions are usually conducted by the bank handling the associated letters or credit and financing. Credit is controlled by SBP through a system of credit ceilings, as a result of which it is often necessary to work with several banks in order to satisfy borrowing requirements. All borrowing from the commercial banks are on a secured basis, an unsecured lending is not permitted.

THE INVESTMENT BANKS

During the last 4 years 11 new investment banks were floated on the stock markets (and one other established). They have filled a major gap in the financial service sector through the provision of a wide range of investment banking services. Through affiliation with major international financial institutions they have been able to transfer financial "know-how and technology" to the local markets.

MODARABAS

A modaraba is similar to a closed-end mutual fund with certificates listed on the stock market. It is managed by a modaraba management company which must subscribe to and maintain at least 10% of the modaraba. The concept is that the manager and the subscriber to the modaraba's certificates pool their respective resources of skill and capital in a profitable partnership. The manager receives a fee amounting to 10% of net profits of the modaraba together with reimbursement of costs. The remaining profit is allocated pro-rata to all certificate holders including the manager in his capacity as a subscriber. Modarabas benefit from a tax relief if 90% of profits are distributed to certificate holders, in addition to full tax exemption during the first three years of operation.

Modarabas may be general purpose which will allow inter alia, provision of various forms of finance. Of the 44 modarabas floated to date, several are engaged in leasing. A modaraba may also have a specific purpose and, for example, be floated as a source of finance for a specific type of activity or project.

SPECIALIZED FINANCIAL INSTITUTIONS

A number of specialized credit institutions known as DFIs (Development Finance Institutions) offer term and project finance facilities. Additionally, they assist in floatation of new companies on the stock markets and may take up an equity participation.

Specialized banks such as Saudi Pak Investment Company (SAPICO), Pak Kuwait Investment Company and Pak Liby ı Holding Company are joint ventures, which provide term finance and equity support.

The National Investment Trust, an open ended mutual fund, and the Investment Corporation of Pakistan, which has established 20 closed end mutual funds, are both major investors in the stock markets. They are also involved in provision of finance for major projects.

Selected Local Banks

1992 Data

	Rs. Billion Total Assets	Local Branches	Foreign Branches
National Bank of Pakistan	163.3	1400	21
Habib Bank Limited	254.9	1857	57
United Bank Limited	134.2	1659	28
Muslim Commercial Bank	77.5	1287	1
Allied Bank Limited	54.3	750	3
Bank of Punjab	8.6	155	0
Union Bank Limited	8.8	7	0
Indus Bank Limited	1.4	5	0
Soneri Bank Limited	3.5	5	0
The First Women Bank	1.3	22	0
	707.8	7147	110

Function of Specialized Banks, Non-Bank Financial Institutions and Investment Institutions

Specialized Banks

Agricultural Development Bank of Pakistan (ADBP), provides credit facilities to the rural sector cottage industries, and agricultural undertakings.

Federal Bank for Co-operatives, meets the credit needs of provincial co-operative banks.

Industrial Development Bank of Pakistan (IDBP), extends financial assistance for the establishment of new units as well as for balancing, modernization and expansion existing units in the private sector.

Non-Bank Financial Institutions

Bankers Equity Limited (BEL), provides project assistance to private sector firms for the establishment of medium and large sized new projects as well as the expansion and modernization of on going projects.

Equity Participation Fund, provides equity support to small and medium sized companies in the private sector in less developed areas.

House Building Finance Corporation, provides loans for the construction and purchase of houses and land.

National Development Finance Corporation (NDFC), provides financial and technical assistance for the establishment of new enterprises as well as for the balancing, modernization and expansion of existing projects.

Investment Institutions

National Investment Trust (NIT), manages an open ended mutual fund and serves as an instrument for the promotion of savings and investment in shares, Modaraba Certificates and Participation Terms Certificates (PTCs) of public limited companies.

Investment Corporation of Pakistan (ICP), underwrites public issues of shares, provides facility of investment in shares to private individuals and floats closed end mutual funds.

COMMON MODES OF FINANCING

Pakistan instituted in the 1980's a policy of conforming its financial system to Islamic modes of finance. All finance is on a secured basis in accordance with regulatory requirements.

WORKING CAPITAL FINANCE

The banks provide working capital facilities which may be drawn (by cheque) and credited on a daily basis with the ease of operation of an overdraft account.

The pricing of debit balances is calculated on a daily basis at a rate agreed between the borrower and the bank. The rate is determined according to financial market conditions. The manner in which the rate differs from an overdraft interest rate is that it takes cognizance of an underlying physical transaction. In respect of the assets which form the bank's security, the bank and borrower effect a sale and repurchase. The difference between the purchase and sale price is the mark-up, being the basis of the rate. This form of financing is termed morabaha.

Working capital finance is also provided by way of discount of bills of exchange.

Another form of working capital finance is by way of musharika, a form of partnership between borrower and lender, based on a profit and loss sharing agreement.

TERM FINANCING

Term financing is available through a mechanism of Term Finance Certificate (TFCs). TFCs are typically used to meet the medium and long term financing requirements of new projects. Each certificate represents a definite sum of money and is transferable in the same way as a bond; however, to date secondary markets are undeveloped.

Under documentation the borrower actually sells his project assets to the financing institution which sells them back. The borrower's purchase consideration is a fixed stream of payments over the financing period represented by TFCs. The rate of return to the financial institution is derived from the marked up amount of the resale price to the borrower.

The mark-up rate is determined in accordance with financial market conditions and is agreed between the bank and the borrower, when the facility is negotiated.

LEASING/HIRE PURCHASE

Leasing and hire purchase are generally available and do not differ from customary international practices.

CONCESSIONARY FINANCE

The SBP provide concessionary financing through the commercial banks at 9% p.a. for the purchase of locally manufactured machinery and for the establishment of industries in favored areas such as Gadoon Amazai and Hattar industrial estates in NWFP.

FOREIGN EXCHANGE COVER

The SBP provides a comprehensive coverage scheme for local projects, to protect borrowers of foreign exchange against adverse exchange rate movements.

THE STOCK MARKET

There are three stock exchanges operating in Pakistan, one each in Karachi, Lahore and Islamabad. The Karachi Stock Exchange (KSE) is the largest with a listing of over 640 companies (of which 150-200 companies are actively traded), with an average daily turnover of 4 million shares. The other two exchanges are much smaller both in terms of business transacted as well as number of listed companies.

Total market capitalization of KSE as of 31 October 1993 was Rs. 262 billion (US$ 8.73 billion). The market capitalization has quadrupled in just two and half years, with the opening up of the market to the foreign investors. The total number of companies listed were 647 with paid-up capital of Rs. 65 billion.

Since 1991, 177 new companies have been listed on the stock exchanges offering Rs. 23 billion capital to the general public. In addition to this Rs. 9.5 billion have been raised through rights issue, during the same period. The bulk of new issues were offered during 1991 and 1992 when 146 companies were listed.

KSE – Base Statistics

	1989	1990	1991	1992
No. of Listed Co's	438	487	542	640
New Listings	38	49	61	86
KSE Index		1,572	1,673	1,244
Listed Capital (Rs.M)	22,522	28,056	37,024	57,690
Market Cap. (Rs.M)	52,786	61,750	189,518	206,136
Annual Turnover ('000)	214,572	255,597	616,914	618,979
Capital Mobilized				
New Listings (Rs.M)	2,205	4,048	5,297	15,250
Rights Issue (Rs.M)	558	794	1,100	4,430
Capital Offered to				
General Public (Rs.M)	854	1,507	1,936	7,490
NIT (Rs.M)	197	370	467	986
Subscription Received				
General Public (Rs.M)	13,460	13,379	14,891	41,130
* NIT (Rs. M)	180	346	315	781

* National Investment Trust

In the first ten months of 1993, 32 new companies were listed, who raised Rs.2.3 billion capital. The number of listed companies has gone up to 647 as 13 companies have been delisted.

PERFORMANCE OF KARACHI STOCK EXCHANGE

There are two main stock market indices, the KSE 100 (100 companies) and the State Bank of Pakistan (SBP) General Share Index (all listed companies). The KSE index is calculated on an on going basis during trading, while the SBP General Price Index is calculated on a weekly basis.

The KSE 100's base point was 1,000 as of 1 November 1991, prior to which the index was calculated on 50 stocks. The KSE's index reached a peak of 1,705 in mid-January 1992, while it was lowest, 1070 points, on 19 April 1993 after the dismissal of Nawaz Sharif's government. The KSE index as of 1 November 1993 was 1540 points and has risen by 14% since general elections in October 1993 and a peaceful transition of government.

Emerging Markets

Country	P/E (x)	Dividend Yield (%)	EPS Growth (%)
Indonesia	16.4	2.4	20.8
Malaysia	18.8	..6	18.1
Taiwan	18.0	5.4	8.7
Thailand	13.3	3.1	12.1
Philippines	15.0	0.7	18.0
Singapore	16.3	2.1	15.6
Pakistan	**11.1**	**3.5**	**20.0**

Source : Credit Lyonnais Securities-Asia Equity Strategy Oct'93

HOW TO TRANSACT

There are 200 members of KSE of which 130-140 are active. Five brokerage houses have been incorporated, of these two are listed. They are, Khadim Ali Shah Bukhari (KASB) and Bear Stearns Jahangir Siddiqui (BSJS). Foreign investors usually go through the incorporated brokers or foreign brokers who are operating through Hong Kong, Singapore and UK.

A foreign investor is recommended to open a Convertible Rupee Account (CRA) for clearing and settlement purposes. A CRA requires remittances of foreign funds into the account, which subsequently allows remittance of funds from shares purchased with these funds and free convertability at any time, of fund balance into foreign currency.

Custodial services are presently offered by Citibank, Standard Chartered Bank and Deutsche Bank. As there is no central depository of shares at present and settlement is done through delivery of physical scrips, a custodial arrangement is recommended.

Ownership pattern of new offerings

The normal pattern of share holding in a new offering is as follows :

Sponsors	40%-50%
Institutions (including foreigners)	15%-20%
National Investment Trust (NIT)	7.5%
General Public	50% max.

The sponsors and their associates generally take up 50% of the paid-up capital and the rest is offered to the general public including employees of the company (usually 5%).

THE MONEY MARKET

THE MARKET STRUCTURE

The money market in Pakistan has started moving towards increased sophistication and specialization. However, the depth of the market is restricted by the number of instruments. Nevertheless, the market performs the required functions of a developed money market, that is,

- There is a large number of market participants
- Large amounts of funds are traded in the market
- The market enables financial institutions to manage their liquidity requirements
- The State Bank of Pakistan implements its monetary policy through this market
- The market is an attractive conduit for channeling surplus funds of institutions.

MONEY MARKET INSTRUMENTS

1. *Call Market Loans or Interbank Offerings*

The use of this instrument is restricted to the scheduled banks. Interbank Offerings (IBO) are unsecured short term loans, usually of an overnight, one week, or month-long duration.

Banks with surplus funds lend in the IBO market to banks with deficits do as to enable the latter to meet their reserve requirements or to meet immediate cash requirements.

The interest rate on these loans is determined by the market, i.e., the demand for and supply of funds.

2. *Ceiling Trading*

At present, following State Bank of Pakistan's regulations, commercial banks can lend only up to 65% of their total deposits. Banks that exceed the 65% ceiling are subject to very strict penalty by the State Bank. To avoid this penalty banks with under-utilized ceilings trade them with other banks that have exceeded their ceiling.

3. *Six Month Treasury Bills (T-Bills)*

T-Bills are issued by the Government of Pakistan and are short term highly liquid instruments. T-Bills are issued at a discount to their face value.

In 1991, the State Bank of Pakistan discontinued issuance of 90 day T-Bills on tap. They are now auctioned with a term to maturity of 6 months.

T-Bills can be purchased by individuals, institutions, and corporate bodies including banks and DFI's. These are transferable through endorsement and delivery. The bills are eligible for counting towards liquid asset requirement of Banking Companies.

4. *Federal Investment Bonds (FIB's)*

FIB's constitute the long term debt of the Government of Pakistan. FIB's have a term to maturity of 3, 5, and 10 years with coupon rates of 13, 14 and 15 per cent per annum respectively. Coupon is paid semi annually from the date of issue of the bond. The bonds are listed on the Stock Exchange, and can be purchased by individuals, institutions, and corporate bodies. The bonds have an active secondary market and are counted towards the liquid asset requirements of banks. The interest on the bonds is liable to withholding tax except if the investor is a charitable concern.

5. *The Repurchase (Repo) Market*

The Repurchase market is actually a trading activity of T-Bills and FIB's whereby the holders of the securities can acquire funds from the market against the security of the T-Bills or Bonds (without liquidating the security). The interest rates on repurchase transactions is determined by the supply of and demand for funds.

The Repo market in Pakistan is extremely active, with the market being dominated by the financial institutions.

Stamp Duty

The provincial government levies a 3.5% stamp duty on the issue of corporate bonds. This levy is avoidable if a financial institution is one of the parties to a transaction. However, high operational costs, liquidity constraints and risk aversion, discourage these institutions to participate. This hinders the development of an active secondary market. In the Federal Territory of Islamabad, the stamp duty has recently been reduced to 0.15% on issuance and 0.1% on subsequent transactions. This may help create a secondary market for corporate bonds.

PRIVATE POWER GENERATION

The power generation industry in Pakistan has undergone a rapid transformation. From being a public sector, government controlled industry, it is emerging as a profitable avenue for investment by the private sector. The field is open to new entrants in a market which will not be satisfied even in the near future.

Generation and distribution of electric power in Pakistan is carried out by two major public sector organizations, viz. Water and Power Development Authority (WAPDA) and Karachi Electric Supply Corporation (KESC). In addition, Karachi Nuclear Power Plant (KANUPP) also generates some electricity for sale to KESC.

Existing Power Generation Facilities
(in MW)

Agency	**Hydel**	**Thermal**	**Total**
WAPDA	4,627	4,096	8,723
KESC	-	1,738	1,738
KANUPP	-	137	137
Total	4,627	5,971	10,598

During the ten-year period to 1992, the demand for electric power has grown at the rate of 10 per cent per annum while installed capacity has grown at 8 per cent per annum. The present shortfall between demand and supply is estimated to be about 1,500 MW, resulting in frequent power cuts.

Pakistan needs to increase its electric power supply by more than 10 per cent per annum in order to sustain the growth rate of 6.5 per ent in GDP. Annual investment of the order of US $ 1.5 billion will be required in the power sector over the next fixe years to meet the growing for electricity.

The Government invited the private sector to participate in power generation as far back as 1985. About a dozen private parties have come forward with serious proposals for new power projects, which are expected to add 3,800 MW to the national grid with an investment of over US $ 4.0 billion. One of these projects with a capacity of 1,292 MW requiring investment of US $ 1.8 billion is already under implementation.

INVESTMENT IN PRIVATE SECTOR POWER PROJECTS

Salient Features

- The private sector, through special project companies incorporated in Pakistan, can finance and build power plants on the basis of "build-own-operate" (BOO) or "build-own-operate-transfer" (BOOT) for concession period of up to 30 years. Extension of the concession period may be negotiated.
- Output of the power plant will be sold in bulk to WAPDA or other authorized power purchaser under a long-term agreement covering the concession period.
- At least 20 per cent of the project cost is expected to be in the form of equity.
- There is no restriction on participation by foreigners or foreign companies, who will be allowed repatriation of dividend and capital.
- Private Sector Energy Development Fund (PSEDF) has been established with the assistance of international agencies to provide long-term loans up to 40 per cent of the total project cost or 50 per cent of the foreign exchange cost, whichever is less.
- An organizational framework has been established to facilitate the development and processing of private power proposals. A Private Power Cell (PPC) has been established in the Ministry of Water and Power; WAPDA has established a Private Power Organization (WPPO); and a Private Energy Division (PED) has been established in the National Development Finance Corporation (NDFC) to administer the PSEDF.

Incentives

- Assurance that rates of return will be competitive with the returns from similar activities internationally.
- Indexation of the price of power to protect from inflation in specific cost items and changes in the exchange rate.
- Exemption from corporate tax
- Exemption from customs duty, sales tax, and import surcharge. Import license fee reduced to 2 per cent.
- Assurance regarding convertibility of rupees and remittability of foreign exchange to cover necessary imports, debt service, dividends, and ultimately capital repatriation. State Bank of Pakistan to provide exchange risk cover to allow the project company to determine in advance the rupee cost of foreign debt service commitments.
- Government's guarantee for performance of WAPDA or other authorized power purchaser under its power purchase agreement with the project company.
- Government's guarantee for performance of the public sector fuel supplier under its fuel supply agreement with the project company.
- Commercial loans and export credit may be allowed priority over loans from the PSEDF.

Recently, a number of industrial users have decided to install captive power plants of up to 25 MW. Captive power plants that are incorporated as separate companies are exempt from corporate tax. Two such companies, Nishat Tek Limited (23 MW) and Kohinoor Power Company Limited (15 MW), have shown good operating results and the third, Ibrahim Energy Limited (21 MW), will be operational shortly. Captive power plants may also sell excess power, if any, to the national grid at a remunerative price. A number of small private power projects, with a combined capacity of over 300 MW, are already under active consideration.

OIL AND GAS

Pakistan's first oil well was drilled in 1866 and the first commercial discovery was made almost 80 years ago at Khaur near Rawalpindi. At present, there are 37 oil fields in various regions of the country, with combined production of about 60,000 barrels per day. Growth of local crude production in the last ten years has averaged 19 per cent per annum. In spite of this, only about one-fourth of oil consumption in the country is met through domestic production. Annual import bill for oil is US $ 1.5 billion.

The country's first gas field was discovered in Sui in 1952. At present there are 25 gas fields, with combined production of about 1.5 billion cubic feet per day. Production of gas in the last 10 years has grown at an average of 6 per cent per annum, keeping pace with the growth in consumption.

Characteristics of reserves already discovered indicate a vast potential of oil and gas in Pakistan. The drilling density has been very low by world standards, but the success rate has been quite high. Oil and Gas Development Corporation (OGDC) and some 20 foreign companies are engaged in exploration and development of oil and gas in Pakistan. At present, Pakistan's recoverable oil reserves are estimated at 150 million barrels and recoverable gas reserves at 25 trillion cubic feet.

Presently, there are three refineries in Pakistan: Pakistan Refinery Limited (PRL) and National Refinery Limited (NRL) at Karachi and Attock Refinery Limited (ARL) near Rawalpindi. Combined capacity of these refineries is about 140,000 barrels per day, which is enough to meet only 50 per cent of the country's demand for petroleum products. After incorporating the planned expansions in the three existing refineries, their total capacity will increase to over 170,000 barrels per day.

Three new refineries are expected to be set up in the coming years. These include the proposed refinery of Pak-Arab Refinery Limited (PARCO) near Multan and the Pak-Iran and Schon refineries at Port Bin Qasim. Combined capacity of the proposed refineries will be about 240,000 barrels per day.

Three companies carry out marketing and distribution of petroleum products in the country: Pakistan State Oil (PSO), Shell Pakistan Limited (Shell), and Caltex Oil (Pakistan) Limited (Caltex). PSO is the market leader with 73 per cent of the market, followed by Shell with 19 per cent and Caltex with about 4 per cent. The marketing companies purchase products from refineries and sell to consumers through dealer-operated or company-operated retail outlets spread across the country.

At present, there is only one pipeline system for transportation of petroleum over large distances on a commercial basis. This system, owned and operated by PARCO, consists of an 865 KM pipeline from Karachi to Mahmood Kot, near Gujrat.

Distribution of gas in the country is handled by two companies: Sui Northern Gas Pipelines Limited (SNGPL) and Sui Southern Gas Company Limited (SSGC). SNGPL has access to over 70 per cent of the country's population, including the northern areas. The remaining areas are supplied by SSGC, concentrating on the Sindh and Baluchistan provinces. The government has decided to substantially reduce its shareholding in SNGPL and SSGC. More than 30 per cent of SNGPL shares have already been disinvested.

Until recently, the oil and gas sector has been subject to government policies which did not provide adequate incentives or infrastructure for sustained development. The petroleum policies announced by the government in November 1991 and September 1993 provide substantial incentives and a liberal and conducive environment to attract local and foreign investors to the oil and gas sector. The main purpose of the new policies is to liberalize the industry, eliminate discretion, improve the economic package and the regulatory environment, and mobilize domestic and external resources, especially from the private sector, for petroleum exploration, refining, storage, and distribution.

SALIENT FEATURES OF NEW PETROLEUM POLICIES: 1991-1993

Exploration and Development

- All applications for exploration licenses will be decided within 60 days and in exceptional cases, within 90 days.
- The government will participate in all concessions to the extent of 5 per cent at the exploration stage, to be reimbursed through production in installments over a five-year period. The post-discovery share of the government will be 20 per cent in off-shore and 35 per cent in on-share areas.
- For off-shore areas, no customs duty will be payable for import of equipment and material for exploration , development, production, and enhanced oil recovery.
- For on-shore areas, no customs duty will be payable on imports at the exploration stage. However, concessionary duty of 5.25 per cent will apply on all imports for a commercial discovery, enhanced oil recovery, and gas compression projects.
- For non-associated gas from off-shore areas, the price will be 125 per cent of high sulphur fuel oil (HSFO) market price, with a base price of US$ 80 per metric ton. For on-shore areas, the price will be 100 per cent of HSFO price with a base price of US$ 80 per metric ton. In case of an increase in price beyond US$ 80 per metric ton, only 50 per cent of the increase will be paid to the producer.

- For associated gas, the price allowed will be the same as for non-associated gas, for acceptable gas specifications.
- LPG producers will be allowed a higher price (FOB) for production over currently committed levels. For new projects, C&F price will be allowed.
- Existing linkage of oil price to internationally quoted price of comparable Middle East crude will continue, but there will be no discount up to a price of US$ 16 per barrel. A discount of 5 per cent will apply to prices between US$ 16 to US$ 25 per barrel. If the price exceeds US$ 25 per barrel, only 50 per cent of the increase will be allowed.
- The government will decide within 6 months of commercial discovery declaration to allocate gas to specified buyers. If no allocation is made by the government, the producres will be free to dispose of the gas.

Oil Refining

- No permission will be required for setting up new refineries or expanding existing ones.
- Debt-equity ratio for refineries would be 80:20 instead of 70:30.
- Concessionary import tariff will be prescribed for refining equipment not manufactured locally.
- Pricing formula for refineries will be based on import parity prices
- Existing refineries will be allowed up to 5 years to increase capacity and modernize processes to switch over to international prices
- Refineries may import crude, after lifting the local crude allocated, from sources of their choice at prices not higher than those negotiated in government-to-government deals. Foreign exchange for the import of crude will be provided by the government.
- Refineries will be free to sell their products to any marketing company.
- New marketing companies linked with investment in production and refining will be allowed, subject to a firm irrevocable commitment to develop infrastructure (pipelines, storage, distribution) particularly in remote areas.

TEXTILE SECTOR

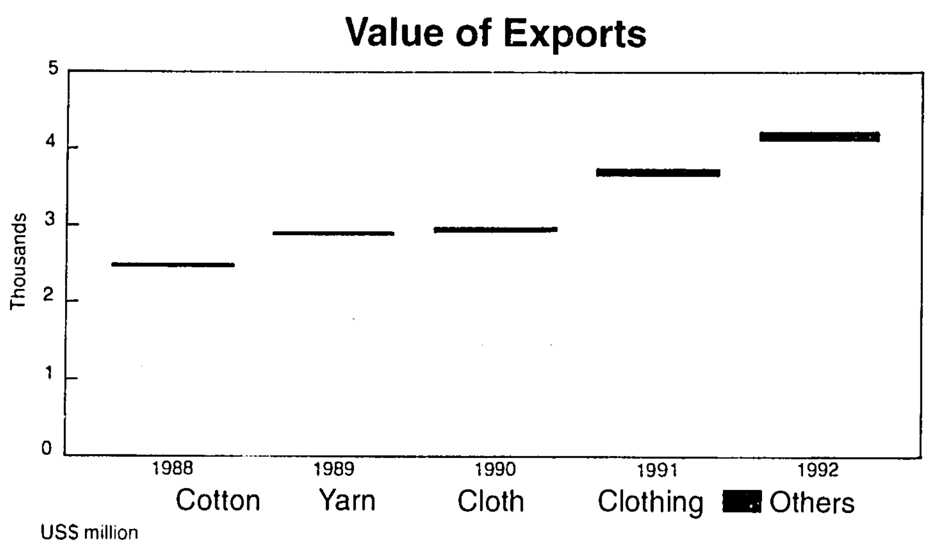
The textile industry is the largest industry in Pakistan accounting for 66% of all large scale manufacturing. It contributes 17% of the total value added production and employs 40% of the net production force. The textile sector also forms the largest sector of the country's GDP and has a capitalization on the stock market representing 23% of the total. At present there are 310 textile units in the country.

Installed Capacity in the Textile Sector

(in '000 units)

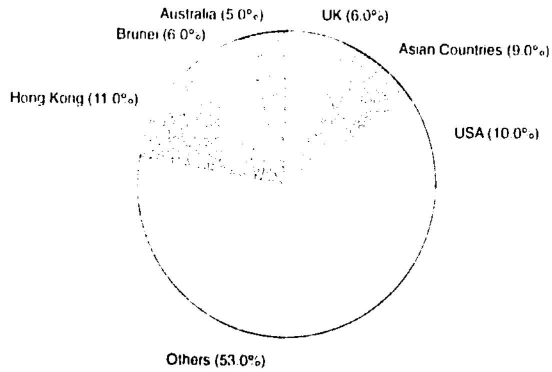
	1991-92	1992-93
Spindles	6,077	6,490
Rotors	79	86
Looms	15	15

Pakistan is the world's largest yarn exporter, ranking third as a cotton producer while being the second largest exporter. Approximately 60% of the total export earnings come from this sector. There is also great scope in the domestic market since the local per capita textile demand is only 17 sq.m. per annum as compared to a world average of 48 sq.m.



The textile industry has been in recession since 1991, due to recession in the international markets. In spite of the recession 19 new textile units were added during 1992. The 1993 cotton crop is expected to be 11 million bales as opposed to 12.87 million bales in 1992. In spite of the decline in production, the cotton stocks are sufficient to support the textile industry for the present. Curl leaf virus is cited as the reason for decline in production. Quick steps have been taken by APTMA and the growers to prevent the further spread of the white fly which is the carrier for the virus, and it is expected that the situation will be under control before the next crop comes in.

Cloth Exports by Market



Spinning Sector

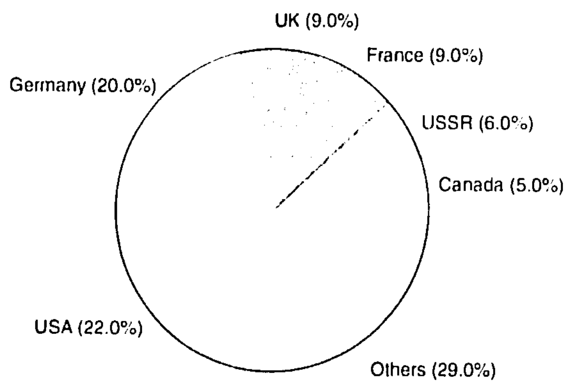
There are three crops each year in September, October and November of which the October harvest is of the best quality. Pakistan's climate is ideal for the best medium staple cotton fibre.

Relatively small scale and unorganized enterprises called ginners, use centrifugal drums, to separate the dust from the cotton. It is then available to the spinners during the period October to March.

Polyester Stable Fibre (PSF) is used for blending. Due to the abundant supply of cotton a blending ratio of 50/50 cotton/PSF is used instead of the 35/65 ratio used by the rest of the world. The major producers of PSF are ICI Pakistan, Rupali Polyester, Pakistan Synthetic Fibers and Dewan Salman.

Yarn is spun on spindles or rotors, by carding. Counts range from 20 to 120. The value of cotton yarn exported in the year 1991-92 was Rs. 31,933.1 million.

Clothing Exports by Market



Weaving Sector

Pakistani weavers comprise of the decentralized power loom sector which produces relatively poor quality cloth and the organized mill sector (having automatic and shuttleless looms) which produces better quality cloth of variable width. The variable width allows the cloth to be used for linen as well as garments. Cloth exports amount to a total of Rs.26,603.6 million for the year 1991-92.

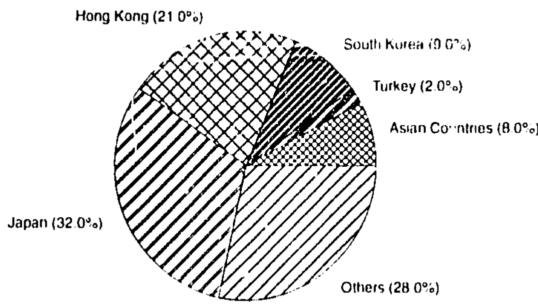
Finishing and Made-ups

Finishing, which involves bleaching, dying and printing, accounts for a very small portion of total cotton textile sector. There is plenty of room for expansion in both local and export markets, the sector has exhibited a 26% rate of growth in the past.

A large decentralized cottage industry which produces low quality goods for the domestic market and cheap T-shirts for the international market, dominates the garment sector in Pakistan. The largest potential for the organized sector lies in the production of commodities such as bed-linen, curtains and towels. So far, Nishat Mills is the leader in this area. The total exports of clothing for the year 1991-92 were Rs. 26,135.9 million.

The government sets up a bench mark price at the start of the season to protect the interest of the cotton growers. This price is below the international price so that, if cotton is exported the difference is paid to the government. During 1992 the local cotton price fell by 9% whereas international prices fell by 15%. Yarn prices are not fixed by the government and so reflect international prices.

Yarn Exports by Market



It is expected that the Global Agreement on Tariffs and Trade (GATT) will replace the Multi Fibre Agreement (MFA). In spite of a present deadlock it is believed that in the end the change will take place. This would be of a great benefit to Pakistan as it will open up markets in the US and EC to Pakistan's price competitive products.

Pakistan receives quotas for yarn, fabrics and garments which are then distributed to the textile producers on the basis of a 50/50 ratio of quantity/quality. It is expected that allocation on the basis of quality is likely to increase. Pakistan has also diversified exports to the non-quota markets.

Special Incentives

The textile industry is at the forefront of the government economic reforms which shift the focus of capacity expansion from spinning to the finishing and garment sector. To bring about increased exports the following incentives are available:

- Export Finance Scheme
- Rebate of customs and excise duties and refund of sales tax
- Income tax concessions on export earnings
- Special licensing facilities for export earnings
- Import facilities for balancing and modernization of units

In as far as Pakistan remains a major producer of yarn and grey cloth rather than finished products, the textile industry is underdeveloped. Although there are notable successes in downstreaming the process to weaving, dyeing, finishing and garment manufacture, the potential is only partially tapped. Stuffed toy manufacture is an area receiving increased attention. Many joint ventures with foreign partners have already been formed in this area. Additionally, there is scope for production of artificial fibres, which are to a large extent imported for blending with the indigenous cotton.

AUTOMOBILE AND ALLIED INDUSTRIES

Four Wheelers

Pakistan's automobile industry took root in early 1960's through assembly of commercial and passenger vehicles. The main development in the 1970's was in the area of commercial vehicles and the first passenger car assembly plant started operations in early 1980's. The Pakistan Automobile Corporation (PACO) holds and administers the public sector equity in the various automobile ventures. PACO is under the process of privatization, and it is expected that within the next few years all the units under it will be transferred to the private sector. There are presently five companies assembling commercial vehicles and two companies assembling passenger vehicles while one more will start operations in a year. There are 5 companies operating in the farm equipment sector, basically assembling farm tractors.

The companies in the auto sector are operating under joint venture and licensing agreements with foreign counterparts, importing components and parts and assembling them locally. All new operations are given a target deletion program to be implemented over a term ranging from 5 - 7 years. On average, the industry has achieved 40% deletion in commercial and passenger vehicles and close to 75% deletion in the farm equipment sector.

The present demand for passenger cars (which does not include sales of yellow cab under the Prime Minister's scheme), is estimated at 60,000 vehicles per annum, the majority of which is of cars below 1300cc category. The demand for vehicles has been growing at a rate of 7%-8% p.a. and is expected to grow at a faster rate in future, due to introduction of local manufacturing and reduction in import tariff.

The local market is catered to mainly by Suzuki and Toyota (who have local assembly and manufacturing facilities) and is supplemented by imports. Suzuki has a dominant market share in cars below 1200cc while Toyota is dominant in the 1300 cc category. Suzuki was the first company to set up a joint venture with a local concern in passenger car sector. It was followed by Toyota and recently Honda has also entered the manufacturing market through a joint venture with a local group.

The commercial vehicles market is also dominated by Japanese joint ventures (Hino, Nissan, Isuzu, Mazda and Suzuki). In the heavy commercial vehicle sector, the joint ventures which were initially with public sector companies have been transferred to the private sector through privatization. Local assembly of light commercial vehicles is restricted to the small Suzuki pickup while other makes are imported. The total market for heavy and light commercial vehicles (which includes both trucks and buses) is around 24,500 units per annum and is growing at 5% p.a.

Auto Parts

With a vehicle park of more than 1,750,000 vehicles (four wheelers only) and an annual addition of around 75,000 vehicles, a significantly large market for spares and components has developed. At present, this demand is being largely met by imports from far eastern countries and Japan. The local production meets a small part of this demand. Locally produced items include tyres, tubes, batteries, shock absorbers, tyre rims and pistons.

The local after sales service industry has not developed due to small and fragmented market and lack of technical know how. With the introduction of three new passenger car assemblers and increasing sales of imported autos, this sector has an excellent potential for development.

The experience of joint ventures in has been highly successful in vehicle assembly (both in passenger cars and commercial vehicles). All of the local assemblers have been given specific deletion targets which are to be met over a certain time period. To meet these targets and to reduce costs on imported components, the assemblers are interested in developing the vendor industry. With a bigger market both in terms of breadth and depth, the vendor industry offers good potential.

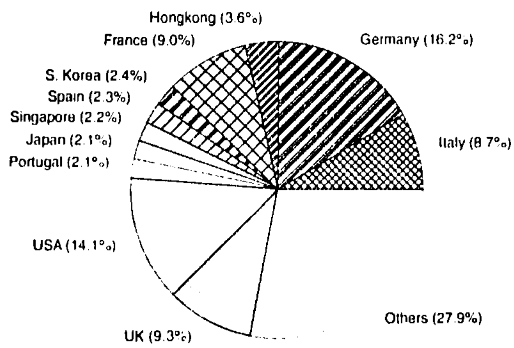
THE LEATHER INDUSTRY

The leather industry is the second largest export sector accounting for 8.6% of total exports. Exports have grown at an annual compound rate of 21% for the past five years. In 1992 total leather exports were valued at US $ 590.7 million as opposed to US $ 557.5 million in 1991. The rate of growth of the industry has exceeded the supply of local hides and skins to the extent that almost 3% of the total requirement for these has to be met by imports. Apart from hides, chemicals are a very important raw material to the industry. Due to the limited range of chemicals manufactured in Pakistan, the industry is heavily dependent on chemical imports.

The capacity utilization of the tanning industry is 83.6 per cent. The tanning sector consists of 436 units, mostly in the Punjab. Units in Punjab specialize in buffalo/cow hides, while those in Sindh primarily process goat/sheep skin.

The local market for leather is very limited as a result of which the industry depends heavily on the export market. 80% of all leather goods produced are exported. The trend is towards higher value added exports, therefore, wet blue leather exports have been completely stopped and it is expected that crust leather exports will also be discontinued in the near future. In 1992 leather product exports as opposed to tanned leather, accounted for 59.2% of total leather exports, consisting mainly of leather jackets.

Exports by Country



Europe is the largest market for our products but its share has been decreasing. On the other hand exports to Far East countries such as South Korea, Hong Kong and Singapore and to the Middle Eastern countries are increasing.

Special Incentives to the Leather Industry

- Duty free import of tanning machinery worth up to Rs. 10 millin, spare parts for tanning machinery and raw/pickled hides, skins and wet blues. Import of finished leather is not allowed.
- Refund of 10% duty paid by the tanneries on the import of chemicals used in the processing of leather to be exported.
- 18%, 20% and 27% cash rebate on the exports of leather, leather products and footwear respectively.
- Tax exemption of up to 75% of income for the leather garment industry and 5% on the income from leather exports (valid up to 1995).
- Export re-financing facilities at 8% interest.
- Ban on the export of raw hides and skins and wet blue from cow hides and cow calf.
- Customs duty and sales tax drawbacks on export of leather and leather products.
- Exemption of customs duty, sales tax, surcharge and Iqra surcharge on the import of plant and machinery and spare-parts which are not manufactured locally and are imported during the period commencing from the 1st December 1990 and ending 30th June, 1995 for setting up new units and for expansion and replacement of units. The raw material imported for consumption in factories located in newly established industrial estates such as Gadoon Amezai, Chunian, Nooriabad and Hattar Industrial Estate, are also exempted from custom duty.
- Exemption of income tax for newly established industrial units to be set up from 1st December, 1990 to 30th June, 1995.
- Grant loan from SBP through financial institutions at concessionary rates of interest for the purchase of local machinery under BMR.

CEMENT

With a per capita cement utilization rate of 66kg in Pakistan compared to a 100kg for countries with comparable GNPs, cement sector promises to be one of the highest growth sectors in Pakistan.

Pakistan manufactures five types of cement Portland grey cement, Portland slag cement, Sulphate resistant cement, Super Sulphate resistant cement and white cement. The dry, semi-dry and wet processes are mainly used for cement manufacture of which the dry process is the most efficient resulting in 25% fuel savings compared to the other two processes.

Demand for cement exceeds local production - a gap which is expected to persist in future. Historically demand has increased at an average rate of 10% p.a. In 1993, production is expected to be 9.4 million tonnes resulting in a deficit of 1.1 million tonnes. This deficit is expected to reduce in 1994 when one of the new plants comes into operation, but within two years the demand is projected to outstrip local supply by more than 1 million tonnes.

With rapid development especially infra-structural development, the demand for cement is expected to grow by more than 9% p.a. The growth in cement demand is expected to be sustained if the infrastructural development programs of the government continue in future, as private sector demand is a small portion of the total demand. This projection does not include the construction of hydro-electric dam at Kalabagh - Punjab, which will require 6 million tonnes of cement in five years.

There are 22 cement units presently operating, 12 of which are in the north zone with production capacity of 4.6 million tonnes. Of the 22 units in the country of 17 are in the private sector controlling 80% of the cement supply. The public units are managed by State Cement Corporation Of Pakistan (SCCP) are expected to be privatized in due course.

The total capacity of plants operating is 8.9 million tonnes and an additional 3 million tonnes is expected to be added by 1996-97. Even with full capacity utilization, the existing plants and new additions will not be able to meet the projected demand after 1996.

Cement Demand and Supply Position in the 1990's

(million tons)

Year	1994	1995	1996	1997	1998	1998
Demand	10.0	10.8	11.5	12.3	13.1	14.1
Local Production	8.3	10.6	11.6	11.9	11.9	11.9

Source: SSCP

Note : There are a number of new cement projects under consideration but none have been confirmed so far.

Gypsum, limestone and clay are the basic raw materials for manufacturing cement. These are found abundantly in Pakistan. The gypsum deposits are estimated at 5 billion tonnes in Punjab and N.W.F.P. The estimated annual gypsum consumption by the industry is around 0.2 million tonnes.

There is a fixed excise duty of Rs.508 per tonne on 90% of the installed clinker capacity. Besides this a 12.5% sales tax is also included in the ex-factory price of cement which currently ranges between Rs.110-115 per bag (20 bags per tonne). The current retail price ranges around Rs.140-150 per bag in the North, where it is Rs.5-10 higher than in the South, due to the excessive demand and to some extent due to the transportation costs difference.

Incentives

Investment in cement manufacturing plants will be eligible for the following incentives offered by the government as part of the rural industrialization package of incentives:

- Five year income tax holiday for plants established between 1st December 1990 and 30th June 1995.
- Exemption of custom duty, sales tax and import surcharge on imported plant and machinery provided it is not manfuctured locally.
- Reduction in the import license fee from 6% to 2%.

FOOD AND CONSUMER PRODUCT INDUSTRY

Major segments of this industry are sugar, tea, aerated water, edible fats, conserves, concentrates, juices, dairy products, tobacco, detergents and personal care products. Except for the sugar industry, foreign participation is prominent in the form of subsidiaries and affiliates of Unilever, Beecham, Cargill, Nestle, Gillette, BAT, Coca Cola, Pepsico and recently Proctor and Gamble. The market can absorb greater quantities and better qualities of existing product ranges. There is real potential in storage, processing, packing and export of food items.

Large scale consumer product industry in Pakistan is at a rudimentary stage of development as much of the demand is met by cottage industry. A large chunk of the consumer needs are fulfilled by imported products.

The population growth rate of 3.1% per annum on a base of about 120 million with per capita income of US$ 400 p.a. (based on reported figures only) is indicative of massive potential for the consumer product market. With industrialization and the return of overseas Pakistanis consumer tastes have undergone a marked change. It is estimated that the growth rate in this sector is approximately 20%.

The size of the branded sector (which represents 20% of the total market) as catered to by the local branded manufacturers, as follows:

Food and Beverage	1.3 million metric tonnes
Detergents	0.4 million metric tonnes
Personal Products	6,500 metric tonnes

The processed food industry except for dairy products, confectionery, vegetable oils, condiments, and a few others is totally non existent. It is estimated that Rs. 50 billion worth of consumer products (including food and clothing) are smuggled or brought in by expatriate Paksitanis.

INSURANCE

A license is required for the establishment of insurance companies, although public floatation and listing on the stock exchange are not mandatory. There are a total of 31 listed, 10 non-listed and 11 foreign companies in the insurance sector. The two main governing bodies are the Controller of Insurance (COI), a government organization, and the Insurance Association of Pakistan (IAP) a voluntary association of private sector companies.

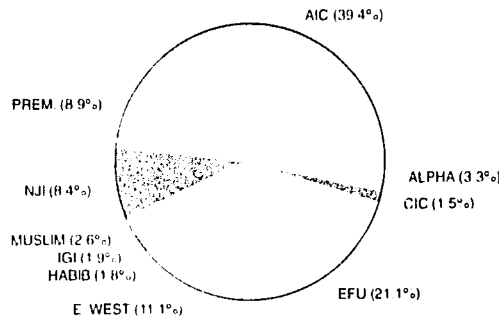
Life insurance remained in the public till 1992 with all business being conducted by State Life Insurance Corporation (SLIC) and Postal Life Insurance (PLI). The government then issued No Objection Certificate to three companies, Eastern Federal Union (EFU), Jubilee Insurance and Metropolitan Insurance of which EFU has become partially operative in the market.

Both private and public companies operate in the general insurance sector. Premium figures for the last three years show a consistent growth rate of 20% per annum. There are two state owned organizations in this sector. It is expected that they will be transferred to the private sector, in due course, via the privatization program. These are :

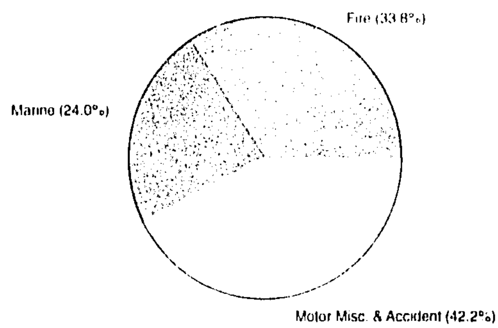
Pakistan Insurance Corporation (PIC) - being the only Pakistani reinsurance company enjoys certain privileges including a share of 20% of the total business underwritten by the private sector companies, and

National Insurance Corporation (NIC) - writes all the insurance business of government and semi-government properties and interests. However with denationalization and privatization, privatized units are shifting their insurance business from NIC to the private sector.

Gross Direct Premiums 1992



Premium Break Up For Non-Life Private Sector Insurance For 1992



ELECTRONICS & ELECTRICAL GOODS INDUSTRY

This is basically a consumer products industry, making light bulbs and tubes, airconditioners, televisions, radios, freezers and other electrical appliances. Philips, Hitachi, Sony, Mitsubishi, Daikin and Samsung are prominent in the local market. Considerable scope exists for manufacture of items such as compressors, picture tubes, integrated circuits, monitoring and control instruments, computers and components for local consumption as well as for export.

The raw materials for the electronics industry include, amongst others, ferrous and non-ferrous metal, silicon, plastic, resins, chemicals, solvents, insulating material, mica, etc. Industries have been set up locally to meet the demand for raw materials, however, a substantial portion of the raw material is still imported from abroad.

Due to the high reliance on imports, local companies in this sector carry high foreign exchange risk.

Incentives

The Government of Pakistan is encouraging the establishment of industries in this sector by providing various incentives to the private sector eg:

- No customs duty on the import of plant and machinery for setting up electronic units.
- Five year tax holidays if the units are located in certain areas.
- Land is available from the Government at concessionary terms for the establishment of units in this area.
- A government grant of Rs. 1 million will be provided for each project.
- Sales tax exemption is allowed on all exports.

Further a number of units have also been set up in the Export Pocessing Zones, which further increase the benefits available to them.

The demand for electrical products is determined by the growth in per capita income and increasing provision of electricity to the rural areas. As the disposable income of Pakistani's increases there is likely to be an increase in demand of personal products of this industry eg. watches, televisions, etc. Tl e following figures of imported electronic products indicate the growth potential for the local manufacturers.

(Rs.in Million)

	1987-88	**1988-89**	**1989-90**	**1990-91**	**1991-92**
Data Processing/ Office Machines	790	993	1,105	1,024	1,298
Telecommunication/ Recording Inst.	2,355	2,700	2,627	3,958	3,946
Elec.Appliances & Spares	3,688	4,962	4,259	4,929	7,469

TRANSPORT AND COMMUNICATION

Airline Industry

Until 1992 the airline industry in Pakistan was a monopoly of Pakistan International Airlines (PIA), a government owned enterprise. In line with its deregulation policy the government issued licenses to private parties for the establishment of airlines. To date four airlines have been set up and commenced operation, namely Aero Asia, Hajveri Airlines, Bhoja Airlines and Raji Air. The new airlines are however, only allowed to operate in the local market. Licenses for international operations have not been sanctioned to any party. Consequently, PIA still enjoys a monopoly in this market segment, with its competition coming primarily from other international airlines.

The price ceilings for local flights is determined by the government and is lower relative to other neighboring countries. PIA flies to 44 international destinations. The prices on these flights are determined by bilateral treaties.

The demand for domestic air travel is heavy on the North-South routes and most flights are nearly full. However, price ceiling limits the profitability of local operations. This is particularly true for PIA which is forced by the Government to operate on unprofitable peripheral routes. The Government focus on infrastructural development is likely to reduce the demand in the medium term due to the improvement in the road and rail travelling facilities. However, in the long term the demand for air travel is likely to increase due to increase in disposable income of the citizens.

Demand for international air travel is limited and dependent primarily on expatriate Pakistanis working in the Middle-East and from Pakistanis going for pilgrimage to Saudi Arabia. The number of expatriate Pakistanis in Middle East declined following the Gulf crises, as a result of which these routes are now less busy.

Pakistan has four international airports in Islamabad, Karachi, Lahore and Peshawar. The Jinnah terminal in Karachi is one of the most modern airports in the region with improved facilities for passenger and cargo handling. Approximately 40 airlines use this airport. PIA's fleet of 44 aircraft include twelve Airbuses, eight Boeing 747's, six 707's and eighteen 737's. PIA also has a chain of hotels located in Europe, USA and Pakistan as a supplementary facility to passengers.

Shipping Industry

In 1971 the government nationalized the shipping industry, and merged all lines under Pakistan National Shipping Corporatin (PNSC). PNSC later went public with 90.2% government ownership, 4.9% ownership government owned enterprises and 4.9% ownership by the private sector. PNSC has a fleet of 22 vessels and its subsidiary the National Tanker Company, owns one tanker.

The Government of Pakistan offers an attractive package to private investors in the shipping industry. The incentives include a five year tax holiday for new shipping companies, exemption from Iqra, surcharge, customs and import duty, on ships, till 1995. The package also allows vessels under the Pakistani flag to be acceptable as collateral for financing by the banks and the DFI's.

The Government has issued 35 licenses to private sector companies, but only two companies have been set up, namely Tristar Shipping and Milwalla Shipping. Tristar Shipping Company has only one tanker, while Milwalla Shipping Company has only one small vessel. Although there are only two private sector companies under the Pakistan national flag, a number of companies are operating under a flag of convenience.

The Pakistani shipping industry is dominated by the foreign shipping lines. Due to smaller size and inadequate capacity, the national fleet is presently lifting approximately only 10 per cent of the dry cargo and 25 per cent of the liquid bulk cargo. Consequently, Pakistan is losing approximately US$ 700 million as freight charges to foreign shipping companies.

Recently the Government has issued king license to one the private shipping companies. Under this licence a commercial bank will be set up to finance private shipping activity.

PAKISTAN - A BRIEF OVERVIEW

PHYSICAL ASPECTS

Boundary	North: China
	North-West: Afghanistan and Iran
	East: India
	South: Arabian Sea
Area	796, 095 Square Km
Capital City	Islamabad

POPULATION DATA

Population	120 million
Population Growth Rate	3.1 per cent
National Language	Urdu
Official Language	English/Urdu

INFRASTRUCTURE

Sea Ports	Karachi, Mohammad Bin Qasim, Gwader and Pasni
International Airports	Karachi, Lahore, Islamabad, Peshawer and Quetta
National Airline	PIA (Pakistan International Airlines Corporation)

ECONOMY

Curency	
Rupee	
GNP	US$ 55 billion
GDP	US$ 50 billion
Per Capita Income	US$ 415
Growth Rate of GDP	6.4 per cent
Growth Rate of Manufacturing	7.7 per cent
Total No. of Companies Incorporated	30,000
Total No. of Companies Listed on the Karachi Stock Exchange	640
Exports	US$ 6.9 billion
Growth Rate of Exports	12.1 per cent
Imports	US$ 9.3 billion
Growth Rate of Imports	21.3 per cent
Major Crops	Cotton, Wheat, Rice, Sugar Cane, Grams and Tobacco
Major Industries	Textile, Cement, Sugar, Agro-Based
Rate of Inflation	9.1 per cent

NOTE All data is as of 1991-92

DOLLAR CONVERSION RATE 1 US$ 21 56

FORM OF GOVERNMENT

Pakistan is a republic and has a federal parliamentary system of government. Elections to the national and provincial legislatures are held on the basis of adult suffrage. Under the constitution, elections are required to be held within a five-year period.

The national legislature of Pakistan is bicameral, that is, there is a National Assembly (the lower house) and a Senate (the upper house). The National Assembly has 217 members. The Prime Minister, who should have the confidence of the National Assembly, is the Head of the Government. The Prime Minister appoints the Cabinet of Ministers.

The provincial legislature comprises four Provincial Assemblies, one for each province. Each province has a Governor and a Chief Minister. The Chief Minister is the head of the provincial government. The number of provincial assembly members is 248 in the Punjab, 109 in Sindh, 83 in the NWFP, and 43 in Baluchistan. Provincial governments have had little autonomy in the past, with little legislative power, although this may now change.

The Senate has 87 members elected by the National and Provincial Assemblies, with special seats reserved for technocrats. Senators are elected for six year terms.

The President of Pakistan is the Head of State and is elected jointly by the national and provincial legislatures. In the exercise of his functions, the President acts on the advice of the Prime Minister or the Cabinet, except in matters where he is empowered by the constitution to act at his discretion.

The President appoints the four provincial Governors, the Chief Justice of the Supreme Court, and the Chief Justices of the provincial High Courts. The President also appoints the three armed services chiefs and the Chairman of Joint Chiefs of Staff Committee.

The President has the power under the Eighth amendment to the constitution to dissolve the assemblies and call for fresh elections, subject to certain conditions. This power has been exercised three times, and has been followed twice by general elections and on the third occasion the dismissed National Assembly was lawfully restored by the Supreme Court of Pakistan in May 1993.

Pakistan has separation of the executive and the judiciary. The judiciary is headed by the Chief Justice of the Supreme Court, the country's highest court. The provincial High Courts form the second tier. The judiciary can overrule legislation deemed to be un-Islamic. The 1991 Shariat Act provides for the Pakistani laws to be interpreted according to Islamic principles when ambiguity exists, but preserves the ultimate sovereignty of the parliamentary process.

Pakistan has a well trained and established civil service, which is responsible for running the administration within the framework of policies laid down by the government.

FOREIGN RELATIONS

Pakistan enjoys a friendly relationship with most countries of the world. Its major trading partner is the EEC and substantial trade exists with North America, the Middle East, Japan and several other countries. Many members of the business community have been educated abroad; the UK was the favoured location but in recent years emphasis has shifted to the US.

Pakistan has generally adopted a neutral policy in its international agencies. There is a substantial tie with Middle Eastern countries for reasons of location (just to the east of the Gulf) and shared faith. There is a special understanding with China, with which there is a road link in the North. The sore spot in Pakistan's international relations is with India. Since partition in 1947 there have been serious hostilities on three occasions and hostility remains, related in particular to the disputed territory of Kashmir.

International Membership

- Non Aligned Movement (NAM)
- Regional Co-operation for Development (RCD)
- South Asian Association for Regional Co-operation (SAARC)
- United Nations
- International Monetary Fund
- World Bank
- Asian Development Bank
- Islamic Development Bank
- The British Commonwealth

POLITICAL CLIMATE

The democratic process was re-established in Pakistan in 1988 after 12 years of military rule. There has not been any unconstitutional change of government since then. The latest general elections in October 1993 have been termed as free and fair by local politicians as well as by foreign observers. Following the general elections, Ms. Benazir Bhutto has assumed the office of Prime Minister as the head of a coalition government, while Mr. Nawaz Sharif has become the Leader of the Opposition.

These elections have resulted in the emergence of two major political parties, the Pakistan Peoples Party (PPP) led by Ms. Benazir Bhutto and the Pakistan Muslim League (PML-N) led by Mr. Nawaz Sharif. The religious parties were unable to make any impression on the electorate. PPP has formed coalition governments at the centre and in the Punjab; it has also formed the government in Sindh on its own strength. PML-N has formed coalition governments in NWFP and Baluchistan.

Starting in 1990-91, the government of Mr. Nawaz Sharif, then Prime Minister, decided to change the country's economic policies profoundly: the economic role of the state was reduced, mainly through privatization; inflow of foreign investment was encouraged; foreign exchange controls were eased very significantly; public monopolies over the export of rice and cotton were abolished; the requirement of obtaining government approvals for private investment in industry was abolished; and several incentives including tax holidays were provided to new industry. During her election campaign, Ms. Bhutto promised to continue the policies of economic liberalization and deregulation. While there may be some change in the style and manner of implementation, the reforms introduced over the last three years are expected to continue.

October 1993 National Assembly Elections

Political Parties Standings

Political Party	Total N.A. Seats	Provincial Breakdown of National Assembly Seats				
		Punjab	Sindh	NWFP	Balochistan	Fed. Capital
Pakistan Peoples Party	86	47	33	5	1	-
Pakistan Muslim League - Nawaz Group	74	52	10	11	-	-
Pakistan Muslim League - Junejo Group	6	6	-	-	-	-
Islami Jamhoori Mahaz	4	-	-	2	2	-
Awami National Party	3	-	-	3	-	-
Pakistan Islamic Front	3	-	1	2	-	-
Smaller Parties	12	2	1	2	7	-
Independents	15	5	1	8	1	-
Religious Minorities	10	-	-	-	-	-
TOTAL	213*	112	46	33	11	1

*Elections were postponed in four constituencies due to the death of candidates. At the time of this publication, elections had not taken place for these seats. The actual number of seats in the National Assembly is 217

THE FOUR PROVINCES

Punjab

The Punjab, the second largest province, covers an area of 205,344 sq km and contains approximately 56% of the total population. the Punjab borders India in the east, Sindh in the South, NWFP in the west and Kashmir in the north. Its population is largely homogenous composed of Punjabis. Lahore is the capital of the Punjab, a city of 3.5 million (1981 census). Lahore has one of the country's two stock exchanges. Other major cities include Faisalabad (3.6 million), Rawalpindi/Islamabad (2.1 million), Multan (2.7 million), Sialkot (2.7 million) and Gujranwala 2.7 million) as well as several other towns and cities. The Punjab has a major share in Pakistan's agricultural and industrial output. Lahore, Faisalabad, Multan and Sialkot are relatively heavily industrialized.

Of Pakistan's total capital expenditure 43% was budgeted for he Punjab alone in 1993/94.

Sindh

Sindh, Pakistan's southern province, borders India in the east, Balochistan in the west and Punjab in the north. It covers a land area of 140,914 sq km. Karachi, its capital, is Pakistan's major port and largest city (estimated population over 10 million). Karachi is also Pakistan's commercial and financial centre, with the larger of the country's three stock exchanges. Sindh's population, which accounts for 23% of Pakistan's, is heterogenous, composed of indigenous Sindhis, the "Mohajirs" (descendants of Urdu speaking migrants from India), Punjabis, Pathans from the NWFP, Balochis, Parsees, Memons, Bohras, Aga Khanis, Makranis and several other minorities. Karachi is heavily industrialized with four industrial estates in the city and two nearby. The second largest city is Hyderabad which is also fairly industrialized, other major towns include Sukkur, Mirpur Khas, Larkana and Nawabshah.

Sindhs budget allocation of capital expenditure was 29.4% of the total in 1993/94.

The North-West Frontier Province

NWFP has an area of 101,741 sq km and accounts for 16% of total population. Its capital, Peshawar, is a city of 0.57 million. NWFP's population is relatively homogenous, comprising mainly of Pashto speaking Pathans. At the province's western edge is a large tribal area, the Federally Administered Tribal Area (FATA) with a population of some 2.8 million. NWFP is bordered by Afghanistan in the west, Balochistan in the south and Punjab in the south east. Major towns include Mingora, Mardan, Nowshera and Kohat. Peshawar is industrialized. The province has new industrial estates at Hattar and Gadoon Amazai. It is also important agriculturally.

The NWFP was allocated 13.5% of capital expenditure in the 1993/94 budget.

Balochistan

Balochistan is the country's largest province with a land area of 347,190 sq km but is the least populous, with a mere 5% of Pakistan's total population. Quetta, a small city of 0.29 million, is its capital. Other centers include Turbat, Zhob, Khuzdar and Chaman. Balochistan is bounded by Iran in the west, Sindh in the east and the NWFP in the north. It is poorly industrialized, lacks infrastructure, has very little agriculture apart from fruit orchards, and is mostly tribal. Balochistan does, however, have significant mineral deposits. Pakistan's major gas fields (Sui & Mari) and coal mines are in Balochistan. Both Balochistan and NWFP have significant marble quarries.

In the 1993/94 budget Balochistan was allocated 14.1% of capital expenditure.

APPENDICES

FLYING TIME FROM KARACHI

CITY	APPROX. TIME (HRS : MIN)
ABU DHABI	2:00
AMSTERDAM	8:00
BAHRAIN	2:30
BEIJING	8:00
BANGKOK	5:00
DELHI	1:30
DUBAI	1:30
FRANKFURT	8:00
GENEVA	9:00
HONG KONG	7:30
LONDON	10:00
NEW YORK	22:00
PARIS	8:00
PERTH	13:00
SINGAPORE	6:00
SYDNEY	15:00
TOKYO	12:30
TORONTO	16:00
ZURICH	6:00

1994 National Holidays

The principal *religious holidays are determined by the lunar calendar, which has the effect of shifting them by approximately eleven days each year. The date is set according to sighting of the moon and cannot be precisely determined in advance.

Occasion	Date
*Jumatul Wida	March 9
*Eid-ul-Fitr	March 14-15
Pakistan Day	March 23
*Eid-ul-Azha	May 21-24
*Ashura	June 20-21
Independence Day	August 14
*Eid-e-Milad-un-Nabi	August 21
Defence Day	September 6
Death Anniversary of Quaid-e-Azam	September 11
Iqbal Day	November 9
Birthday of Quaid-e-Azam	December 25

DIRECTORY

Banks and Financial Institutions	68
Chambers of Commerce	71
Insurance Companies	71
Leasing Institutions	72
Stock Exchanges	72
Professional and Trade Organisations	73
Ministries	75
Government Organisations	76
International Agencies	76
Foreign Missions	77
Major Airlines	78
Travel Agents	79
Hotels	79
Clubs	79
School, Colleges, and Universities	79

BANKS AND FINANCIAL INSTITUTIONS

Public Sector Commercial Banks

First Women Bank Ltd.	(021) 4553110-49
Habib Bank Ltd.	(021) 219111 (50 lines)
National Bank of Pakistan Ltd.	(021) 2416780-9
United Bank Ltd.	(021) 2418845

Provincial Government-owned Commercial Banks

Bank of Khyber Ltd.	(052) 278039/ 273456
Bank of Punjab Ltd.	(042) 365065-7

Private Sector Commercial Banks

Allied Bank of Pakistan Ltd.	(021) 511031-40
Askari Commercial Bank Ltd.	(021) 2630731-3
Bank Commerce Al-Habib Ltd.	(021) 2419127
Bolan Bank Ltd.	(021) 228758
Habib Credit & Exchange Bank Ltd.	(021) 2414030
Indus Bank Ltd.	(021) 2429721-9
Mehran Bank Ltd.	(021) 2427202-9
Metropolitan Bank Ltd.	(021) 526657
Muslim Commercial Bank Ltd.	(021) 2414090-9
Prime Commercial Bank Ltd.	(021) 5683981
Soneri Bank Ltd.	(021) 2436990-5
Union Bank Ltd.	(021) 5682709

Foreign Banks

ABN-AMRO Bank	(021) 524226-9
Al-Baraka Islamic Investment Bank	(021) 229727
American Express Bank	(021) 2630731-3
ANZ Grindlays Bank plc	(021) 2412671/ 2414131

Bank of America N.T. & S.A.	(021) 2412520-9
Bank of Tokyo Ltd.	(021) 2630171-5
Banque Indosuez	(021) 2417151-5
Citibank N.A.	(021) 2412641-4
Deutsche Bank A.G.	(021) 2419611-20
Doha Bank	(021) 551851-5
Emirates Bank Ltd.	(021) 2414002-6
Faysal Islamic Bank of Bahrain E.C.	(021) 218228
Habib Bank A. G. Zurich	(021) 2633320
Hong Kong and Shanghai Banking Corporation	(021) 2630386-9
International Finance Investment and Commercial Bank	(021) 2416361
Mashreqbank psc	(021) 552391-5
Pan African Bank Ltd.	(021) 215051-4
Rupali Bank	(021) 2412481-8
Societe Generale	(021) 551846-50
Standard Chartered Bank Ltd.	(021) 2416485-9

Investment Banks

Al-Towfeek Investment Bank Ltd.	(042) 229727-9
Asset Investment Bank Ltd.	(051) 212573
Atlas BOT Investment Bank Ltd.	(021) 570004-5
Citicorp Investment Bank Ltd.	(021) 2417324
Crescent Investment Bank Ltd.	(021) 5688008
Faysal Investment Bank Ltd.	(021) 5682979
Fidelity Investment Bank Ltd.	(042) 872321
First International Investment Bank Ltd.	(021) 2639042-6
Islamic Investment Bank Ltd.	(0521) 73583
Prudential Investment Bank Ltd.	(021) 210521
Security Investment Bank Ltd.	(051) 819704

Specialized Banks

Agricultural Development Bank Ltd.	(021) 512760/510171
Federal Bank for Co-operatives	(051) 812467-9
Industrial Development Bank of Pakistan Ltd.	(021) 2419160

Non-Bank Financial Institutions

Bankers Equity Ltd.	(021) 520186-9
Equity Participation Fund	(021) 2419160-9
House Building Finance Corporation	(021) 518231-5
National Development Finance Corporation	(021) 525240-9
Pak-Kuwait Investment Company	(021) 513280/513261
Pak-Libya Holding Company	(021) 512045-6
Pakistan Industrial Credit and Investment Corporation	(021) 2414220-57
Regional Development Finance Corporation	(051) 826397
Saudi-Pak Industrial and Agricultural Investment Company	(051) 815004-5
Small Business Finance Corporation	(021) 7212131

Investment Institutions

Investment Corporation of Pakistan	(021) 2415860-9
National Investment Trust	(021) 2412056-9

CHAMBERS OF COMMERCE

Federation of Chambers of Commerce and Industry	(021) 5873691
Overseas Chamber of Commerce and Industry	(021) 222557
Azad Kashmir	(045) 2079
Bahawalpur	(0621) 5283
Faisalabad	(0411) 615085/32583
Gujranwala	(0431) 80900/80800
Hyderabad	(0221) 22972-3
Islamabad	(051) 250526
Karachi	(021) 2416091-4
Lahore	(042) 305538-40
Multan	(061) 40087/43530
Quetta	(081) 65943/65948
Rawalpindi	(051) 584397/566236
Sialkot	(0432) 87938/89579
Sukkur	(071) 23938/23059

INSURANCE COMPANIES (SELECTED)

Adamjee Insurance Company Ltd.	(021) 2412623-26
Commercial Union Assurance Company plc.	(021) 200581
Eastern Federal Union Insurance Company Ltd.	(021) 2410948
International General Insurance Company of Pak. Ltd.	(021) 236974-8
New Jubilee Insurance Company Ltd.	(021) 2416022-6
Pak Insurance Corporation	(021) 203071-9
Premier Insurance Company of Pakistan Ltd.	(021) 2416331-3
Royal Insurance plc.	(021) 525141-5
State Life Insurance Corporation	(021) 5683233/5683290

LEASING INSTITUTIONS (SELECTED)

Asian Leasing Corporation Ltd.	(021) 577872
Atlas BOT Lease Company Ltd.	(021) 570011-41/532065
BRR Capital Modaraba	(021) 572013-4
First Grindlays Modaraba	(021) 2432231
First Leasing Corporation	(021) 517931-3
National Development Leasing Corporation Ltd.	(021) 520608/528669
Orix Leasing Pakistan Ltd.	(021) 5680102-5
Pak Industrial & Commercial Leasing Ltd.	(021) 216179/219052
Pakistan Industrial Leasing Corporation Ltd.	(021) 5684620/5685513
Standard Chartered Mercantile Leasing Company Ltd.	(021) 442004-6

STOCK EXCHANGES

Karachi	(021) 233581/2419146
Lahore	(042) 6368000/6368333
Islamabad	(051) 215047-50

PROFESSIONAL AND TRADE ASSOCIATIONS

All Pakistan Bedsheets & Upholstery Manufacturers Association
Khanewal Road,
P. O. Box 268, Multan.
Tel. (061) 552909

All Pakistan Cement Manufacturers Association
5th Flor,
Maqbool Commercial Complex,
J.C.H.S., Shahrah-e-Faisal,
Karachi.
Te. (021) 435673

All Pakistan Cloth Exporters Association
Ground Floor, Regency Arcade,
Mall Road, Faisalabad
Tel. (0411) 615563-4

All Pakistan Textile Mills Association,
44-A, Lalazar
Off M. T. Khan Road,
P. O. Box 5446, Karachi.
Te. (021) 552296

American Business Council of Pakistan,
6th Floor, EIIC Building
Abbasi Shaheed Road
Karachi.
Te. (021) 526436/526776

Institute of Bankers in Pakistan
M. T. Khan Road
Karachi.
Te. (021) 5689718/5689364

Institute of Chartered Accountants of Pakistan
G-31/8, Kehkashan
Clifton, Karachi.
Tel. (021) 536156-8

Institute of Cost & Management Accountants of Pakistan
Hussain Shah Shaheed Road,
Soldier Bazar,
Karachi.
Te. (021) 7215657/7219907

Institute of Engineers (Pakistan)
177-2, Fowler Lines,
Karachi.
Te. (021) 562117/7780235

Institute of Marketing Management
68-B, Block 2
PECHS, Karachi
Te. (021) 4558365

Insurance Association of Pakistan
Jamshed Katrak Chambers,
Machi Miani Road
Kharadar, Karachi.
Tel. (021) 205173

Karachi Cotton Association
Cotton Exchange Building,
I. I. Chundrigar Road,
Karachi.
Tel. (021) 2410336/2412570

Management Association of Pakistan
1-A, Lalazar,
M. T. Khan Road, Karachi.
Te. (021) 551683/551903

Oil Companies Advisory Committee,
5th Floor, Karim Chambers,
Mereweather Road,
Karachi
Tel. (021) 5682246/5682248

Pak-Cotton Fashion Apparel Manufacturers and Exporters Association
Room No. 5, 2nd Floor,
Amber Court,
Shaheed-e-Millat Road,
Karachi.
Tel. (021) 432936/443141

Pakistan Advertising Association
Room No. 22, Hotel Metropole,
Club Road, Karachi.
Tel. (021) 512567/521571

Pakistan Agricultural Machinery & Implements Manufacturers Association
2680, Lala Ayub Lane,
Peshawar Cantt., Peshawar.
Tel. (0521) 274322/50358

Pakistan Agricultural Pesticides Association
F/7, Al-Hamra Centre,
Shaheed-e-Millat Road, Karachi.
Tel. (021) 441517

Pakistan Art Silk Fabrics & Garments Exporters Association
204, Amber Estate,
Shahrah-e-Faisal, Karachi
Tel. (021) 360919/368488

Pakistan Bedwear Exporters Association
13-A, Timber Road, Keamari Road,
Karachi.
Tel. (021) 271321/271315

Pakistan Carpet Manufacturers & Exporters Association
40-A, Panorama Centre
Fatima Jinnah Road, Karachi.
Tel. (021) 512189

Pakistan Chemicals & Dyes Merchants Association.
Chemical & Dyes House, Jodia Bazar,
Rambharti Road, Karachi.
Tel. (021) 2432752/2439124

Pakistan Cotton Association
5, Amber Court,
Shaheed-e-Millat Road,
Karachi.
Tel. (021) 438461

Pakistan Cotton Ginners Association
1119/1120, Uni Plaza,
I.I. Chundrigar Road,
Karachi.
Tel. (021) 2411882/2411406

Pakistan Dry Battery Manufacturers Association
1-8, South Central Avenue,
Defence Housing Authority Phase II,
Karachi.
(021) 544185

Pakistan Fruit & Vegetables Exporters Importers & Manufacturers Association
8, New Onion & Potato Market,
University Road, Karachi.
Tel. (021) 4937126/493125

Pakistan Handicrafts Manufacturers & Exporters Association
M.A. Jinnah Road, Karachi
Tel. (021) 7728121

Pakistan Hosiery Manufacturers
Association
Room No. 103-4, 1st Floor,
Amber Estate, Shahrah-e-Faisal,
Karachi.
Tel. (021) 446137-9

Pakistan Hotels Restaurants & Clubs Association
Ground Floor, Shafi Court,
Mereweather Road, Karachi.
Tel. (021) 5686467

Pakistan Institute of Management
Management House,
Shahrah-e-Iran,
Clifton, Karachi.
Tel. (021) 531217-8/531039

Pakistan Institute of Personnel Management
104, Rex Annex,
Abdullah Haroon Road, Karachi.
Tel. (021) 516365

Pakistan Institute of Tourism & Hotel Management
18, Ch. Khaliquzzaman Road,
Frere Town, Karachi.
Textile Plaza,
M.A. Jinnah Road, Karachi.
Tel. (021) 2411002/2419273

Pakistan Pharmaceutical Manufacturers Association
130-131, Hotel Metropole,
Club Road, Karachi.
Tel. (021) 5682350/516444

Pakistan Shipowners Association
Ralli Brothers Building,
Talpur Road, Karachi.
Tel. (021)

Pakistan Silk & Rayon Mills Association
Room No. 44-48-49, 5th Floor,
Textile Plaza, M.A. Jinnah Road,
Karachi.
Tel. (021) 2415261/2410288

Pakistan Sports Goods Manufacturer & Exporters Association
Abbot Road, Sialkot.
Tel. (0432)87962/65502

Pakistan Sugar Mills Association
24-B, Mezzanine Floor,
Rashid Plaza,
Quaid-e-Azam Avenue,
Blue Area, Islamabad.
Tel. (051) 813722/812111

Pakistan Tanners Association
Plot No. ST-7, Sector No. 7-A,
Korangi Industrial Area,
Karachi.
Tel. (021 312892

Pakistan Yarn Merchants Association
802-803, 8th Floor,
Business Centre, Dunolly Road,
Karachi.
Tel. (021) 2410320/2424896

SITE (Sind Industrial Trading Estate) Association
Plot No. H-16,
S.I.T.E., Karachi.
Tel. (021) 2426883-4

Surgical Instruments Manufacturers Association of Pakistan
Kutchery Road, Sialkot.
Tel. (0432) 56240/85978

Towel Manufacturers Association of Pakistan
Suite No. 1206-1212-1218,
Kashif Centre, Shahrah-e-Faisal,
Karachi.
Tel. (021) 527204/527278

MINISTRIES

MINISTRY OF FINANCE	
Block A, Pak Secretariat Islamabad	(051) 820867
CORPORATE LAW AUTHORITY	
F-7, Asghar Plaza State Life Building No. 7 Blue Area Islamabad	(051) 826511-3/827091-4
MINISTRY OF INDUSTRIES	
Block A, Pak Secretariat Islamabad	(051) 211709
INVESTMENT PROMOTION BUREAU	
Kandawala Building M.A. Jinnah Road Karachi	(021) 72199146/7218819-20
MINISTRY OF PRODUCTION	
Block-D, Pak Secretariat Islamabad	(051) 212749
MINISTRY OF COMMERCE	
Block A, Pak Secretariat Islamabad	(051) 210277
EXPORT PROMOTION BUREAU	
2nd Floor, N.P.T. House, I.I. Chundrigar Road, Karachi.	(021) 2105051
MINISTRY OF PETROLEUM & NATURAL RESOURCES	
Block A, Pak Secretariat Islamabad	(051) 211220
MINISTRY OF PLANNING & DEVELOPMENT	
Pak Secretariat Islamabad	(051) 822783
MINISTRY OF WATER & POWER	
Block A, Pak Secretariat Islamabad	(051) 211852
MINISTRY OF SCIENCE & TECHNOLOGY	
Block S, Pak Secretariat Islamabad	(051) 210208

STATE BANK OF PAKISTAN

State Bank Building I.I. Chundrigar Road Karachi	(021) 2414141-9/24130509

PAKISTAN INVESTMENT BOARD

Saudi Pak Tower, 61-A, Jinnah Avenue, Islamabad	(051) 218266-7/211870

PRIVATIZATION COMMISSION

Expert Advisory Cell Building 5-A, Constitution Avenue Islamabad	(051) 817197/823881

GOVERNMENT ORGANIZATIONS

Pakistan Council for Scientific & Industrial Research	(021) 213145/212029
Pakistan Industrial Technical Assistance Centre	(021) 620037
Textile Industry Research & Development Centre	(021) 5684338-40
Pakistan Standards Institute	(021) 7729527/7727572
Department of Patents and Designs	(021) 5685985
Pakistan Tourism Development Corporation	(021) 551220/506252
Tourism Development Corporation of Punjab	(042) 274422/417253

INTERNATIONAL AGENCIES

Aga Khan Fund for Economic Development	(051) 4930051
Asian Development Bank	(051) 818791
Canadian International Development Agency	(051) 211101
Commonwealth Development Corporation	(021) 5682195/5688231
International Finance Corporation	(051) 824166/819781
Japan International Co-operation Agency	(051) 217404-7
USAID	(051) 824071-5
World Bank	(051) 819781-8

SELECTED FOREIGN MISSIONS

ISLAMABAD EMBASSIES AND HIGH COMMISSIONS

Australia
Diplomatic Enclave No. 2
P.O. Box 1046
822111

Austria
13, 1st Street, F-6/3
210413/210237

Belgium
2, St. 10
Shalimar 6/3
820131-2

Canada
Diplomatic Enclave
Sector G-5
P.O. Box 1042
211101-6

China
Diplomatic Enclave
Ramna-4
826667/821116

France
Diplomatic Enclave, G-5
823981-3

Germany
Diplomatic Enclave, Ramna-5
212412

India
St. 5, Ramna-5/4
811291-4

Indonesia
Diplamatic Enclave, Ramna-5/4
811291-4

Iran
222-238, St. 2
G-5/1
212694-5

Italy
54, Khayaban-e-Margalla
Shalimar 6/3
210791-2/824828

Japan
Plot Nos. 53-70, G-54
Diplamatic Enclave
820181/4

Korea (South)
38, St. 86, G-6/3
824926-9

Kuwait
Diplomatic Enclave University Road
822182-6

Malaysia
244, Nazimuddin Road, F-7/4
820147-8

Netherlands
2nd Floor, PIA Bldg Blue Area
214336/814338

Russian Federation
Ramna-4 Diplomatic Enclave
214603-4

Saudi Arabia
32, St. 18 Shalimar-6/3
820156-9

Spain
180-G, Ataturk Road, G-6/3
211070-1

Switzerland
25, Street 19, F-6/2
P.O. Box 1073
821151-2

Thailand
4, St. 8, F-8/3
859195/859131

Trukey
42, St. 12, F-6/3
210939

United Arab Emirates
Diplomatic Enclave, No.1-22,
821373/821376

United Kingdom
Râmna-5
Diplomatic Enclave
P.O. Box 1122
822131/822135

United Stat s of America
Diplomatic Enclave
P.O. Box 1048
826161/826170

KARACHI CONSULATES

Belgium
5691011-2

China
572471-3

France
5873797-8

Germany
5873782-3

India
512542-3/52227

Indonesia
5874367/5874619

Iran
530638-9/5874370

Italy
531007/5874582

Japan
5681331-2/512566

Korea (South)
5691885/5691955

Kuwait
5691055/5691980

Netherlands
525126/526537

Russian Federation
512852-3

Suadi Arabai
5850154-6

Switzerland
5691238-9

Thailand
5691696/573204

Turkey
5691507/537596

United Arab Emirates
531068-9

United Kingdom
532041/6

United States of America
5685170/9

MAJOR AIRLINES IN PAKISTAN

KARACHI	ISLAMABAD/RAWALPINDI	LAHORE
	LOCAL AIRLINES	
AERO ASIA 442226	**AERO ASIA** 219340-3	**AERO ASIA** 6663931-2
BHOJA AIR 45791037-41		**BHOJA AIR** 6660711
HAJVERI 45791121-3	**HAJVERI** 1592273	**HAJVERI** 6660515
PIA 4572371/81	**PIA** 81257	**PIA** 306411-20
RAJI 4571330		**RAJI** 6660711/6660715
	LOCAL AIRLINES	
AEROFLOT 529210/520211	**AEROFLOT** 212527-8	**AEROFLOT** 305142/363104
AIR FRANCE 5682001/3002	**AIR FRANCE** 827301	**AIR FRANCE** 63601930
ALIA 5682026		
ALITALIA 5684817		
BRITISH AIRWAYS 5686071/9	**BRITISH AIRWAYS** 5632625	**BRITISH AIRWAYS** 303925/301575
EMIRATES 527044/527191	**EMIRATES** 811977/811677	**EMIRATES** 6368596/8
GULF AIR 525237-8	**GULF AIR** 211650/7	**GULF AIR** 6369731-5
INDIAN AIRLINES 5681577		**INDIAN AIRLINES** 211249/211230
JAPAN AIRLINES 510161-2	**JAPAN AIRLINES** 218247-8	**JAPAN AIRLINES** 6366965
KLM 5689071-7	**KLM** 214542	**KLM** 6363747
LUFTHANSA 5685811-3	**LUFTHANSA** 814698/26121	**LUFTHANSA** 6365168-9
PHILIPPINE AIRLINES 516535	**PHILIPPINE AIRLINES** 821567-8	**PHILIPPINE AIRLINES** 302794
SAUDIA 510319	**SAUDIA** 210128/210131	**SAUDIA** 305411-2
SINGAPORE AIRLINES 521619	**SINGAPORE AIRLINES** 813048/82155	**SINGAPORE AIRLINES** 303249/303269
SWISSAIR 5681516/515674	**SWISSAIR** 815255	**SWISSAIR** 62007/303207
THAI AIRWAYS 511513/515893	**THAI AIRWAYS** 217530-3	**THAI AIRWAYS** 212315/213375/6368690

TRAVEL AGENTS

	KARACHI (021)	ISLAMABAD/ RAWALPINDI (051)	LAHORE (042)
Aero Travel	5685112		
Air Travel Concept			6363790
American Express Travel	520261	823713	6369809
Bonds	5682322		
Gerrys Travel	515166		
Holiday Travel Line		826121/825431	
Holland Express			322788-9
Interavia	2416709/222472		
International Travel	5682682		
Princely Travel	523872/529578		
Trans Air	522011		
Travel Easy			304177/304180
Travel Kings	433937		302366/302381
T S C Travel			312141-2

HOTELS

	KARACHI (021)	ISLAMABAD/ RAWALPINDI (051)	LAHORE (042)
Avari Towers	525261-2		310285-6
Holiday Inn		827311-2	
Marriot	568011		
Pearl Continental	5685025		69931
Sheraton	5681221		

CLUBS

	KARACHI (021)	ISLAMABAD/ RAWALPINDI (051)	LAHORE (042)
Karachi Boat Club	552057-8		
Karachi Sind Club	510106-10		
Karachi Gymkhana Club	5864762		
Karachi Club	5689571-2		
Karachi Lions Club	7211102		
Karachi Services Club	5680248		
Karachi Yacht Club	2412127		
Rotary Club of Karachi	510569/511262		
Islamabad Club		816226	
Lahore Gymkhana			871050/881009
Lahore Punjab Club			6364750

SCHOOLS, COLLEGES AND UNIVERSITIES

	KARACHI (021)	ISLAMABAD/ RAWALPINDI (051)	LAHORE (042)
Aga Khan Medical University	4930051		
British Overseas School	547416		
French School	528565		
German School	2411984		
Institute of Business Administration	466671/7217570		
Karachi American School	446469/446479		
Karachi Grammar School	575081-5		
Karachi University	462011-7		
Islamabad American School		252454	
Quaid-e-Azam University		214801	
Lahore American School			870895/873603
Lahore Univ of Management Sciences			5722670-9
Punjab University			5864357

ACRONYMS

ADBP	Agricultural Development Bank of Pakistan
AJK	Azad Jammu and Kashmir
BEL	Bankers Equity Limited
CCC	Commodity Credit Corporation
CCI	Controller of Capital Issues
CCI&E	Chief Controller of Import and Export
CDA	Capital Development Authority
CDWP	Central Development Working Party
CLA	Corporate Law Authority
ECC	Economic Coordination Committee (of the Cabinet)
ECNEC	Executive Committee of National Economic Council
EDC	Export Development Corporation
ENERCON	Energy Conservation Centre
OEP	Office of Energy Planning
EPB	Export Promotion Bureau
EPZ	Export Processing Zone
FATA	Federally Administered Tribal Area
FDA	Faisalabad Development Authority
FCCCL	Federal Chemical Ceramics Corporation Limited
GCP	Ghee Corporation of Pakistan
GEMCP	Gemstone Corporation of Pakistan
GSP	Geological Survey of Pakistan
GVI	Government Vocational Institutions
HBFC	House Building Finance Corporation
HDA	Hyderabad Development Authority
ICP	Investment Corporation of Pakistan
IDBP	Industrial Development Bank of Pakistan
IRDP	Integrated Rural Development Programme
KANUPP	Karachi Nuclear Power Plant
KDA	Karachi Development Authority
KESC	Karachi Electric Supply Corporation
KPT	Karachi Port Trust
KTC	Karachi Transport Corporation
LDA	Lahore Development Authority
MDA	Multan Development Authority
NCCC	National Credit Consultative Council
NDFC	National Development Finance Corporation
NEC	National Economic Council
NFC	National Fertilizer Corporation
NFML	National Fertilizer Marketing Limited
NIT	National Investment Trust
NLC	National Logistic Cell
NWFP	North West Frontier Province
OGDC	Oil and Gas Development Corporation
OPIC	Overseas Private Investors Corporation
PACO	Pakistan Automobile Corporation
PARC	Pakistan Agricultural Research Council
PASMIC	Pakistan Steel Mills Corporation
PASSCO	Pakistan Agricultural Storage and Services Corporation
PBC	Pakistan Banking Council
PCSIR	Pakistan Council of Scientific and Industrial Research
PECO	Pakistan Engineering Company
PEARC	State Petroleum Refining and Petro Chemical Corporation
PIA	Pakistan International Airlines
PIC	Pakistan Insurance Corporation
PICIC	Pakistan Industrial Credit and Investment Corporation
PIDC	Pakistan Industrial Development Corporation
PMDC	Pakistan Mineral Development Corporation
PNSC	Pakistan National Shipping Corporation
POL	Pakistan Oilfields Limited
PPL	Pakistan Petroleum Limited
PR	Pakistan Railways
PSIC	Pakistan Small Industries Corporation
PTV	Pakistan Television Corporation
PUTC	Punjab Urban Transport Corporation
QDA	Quetta Development Authority
RDC	Resource Development Corporation
RECP	Rice Export Corporation of Pakistan
SBFC	Small Business Finance Corporation
SBP	State Bank of Pakistan
SCCP	State Cement Corporation of Pakistan
TCP	Trading Corporation of Pakistan
TDF	Tarbela Development Fund
WAPDA	Water and Power Development Authority