

Hong Kong's retail chain plans to enter Pakistan

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KARACHI: Hong Kong-based companies including a retail chain store planned to enter Pakistan following a bilateral treaty signed between the two countries last year to avoid double taxation that may boost annual foreign direct investment inflows from approximately \$35 million, officials said on Tuesday.

Officials at Trade Development Authority of Pakistan (TDAP) said Cheong Hing Limited intends to set up retail chain stores in Pakistan and currently in talks with different stakeholders. Founded in 1960, the company's line of businesses include retail sale of home-furnishings such as china, glassware, and metal-ware for kitchen and table use.

Pakistan has witnessed arrival of some global retailers in the past few years, but local businesses still dominate the retail sector. Wholesale and retail trade accounts for around 20 percent of the country's economy of \$300 billion, according to the State Bank of Pakistan.

Analysts said liberal FDI policy for retailing along with changing buying habits would continue to provide enough opportunities to global retailers to explore Pakistan's market for any investment and expansion plan. New chains of grocery and lifestyle stores are likely to enter primarily in urban centres, while chains of retail outlets irrespective of channel are likely to continue expand their network.

Late last year, Pakistan and Hong Kong ratified a treaty to stave off double taxation on incomes of their individuals and companies. TDAP officials said Hong Kong's Aalpes Global Group, which is in the business of creative planning, intends to set up company in Pakistan to expand business technology.

An official said Pakistan's mission in Hong Kong is building its connection with the Securities and Exchange Commission of Pakistan. Besides, Sino-German Safety Science and Technology Industrial Park Company intends to study information technology market, and is already in talks with the local stakeholders.

Pakistan is one of the most liberal foreign investment regimes in South Asia with 100 percent foreign equity permitted in the manufacturing and infrastructure development sectors. The country offers a number of tax incentives to FDI projects in several sectors, spanning infrastructure, electronics and information technology and telecommunication services. Hong Kong's FDI flow to Pakistan was recorded at \$34.5 million during the July 2017 to February 2018 period.