

Doing Business in Pakistan

Expert knowledge means success

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Introduction

The Islamic Republic of Pakistan was founded in 1947. East Pakistan (now Bangladesh) seceded in 1971. Since independence, Pakistan has suffered a series of military coups.

Pakistan remains in a volatile region, troubled by instability in neighbouring Afghanistan and Kashmir and characterised by widespread incidence of illicit trade, including in drugs and arms. Its territorial dispute with India over Kashmir is considered one of the world's most dangerous territorial disputes due to the nuclear capabilities of India and Pakistan.

Pakistan's internal political unrest, limited foreign investment and neighbouring disputes have contributed to its relative impoverishment. However the restoration of EU relations in 2001 coupled with generous foreign assistance has led to a significant upturn in the economy over the last five years. Analysts predict that future economic policy will concentrate on privatisation, continued liberalisation and attracting inflows of foreign direct investment resulting in an average GDP growth of 6% a year in 2007-11. The resolution of the FTA issue with the EU may impact those predictions.

UK-Pakistan trade

Pakistan is a large country with a reasonably well developed infrastructure which holds the potential for a significant amount of business for UK companies. Because of the historical and commercial ties, Britain is seen as the country of first choice to do business with. English is the language of business and with our long standing trading links; many British companies are well established in Pakistan.

Britain and Pakistan have enjoyed good trade relations and many Pakistani businesses see Britain as the country of first choice to do business with.

The UK is the fourth largest OECD exporting country to Pakistan, with an 8.7% share of the market. It was listed as the fourth largest investor in the country.

UK exports to Pakistan were worth £489m in 2006 and £165.5m in the first five months of 2007. Principal UK exports were:

- Specialised industrial machinery;
- Power generation equipment;
- Telecommunication and broadcasting equipment;
- Chemicals;
- Pharmaceutical and medical products;
- Metaliferous ores and metal scrap.

There has also been considerable recent growth in the following sectors:

- Automotive;
- Information technology;
- Oil and gas;
- Food & Beverages;
- Financial Services;
- Infrastructure Development and Engineering Consultancy;
- Education and Training;
- Power Generation.

Pakistani exports to the UK were worth £209.9m in the first five months of 2007. Principal Pakistani exports to the UK were:

- Textiles;
- Rice;
- Leather/leather products;
- Carpets; and
- Fruit.

Reasons to do business in Pakistan

The Government of Pakistan welcomes all types of foreign investment, be it equity investment, transfer of technology, joint ventures, subcontracting or third country participation. Foreign investors may invest up to 100% equity in all industrial sectors without prior permission, with a few exceptions. New investment in consumer alcohol manufacture is banned.

There are over 100 British companies operating in Pakistan.

Investors in Pakistan can benefit from the following:

- Abundant Land and Natural Resources
 - Extensive agricultural land
 - Crop production (wheat, cotton, rice, fruit and vegetables)
 - Mineral reserves (coal, crude oil, natural gas, copper, iron ore, gypsum, etc.)
 - Fisheries and livestock production



- Human Resources
 - English speaking work force
 - Cost-effective managers and technical workers
- Large and Growing Domestic Market
 - 140 million consumers with growing incomes
 - A growing middle-class moving to sophisticated consumer habits
- Well-Established Infrastructure and Legal Systems
 - Comprehensive road, rail and sea links
 - Good quality telecommunications and IT services
 - Modern company law
 - Long-standing corporate culture
- Strategic Location as a Regional Hub
 - Principal gateway to the Central Asia Republics
 - Strong and long-standing links with the Middle East and South Asia
 - Comprehensive duty-free facilities for investors

The Pakistan Board of Investment (BOI)

The BOI was established with the following broad based responsibilities:

- to promote of investment in all sectors of economy;
- to facilitate of local and foreign investors for speedy materialisation of their projects;
- to enhance Pakistan's international competitiveness; and
- to contribute to economic and social development.

The BOI assists companies and investor which intend to invest in Pakistan as well as facilitates the implementation and operation of their projects. The wide range of services provided by BOI includes providing information on the opportunities for investment and facilitating companies which are looking for joint venture partners.

The BOI acts as a focal point of contact for the prospective investors, both domestic and foreign to provide them all necessary information and assistance in coordinating with other Government Departments/ Agencies.

Full details on incentives provided by the Government of Pakistan through BOI can be found at: www.pakboi.gov.pk. These are primarily in the form of tax holidays and exemptions.

The Pakistan Board of Investment lists the following opportunities:

- Oil & Gas

- Onshore and offshore activities
- Exploration
- Production of explored wells
- Pipelines

- **Energy and Power**

- Hydel
- Coal Based

- **IT Projects**

- IT City
- IT Training Centers
- Call Centers
- Software
- Cell Phone
- E-Commerce

- **Agri & Agro-based Projects**

- Corporate & Integrated Agriculture - Earth Moving & Leveling Equipment
- Water Conservation & Irrigation Equipment - Pesticides Manufacturing
- Livestock Farming - Cattle Feed
- Dairy Farming - Leather Products
- Sea Food Processing - Byproducts of Sugar Industry
- Cool Chains & Refrigerated Transportation - Frozen Concentrated Citrus Juice
- Agricultural Machinery - Mango & Guava Pulp and Juice
- Tomato Juice

- **Textile Sector**

- Garments Industry
- Knitwear Industry
- Relocation of Industry
- Fire proof tents, carpets
- Value Addition & Quality Control

- **Infrastructure**

- Urban Mass transit Projects
- Airports
- Port Facility
- Motor way
- Waste Management & Recycling
- Water Supply
- Construction Projects

- **Industrial Infrastructure**

- Development of Industrial Zones in Private Sector
- Industrial Development Centers for Capacity Building of SMEs

- **Health Projects**

- Hospitals
- Diagnostic Centers

- **Mining & Minerals**

- Thar Coalfield development
- Mining & Mineral Processing
- (Iron Ore, Coal, Lead, Zinc, Chromite, Dolomite, Natural Gas, Lime Stone Magnesite, Silica Sand, Gypsum Anhydrite, Bauxite, Gems)
- Steel Mill based on local Iron Ore

- **Privatization**

- Oil and gas
- Information Technology (IT)
- Telecommunications
- Banking, Finance, Insurance
- Aviation
- Industries
- Power

- **Service Sector**
 - Departmental Stores (Chain)
 - Insurance: Health, Crop; Cattle
 - Floods/Natural Hazards
 - Flight Kitchens - Air Aviation
- **Tourism Projects**
 - Disneyland
 - Beach Resorts (Karachi-Makran Coastal Highway)
 - Hill Resorts
 - Tourist Hostels/Complexes
- **Other Focused Industry**
 - Tele Communication
 - SMEs
 - Automotive Parts
 - Relocation of Electronic Industry
 - Edible Oil
- **Afghanistan – Related Projects**
 - Rail link with Afghanistan and Cars
 - Gas Pipeline from Turkmenistan through Afghanistan
 - Industrial/Export Processing Zones (close to Afghan Border)
 - Power export.

Economy

Pakistan, traditionally an impoverished and underdeveloped country, has suffered from decades of internal political disputes, low levels of foreign investment, and a costly, ongoing confrontation with neighboring India. However, IMF-approved government policies, bolstered by generous foreign assistance and renewed access to global markets since 2001, have generated a degree of macroeconomic recovery.

The government has made substantial macroeconomic reforms since 2000, most notably privatizing the banking sector. Poverty levels have decreased by 10 percent since 2001, and Islamabad has steadily raised development spending in recent years, including a 52% real increase in the budget allocation for development in fiscal year 2007, a necessary step toward reversing the broad underdevelopment of its social sector. Political stability in Pakistan remains elusive. The two main political parties, the Pakistan People's Party, which currently leads the coalition government, and the main opposition Pakistan Muslim League (Nawaz) continue to try to undermine each other, despite the broad range of threats facing the country.

The government's political weakness could damage its ability to address the country's serious economic challenges. The increases in political and security risk could also have a negative effect on foreign investment

inflows.

The Economist Intelligence Unit predicts that real GDP will contract in fiscal year 2008/09 (July-June), but will record average growth of 4.2% a year between 2009/10 and 2012/13, driven by private consumption and investment. The economy will remain dependent on textiles, other manufacturing and services.

Pakistan will lose a considerable amount of autonomy in setting its own economic policy in the early part of the forecast period because of its acceptance of assistance from the IMF. Efforts to control inflation will remain a focus of monetary policy. Inflationary pressures increased sharply in 2008.

The trade deficit is expected to widen from 2010 as import growth resumes after a large contraction in imports in 2009. The current-account deficit is expected to average 2.5% of GDP between 2009 and 2013.

The rate of depreciation of the Pakistan rupee against the US dollar is expected to accelerate in 2009-13 from that in the preceding five years.

Population

The population of Pakistan is 173.6 million – (Source: World Bank estimate 2010). The official language is Urdu, but English is the principal business language. It is a strongly Muslim country (96%) with some Christians, Hindus and other religions represented.

Unskilled, semi-skilled and skilled labour is generally available and there are a number of employment agencies in Pakistan. However, for skilled managerial staff, it is best to advertise in the local press and conduct your own interviews.

Geography

Pakistan is about three-and-a-half times the size of the UK. It shares borders with four countries: India to the east, China to the north east, Iran to the south west and Afghanistan along the western and northern boundaries. Pakistan's coastline on the Arabian Sea is 1,064 km long. The Indus river runs from Tibet on its course to the Arabian Sea, a total of almost 2,500 km.



Pakistan is divided into four provinces: Balochistan, the North West Frontier Province (NWFP), Punjab and Sindh. In addition to the 4 provinces there are also the Federally Administered Tribal Areas (FATA), the Federally Administered Northern Areas (FANA), and the Islamabad Capital Territory. Pakistan-administered Kashmir is known in Pakistan as Azad Jammu and Kashmir (AJK).

Commercial centres

Islamabad is the Federal capital and as such the political and administrative centre of the country. Karachi is the capital of Sindh and the commercial centre of Pakistan having the country's main port. Lahore, the capital of Punjab, is also an important commercial centre.

The principal commercial centres and towns and their resident industries are:

- **Islamabad**
 - Cement, oil, steel manufacturing;
- **Karachi**
 - Port, main commercial centre, Tourism, manufacturing, textiles, steel, leather, IT/telecommunication;
- **Lahore**
 - Leather, textiles, manufacturing;
- **Faisalabad**
 - Textiles;
- **Rawalpindi**
 - Cement, oil, steel manufacturing;
- **Hyderabad**
 - Textiles, manufacturing.

Climate

The terrain ranges from mountainous to desert and the climate varies accordingly. It is cool in the mountains and foothills, with rain in the summer and snow in the winter. Plateau regions experience hot summers and cool winters, with some rain in winter. The Indus Valley is hot all year round, with extreme heat and dry winds during the summer season. Temperatures vary from an average of 15°C in January to an average of 37°C in May - July. Summer temperatures can rise as high as 50°C in northern Sindh and eastern Baluchistan, although temperatures generally fall in the range between 32°C - 49°C.

The monsoon season lasts from mid-July - September when the average monthly rainfall amounts to 16cm. The average annual rainfall varies from 15cm in Karachi in the South, to 37cm in Peshawar, 45cm in Lahore and 74cm in Islamabad in the north.

Government Structure

The constitution of the Islamic Republic of Pakistan adopted in 1985 provides for a federal parliamentary system with a president as head of state and an elected prime minister as head of government.

The president must be a Muslim. Elected for a five-year term by an electoral college consisting of members of the Senate and National Assembly and members of the provincial assemblies, the president is eligible for re-election, but no individual may hold the office for more than two consecutive terms.

The prime minister is appointed by the president from among the members of the National Assembly. The prime minister is assisted by the Federal Cabinet, a council of ministers whose members are appointed by the president on the advice of the prime minister.

The Federal Cabinet comprises the ministers, ministers of state, and advisers. The bicameral federal legislature is the Majlis-i-Shoora (Council of Advisers), consisting of the Senate (upper house) and the elected National Assembly. Seats are allocated to each of the four provinces, the Federally Administered Tribal Areas, and Islamabad Capital Territory on the basis of population. National Assembly members serve for the parliamentary term,

which is five years unless the National Assembly is dissolved. Although the vast majority of the members are Muslim, about 5 percent of the seats are reserved for minorities, including Christians, Hindus, and Sikhs. Elections for minority seats are held on the basis of separate electorates at the same time as the polls for Muslim seats during the general elections.

The Senate is a permanent legislative body with equal representation from each of the four provinces, elected by the members of their respective provincial assemblies. There are representatives from the Federally Administered Tribal Areas and from Islamabad Capital Territory.

The prime minister heads the government, but the president is the de facto head of the executive and leads the National Security Council, which comprises military chiefs, cabinet members and the leader of the opposition.

Establishing a Business in Pakistan

In general businesses are free to choose whichever type suits them, be it a branch office, subsidiary, Joint Venture, or Partnership. Further details can be found at: www.pakboi.gov.pk

A foreign company can establish a place of business (which includes a branch, share transfer or registration office, factory, mine or other fixed place of business) in Pakistan without formally creating a separate legal entity. The legal requirement is that within 30 days of the establishment of a place of business, the foreign company is required to file certified true copies of its documents of incorporation in the foreign jurisdiction and other information with respect to its operations in Pakistan with the Registrar. In addition, liaison offices may also be opened by foreign companies for which procedures are quite simple. Permission is granted by the BOI in consultation with the relevant governmental departments.

Branch

It is generally advisable to operate in Pakistan through a locally incorporated company rather than through a branch, since branches are subject to many restrictions (for example, they may not bid directly for government tenders.

Liaison Offices of Foreign Firms

Foreign companies which intend to undertake export activities in Pakistan are generally allowed to register without any formality. Permission for opening a liaison office will be granted by the Board of Investment in consultation with the concerned agencies.

No formal approval from any government agency is required for setting up any industry or business, except for the following:

- Arms and ammunition;
- High explosives;
- Radio-active, substances; and
- Security printing, currency and mint;
- Manufacture of alcohol (except industrial alcohol) is banned.

Provincial governments have already notified negative areas where industries cannot be established for security, defence and environmental reasons. Entrepreneurs interested in establishing an industry in these areas, have to obtain location clearance from the appropriate provincial government.

All manufacturing concerns, employing more than 10 persons, are required to register with the respective Provincial Chief Inspector of Industries under the Factories Act, 1984.

Companies are required to register with the appropriate income tax department and obtain a National Tax Number (NTN).

There are three main forms of business:

- Sole Proprietorship;
- Partnership;
- Company.

Sole Proprietorship

In sole proprietorship, a business or a profession is carried out by an individual on his own account. There is no formal procedure or requirement for setting up this kind of business.

Partnership

Partnership in Pakistan is the relationship between persons (individuals as well as companies) carrying on a business in common and who have agreed to share the profits of a business carried on by all or any of them acting for all. The interest of one partner cannot be transferred without the prior consent of the other partners.

The capital for a partnership is provided by the partners who are liable for the total debts of the firms and share profit and loss of a business concern according to the terms of the partnership agreement.

Partnerships (other than banking companies) are generally limited in size to twenty partners. The interest of a partner is transferable only with the prior consent of the other partner(s). However, a partner's right to a share of the partnership income may be received on trust for another person.

For taxation purposes, partnerships are either:

- Registered; or
- Unregistered Firms.

The income of a registered firm is subject to Super Tax, before distribution to the partners. Also, the individual income of the partners is subject to income tax at the usual rates. For unregistered firms, income tax is levied on the income and the partners are not liable to pay tax on the share of profit received from the unregistered firm(s).

Company

A company is a legal entity and may be formed under the Companies Ordinance, 1984¹. It can have share capital or can be formed without share capital. A company having share capital may be formed as:

- **A company limited by shares**
The liability of the members (shareholders) of a company limited by shares is limited up to the extent of their share of the paid up capital of the company. These companies may further be classified as public limited and private limited companies.

Public Limited Companies can be formed by at least seven persons by subscribing their names to the 'Memorandum & Articles of Association' of the company. The word 'Limited' must be used as the last word of its name.

Private limited companies may be formed by at least two persons subscribing their names to the Memorandum of Association. To qualify as a private limited company, the Articles of Association (bylaws) of the company must:

- restrict the share transfer rights;
- limit the number of shareholders to 50; and
- prohibit any invitation to the public to subscribe to its shares.

A private limited company is required to use the words "(Private) Limited" as the last words of its name.

- **A company limited by guarantee**
The members of a company limited by guarantee voluntarily undertake to contribute certain amounts to the assets of the company on its winding up. A company limited by guarantee is usually formed on a 'no profit basis'. Guarantee limited companies must use the words "(Guarantee) Limited" as the last words of their name;
- **An unlimited company**
With an unlimited company, the liability of the members is unlimited.

The promoters of any proposed company are required to obtain confirmation from the Company Registration Office that the proposed name of the company intended to be set up is available and is not identical with the name of any existing company or the proposed name is not deceptive, inappropriate etc.

The following documents are required to be submitted with the concerned Registrar:

- **Private Limited Company**
 1. Memorandum and Articles of Association;
 2. Declaration on form I regarding compliance with the requirements of the Companies Ordinance, 1984, signed by one of the Directors/Officers of the company or an Advocate or Chartered Accountant or Cost and Management Accountant;
 3. Address of the registered office of the company on Form 21; and
 4. Particulars of Directors and Officers, including the Chief Executive, Secretary, Chief Accountant, Auditor, and legal Advisor on Form 29.

In addition to the documents required for a private limited company, the following documents are to be filed:

- **Public Limited Company**
 1. List of persons consenting to act as Directors/Chief Executive on Form 27; and
 2. Consents to act as Directors or Chief Executive on Form 29.

The promoters of the following types of companies having special businesses are required to obtain the letter of intent permission from the departments indicated below against each category:

- **A banking company** - Ministry of Finance (Investment Wing) / State Bank of Pakistan;

- **An insurance company** - Ministry of Commerce;
- **A provident society** - Corporate Law Authority;
- **An investment company** - Ministry of Finance/Corporate Law Authority;
- **A leasing company** - Corporate Law Authority.

Taxation

Resident individuals are taxed on their worldwide income; non-residents are taxed only on their Pakistani-source income. An individual is resident if present in Pakistan for a period totalling 183 days or more in a tax year.

Resident companies are taxed on worldwide income; non-resident companies are taxed only on Pakistani-source income. A company is resident if incorporated or formed under Pakistani law, or if management and control of the company are exercised wholly in Pakistan at any time during the year.

Details of tax rates in 2012 can be found at: <http://pkeconomists.com/pakistan-budget-2011-12-highlights-of-tax>

Sales tax

The sales tax applies to most products. The rate is 15%, but exports are zero-rated. Exemptions include basic foodstuffs, live animals, crude oil and natural gas, petroleum products, computer hardware and software, medicine and newspapers.

Wholesalers and importers must register for sales tax, and manufacturers and retailers must register if their turnover is above PKR 5m.

Details of the sales tax regime in Pakistan can be found at: www.pakcustoms.org/sales_tax_guide/index.htm

Exporting

The Integrated Tariff of the United Kingdom contains helpful information on Importing or Exporting. It includes references to the relevant laws and regulations. For further information, visit: www.hmrc.gov.uk

UK Trade and Investment

The UK Trade and Investment Export Finance team encourages the availability of competitive export finance to all UK companies seeking to export goods or services or invest overseas. For further information visit: www.uktradeinvest.gov.uk

Export licences (from UK)

You should check with Her Majesty's Revenue and Customs to see if a licence is required for any goods you wish to export to Pakistan. There are a number of licensing requirements, relevant to exports. These include:

- Common Agricultural Policy (CAP) Licences;
- Department for Business, Innovation and Skills (BIS) Licences;
- Department for Environment, Food & Rural Affairs (DEFRA) Licences;
- Department of Culture, Media and Sports (DCMS) Licences.

The Defence Export Services Organisation (DESO) can provide information concerning the export of defence related equipment.

An export licence is mandatory if you are exporting certain products. If a licence is required and is not presented at the time of export, the consignment will not be able to leave. For further information, visit: www.hmrc.gov.uk

Export Credits Guarantee Department (ECGD)

ECGD can provide insurance or arrange medium/long-term finance packages in a wide range of markets worldwide for UK exporters of capital goods and projects. They can also provide contacts for private sector insurance for UK exporters of consumables. For more information on how ECGD may be able to help you visit the ECGD website at: <http://www.ecgd.gov.uk> or contact their helpline: Tel: +44 (0)20 7512 7887.

Technical Help for Exporters

Technical Help for Exporters (THE) is a service provided by the British Standards Institution (BSI) to provide information and advice on compliance with overseas statutory and other technical requirements. THE produces a wide range of publications and provides a special updating service of information in some product fields.

THE can supply detailed information on foreign regulations; identify, supply and

assist in the interpretation of foreign standards and approval procedures; research and consult on technical requirements for a specific product; and provide translations of foreign standards, items of legislation and codes of practice. Fees vary according to the amount of work involved. For further information visit the British Standards Institution (BSI) website at: www.bsi-global.com/Technical+Information/

BIFA

The British International Freight Association's New Importer/Exporter Initiative aims to provide specialist help and assistance to companies who are new to exporting. This service, available through selected BIFA registered members, offers up to one day's free consultancy to advise companies on such matters as modes of transport, distribution methods, costing, documentation and payment terms. They can be contacted on +44 (0)20 8844 2266.

Export Documentation

The following documents are required for imports and exports:

- commercial invoice. No special invoice is required although two copies should be included. The invoice should provide exact details of the shipment including:
 - number of packages
 - marks, prices and description of goods
 - quantity
 - place of origin
 - freight and insurance
 - any other information to facilitate customs clearance.

It is advisable to obtain insurance certificates and letters of credit. A bill of lading is required to allow cargo clearance.

Certificates of origin are only required if the imports require additional processing in Pakistan. Facsimile signatures are not acceptable and will be rejected by Pakistan Customs. Permit applications under the Dutiable Commodities Ordinance, require one additional copy of invoice and bill of lading.

SITPRO is the UK's trade facilitation body dedicated to simplifying the international trade process by cutting red tape. A company limited by guarantee, SITPRO is a Non-Departmental Public Body for which the Department of Trade and Industry has responsibility.

SITPRO manages the UK Aligned Series of Export documents, and licenses a network of

approved suppliers to provide them. SITPRO also offer advice, briefings, publications and checklists covering various international trading practices.

Contact SITPRO for more help or information on export documentation and procedures.

Tel: +44 (0)20 7215 8150

E-mail: info@sitpro.org.uk

www.sitpro.org.uk

Getting your goods to the market

The main options for Pakistan are Sea or Air freight and express or courier service. The British International Freight Association's New Importer/Exporter Initiative aims to provide specialist help and assistance to companies who are new to exporting. This service, available through selected BIFA registered members, offers up to one day's free consultancy to advise companies on such matters as modes of transport, distribution methods, costing, documentation and payment terms. They can be contacted on +44 (0)20 8844 2266.

Labelling and packaging regulations

Pakistan has no uniform or universal system of imposing labelling and marking requirements on products. Individual industries or sectors are subject to the regulations of specific bodies, for example, the Ministry of Health sets the requirements for the pharmaceutical industry. In general, labelling in English and Urdu is required on all consumer products. Labels need to provide information that includes placement of identification data, identification of the manufacturer, product information, and standard quality disclosures. Additionally, many food products may also have to comply with hygiene and ingredients regulations. There are some products that must be clearly marked, stamped, branded or labelled so as to indicate the country of origin.

Commercial Samples and Temporary Imports

The government permits the temporary import of legally importable items by foreign companies, to be used as commercial samples. However, a bank guarantee or indemnity bond equivalent to the value of the item, must be provided to the Customs authorities, as reassurance that the items will be re-exported. Import fees, where required, must be paid, although this will be refunded on re-export.

Some imported goods, which are to be used solely for display purposes or at fairs, exhibitions, meetings or similar events in Pakistan, which the Director of Trade, Industry and Customs considers to be samples, may be imported free of duty, provided they are subsequently re-exported. Other samples may be liable to duty.

Anti dumping and countervailing

As a member of the World Trade Organisation (WTO) Pakistan can apply anti-dumping or countervailing duties to products which are sold in Pakistan for less than they sell in the country of origin in order to gain market share or undermine an existing or emerging industry in Pakistan. These additional duties are imposed on a temporary basis to counteract the effects of an unfairly low price or an unfair subsidy to the producer. An example of an unfair subsidy would be government grants, capital loans, favourable loan guarantees, export rebates, and tax incentives. These duties can only be imposed if the imported goods have caused, or are likely to cause, material harm to the Pakistani domestic market.

Countertrade

Countertrade is not widely practised in the public sector. However, the Trading Corporation of Pakistan (TCP) is engaged in restrictive forms of countertrade (especially in view of WTO requirements) procuring a range of commodities, at the request of the Government of Pakistan, as and when the need arises to cover shortages.

The Ministry of Commerce and the State Bank of Pakistan permit private sector organisations to conduct countertrade transactions with other private sector international traders, but not with foreign governments or their agencies. Such transactions are conducted through a private Commodity Exchange Arrangement (CEA), an application for which has to be submitted to the State Bank for approval. The Ministry of Commerce prescribes, from time to time, a negative list of commodities which cannot be imported or exported under the scheme. Regulations are set out in the State Bank's FE Circular No. 50 of 3 November 1998.

Importing

The Integrated Tariff of the United Kingdom contains helpful information on Importing or Exporting. It includes references to the

relevant laws and regulations. For further information, visit: www.hmrc.gov.uk.

Import licences

You should check with Her Majesty's Revenue and Customs to see if a licence is required for any goods you wish to import from Pakistan. There are a number of licensing requirements, relevant to imports. These include:

- Common Agricultural Policy (CAP) Licences;
- Department for Business, Innovation and Skills (BIS) Licences;
- Department for Environment, Food & Rural Affairs (DEFRA) Licences;
- European Commission Licences;
- Forestry Commission Licences; and
- Radio Communications Agency (RDA) Licences.

If a licence is needed and is not presented at the time of importation, the goods will not be allowed to enter the country.

No import license is required for importing plant/machinery/raw materials. Instead, the company may open a letter of Credit (LC) for the importation of plant/machinery/raw materials with any commercial bank or authorized foreign exchange dealers. Exports and imports to and from Israel are prohibited. The export of specific antiques from Pakistan may require a permit.

Customs Duties

Pakistan's customs tariffs are based on the Customs Co-operation Council's nomenclature system. Duties may be levied ad valorem or specific to the goods concerned. Maximum tariff rates were reduced from 92% to 70% in June 1994, and from 70% to 65% in June 1995 and from 65% to 45% in 1997. Maximum tariff rates on imports have been reduced to 35% in the Import Policy Order 1999-2000. Raw materials and industrial machinery attract a rate of 10%. The federal budget for 1998 - 99 announced that this rate has been retained.

To enquire about specific products, contact:

Pakistan Customs
Custom House, Karachi
Tel: +92 21 9214202 (9 lines)
Fax: + 92 21 921 4192

or www.fbr.gov.pk/newcu/TARIFF/Tarrif200920010.asp

Personal effects are permitted duty - free. Visitors are not permitted to import alcoholic beverages. Motor vehicles may be imported duty - free for a period of up to three months. Certain items may only be imported from tied sources under credits, barter trade, the US PL - 480 food aid programme or by public sector agencies.

Exchange controls

There is a limit of (Rupees 3000 per person per visit and Rupees 500 per person per visit if you are travelling from India) on the amount of Pakistani currency that can be brought into the country and none can be exported.

There are no restrictions on the amount of foreign currency which may be imported into the country, although larger sums should be declared at customs upon arrival. Failure to declare limits the amount that can be legally exported to US\$ 10,000 per person per trip. All foreign exchange receipts should be retained. Larger sums may only be re-exported if covered by Repatriation Guarantee.

A paper by the State Bank of Pakistan is available online at:
www.sbp.org.pk/res-man/ForeignExchangeReserveManagementGovernanceStructure.pdf

Patents and Trademarks

The laws in Pakistan generally provide for protection of intellectual property rights (IPR). Nevertheless, intellectual property piracy in Pakistan remains widespread. The government has embarked on the task of rewriting legislation in the areas of copyrights, patents, and trade marks.

The legal system protects and facilitates the acquisition and disposition of property rights. Pakistan is a member of the World Intellectual Property Organisation (WIPO), the Universal Copyrights Convention and the Bern Copyright Union, but not of the Paris Convention for the Protection of Industrial Property.

In general a UK citizen cannot apply for a patent or trade mark in Pakistan unless they have already made an application for the same in the UK. Advice on matters relating to patents, designs or trade marks can be

obtained from agents specialising in these fields. Names and addresses of these are provided at a small charge by the:

Chartered Institute of Patent Agents,
Staple Inn Buildings, High Holborn,
London, WC1V 7PZ, UK
Tel: 020 7405 9450,

Information about existing patents and trade marks registered in the UK or Pakistan is available at:

Patent Office,
Copyright Directorate, Harmsworth House,
13-15 Bouverie Street, London EC4Y 8DP, UK
Tel: 020 7596 6566,

The UK Patent Office supplies information on Patents, Designs, Trademark and Copyright, including free information packs. For further information e-mail:
enquiries@patent.gov.uk or contact the Central Enquiry Unit on +44 (0)8459 500 505.

Terms of Payment

Most UK banks can provide advice on payment. Generally speaking, any of the customary methods of payment used in international commercial transactions can be used when doing business with Pakistan companies. However, the preferred method is irrevocable letter of credit.

Advertising and Marketing

Advertising

Pakistan has over a dozen major advertising agencies, some with foreign affiliation. Information concerning advertising agencies may be obtained from the:

Pakistan Advertising Association
318 Hotel Metropole
Club Road, Karachi 75520
Fax: 9221 567 1571
E-mail: paa@cyberaccess.com.pk

Pakistan allows trade advertising material other than commercial catalogues to enter duty-free, but levies a sales tax on those items. Samples may be admitted duty-free only if they are representative parts of a complete shipment or, are unsuitable for sale. Duties applicable to commercial shipments apply to samples having commercial value.

Direct response mail and billboard

advertising are in use. TV and newspapers are the most widely used method of advertising.

Newspapers and Periodicals

There are more than 270 daily newspapers in Pakistan. The Daily Jang, published in Urdu, is the largest selling newspaper with a national circulation exceeding 750,000. There are 40 English language newspapers with a combined circulation of around 200,000. The principal English newspapers are Dawn, The Nation, The News, The Muslim, The Frontier Post, Financial Post and The Business Recorder. The two major English - language general magazines are The Herald and Newline. The Pakistan and Gulf Economist, published in Karachi, is a widely-read weekly magazine.

Television

The majority of broadcasting outlets in Pakistan are government-owned and operated, but most accept private advertising. English language programmes are broadcast for about two hours a day on Pakistan Television Corporation (PTV) and for eight to ten hours a day on the Shalimar Television Network (STN). In addition to these programmes, there are around 30 satellite channels offering competitive advertising rates.

Sales Promotion

Advertising and participation in sales promotions and other trade events is often helpful for raising consumer awareness and gaining market share. Appointing a local agent or distributor is recommended to aid in marketing and sales. Exhibition participants should provide technical catalogues in Urdu and English to distribute to agents and companies. Company brochures are also advisable. It is becoming increasingly common for consumers to demand a guarantee that the supplier will respond to enquiries or repair faulty equipment within a specified period of time.

In general, price is the most important factor in promoting sales. However, setting low introductory prices on consumer products is a popular method of promoting products and obtaining a foothold in the market, developing customer awareness and loyalty. Increasingly, consumers are beginning to demand comprehensive and reliable after-sales support on all durable and non-consumer items, accompanied by good documentation and instructions for product

installation, operation and repair.

Local representation

Your choice of representative will depend a great deal on the nature of your business. If you have fixed appointments with the managing director of a company, the same levels of representation would be expected. Otherwise, the Marketing/Sales Manager or relevant person can represent a company in Pakistan.

Business Hours

Pakistan works a six-day week. Offices are open from 09:00 to 17.00 on Monday to Thursday and Saturdays. On Fridays government offices are open from 09:00 to 12.30; private offices are open from 09:00 to 17.00 but take a break between 12.30 and 14.30 for Friday Prayers.

Banks are open from 09.00 to 17.00, Monday to Thursday, 09.00 to 12.30 and 15.00 to 17.00 on Fridays and from 09.00 to 12.30 on Saturdays.

Shops are generally open from 09.30 to 13.00 and from 15.00 to 18.30, Saturday to Thursday.

The British High Commission is open from 08.00 to 16.15, Monday to Thursday and from 08.00 - 13.00 on Friday.

Business Etiquette

Businessmen/women wear very conventional suits/dresses all year round. During the hot summer months, light or tropical weight dress/suits and shirts with ties are the usual attire for business people.

Women will need light clothing during the summer. Foreign women are generally exempt from many social customs, and wearing baggy trousers and shirt, or long skirts are generally acceptable. Women are expected to dress soberly and act discreetly. A headscarf is essential when visiting holy places. To avoid offence, clothing should not expose bare arms or ankles.

Appointments should be made in advance, and it is customary to shake hands on meeting and taking leave, though some businessmen may prefer not to shake hands with female business visitors. Normal western forms of address are accepted and

used. Business cards are exchanged after introduction.

Visitors should make themselves familiar with local customs and care should be taken to respect Muslim conventions. It is the convention to use the right and not the left hand when shaking hands and passing or receiving anything. Pork and alcohol should not be requested.

In the northern areas of Baltistan (Skardu etc) Gilgit, Hunza and the Chitral Valley, do not photograph women, military installations, bridges or airports.

Transport and Travel

Air Travel

The vast majority of British business visitors to Pakistan arrive by air. There are direct flights from British airports to Pakistan's international gateways; Islamabad (Islamabad International, ISB) and Karachi (Quaid-eAzam, KHI) are the two busiest international airports.

Quaid-e-Azam International, Karachi is the principal international gateway to Pakistan, although Islamabad, Lahore, Peshawar and Quetta also have a number of international flights. Lahore (LHE) airport is located about 15km from the centre of the city, a regional aviation hub and with greater accessibility to northern districts due to the motorway. Islamabad International (ISB) is situated 8km from Islamabad.

State-owned Pakistan International Airlines (PIA) is the main Pakistani carrier on international routes. Private airlines, including Air Blue, Shaheen International and Aero-Asia, also fly to the Middle East and the Central Asian Republics. PIA and its domestic competitors serve 37 destinations in Pakistan, offering daily flights to and from the major cities.

International standard hotels can be found in the major cities of Pakistan. Four and five-star hotels in business centres include the Sheraton, Pearl Continental, Marriott and the Holiday Inn Crowne Plaza. Most international hotels in Pakistan operate a courtesy bus service to and from the airport. It is recommended that you ask your hotel to arrange this service for you. However, should you wish to make your own way to the city centre either from Islamabad, Karachi or

Lahore international airports, we suggest travellers to use Radio Cabs Services which are available at all major airports including Karachi, Lahore and Islamabad.

Due to the significant distances separating major cities, it is generally advisable to travel within Pakistan by air.

Approximate distances and times for travel are:

- Karachi to Islamabad: 1,500km (2 hours by air; approximately 28 hours by car);
- Islamabad to Lahore: 250km (30 minutes by air; 4 hours by car);
- Hyderabad to Islamabad: 1,200km (1.5 hours by air; 24 hours by car).

The domestic market is shared by PIA and three small private sector carriers: Air Blue, Aero-Asia and Shaheen Air International.

Buses

It is not advisable to travel by bus. Ordinary services are generally crowded, but express coach services are available between main centres (hourly between Lahore and Rawalpindi). Seats should be booked in advance.

Rail

Pakistan Railways operates the railway system. In spite of the extensive network, trains are slow. The system comprises over 8,775km of railway tracks, much of which is in disrepair, making rail travel unsuitable for business people in a hurry.

The main route runs between Karachi-Lahore and Rawalpindi-Peshawar, with three classes available. Specific services include air conditioning, restaurant cars, sleeping cars, ice containers and ladies-only accommodation. Advance booking is generally advisable and is essential for some services.

Note: The FCO advises against using the rail network and buses in Balochistan.

Taxis

Taxis may be hailed in the street. Metered taxis are painted black and yellow, although the meter may not be used. With the exception of Karachi, taxi fares have to be negotiated and should be agreed at the start of the journey. Tipping is normally 10 percent.

Car hire

Self-drive and chauffeur-driven car hire is available in the major cities. Driving is on the left-hand side of the road. National licence and international driving permits are required.

Travel Advice

Security Briefing for Business

If you are planning to visit Pakistan you are advised to consult the UK Foreign and Commonwealth Office (FCO) who issue regularly updated travel advice on problems that may arise owing to political unrest, violence, natural disasters and epidemics.

Tel: +44 (0)207 238 4503 / 4504.

Their website is at:

www.fco.gov.uk/en/travelling-and-living-overseas/travel-advice-by-country

The FCO helps businesses in assessing security risks and other broader considerations they may face when operating overseas. This will consist primarily of information and commentary of the political, economic and social situation in the country in question. This information and commentary are offered in good faith. The FCO cannot accept liability for any inaccuracies or omissions.

In the first instance, businesses should contact the Political Section of the overseas post in question, since that is where the most up to date and detailed information will be available. The post will also be able to put enquirers in touch with sources of expert desk-level advice in the FCO in London.

Since January 2007 there has been a series of attacks and suicide bombings. There is a high threat from terrorism and sectarian violence throughout Pakistan. There has been a series of attacks, mainly suicide bombings targeted predominantly at the authorities but also at locations frequented by expatriates and foreign travellers. Reports indicate that over 1000 civilians have died as a result of terrorist violence in Pakistan during 2009, including over 250 in May alone.

The FCO believes there is a heightened threat to Westerners in major cities. The Tehrik-e-Taliban Pakistan (TTP) claim of responsibility for the Lahore attack also included a claim that more attacks would take place in Lahore, Islamabad, Rawalpindi and Multan. The Pakistani authorities are also concerned about the threat to foreigners

of kidnapping.

The FCO currently advises against all travel to areas where there are reports of militant activity. This applies particularly to northern and western Balochistan, including the Sui/Dera Bugti and Kohlu areas, the Federally Administered Tribal Areas including Waziristan, and border areas except for official crossing points. They also advise against all but essential travel to Quetta (Balochistan) because of the unsettled security situation there. Use of the rail network is advised against for the whole of Pakistan.

Health advice

It is essential to take out full medical insurance when visiting Pakistan, as there are no reciprocal healthcare agreements between Pakistan and the UK. It is advisable to take all appropriate health and accident insurance documents and copies of important medical records. Include adequate supplies of all prescription and other medications, as well as replacement glasses and contact lenses if required.

A vaccination certificate for yellow fever is mandatory for visitors travelling from an infected area. An AIDS (HIV)-free certificate may also be required for travellers intending to stay in Pakistan for more than one year.

Other recommended vaccinations are diphtheria, tuberculosis, hepatitis A and B, Japanese B encephalitis, polio, tetanus and typhoid. Required vaccinations are variable according to the duration of the stay. Malaria precautions should also be taken, as risk exists throughout Pakistan, especially in areas below 2,000 metres. Chloroquine resistance has been confirmed and chemoprophylaxis with mefloquine, in addition to personal protective measures, should be taken. The H5N1 strain of avian influenza has also been confirmed in Pakistan and resulted in a small number of human fatalities, the last being in 2007. Water is not safe to drink anywhere in Pakistan and must be boiled for safety. Bottled water can generally be regarded as safe, but always check to ensure that the seal is intact.

Passports/Visas

Before leaving the UK, it is advisable to obtain any necessary visas required for onward travel from the territory, otherwise delays and inconvenience may occur on departure from Pakistan. Passport and visa regulations are liable to change at short notice and business visitors are advised, before departure, to consult their travel agent or the Pakistan High Commission:

Pakistan High Commission
40 Lowndes Square, London, SW1X 9JN, UK
Tel 020 7664 9200 (main switchboard)
E-mail: pareplondon@supanet.com

There is a legal requirement for some foreign nationals to register with the Police after arrival in Pakistan. If you are stopped by the Police for any reason, and you have not registered then you are likely to be arrested. You should check with the Pakistani representation in the UK before travelling to see if this affects you.

Passports

A valid Passport with six months remaining is required by all except certain seamen and holders of certain UN documents.

All foreign nationals are required to register when visiting the Northern Areas. If you are stopped by the Police for any reason and you have not registered then you are likely to be arrested. Travel agencies are able to arrange registration and permits for visitors. If in doubt, you should check with the Pakistani representation in the UK before travelling to see if this affects you.

Visas

British citizens require entry visas. As well as a single-entry business visa there is also a multiple-entry one-year visa, which allows six visits, each visit lasting no longer than three months. You should be aware that visa violations can be treated as a criminal offence and could result in a fine or a short detention.

The Government of Pakistan has decided to grant visas to genuine foreign businessmen and investors from many countries, including the UK, on arrival, on production of any of the following documents:

- Recommendatory letter from the Chamber of Commerce & Industries (CC&I) of the respective country of visitor;

- Invitation letter from business organisation duly recommended by the concerned Trade Organisation / Association in Pakistan; or
- Recommendatory letter by investment Consular of Board of Investment posted at Pakistan Mission abroad.

The Visa on Arrival is a single entry facility for a maximum of 30 days' stay in Pakistan. Visa Facilitation Desks extending the facility of Visa on Arrival to businessmen and investors began functioning at Islamabad, Karachi, Lahore, Quetta and Peshawar international airports with effect from 1 February 2005.

Prohibited entry

Israeli nationals are not permitted entry.

Useful Contacts

British High Commission Diplomatic Enclave

Ramma 5, Islamabad
Tel: 00 92 51 282 2131

British International Freight Association

The primary body representing the UK international freight services industry.

Tel: +44 (0)20 8844 2266
www.bifa.org

CIA Factbook

A factbook compiled by the CIA with country statistics.

www.cia.gov/cia/publications/factbook

The Federation of Pakistan Chamber of Commerce and Industry (FPCCI)

Federation House
Shahra-e-Firdousi, Main Clifton, Karachi
Tel: 00 92 21 5873691, 93-94
E-mail: fpcci@cyper.net.pk
www.fpcci.com.pk

Islamabad Chamber of Commerce and Industry

Aiwan-e-Sanat-o-Tijarat Road
Mauve Area G-8/1, Islamabad
Tel: 00 92 51 2253145, 2250526
E-mail: icci@paknet2.ptc.pk
www.icci.com.pk

Islamic Republic of Pakistan

Website: www.pak.gov.pk/

Karachi Chamber of Commerce and Industry (KCCI)

Aiwan-e-Sanat-o-Tijarat Road
Karachi 7400
Tel: 00 92 21 2416091-94, 2415435-40
E-mail: info@karachichamber.com
www.karachichamber.com

Lahore Chamber of Commerce and Industry (LCCI)

11 Shaharh-e-Awan-e-Tijarat, Lahore
Tel: 00 92 42 6305538-40, 6365737-42
E-mail: president@lcci.org.pk
www.lcci.org.pk

Ministry of Commerce

Government of Pakistan
Block-A, Pak Secretariat, Islamabad
Tel: 00 92 51 921 0277
www.paktrade.org

Overseas Investors Chamber of Commerce and Industry (OICCI)

Chamber of Commerce Building
Talpur Road, Karachi
Tel: 00 92 21 2410814-5
E-mail: info@oicci.org
www.oicci.org

Pakistan Board of Investment

www.pakboi.gov.pk

Pakistan High Commission

40 Lowndes Square
London SW1X 9JN, UK
Tel: +44 (0)20 7664 9200

Trading Corporation of Pakistan

4th Floor, Block B
Finance and Trade Centre
Shahra-e-Faisal, Karachi
Tel: 00 92 21 920 2726/3283

UK Trade & Investment - South Asia Unit

UK Trade and Investment hold a wide range of information on Pakistan, and have a group of Export Promoters/Business Advisers (senior executives seconded to UK Trade & Investment from industry) who can offer practical exporting advice and information on specific opportunities in the Pakistan market.

Country Desk for Pakistan

Bay 857, Kingsgate House
66-74 Victoria Street, London, SW1E 6SW, UK
Tel: +44 (0)207 215 4891

Karachi office leads on the trade and investment activities in Pakistan. All enquiries should therefore be directed to the Karachi office as the first point of contact.

Karachi office

British Deputy High Commission
Runnymede Lane, Shahrah-e-Iran, Clifton
Karachi 75600
Tel: 00 92 21 5827000
E-mail: tradeuk@cyber.net.pk

Islamabad office

British High Commission
Diplomatic Enclave, Ramma 5, Blue Area
Islamabad
Tel: 00 92 51 201 2000

Lahore office

UK Trade & Investment Office
65 Mozang Road
PO Box 1679, Lahore
Tel: 00 92 42 631 6589-90
E-mail: btolahor@lhr.comsats.net.pk

Country Data

Feature	Country Data
Local time	Pakistan is four hours ahead of GMT
Population	The population of Pakistan is 173.6 million – (Source: World Bank estimate 2010).
Capital City	Islamabad
Language/Religion	Official language is Urdu, but English is the principal language of Business. 96% Muslim, 1.6 % Christian, 1.5% Hindus 0.9% others
Area	The land area is 778,720 sq km.
Public / Statutory holidays	Details of holiday dates can be found at: http://en.wikipedia.org/wiki/Public_holidays_in_Pakistan Note: Muslim festivals are timed according to local sightings of various phases of the moon and the dates given above are therefore approximations.
International dialling code from UK	00 92
Local currency	Pakistan Rupees (PKR) = 100 paisa
Weights and measures	Metric
Electricity supply	220 - 240 volts AC, with two or three - pin round plug fittings. Power cuts occur occasionally. All major hotels have stand-by generators.

Further Information

This guide is for general interest - it is always essential to take advice on specific issues. We believe that the facts are correct as at the date of publication, but there may be certain errors and omissions for which we cannot be responsible.

If you would like to receive further information about this subject or other publications, please call us – see our contact details on the next page.

References & Acknowledgement

¹ See: www.freewebs.com/bbafast/Company%20Ordinance%201984.pdf

² Parts of this publication have been sourced from content at Business Link and © Crown Copyright therein is duly acknowledged

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