

FREQUENTLY ASKED QUESTIONS (FAQs)

Q: What is a Special Economic Zone (SEZ)?

A: Economic Zone (SEZ) is a blanket term for various types of industrial/export processing/trading zones with specific types of enterprises operating in a well-defined geographic area where certain economic activities are promoted by a set of policy measures that are not generally applicable to the rest of the country. Under section 3(n) of the SEZ Act, 2012; "Special Economic Zone" or "(SEZ)" means a geographically defined and delimited area which has been approved and notified by the Board of Approval (BOA)".

Q: What makes SEZ different from other economic zones?

A: SEZs Act provide a comprehensive legal framework to regulate the SEZs; unlike the past when just a set of incentive were provided. That's the reason most of our IEs provided with lucrative incentives failed. A strong mechanism exists where all the concerned agencies like SEZ developers, Government agencies are accountable for the provision of facilities guaranteed under the SEZ Act. A world class infrastructure to be provided to enterprises by the developers in return to set of concessions/incentive provided to them; and a set of very lucrative incentives; which cannot be withdrawn prematurely. In past most of the incentives were granted through Statutory Regulatory Ordinance (SROs), which can be withdrawn at any moment.

Q: When was SEZ Act passed?

A: The SEZ Act was promulgated on September 13, 2012

Q: Are there any rules which govern the SEZ Act 2012?

A: Yes, SEZ Rules were notified in 2013 and called SEZ Rules 2013.

Q: Any amendments made in the Act so far?

A: Yes, SEZ Amendment Act 2016 was promulgated on October 26, 2016. These amendments are made to make the SEZs more conducive for businesses.

Q: What is the minimum area required for setting up an SEZ?

A: 50 acres is the minimum area over which an SEZ can be established. There are no maximum area limitations for the establishment of Special Economic Zone (SEZ).

Q: What are the modes of establishment of Special Economic Zones?

A: SEZs can be established through all the three modes; through Public sector, private sector or through Public Private Partnership basis.

Q: What is the approval criterion of an SEZ?

A: Detailed approval criterion has been given at Annex-5 of the First Schedule attached to the SEZ Rules, 2013.

Q: What is the criterion of zone admission in an SEZ for an enterprise?

A: Annexure 3 of SEZ Rules provides a detailed criterion for the admission of a zone enterprise.

Q: What documents are required with zone application?

A: Annexure 6 of SEZ Rules provides details regarding documents required with the zone application.

Q: Is country specific SEZ allowed?

A: Yes, country specific SEZs are permissible. However the Developer of the zone must be a company incorporated under the laws of Pakistan.

Q: How many SEZs have been notified yet?

A: So far seven (7) SEZs have been notified. These are:

1. Khairpur Economic Zone, Khairpur (136 acres)
2. Korangi Creek Industrial Park, Karachi (230 acres)
3. Bin Qasim Industrial Park, Karachi (940 acres)
4. M3 Industrial Zone, Faisalabad (4356 acres)
5. Quaid-e-Azam Apparel Park, Sheikhpura (1563 acres)
6. Value Addition City, Faisalabad (225 acres)
7. Hattar Industrial Estate, KPK (424 acres)

Q: How many SEZs have been proposed by provinces, AJK, GB, FATA and federal govt. alongside the CPEC?

A: So far 46 SEZs (including seven notified SEZs) have been proposed by provinces alongside the CPEC.

List, Annex-A

Q: How many SEZs have been prioritized on CPEC route?

A: During the Pakistan-China sixth JCC meeting, Pakistani side presented a list of nine prioritized SEZs.

List, Annex-B

Q: What percentage of total area of an SEZ can be used for the operations of SEZ enterprises?

A: A SEZ shall use not less than 70% of the area for the purpose of operations of zone enterprises.

Q: Is there any property limitations involved?

A: The SEZ Authorities may acquire and hold moveable and immoveable property for the purpose of carrying out their functions under the Act but shall not sell, lease, mortgage, dispose of or transfer in any other manner the said property except for purposes consistent with the objectives of the Act.

Q: What are fiscal incentives allowed for an SEZ?

A: SEZ Developers and enterprises are allowed one time exemption from custom-duties and taxes on import of plant and machinery; and Income tax exemption of 10 years for the SEZ

enterprises starting production by 30th June 2020 and 5 years to zone developers and other SEZ enterprises doing so after 30th June 2020.

Q: Can an SEZ have over and above incentives as available under section 36 and 37 of the SEZ Act?

A: Yes SEZ can avail incentive over and above as those of section 36 and 37. Within the objective of promoting hi-tech industries or particular regions, the BOA may grant additional benefits to a particular category of SEZs, zone enterprise, regions or sectors provided that: (i) such additional benefits may only be granted if the BOA finds them to be justified on the basis of an economic impact assessment; (ii) such additional benefits, if granted conditionally, may be liable to be forfeited with retroactive effect if it is finally determined that a developer or zone enterprise has failed to comply with the conditions prescribed for the additional benefits in question; and that the BOA shall make the economic impact assessment of a SEZ within five years from the date the agreement is signed and within the first year of the operation of an enterprise. Furthermore, nothing in the Act shall be construed to limit the authority of any Federal, Provincial or Local Government authority to grant such additional benefits to developers and zone enterprises as are within the scope of their respective statutory powers.

Q: What is the guarantee that the incentives once made available will not be withdrawn pre-maturely?

A: Under section 35 of the SEZ Act, these benefits shall not be withdrawn prematurely, and any change therein shall be to the advantage of the developer of the SEZ or the enterprise. Furthermore, all incentives under this Act shall be additional to all incentives, benefits and protections which may be applicable to developers and zone enterprises under generally applicable legislation and international agreements of Pakistan.

Q: What are other facilities of an SEZ?

A: Gas, electricity and other utilities will be provided at the zero-point of the Zones whereas Captive power generation is also allowed in the zone. Security within the Zone will also be provided.

LIST OF PRIORITISED SPECIAL ECONOMIC ZONES (SEZs)

SR. NO.	PROVINCE	LOCATION
i.	Khyber Pakhtunkhwa	Rashakai EZ on M-1, 1000 Acres
		Hattar Phase VII IZ Zone(Alternate) 424 Acres
ii.	Sindh	China SEZ - Dhabeiji 1000 Acres
		Keti Bundar, Thatta (Alternate), 3200 Acres
ii i.	Balochistan	Bostan I Z 1000 Acres
		Khuzdar IZ (Alternate), 5000 Acres
iv	Punjab	Punjab - China EZ M-2 Sheikhupura 5000 Acres
		M-3 Industrial City, Faisalabad, (Alternate) 4356 Acres
v.	Northern Areas	Moqpondass SEZ, Gilgit, 250 Acres
vi	Federal Government	ICT Model SEZ, Islamabad, (Not determined)
vi i.		IP on PS Land in PQ near Karachi, 1500 Acres
vi ii.	Northern Areas	Bhimber IZ, AJK, 221.5 Acres
		Muzaffarabad, Barakot SEZ (Alternate), 250 Acres
ix	FATA	Mohmand Marble City 353 Acres

Annex-B**LIST OF PROPOSED SPECIAL ECONOMIC ZONES (SEZ)**

SN	PROPOSED SPECIAL ECONOMIC ZONE	Area (Acres)
KHYBER PAKHTUNKHWA		5349
1	Rashakai Economic Zone (Prioritized)	1000
2.	Hattar Phase VII Industrial Zone (Alternate)	424
3.	Mansehra Economic Zone	108
4.	Ghazi Economic Zone	89
5.	Gomal Economic Zone, Dera Ismail Khan	189
6.	Karak Economic Zone (Acre 1000)	1000
7.	Nowshera Economic Zone	100
8.	Kohat Economic Zone	1000
9.	Bannu Economic Zone	400
10.	Jalozai Economic Zone	257
11.	Risalpur Economic Zone	92
12.	Chitral Economic Zone	40
13.	Buner Economic Zone	200
14.	Swat Economic Zone	50
15.	Gadoon Amazai Economic Zone	200
16.	Batagram Economic Zone	100
17.	Jahangira Economic Zone	1000
BALOCHISTAN		15203
18.	Bostan Industrial Zone (Prioritized)	1000
19.	Khuzdar Industrial Zone (Alternate)	5000
20.	Dasht Industrial Zone	1000
21.	Turbat Industrial Zone	1000
22.	SEZ at the Junction of Qilla Saifullah, Zhob and Loralai	5000
23.	Gwadar Industrial Estate	500
24.	Hub Industrial Trading Estate, Lasbella	406
25.	Dera Murad Jamali Industrial & Trading Estate	1000
26.	Winder Industrial & Trading Estate (WITE)	397
SINDH		7056
27.	China Special Economic Zone – Dhabaji (Thatta) (Prioritized)	1000
28.	Keti Bundar, Thatha (Alternate)	3200
29.	Textile City Karachi	1250
30.	Marble City	300
31	Korangi Kreek IP, Karachi	240
32	Bin Qasim SEZ	136
33	Khairpur SEZ	930
PUNJAB		11105
34.	Punjab-China Economic Zone, Sheikhpura (Prioritized)	5000
35	M-3 Industrial City, Faisalabad (Alternate)	4356

36	Quaid-Azam Apparel Park (QAAP) SEZ, Sheikhpura,	1536
37.	Value Addition City, Faisalabad	213
GILGIT-BALTISTAN		450
38.	Mogpondass SEZ Gilgit-Baltistan (Prioritized)	250
39	Thalichi SEZ	Approx. 200
FATA		353
40	Mohmand Agency (Prioritized)	353
AJK		554
41	SEZ – Panjeri, District Bhimber, AJK. (Prioritized)	222
42	SEZ – Barakot, Muzaffarabad, AJK. (Alternate)	250
43	SEZ – (Mineral Zone), District Neelum, AJK	37.5
44	SEZ (Mineral Zone), District Muzaffarabad, AJK.	45
ISLAMABAD CAPITAL TERRITORY		200
45.	Model ICT Zone (Priority)	200 approx.
FEDERAL GOVT		1500
46	IP on PSM land at PQ near Karachi (Priority)	1500
TOTAL		41770 Acres