

Punjab Board of Investment & Trade

PUNJAB INVESTMENT REVIEW

Expanding Punjab's Outreach

Mr. Muhammad Shahbaz Sharif, Chief Minister Punjab visited Turkey, Britain and Germany from 26th September- 04th October 2012. During the visit chief minister held discussions with the leadership of these countries regarding cooperation and investment in various sectors of Punjab. The basic purpose of his visit to Turkey, Britain and Germany was to benefit from the experiences of the developed countries. Elected representatives and officials concerned accompanied the chief minister including Col (Retd) Shuja Khanzada, Mr. Mehr Ishtiaq Ahmed, Lahore Transport Company Chairman Mr. Khawaja Ahmed Hassan, provincial secretaries of home, schools education and energy departments & Dr. Miftah Ismail, Vice Chairman, Punjab Board of Investment and Trade.

Turkey During the visit to Turkey, bilateral meetings were held with the Turkish President, Prime Minister, Mayor of Istanbul, Minister Energy and Natural Resources and Chairman Turkey EXIM bank for increasing further cooperation in various sectors. Chief Minister participated in relief work in Turkish



City of Van where he laid the foundation stone of a hostel. He distributed food packages in the village of Mr. Burhan Kayaturk. The Chief Minister also attended the annual meeting of Justice and Development Party in Ankara. Turkish companies are currently extending vigorous cooperation to Punjab government in solid waste management and transport sectors. Turk companies Albayrak and Ozbak are making investment of 600 million dollars in Punjab including Lahore. Punjab Government intends to replicate this model



of cleanliness in other cities of the province as well. Metro Bus System is a great project in the history of Pakistan's transport, which is being completed with the cooperation of brotherly country of Turkey. The completion of metro bus system, the general public would be made available international quality, affordable and comfortable travelling facilities. During the visit new agreement to purchase latest buses from Turkey for Metro Project was concluded. Negotiations were held with Turkish companies for increasing cooperation in energy sector in Punjab. Turkish companies expressed their interest in increasing cooperation in the information technology in Punjab while a Turkish company would also extend cooperation for setting up of a theme park in the provincial metropolis.



Britain Chief Minister visited the King Solomon Academy in Britain and attended the first session of Vice Chancellor Round Table in the Headquarters of British Council during which detailed exchange of views took place to further streamline and augment education sector in Punjab. He also held meetings with the senior authorities of British Council, Minister for International Development, British Foreign Secretary, British Secretary Home, British political leader Baroness Saeeda Warsi and Lord Green as well as attended a business conference hosted by UK-Pakistan Chamber of Commerce and Industry.

In his meeting with the Senior Minister of British Cabinet Francis Maude in London, matters relating to elimination of corruption and promotion of transparency were discussed. Later a letter of intent was signed between Punjab and UK for taking practical steps for eliminating corruption and enhancing cooperation.

Meanwhile, Chief Minister Muhammad Shahbaz Sharif also met UK Secretary of State for Foreign Affairs, during which a letter of intent between Punjab government and government of UK committing



the UK government and government of the Punjab to co-operate on counter terrorism capacity building in the justice sector was inked. This letter of intent focuses on strengthening the capacity of investigation and prosecution to ensure that terrorists do not escape the justice system. The government of UK will provide training and necessary expertise to prosecutors who will be recruited on merit.

Furthermore, the Counter Terrorism Department of Punjab Police, state-of-the-art Forensic Science Agency already working in Lahore will be further strengthened and their capacity will be enhanced to deal with anti-terrorism matters effectively.

Germany The Chief Minister during his visit to Germany attended a meeting of German investment companies in energy sector and met with German Federal Minister on Development. Later, he addressed an art exhibition in Institute of Cultural Diplomacy. Mr. Shahbaz Sharif met with additional investment companies from energy sector at the headquarters of



Federal German Association of Chamber of Commerce & Industry. He also met the German parliamentarians, experts and political think tanks at the headquarters of Konrad Adenauer Foundation. At the conclusion of visit, he met with the President of Berlin Parliament at the Parliament Office.

A Memorandum of Understanding (MoU) on Solar Energy Project was signed between Punjab Government and Germany's Solar Power Project Development Firm in Berlin, according to which the German firm would work on a mega project for generation of solar energy in Punjab.

Termining the signing of Memorandum of Understanding for establishment of solar energy project in collaboration with the German Company in Punjab, as a highly welcome step, Punjab Chief Minister Muhammad Shahbaz Sharif said that vast opportunities of investment in the solar energy sector exist in Pakistan, especially in Punjab. He called upon German companies to assist Pakistan in finding new and sustainable methods for acquiring energy and said that the German technology is unprecedented in the field of solar energy, throughout the world. Muhammad Shahbaz Sharif said that Punjab government would extend maximum possible facilities and incentives to the German companies, as meeting the challenge of energy crisis in an effective manner is the top most priority of the Punjab government.

The business visit of Mr. Muhammad Shahbaz Sharif, Chief Minister Punjab to Turkey, Britain and Germany was a thumping success. It is hoped that as a result of Chief Minister's successful visit to European countries, long-term positive impact would be created on the development of the province, while its fruit would also reach the people of Punjab.

Energy Road Show Istanbul, Turkey

An energy road show, organized by Punjab Board of Investment & Trade in conjunction with the Turkish Ministry of Energy and National Resources, was held in Istanbul on 17 October 2012. The event was an important development in the wake of Chief Minister's recent visit to Turkey, and will go a long way in solving energy crisis in Punjab province. The event was inaugurated by Turkish Minister for Energy and Natural Resources. The participants from Punjab Government were led by Mr. Ahsan Iqbal MNA and included Ch. Abdul Ghafoor, Provincial Minister for Energy/MPA, Provincial Secretaries of Finance, Mines and Minerals and Energy departments. Additionally Dr. Miftah Ismail, Vice Chairman Punjab Board of Investment & Trade and CEO Punjab Power Development Board attended the



event. Over 22 Turkish companies participated in the event which specialized in energy (Hydro, Thermal, Solar and Wind). Additionally Turkish Banks and experts also present.



H.E. Mr. Taner Yaldiz, Minister of Energy and Natural Resources assured the Punjab Government of their unflinching support and the Turkish EXIM Bank reaffirmed commitment of USD 250 million provided the project meets funding standards

Punjab has large coal and hydel reserves to generate electricity and Punjab government is making strenuous efforts to solve energy crisis through its own resources. The members of the delegation gave a comprehensive briefing to the Turkish energy companies on the possibilities of investment in Punjab. Main projects showcased included the opportunity to participate as EPC Contractor in the 50 MW coal plants for the Industrial Estates. The Turkish investment in 50 MW coal plants in the industrial estates was encouraged with the Government of Punjab willing to be equity partner and Capacity payments guaranteed with an IRR of 17-20%. Additionally the Punjab Government briefing focused on potential of investment in Hydro projects with assurance of sovereign guarantee and power purchase by the National Grid and an IRR of 14-18%. Presented was also the huge opportunity for Turkish investment in coal mining and mine mouth power projects to benefit from 540 million tons authenticated reserves.

Business Networking Event for Jetro

Lahore

Punjab Board of Investment & Trade (PBIT) organized a business networking event for the visiting 13 member delegation from Japan External Trade Organization (JETRO) led by H.E Hiroshi OE, the Japanese Ambassador to Pakistan, on 11th October 2012 in the Chief Minister's Secretariat.

The Japanese Delegates were apprised of the investment climate in Punjab and encouraged to have more business establishments in Punjab by Mr. Habib Gilani, CEO PBIT. The JETRO delegation head in his remarks said "we have found Pakistan a very safe place to be present in despite the international media's negative perception of it and we will encourage more Japanese businesses and media representatives to come visit Punjab."

Present at the occasion were leading businessmen from retail, chemicals and textile sectors of Punjab.

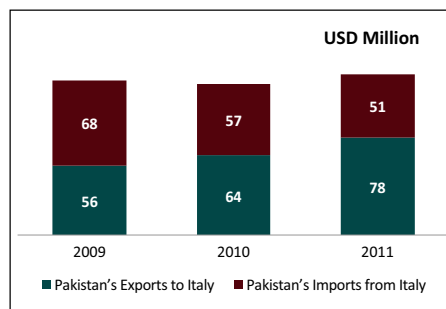


Country in Focus

ITALY

Italy is Pakistan's third EU commercial partner with the exports from Pakistan to Italy in 2011 worth USD 78 Million and imports worth USD 51 Million. (International Trade Centre)

FDI inflow from Italy to Pakistan amounted to USD 42.9million amongst the total FDI in Pakistan of USD 87.2 million in FY 2012-13 (State Bank of Pakistan)



Major Italian companies in Pakistan



Rendezvous



H.E. ADRIANO CHIODI CIANFARANI has recently been appointed as Ambassador of Italy to Pakistan. Italy is an important economic partner of Pakistan, with Italy being Pakistan's third EU commercial partner with a bilateral exchange of about 1.5 billion Euros in 2011. In fact, the economies of Italy and Pakistan complement each other in many ways, with Italy being a World leader in sectors such as machinery, automotive, infrastructures, energy, textile, leather, jewellery, fashion and agriculture; all such sectors which hold key interest for Pakistan. In wake of the huge scope of bilateral economic collaboration in various sectors, the Italian Ambassador was approached for an exclusive interview by PBIT.

Excellency, we would like to know about key initiatives of cooperation between both countries in different sectors?

Italy has always stood by the friendly people of Pakistan in time of need. We were among the very first to intervene with relief aid after the 2005 earthquake; as soon as the floods magnitude became clear in 2010. We committed over 80 million euro to the flood emergency, through bilateral and multilateral contributions. Responding to the request of the Pakistani Government, we earmarked 57.75 million euro to the Citizens Damage Compensation Fund.

Overall, the Italian cooperation portfolio has reached about 210 million euro worth of projects implemented in all provinces and sectors. The most relevant ongoing programme is the debt for development swap programme, worth about USD 100 million and include projects implemented mostly by Government institutions, but also by Italian and Pakistani NGOs.

Among many examples is, a PKR 850 million project for the revitalization of the ancient Walled City of Multan, and a major project in Swat focused on archaeology but also vocational training in the field of tourism.

Under Debt Swap are also relevant projects in the health sector, such as a project to fight against Thalassaemia and the equipment of a major Burn Centre in Multan aimed at treating acid victims.

Agriculture and rural development make up for a relevant share of our portfolio. The main individual project, worth 40 million euro, is implemented through the Pakistan Poverty Alleviation Fund. But we also have Italian institutions, such as the Agricultural Institute for Overseas, implementing projects in the field of horticulture and olive cultivation.

What is your opinion about Pakistan's commercial opportunities? What are the future plans of Italian multinational companies regarding recent and future projects in Pakistan?

Over the years, Pakistan has become an increasingly interesting market for Italian companies. In fact, the Italian Business sector is now looking with increased attention to the many opportunities Pakistan can offer.

The sectors of main interest for our Companies are the ones in which Italy has acquired international recognition as one of the World leaders: machinery, automotive, infrastructures,

energy (including renewable), textile, leather, jewellery, fashion, pharmaceuticals, chemicals, marble and agriculture.

To further encourage business links between the two Countries and promote bilateral trade, the Italian Embassy in Islamabad is promoting a program of activities in the majority of the abovementioned sectors, including the creation of an Italy-Pakistan Business Forum (IPBF), operating as economic think-tank and is working to transform the Italian Development Council into a full-fledged Italian Chamber of Commerce in Pakistan recognised by Italian and Pakistani Authorities.

As you know the energy sector is of key importance for Pakistan, what role do you see for Italian companies in this field?

I believe Italy has an important role to play in supporting the effort of the Pakistani Authorities in reducing gas and electrical shortages, through investments, technology transfer and best



practices.

As you may be aware, the Italian energy conglomerate ENI Spa, is operating both on land and off-shore through a network of extraction plants and platforms from a significant number of years and is today the major foreign Oil and Gas extracting company in Pakistan, extracting over 10% of the Pakistani gas. That figure is expected to grow significantly after the recent discovery of a new large gas field in Sindh.

Italian companies are also actively involved in the CNG sector with players, such as Landi Renzo together with FABER, Lovato and BRC, that are leaders in the Kits and cylinders sector. Furthermore, a certain number of Italian companies active in the field of renewable energies are looking with growing interest at the renewable energy market in Pakistan,

that has a tremendous potential.

What are the main sectors of economic collaboration between Italian companies and Pakistani economic players located in the Punjab?

There are many traditional areas of cooperation between Punjab based and Italian companies. In the Automotive sector, there is a Joint Venture between RAVI and the Italian conglomerate of the two-wheels Piaggio in Lahore (since 2008), that is producing a technologically advanced 125 cc that has very high environmental standards with reduced gas-emissions. Furthermore, FIAT, is increasing the sales and distribution of its agricultural machinery through a locally controlled company and it has witnessed a growing demand for its New-Holland tractors. Finally, companies such as Nuovo Pignone or Brembo, that produce mechanical components have a very sound positioning in the local market.

Pharmaceutical is also a field of bilateral cooperation with several major Italian pharmaceutical companies operating with great success in Punjab, such as Angelini and Chiesi.

Finally, Italian companies are looking also at the great potential existing in this part of Pakistan in the fields of gen-sets, jewellery, furniture, leather and fashion.

"Trade not Aid" is one of the principles & vision of the Chief Minister Punjab on the basis of

which PBIT tries to foster economic cooperation between Punjab and foreign countries. What is your agenda during your tenure based on this vision for strengthening Italy- Pakistan relations? Will trade play an important role in it?

During my tenure I will work to enhance ties between Italy and Pakistan, with particular focus on the economic and commercial links, maintaining the excellent bilateral relations at political level and promoting ever-closer people-to-people connections between our two Countries, also through the large and active Pakistani Community in Italy. Trade, therefore, will play a pivotal role. I am convinced that in this field the scope for enhanced bilateral cooperation is huge and I will dedicate my energies to support any effective initiative aiming at fostering our economic links.



DR. MIFTAH ISMAIL
VICE CHAIRMAN PBIT ON THE PUNJAB-ITALY ECONOMIC ENGAGEMENT

"There is no denying of the importance Italy maintains for the economy of Pakistan. Keeping in view the strengths of Punjab, Lombardy appears as the most important Italian and European region from an economic and commercial perspective. The possible areas where Punjab can foster trade and investment with Lombardy are Agriculture & Agro Processing, Livestock and Dairy, Textiles & Apparel, Leather Apparel & Accessories, Coal and Iron-ore Mining and Marble Quarrying.

What follows the euro debt crisis is the greatest opportunity in time for outward investments from Lombardy into Punjab. Leading European corporations are still cash rich as reflected through their robust balance sheets, while opportunities within the European market are nearing saturation with the euro zone

difficulties. These corporations can find in Punjab their ideal investment destination.

Punjab has all that an investor would essentially desire – Being Pakistan's most populous province, Punjab possesses a large market with a skilled and cost competitive labor force and a GDP in excess of USD 266 billion. A liberal investment infrastructure and rich fertile land have also produced a thriving agricultural industry in the province that supports over a quarter of its population. But above all, it has what other developing regions don't – an unsaturated market with room for economies of scale being discovered as the market continues to grow.

I hope that investors from Italy at large and Lombardy in particular will reap these business opportunities to the benefit of all. My team and I, therefore, look forward to discussing with you opportunities in sectors that interest you and helping your business get a head start in Punjab."



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 Turkish Businessmen (Pak-Turk Business Forum)



Visit of Australian Trade Commissioner (AUSTRADE)



Luncheon meeting with the Italian Ambassador

UPCOMING EVENT

7th Power & Alternative Energy Asia 2013 Int'l Exhibition & Conferences is being held from 14-16 March, 2013 at Karachi Expo Centre. Power & Alternative Energy Asia shall focus on the following sectors; Power Generation, Renewable Energy, Power Distribution, Energy Smart Technology, Energy Conservation, Environment, RPP's, Conference on Alternative Energy, LED & Industrial Lighting Solutions, IPP's, Conference on Power Generation, Distribution & Conservation.

Power & Alternative Energy Asia is proven to be the preferred venue for buyers to source for new technology and equipment and where industry professionals get updated on the latest technological advancement and industry trends. For more information, Power & Alternative Energy Asia Secretariat may kindly be contacted on tel: (021) 111-222-444, fax: (021) 3453-6330 or email: info@powerasia.com.pk or browse www.powerasia.com.pk for booking and for downloading the Participation Tariff, Sponsorship Packages & Advertising Opportunities at the Event.



Visit of team of Nan Chuan Industrial Park, China



Visit of Canadian Mining and Energy delegation

PBIT Services

- One Window Facility for reduced time to market
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