

PUNJAB INVESTMENT REVIEW

Single Country Exhibition in Iran: Pakistan Fair 2012

The Pakistan Fair 2012—the first ever single country exhibition of Pakistan in Iran was inaugurated on 06th November 2012, in Mashhad, Iran by H.E. Mohammad Mazari, Deputy Governor General of the Iranian province of Khorasan-e-Razavi. Deputy Governor General also holds the portfolio of adviser to Governor and head of Economic office of the Khorasan-e- Razavi.



He welcomed the exhibitors and emphasized that two nation has the same culture and way of life. Both countries have vast potential of trade. Businessmen are the key for development of countries. He vowed that such exhibitions should continue. Besides this, representatives of different foreign missions (Afghanistan, Tajikistan etc) also attended the ceremony.



Mr. Jamal Shushtari, Deputy Manager, Mashhad International Exhibition Company in his opening remarks informed that, Iranian Exhibitors during the Iran Fair

2012 hosted by PBIT, Government of Punjab in May 2012 made contract with different Pakistani businessmen worth USD 50 million. In this context he expressed that Iranian businessmen have been eagerly waiting for the Pakistan Fair in Iran.



In the end he formally opened the exhibition by cutting the ribbon and took show around the stalls. PBIT presented the souvenirs to the guest, when he visited the stall of PBIT.



During the visit of the then Governor General Khorasan-e-Razavi H.E. Mahmoud Salhi from 29th-31st May 2011 to Lahore, the Lahore Declaration was signed. One of the features of the declaration was holding exhibitions of exclusive products and Exchange of information between Khorasan-e-Razavi, Iran and Punjab. As a result of that declaration, Government of



Punjab through Punjab Board of Investment and Trade hosted Iran Fair 2012 in May 30 to June 2 in Lahore. Now, Khorasan-e- Razavi Province through Mashhad International Exhibition Company has invited exhibitors from Pakistan to showcase their products.

Pakistan and Iran are both members of the Economic Cooperation Organization. The bilateral trade between



Pakistan & Iran in 2011 was USD 400 million. Both countries have not realized the full potential of trade that exists between two countries. There is vast scope for expansion in various sectors like energy, tourism, agriculture, dairy and livestock.

People to people contact and cultural exchange programs provide the basis for increased trade and economic activity. Pakistan Fair 2012 will be beneficial for businessmen of the countries and steer the economic activity between two countries.

Pak-India

Business Round Table Conference

The Punjab Board of Investment and Trade hosted a Pakistan-India Business Roundtable for the visiting



Indian delegation led by Mr. S. Sukhbir Singh Badal, Deputy Chief Minister of Indian Punjab on 06th November 2012. The Indian delegation comprised of cabinet



ministers, government officials, and leading industrialists. Mr. Muhammad Shahbaz Sharif, Chief Minister



Punjab chaired the roundtable along with the deputy Chief Minister, Indian Punjab. Dr. Miftah Ismail, Vice

Chairman PBIT, in his welcome address shed light on the current trade and investment scenario between India and Pakistan and expressed hope that such visits will help pave way for increased economic cooperation. Present at the occasion were leading business counter-



parts from Pakistan including Mr. Yawar Ali, Mr. Ejaz Gohar, Mr. Ahsan Bashir, Mr. Farooq Iftikhar and more. On conclusion an MOU was inked between PHD Chamber, Indian Punjab and Lahore Chamber of Commerce & Industry for promotion of bilateral economic relations.

Sector in Focus

Textile

Textile sector Overview

The Textile sector is a composite of various interdependent sectors in the textile value chain beginning from raw cotton up to ginning, spinning, weaving, processing, garments and finally made-ups. The sector contributes around 8.5% to the national GDP of Pakistan and is regarded as the backbone of the economy.

Pakistan is the 4th largest cotton producer and 3rd largest cotton user in the world. The textile sector is the largest manufacturing industry in Pakistan and contributes one fourth of the total value addition in the manufacturing sector. The industry derives its competitiveness from availability of cheap raw material i.e. cotton, a pool of skilled manpower within diverse fields and widespread ancillary support from dyeing, chemical and other industries.

Punjab alone is responsible for about 70% of the cotton yarn and 50% of cotton cloth production in Pakistan. In Punjab, the industry is concentrated in the cities of Lahore, Faisalabad, Sialkot and Sheikhpura, which collectively house nearly 15,000 textile units and about 6,800 ginning industries. The industry provides direct employment to 2.1 million people in the province in addition to creating thrice as many indirect jobs.

Exports

- Pakistan's textile exports stood at USD 13 billion during 2011-12, almost a 52% of Pakistan's total exports.
- The main contributors to textile export revenue in Pakistan are knitwear (USD 2.6 billion), cotton cloth (USD 2.3 billion), bed wear (USD 1.9 billion) and cotton yarn (USD 1.7 billion).



Opportunities

The comprehensive Textile policy 2009-14 supports all sub-sectors in the textile industry and provides investment and infrastructure support in addition to policies for skill development and quality standards compliance. The policy seeks to fuel growth of the sector and increase textile exports to USD 25 billion by the end of its tenure. Some major opportunities in the textile sector include:

- Market Diversification by exporting to Pakistan's regional neighbors including China, Malaysia and Sri Lanka, which not only have a great latent demand for Pakistan's textiles but also signatories of Free Trade Agreements and MFNs with Pakistan poses a sizeable and profitable opportunity.
- Specialized fabrics, Performance Fabrics and Technical textiles are some of the important untapped opportunities that can be tapped by the textile sector of Pakistan through investment in R&D in order to enhance the overall exports of specialized textile to the international market where a huge demand for such products is abundantly present.
- Due to recent EU concessions on 75 products, tremendous opportunity lies in Home Furnishing Products, Apparel and some other categories. Textile exporters should try and maximize utilization of this opportunity to enhance Pakistan's textile exports to EU region.
- Despite the economic slowdown in the international market which led to an overall decrease in demand for textile goods, the growing disposable income has raised the local demand for textile products. In order to fulfill the rising local demand, many textile houses have recently returned to brands and stores, increasing the profits and sales of textile companies despite the decrease in demand of textile products abroad.

Rendezvous

Mr. Asghar Ali Chairman PTEA

1. What are the opportunities present in the textile sector of Pakistan in the local and international market?

Cotton is the cash crop of Pakistan. The quality of cotton and cotton related products of Pakistan are unmatched in the international markets. The ever-growing textile industry of the country has shown consistent expansion and stability over the last many years. The exports of textile and textile products of Pakistan have shown a significant increase in the recent years. The government has offered various incentives for the up gradation and modernization of the industry.

Pakistan is at the center of a rapidly developing textile & garments manufacturing region. Apart from fulfilling its local requirements, Pakistan has emerged as the textile hub of the region. There exists a strong political will to modernize the textile sector and there is an increasing demand for compliance with ISO and other international quality certifications and standards.

Textile industry of Pakistan being is in the midst of industrial up gradation and the businessmen are seeking newer solutions to bring more efficiency in their production systems. Therefore, the first to grasp this opportunity will be the most successful business organization in Pakistan as none of the local industry can cater this tall order. National organizations will enjoy the benefit of globalization and will witness more joint ventures and collaborations between local and international brands.

2. What measures should be taken to make Pakistani textile products more competitive globally and eventually increase exports of Pakistan's textile overall?

1. Following measures could help to make our textile more competitive in international market.

I. Government should facilitate the industrial and trade activity in the country by providing basic infrastructure and cheaper raw materials for manufacturing and exports.

II. Energy shortage had slowed down the pace of industrial growth. Resultantly, the manufacturing activity having been reduced to 50%. The affected industrial units being the export oriented are unable to meet their export commitments on account of production stoppages due to non availability of energy. Export oriented units should be exempted from Gas and Electricity load shedding.



III. High cost of inputs like Gas, Electricity and raw materials have made the Pakistani textile exports expensive and uncompetitive in the international markets. Prices of Gas and Electricity may be reduced and exporters may be provided cheaper energy.

IV. Cash flow is life blood for industry and exports. Due to extreme cash flow crunch, the exporters are suffering heavily and are unable to increase export turnover as their huge amounts are blocked in Sales Tax, Custom Rebate and Drawback of local taxes regimes. Stuck up amounts should be immediately released.

V. Lack of financial assistance to industry is one of main irritant which hampers the growth of manufacturing and export industry.

VI. Current income tax, banking, export, import, trading standards and rules administrated by the federal and provincial Governments are proving burdensome. These laws / rules need total revamping under changes environments.

VII. Exports should be actually zero rated; no taxes and levies from raw material to finished goods stage as well as on inputs should be levied.

VIII. To increase the share of value added items in the export mix, eliminate the dominance of cotton producers and spinners and give incentives to value addition.

IX. Efforts towards diversification to new destinations and export products have not proved adequate. Infrastructure and service related facilities; value addition training (skilled labor, fashion designing, new productive technologies) would help to increase the competitiveness of our exports.

Canadian Company To Setup Bio Gas Energy Project

Mr. Evan Chrapko chief executive officer Highmark BioGas based in Canada visited Punjab Board of Investment and Trade, along with Mr. Mohammad Omer Ghaznavi vice president Highmark BioGas based in Karachi, Pakistan. The company is interested in setting up a Pilot Project near Lahore, where they will be producing 2-3 MW of energy from 800 to 1000 tons waste per day, collected by LWMC in Lahore and its

suburbs. LWMC has agreed, to provide this much of wastage for the project. Moreover energy Department has agreed to issue a LOI (Letter of Intent) to Highmark; and the Canadian firm will be selling energy to the Punjab Industrial Estate.

Mr. Evan Chrapko expressed keen interest in setting up the BioGas project in Lahore, on lines of the one successfully launched in Karachi already.

German Company To Set Up Solar Projects

Chief Minister Shahbaz Sharif met with a delegation from Aros Solartechnik German Solar Energy Company in November 2012. The meeting turned out to be an extremely successful one and subsequent to an MOU signed earlier in Berlin, an agreement was reached to set up a 50 MW solar energy power plant, work on which will begin shortly. It was also agreed to convert certain Universities and Hospitals of Punjab to solar energy; street lights in certain areas will also be converted to solar energy.





Testimonials

I am most grateful for the time courtesy and hospitality with which I have been received at PBIT. I found the briefing and conversation most helpful and encouraging. As we agreed, the most important thing is PBIT's positive attitude. I am sure this will lead to investors success.

Mr. Adam Thompson
British High Commissioner

We see great potential to serve our customers in Punjab. We look forward to a long cooperation in a win-win spirit.

Tino Zeiske
Metro Group

PBIT in Pictures



Visit of Highmark Biogas Canada



Visit of Swedish Delegate & PIFD



Visit of High Commissioner of Mauritius in Pakistan

Upcoming Events

1. IAPEX-2013 (08th-10 FEBRUARY 2013)

The Institute of Architects Pakistan is organizing its ninth international exhibition of building products IAPEX 2013 at the Lahore Expo Centre. IAPEX is a running success for the last 8 years. It is avidly visited by leading national and international architects, interior designers, landscape designers, engineers, home and office owners, builders and contractors.

IAPEX 2013 will once again showcase traditional and contemporary building materials and finishes, hardware, building, home décor, furniture, fixtures and fittings, garden tools and implements and many other building & home related products manufactured in Pakistan and the Asian region.

In addition to being the leader in the Pakistani Building Products Industry, a large number of selected manufacturers' representatives from other parts of the region

have been invited to participate in IAPEX 2013. Running concurrently with the exhibition at the venue will be the IAP Forum at which eminent architects from the region and Pakistan will be presenting their work.

For registrations & more information visit <http://www.iapex.com.pk/>

2. 3P & F+T Pakistan Exhibition-2013 (08th-10th MARCH 2013)

3P-Plastic Printing & Packaging and F+T- Food +Technology Exhibition was previously organized in 2012. The event has an edge over other exhibitions of subject industry because:

- 3P is the pioneer event in Plastic, Printing & Packaging industry of Pakistan
- The only annual Event of the industry which has reached to its 9th year of execution
- 3P is regarded as the No. 1 Event in Pakistan's Plastic, Printing & Packaging industry

- Attracts industry specific buyers & Sellers who are always at the outlook of innovative solutions
- Encompasses technical seminars and conferences manufacturers and suppliers to evaluate profitable investment decisions
- Highly endorsed by government bodies, trade associations, chambers and int'l trade partners
- Each annual event of 3P has resulted in record breaking business generation

For booking and information:

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