

Adviser finds SEZ framework antithesis to industrialisation

ISLAMABAD: Adviser to Prime Minister on Commerce Razak Dawood on Wednesday said the existing framework governing special economic zones (SEZs) could not fulfill the dream of industrialisation due to its various shortcomings.

Dawood told APP that the Board of Investment (BOI) is working towards amendments into the SEZ Act 2012 to remove its shortcomings.

“The SEZ Act in its current form could not effectively contribute towards industrialisation of Pakistan in its true spirit due to some inherent shortcomings, like slow pace of development and lack of utilities in the SEZs, complicated approval process, cumbersome procedures for availing the incentives, lack of clear policy objectives, absence of one window operations and others,” he said.

The adviser said the proposed amendments aim to cater for the government’s vision to promote services sector, such as knowledge and information technology, and integrated tourism.

“Considering that regulatory and bureaucratic hurdles pose the biggest challenge to industrialisation, One Stop Services Act is proposed to be promulgated to ensure the requisite ease of doing business and to provide quality services to the investors with legal backing,” he added.

Dawood said the government is prioritising development of SEZs to attract foreign direct investment and transfer of technology into the country. The SEZs are primarily focused on industrialisation that result in export promotion, import substitution, transfer of technologies and employment generation.

“Establishment of SEZs is critical to resolving balance of payment issues,” he said. “We tend to give priority to enterprises which are involved in export generation or import substitution.”

The adviser said economic zones, which are successful in export generation and import substitution, are given status of SEZ and the admission into an SEZ is based on the economic viability of the business proposal.

Dawood said SEZs are to be transformed to meet the challenge and create space for digital world. “For this to materialise, the proposed amendments also include a special provision for IT SEZs that relaxes the minimum land requirement of 50 acres.”

The adviser said incentive package to attract meaningful export-led, import substituting and labour intensive industrialisation through local and foreign investors including the expected Chinese relocation of industries in the SEZs has been prepared and submitted

for the approval of the economic coordination committee (ECC) of the cabinet. “The package not only includes extension of the already provided incentives but also some additional benefits for the developers and zone enterprises subject to the approval of the ECC.”

Dawood said SEZs can be a true catalyst to industrialisation in Pakistan. Many manufacturing businesses are relocating from China to other destinations due to various shifts in global economy and the changes in international relations. “An industrial development cooperation project is already working at a full pace at the BOI with a mandate to fast track industrial cooperation between China and Pakistan.”

The adviser said China is developing the first modern CPEC-SEZ – Rashakai special economic zone – in Nowshehra and more international developers are solicited through international bidding to develop SEZs in Pakistan.

Dawood said Chinese companies are showing keen interest to develop SEZs in Pakistan. “Pakistan will become part of global value chains with Chinese units.”

The adviser said all sectors are, except arms, explosives, radioactive substances, securities, mint/currency and consumable alcohol are open for investment. Up to 100 percent foreign ownership is allowed, no minimum investment is required and there are no restrictions on currency convertibility and repatriation of profits and capital. The government offers the investment protection through laws, international arbitration is allowed and full ownership and lease of land is allowed.