

Prime Minister Secretariat (Public)
Board of Investment
-P&PR Section

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Special Economic Zones - a new bold incentive

The BOI Chairman, Saleem H. Mandviwalla has taken a audacious initiative which has been lauded and appreciated by senior economic experts for bold decision to establish Special Economic Zones.

Following is the salient features of the new and courageous move:

To meet the challenge of global competitiveness and to attract investment, Board of Investment (BOI) in consultation with the Provincial Governments, Federal Ministries agencies and Private Sector has recently prepared a framework for the establishment of Special Economic Zones (SEZs)' throughout the country. The draft law for SEZs encompasses an incentive package and policy framework for establishment of SEZ, was approved by the Economic Coordination Committee (RCC) of the Cabinet in its meeting of 14th October 2008.

As is recognized that Foreign Direct Investment (FDI) is an integral part of an open and effective international economic system and a major catalyst to development. Around the world countries have adopted proactive and liberal investment policies to attract FDI as the benefits of FDI Do not accrue automatically and evenly across countries, and across sectors.

The challenge is primarily to redraw national policy and, do investment architecture in a manner that would create a conducive environment for generation of economic opportunities and promotion or FDI in the country. In the backdrop of international competition, the countries worldwide have created efficient and competitive industrial clusters and SEZs to reduce the cost or doing business. Typically, a SEZ is a geographical region that has more liberal economic laws than a country's typical economic laws and regulations. BOI under the Chairmanship of Saleem H. Mandviwalla undertook a benchmarking study of the best practices in SEZs in regional countries like China, India, Thailand, Malaysia, Egypt, Vietnam, Jordon and UAB to develop policy framework for SEZs in Pakistan.

Government has decided to establish SEZs by itself, or in collaboration with private parties under various modes of collaboration including Public- private

partnership or accord recognition to the privately established - economic activity zones as SEZ to be governed under approved Act of aforesaid.

Accordingly a Board of Approvals (BOA) will be responsible for approvals of the businesses, headed by the Prime Minister of Pakistan with the Minister for Finance as the Vice Chairman and includes the Chief Minister of each Province, heads of economic Ministries, executive heads of the Provincial Investment Boards and representatives of Private sector.

Additional benefits to a Developer, Zone Enterprise. Region and Sector with respect to a particular SEZ or to all or certain Zone Enterprises in a particular SEZ, Region and Sector if justified.

It was also agreed that the Approvals Committee shall be chaired by the Chairman of the BOI, Saleem H. Mandviwalla, and comprises of the representatives of the Federal Provincial economic Ministries, Private sector representatives.

BOI shall be responsible, within Pakistan, for the co-ordination of all activities pertaining to SEZ, Developers and Zone Enterprises, including the preparation of all documentation for consideration, and for ensuring the implementation of all decisions of the BOA, and also be responsible for the international and domestic promotion of investments into SEZs.

As directed by Saleem H. Mandviwalla, Chairman BOI the body with approval of the BOA and after consultations with the Provincial SEZ Authorities shall establish rules and regulations as necessary for implementation this development.

The Cabinet has already approved the initiation of SEZ Act and it has now been submitted to Ministry of Law, Justice & Parliamentary Affairs for vetting and drafting in the shape of Bill to place it before the Parliament.

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