

# SENATE OF PAKISTAN



## REPORT OF THE SENATE STANDING COMMITTEE ON CABINET SECRETARIAT

ON

STARRED QUESTION NO. 55 ASKED BY SENATOR NAUMAN  
WAZIR KHATTAK, ON 10<sup>TH</sup> JANUARY, 2017, REGARDING  
THE NUMBER OF SPECIAL ECONOMIC ZONES (SEZs)  
ESTABLISHED / NOTIFIED IN THE COUNTRY SO FAR

REPORT NO.34

PRESENTED BY

SENATOR MUHAMMAD TALHA MEHMOOD  
CHAIRMAN

## SENATE SECRETARIAT

### REPORT OF THE SENATE STANDING COMMITTEE ON CABINET SECRETARIAT ON "STARRED QUESTION NO. 55 ASKED BY SENATOR NAUMAN WAZIR KHATTAK, ON 10<sup>TH</sup> JANUARY, 2017, REGARDING THE NUMBER OF SPECIAL ECONOMIC ZONES (SEZs) ESTABLISHED / NOTIFIED IN THE COUNTRY SO FAR"

I, Chairman of the Standing Committee on Cabinet Secretariat, have the honour to present report of "The Starred Question No.55 asked by Senator Nauman Wazir Khattak, on 10<sup>th</sup> January, 2017, regarding the "Number of Special Economic Zones (SEZs) Established / Notified in the country so far" the Starred Question was referred to the Standing Committee on Cabinet Secretariat on 10<sup>th</sup> January, 2017.

2. The composition of the Standing Committee on Cabinet Secretariat is as under:-

|     |  |                   |
|-----|--|-------------------|
| 1.  | Senator Muhammad Talha Mehmood         | Chairman          |
| 2.  | Senator Osman Saifullah Khan           | Member            |
| 3.  | Senator Nawabzada Saifullah Magsi      | Member            |
| 4.  | Senator Kamil Ali Agha                 | Member            |
| 5.  | Senator Hidayat Ullah                  | Member            |
| 6.  | Senator Shahi Syed                     | Member            |
| 7.  | Senator Haji Saifullah Khan Bangash    | Member            |
| 8.  | Senator Khushbakht Shujat              | Member            |
| 9.  | Senator Rahila Magsi                   | Member            |
| 10. | Senator Kalsoom Perveen                | Member            |
| 11. | Senator Mir Muhammad Yousaf Badini     | Member            |
| 12. | Senator Najma Hameed                   | Member            |
| 13. | Minister Incharge for Cabinet Division | Ex-officio Member |

3. The Committee considered and discussed the Starred Question in detail in its meetings held on 24<sup>th</sup> January, 21<sup>st</sup> March and 4<sup>th</sup> April, 2017.

4. The Secretary, Board of Investment (BOI), briefed the Committee and stated that seven (07) Special Economic Zones have so far been established in the Country. Provision of facilities of natural gas and electricity do not relate to Board of Investment. However, as per information furnished by Ministry of Petroleum and

Natural Resources, gas has been provided to Korangi Creek Industrial Park, Sindh. Ministry of Water and Power has provided the electricity at Khairpur Special Economic Zone, M-3 Industrial City and Value Added City, Faisalabad. He further added that a comprehensive policy to be formulated.

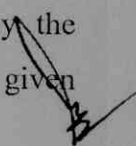
5. Senator Nauman Wazir Khattak, Mover of the question stated that BOI is a notifying authority, however, BOI should direct all concerned authorities i.e. Ministry of Petroleum & Natural Resources, WAPDA and other related Ministries / Divisions for further construction / development of SEZs in the country, otherwise the idea of SEZs will be failed. He further stated that investors from Pakistan, tax exemption have been given for 10 years; however, investors from China, tax exemption have been given for 40 years. He was of the view that it is a clear discrimination between our country and the China. He also stated that Special Economic Zones (SEZs) are part of CPEC and a number of SEZs have been notified by Board of Investment (BOI) but due to non cooperation by Ministry of Petroleum & Natural Resources and WAPDA till now no gas and electricity connections have been installed. He further stated that BOI should be strengthened for establishment of SEZs.

6. Secretary Industries, Government of Balochistan informed that due to lack of capacity and as per directions given by this Committee to the BOI in previous meetings to provide consultant to Government of Balochistan but BOI did not provide the same, however, Government of Balochistan has finalized to appoint his own consultant, the cost of hiring a consultant is more than Rs.80 million and he shown his serious concern regarding non-cooperation by Federal Government to Provinces. He was of the view that back ward areas may be given special packages. Secretary BOI informed that consultant has been appointed and we have written to Balochistan Government for utilization of his services.

7. The Chairman Committee was of the opinion that the Government of Balochistan may not appoint a consultant, the remuneration of Consultant is very high, therefore, the BOI shall provide Consultant to Government of Balochistan for utilization of his services.

8. Secretary Industries, Government of Sindh stated that three SEZs have been notified in Sindh and we are requesting for gas connection in Khairpur Industrial Zone but no gas connection has been provided due to moratorium.

9. Secretary Industries, KPK supported the arguments urged by the Secretary Industries Government of Sindh and stated that KPK Government has given



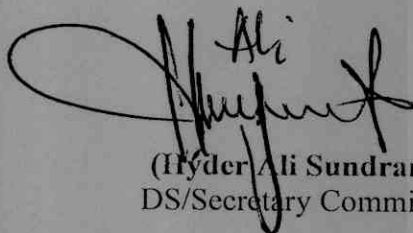
a number of incentives to investors but looking for electricity and gas connections. The Chief Secretary, Sindh stated that we are requesting one percent gas for Khairpur SEZs out of producing gas by the district, which is clear violation of the article 158 of the Constitution of Pakistan.

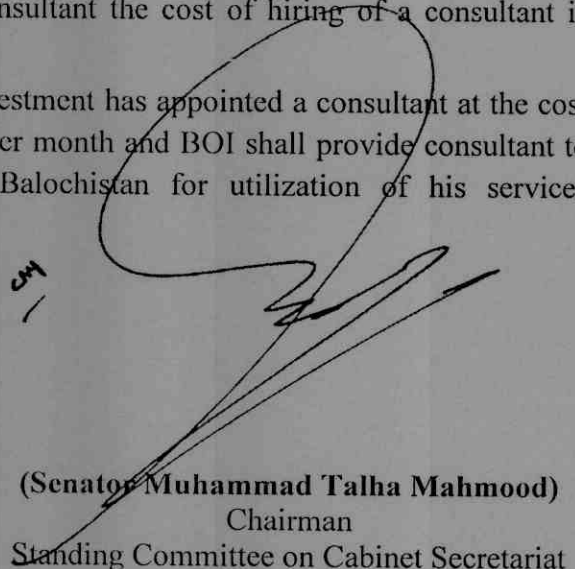
10. The Director General (GAS), Ministry of Petroleum and Natural Resources stated that a summary has been moved with regard to lifting of moratorium to the extent of SEZs. The Chairman Committee viewed that Government of Pakistan has failed to finalize any good policy with regard to SEZs, on the other hand China has made a number of policies to promote their trade pertaining to CPEC, if we did not formulate good policies the industries would be destroyed.

11. The representative of WAPDA stated that the subject matter does not pertain to WAPDA, it pertains to concerned DISCOs.

12. After discussion in detail the Committee disposed of the agenda item with the following recommendations:-

- (a) The budgetary allocation of BOI may be increased to empower the BOI with regard to facilitate all required facilities including Gas & Electricity to notified Special Economic Zones.
- (b) Article 158 of Constitution of Pakistan may be implemented with regard to provision of Gas connections to SEZs.
- (c) The tax exemption may be given to Pakistani investors on the equal basis to China with regard to SEZs.
- (d) Backward areas may be identified and given more incentives to encourage investors with regard to SEZs.
- (e) The Government of Balochistan has finalized to appoint his own consultant; the cost of hiring a consultant is more than Rs.80 million. The Government of Balochistan may not appoint/hire a consultant the cost of hiring of a consultant is high.
- (f) The Board of Investment has appointed a consultant at the cost of Rs.250,000/- per month and BOI shall provide consultant to Government of Balochistan for utilization of his services regarding SEZs.

  
(Hyder Ali Sundrani)  
DS/Secretary Committee

  
(Senator Muhammad Talha Mahmood)  
Chairman  
Standing Committee on Cabinet Secretariat