



# **Year Book**

## **2006-2007**



**Government of Pakistan**  
**Ministry of Privatisation and Investment**  
**Privatisation and Investment Division**  
**Islamabad**

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## Foreword

Government of Pakistan attaches high priority to private sector development. The Government endeavors to provide level playing field and encourages local as well as foreign direct investment in all sectors of economy. Regulatory regime has improved and doing business has become more profitable in Pakistan over last few years. The Government believes that private sector is the engine of growth and the Government has no business to do business. The privatisation process has, therefore, been accelerated with the aim to reduce involvement of the Government in business and industry. These policies have yielded positive results and investment climate has improved over the years. Pakistan's economy is now on high growth trajectory and the world is looking at Pakistan as a role model of successful structural reforms.

The Ministry of Privatisation and Investment is playing a key role in improving the business climate and maintaining momentum of growth and investment. The Ministry is entrusted with the privatisation of federal government assets — such as its shares in banks, industrial units, public utilities, oil, gas and transport companies, and infrastructure service providers — in an open and transparent manner. In addition to the sale of shares or assets, it may offer concessions or the right to operate publicly owned assets. Although the Government started privatisation of public sector enterprises in 1991, the process got a boost during last few years. Financial year 2006-07 witnessed substantial growth in privatisation. Seven transactions have been successfully completed during this period yielding Rs. 104.315 billion which is 23% of total proceeds of Rs. 457.761 billion. A major highlight of the year was UBL's divestment of 25% shares through GDR, which fetched US\$ 650 million. This was the biggest book building ever in Pakistan's history. The stock was priced at 5 times of book value, which is the highest valuation compared to similar transactions globally. This reflects Government's commitment to the privatisation process and confidence of investors in Pakistan's economy.

Similarly the efforts of the Government to attract foreign direct investment also picked up momentum during financial year 2006-07. Total inflow of foreign direct investment was US\$ 5.125 billion during financial year 2006-07, which is a quantum jump from a meager US\$ 798 million in 2002-03 and US\$ 3.521 billion during 2005-06. Total foreign investment including FDI and portfolio investment stood at US\$ 8.417 billion during 2006-07 as compared to US\$ 4.485 during 2005-06 and only US\$ 0.559 billion during 2002-03.

The Year Book for the financial year 2006-07 provides a glimpse of the performance of the Ministry of Privatisation and Investment. This is the fourth Year Book published in pursuance of Rule 25 of the Rules of Business 1973, which obliges every Federal Ministry to provide report of its activities at the end of every financial year. This volume depicts broad features of privatisation policy being pursued by the Government and includes information about the organizational set up of the Ministry and two autonomous bodies attached to the Ministry and a summary of the activities carried out during the financial year. The book also contains data on the privatisation activity including the period under review as well as the detailed data encompassing the entire history of privatisation since 1991. The current status

of the important ongoing transactions is also described briefly. For further details, the reader may also refer to our website <http://www.privatisation.gov.pk>.

Every effort has been made to make the book useful for the researchers, scholars and general readers. Nevertheless, any criticism, suggestion or observation to improve the year book will be welcomed.

**Ahmed Jawad**  
**Secretary**  
Ministry of Privatisation and Investment

# Chapter 1

## Organisation and Accounts

### Privatisation And Investment Division

Privatisation of public sector entities is an on-going process being executed by the Privatisation Commission (PC) since its inception in 1991. Privatisation Commission remained part of Finance Division till creation of a separate Ministry of Privatisation on 28th November 2000. The creation of a full fledged Ministry/ Division to look after the affairs of privatisation was motivated by the fact that PC had been converted into a body corporate through promulgation of PC Ordinance 2000. This entailed high level of proficiency and quick decision making. Besides, privatisation programme approved by the Cabinet also broadened the scope of PC by assigning to it activities like restructuring, deregulation and post Privatisation processes.

In November 2002 the scope of the Ministry was enhanced to include local as well as foreign investment into the scope of the Ministry. Board of Investment was thus attached to the Ministry and the Ministry was renamed as Ministry of Privatisation and Investment on 4th September 2004.

### Organizations Under The Division

The following two organizations are under the administrative control of Privatisation & Investment Division:-

- i. Privatisation Commission (a “Body Corporate” established under the Privatisation Commission Ordinance, 2000)
- ii. Board of Investment (established under the BOI Ordinance, 2001)

### Staff Strength of Privatisation And Investment Division

The Division had 74 posts in various categories during the year under review. Details are as under (Table 1):

**Table: 1 – Staff Strength of the Privatisation and Investment Division**

S.No.	Name of the Posts	BPS	No. of Posts
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1	Secretary	22	1
2	Joint Secretary	20	1
3	Deputy Secretary	19	1
4	Section Officers	17/18	2
5	Accounts Officer/DDO	17/18	1
6	Public Relation Officer	17/18	1
7	Private Secretary	17/18	4
8	Superintendent	16	1
9	Stenographers	15	8
10	Stenotypist	12	4
11	Assistants	11	5
12	Telex/Fax Operator	11	1
13	UDCs	7	2
14	Telephone Operators	7	2
15	Record Sorter	7	1
16	LDCs	5	10
17	Staff Car Drivers	4	5
18	Despatch Riders	4	2
19	Qasids	2	3
20	Daftari	2	1
21	Naib Qasid/ Farash	1	16
22	Sweepers	1	2
<b>Total</b>			74

### **Staff Strength of the Privatisation Commission**

Privatisation Commission is headed by the Chairman who is also the Chairman of the Board of the Privatisation Commission. The human resource of the PC comprises of civil service officers and consultants/ transaction managers and support staff. As of June 30, 2006, the PC employed 13 civil service officers, 13

Consultants and 18 Technical Assistants. Civil service officers and consultants make recommendations for decisions through collective wisdom and submit these for approval of the Secretary and the Chairman. Policy and important decisions related to privatisation transactions require approval of the Board of the PC, while certain key decisions are made by the Cabinet Committee on Privatisation (CCOP), for which the Board of the PC makes appropriate recommendations.

The assignments of the consultants / transaction managers include preparing the terms of reference and hiring financial advisors, lead managers and valuers as well as overseeing and assisting them to ensure timely submission of deliverables, liaising with the relevant ministry, regulators, and management of the entity being privatised, and advising on sectoral policies and regulatory frameworks related to privatisation. Consultants/ transaction managers are also providing legal, accounting and other necessary support. In addition the following regular staff is also on the strength of the PC (Table 2):

**Table: 2 – Staff Strength of the Privatisation Commission**

S. No.	Name of Posts	BPS	No. of Post	Vacant	Working Position
1.	Secretary	22	1	-	1
2.	Directors General	21/20	4	-	4
3.	Directors	19	4	1	3
4.	Deputy Directors	18	3	-	3
5.	Public Relations Officer	18	1	1	-
6.	Accounts Officers	17/18	2	-	2
7.	Private Secretary	17	3	2	1
8.	Accountant	16	1	1	-
9.	Superintendent	16	1	1	-
10.	Stenographers	15	14	10	4
11.	Assistants	14	11	2	9
12.	Senior Auditors	14	2	-	2
13.	UDCs	9	3	3	-



14.	Telex/Fax Operator	7	1	1	-
15.	Telephone Operators	7	2	2	-
16.	Record Sorter	7	1	1	-
17.	LDCs/Typists	7	13	1	12
18.	Staff Car Drivers	4	7	4	3
19.	Despatch Riders	4	2	2	-
20.	Photostat Machine Operator	4	2	-	2
21.	Daftry	2	1	1	-
22.	Qasid	2	2	1	1
23.	Naib Qasids	1	21	8	13
24.	Sweepers	1	3	2	1
	Total		105	44	61

Organisational Chart of the PC is given overleaf.



## Staff Strength of the BOI

BOI has established its offices at Islamabad as well as provincial headquarters in order to be able to facilitate prospective investors at the place of investment.

**Table: 3 – BOI staff at Islamabad and Karachi Offices**

S. No.	Designation	BPS	No of Posts
1.	Secretary	22	01
2.	Executive Director General	21	01
3.	Director General	20	05
4.	Directors	19	09
5.	Deputy Directors	18	14
6.	System Analyst	18	01
7.	Assistant Directors	17	03
8.	Statistical Officer	17	01
9.	Accounts Officer	17	01
10.	Private Secretary	17	03
11.	Project Coordinator	17/18	12
12.	Network / System Administrators	17	02
13.	Deputy Assistant Directors	16	03
14.	Public Relations Officer	16	01
15.	System Operator	16	01
16.	Stenographers	15	18
17.	Data Entry Operators	14	03
18.	Technical Assistant	14	01
19.	Steno typists	12	16
20.	Assistants	14	32
21.	UDCs	9	13
22.	LDCs	7	11
23.	Drivers / Mechanics	4	11

24.	Dispatch Riders	4	02
25.	DMO	4	01
26.	Carpenter	4	01
27.	Record Sorter	3	01
28.	Drafter	2	02
29.	Qasids	2	02
30.	Naib Qasids	2	52
31.	Chowkidars	2	04
32.	Sanitary Workers	2	05
		<b>Total</b>	<b>233</b>

**Table: 4 – BOI Staff at Lahore, Peshawar and Quetta Offices**

S. No.	Designation	BPS	No of Posts
1.	Directors	19	3
2.	Deputy Directors	18	4
3.	Assistant Directors	16	3
4.	Deputy Assistant Directors	16	3
5.	Public Relations Officers	16	3
6.	Stenographers	15	4
7.	Steno typist	12	1
8.	Assistants	14	3
9.	UDCs/ LDCs	09/07	4
10.	Drivers / DRs	15	2
11.	Naib Qasids	02	4
12.	Malis	02	3
13.	Chowkidars	02	3
14.	Sanitary Workers	02	3
		<b>Total</b>	<b>43</b>

## Budgetary Allocation

Total budgetary allocation of Ministry of Privatisation and Investment for the financial year 2006-07 was Rs.9.593 million under Demand No 98 titled Ministry of Privatisation and Investment. After re-appropriation of Rs. 480,000 from the Privatisation Commission, the revised budget of the Division was Rs. 10.073 million. Allocation for the Privatisation Commission was Rs. 41.669 million. After re-appropriation of Rs. 480,000 to the Ministry of Privatisation and Investment and addition of a Token Supplementary Grant of Rs. 1,000, the revised budget of the PC was Rs. 41.190 million. Budget of Board of Investment was provided under Demand No. 99, BOI. Total allocation for BOI for the FY 2006-07 was Rs. 90.190 million. After obtaining token supplementary grants for sub-offices, the final allocation was Rs. 90.227 million.

## Privatisation Proceeds

Privatisation Commission received Rs. 120,447.5 million (US \$ 1,982.9 million) as privatisation proceeds during financial year 2006-07. These receipts were deposited in a distinct and separate Privatisation Fund account as required under Clause 16 of the Privatisation Commission Ordinance, 2000. Major portion of this amount was transferred to the Government of Pakistan (Ministry of Finance) after retaining 16,132 million for PTCL employees. The Ministry of Finance uses 10% of the privatisation proceeds for poverty alleviation programs and remaining 90% for retirement of the Federal Government debt in accordance with the above-mentioned Clause of the Privatisation Commission Ordinance, 2000. Details of the privatisation proceeds are given in Table 5.

**Table 5: Privatisation Proceeds 2006-07**

**Amounts in Million**

No	Transaction	PK R	US\$	Utilization
1.	OGDCL GDR & Local Placement (7.5% shares)	46,963.000	772.060	GOP
2.	UBL GDR (21.74% shares)	34,291.000	565.000	SBP
3.	OGDCL SPO (2.5% shares)	2,359.600	38.831	GOP
4.	Pak-American Fertilizers Limited (100% shares)	15,949.000	262.419	GOP (MOF, EAD,CBR)
5.	Javedan Cement	4,316.000	71.014	GOP
6.	Lyallpur Chemical Fertilizers Ltd.	280.200	4.400	GOP
7.	Lasbella Textile Mills Ltd. (Assets)	156.000	2.566	GOP
8.	PTCL 26% B Class shares – 1 <sup>st</sup> and 2 <sup>nd</sup> installments	16,132.000	266.436	Retained for PTCL employees
	Total	120,447.500	1,982.936	

## Chapter 2

### PRIVATISATION COMMISSION

Privatisation Commission was established in 1991 to undertake Privatisation of public sector entities. In September 2000 the Commission was turned into a body corporate through an Ordinance. This legal framework increased PC's independence and accountability and has provided greater comfort to investors. It also specified that 90 percent of net privatisation proceeds would be allocated to debt retirement and 10 percent to poverty alleviation programs. A copy of the Ordinance is available on PC website <http://www.privatisation.gov.pk>.

The Commission is responsible for the privatisation of federal government assets — such as its shares in banks, industrial units, public utilities, oil, gas and transport companies, and infrastructure service providers — in an open and transparent manner. In addition to the sale of shares or assets, it may offer concessions or the right to operate publicly owned assets.

In November 2000, the Ministry of Privatisation was created for facilitating transactions. The Chairman of the PC was designated as Minister for Privatisation, while the Secretary of the PC became the Secretary of the Ministry of Privatisation.

#### **Privatisation Policy**

Pakistan's Privatisation strategy is two-pronged. First, it seeks to reduce government's direct role in commercial and industrial activities based on the well known maxim that "the government has no business to do business". Exceptions are strategic industries or industries which the private sector is unable or unwilling to own or manage. The second prong of the strategy is to promote the private sector as the "engine of growth" and to encourage it to play a leading role in economic development, so as to bring about substantial increases in investment, employment opportunities and income levels, and consequent reduction in poverty. The Government's role will be limited to the oversight of the economy and to ensure equity and economic justice

The broad features of the privatisation policy are:

- Privatisation is the most effective tool for the developing nations to achieve economic efficiency and to move out of the slow growth mode. Privatisation as one of the pillars of the overall economic reforms agenda of the Government of Pakistan goes hand in hand with the broader policy direction of deregulation and liberalization of the economy. Its scope includes all public assets that can be transferred to or can be managed by the private sector.
- Privatisation policy is an important feature of the economic liberalization agenda that will lead to improvement of domestic state enterprises, greater private capital investment and economic growth.

- Government's privatisation program is flexible and keeps adjusting according to ground realities while keeping the overall direction intact. Privatisation of public enterprises has continued over the years despite changes in the government. This has ensured continuity of policy with only minor adjustments in the program.
- The privatisation program has been helpful in liberating the Government from micro-management of the economy. This has freed substantial public funds which were being used as subsidies for loss making public enterprises.
- The policy aims to provide a vehicle for potential investors to invest in Pakistan through their participation in the privatisation process. In this respect efforts are continuously made to harness the resources of the expatriate Pakistani and domestic private sector investors.
- Safeguards are being introduced to achieve broad based ownership and to prevent the concentration of resources in a few hands, simultaneously promoting privatisation through competitive bidding.
- Regulations are put in place to safeguard the interests of consumers, especially in respect of affordable price and quality product.
- Promulgation and strengthening of regulatory frameworks is being ensured to protect the genuine interests of the investors, consumers, taxpayers and the Government.
- The process of privatisation is constantly reviewed based on experiences to make it manifestly transparent through codification of procedures and process.
- The interests of the employees of enterprises proposed to be privatized are protected through enforcement of agreement between the Privatisation Commission and All Pakistan State Enterprises Workers Action Committee (APSEWAC).

The existing privatisation programme is progressing satisfactorily. The programme includes divestments of a wide range of public entities through different types of transactions, which include strategic sales of oil & gas exploration, production and distribution companies, Initial & Secondary Public Offering (IPO/ SPO) and Global Depository Receipt (GDR) of shares of various banks and other entities. These transactions are made in accordance with the provisions of Privatisation Commission Ordinance 2000 and under the regular monitoring of the Cabinet Committee on Privatisation (CCOP). According to the Ordinance and Rules and Regulations prescribed thereunder, 90% of the total privatisation proceeds are required to be utilized for retirement of government debt and 10% for poverty alleviation programme.

On the aggregate 165 transactions have been completed for proceeds of Rs. 457,761.2 million during January 1991 to June 2007. Year wise transaction summary is given overleaf.

**Proceeds From Privatisation Year Wise Summary**

Amount in million

Financial Year	Units	Sa l e Price				Proceeds			
		Pak Rupees	US Dollars	Equiv. PKR	Equiv. US\$	Pak Rupees	US Dollars	Equiv. PKR	Equiv. US\$
1991-92	39	9,617.0		9,617.0	395.9	9,617.0		9,617.0	395.9
1992-93	27	2,379.4		2,379.4	98.0	2,379.4		2,379.4	98.0
1993-94	2	199.4		199.4	8.2	199.4		199.4	8.2
1994-95	9	3,348.9	898.1	30,848.8	1,007.9	3,348.9	898.1	30,847.9	1,007.9
1995-96	13	3,651.9	200.0	10,756.9	317.8	3,651.9	200.0	10,756.9	317.8
1996-97	3	28.6	76.0	3,074.6	76.7	28.6	76.0	3,074.6	76.7
1997-98	5	279.8	40.4	1,913.7	47.3	279.8	40.4	1,913.7	47.3
1998-99	2	57.9		57.9	1.0	57.9		57.9	1.0
1999-00	5	421.5		421.5	7.1	421.5		421.5	7.1
2000-01	2	932.2		932.2	15.6	932.2		932.2	15.6
2001-02	12	9,117.9	129.9	16,934.2	281.9	9,117.9	129.9	16,934.2	281.9
2002-03	14	12,469.6	176.9	22,967.6	384.7	12,469.6	176.9	22,967.6	384.7
2003-04	8	10,324.4	390.0	32,733.4	562.1	10,324.4	198.8	21,747.2	370.9
2004-05	10	43,494.2		43,494.2	724.9	43,494.2	355.5	64,491.4	1,080.4
2005-06	7	5,353.8	2,857.0	177,115.5	2,945.3	5,353.8	1,493.7	94,590.3	1,582.0
2006-07	7	25,131.0	1,303.0	104,314.9	1,716.5	25,131.0	1,569.4	120,447.5	1,982.9
<b>TOTAL</b>	<b>165</b>	<b>126,807.5</b>	<b>6,071.3</b>	<b>457,761.2</b>	<b>8,590.9</b>	<b>126,807.5</b>	<b>5,138.7</b>	<b>401,378.7</b>	<b>7,658.3</b>



## The Board of PC

The Board of the PC is headed by the Chairman and comprises ten (10) other regular members. Nine (9) of the regular members are prominent professionals from the private sector, all of whom are serving on honorary basis. All the four provinces are represented on the Board of Privatisation Commission. The two government members include the Chairman and the Secretary of the Privatisation Commission. In addition, the Secretaries of the Divisions whose matters come under discussion are invited to attend Board Meetings. A list of regular members of the Board as on 30-06-2007 is given below (Box 1).



PC Board Meeting held on 14 July 2006

### Box 1: List of Board Members

#### Chairman

1. \*Mr. Zahid Hamid, Minister for Privatisation and Investment

#### Private Sector Members

2. Mr. Iftikhar Ul Haq, Engineering Consultant.
3. Pir Saad Ahsanuddin, Investment Banker.
4. Mr. Mahmood Nawaz Shah, Professional, Member Sindh PC.
5. Mr. Shakiel Z. Lari, Advocate, (Corporate Affairs)
6. Mr. Kamal-ud-Din Ahmed, Businessman.
7. \*\*Mr. Moin M. Fudda, Businessman
8. \*\*Mr. Fareed Rehman, Economist

#### Government Member

9. \*\*\*Mr. Arif Mansoor, Secretary Privatisation Commission.

#### Ex- Officio Member

10. Secretary of the Ministry/Division concerned whose item is on the agenda of the meeting of the PC for the relevant item.

\* Mr. Wasi Zafar joined as the Minister for Privatisation and Investment on 27 August 2007 in place of Mr. Zahid Hamid and left the charge on 15 November 2007 on completion of tenure by the National Assembly. Shahzada Alam Monnoo is currently holding this charge.

\*\* Mr. Moin M. Fudda and Mr. Fareed Rehman resigned as members of PC Board and Sikandar Mustafa Khan, Chairman Millat Group of Companies, Lahore, Mr. Azam Faruq, Director Finance, Cherat Cement Co. Ltd. and Mr. Zafar Iqbal Sobani, CFO, Century Paper and Board Mills, Ltd. joined as board members on 13 July 2007 while Mr. Pervez Kausar, Chairman, Board of Management, PSO joined as Board member on 15 November 2007.

\*\* Mr. Ahmed Jawad has been appointed Secretary, Privatisation and Investment w.e.f 30 August, 2007 after the demise of Mr. Arif Mansur.

### **Cabinet Committee on Privatisation (CCOP)**

Created in 1991, the CCOP has operated continuously except for the period September 1998 to February 2000, when a Privatisation Board of Pakistan headed by the Prime Minister was formulated. Previously, the Committee of the Cabinet was headed by the Minister for Finance. As per notification dated 21st September 2004, the Prime Minister re-constituted the Cabinet Committee on Privatisation to be chaired by him. This includes the Ministers for Commerce, Industries, Production and Special Initiatives, Information Technology and Telecommunications, Labor, Manpower and Overseas Pakistanis, Petroleum and Natural Resources, Ports and Shipping, Privatisation and Investment, Textile Industry, Water and Power and Advisor to the Prime Minister on Finance.

In addition 13 high officials are invited to attend the meetings of CCOP by special invitation for all items of the agenda. These officials are Deputy Chairman, Planning Commission, Chairman Board of Investment, Secretaries for Communication Division, Finance Division, Industries, Production and Special Initiatives Division, Information Technology and Telecommunications Division, Law, Justice and Human Rights Division, Privatisation Division, Water and Power Division, Board of Investment, and Securities and Exchange Commission of Pakistan. Terms of Reference of CCOP are:

- To formulate the Privatisation Policy for approval of the Government/Cabinet;
- To approve the State Owned Enterprises to be privatised on the recommendation of the PC or otherwise;
- To take policy decisions on inter-ministerial issues relating to the privatisation process;
- To review and monitor the progress of privatisation;
- To instruct the PC to submit reports/information/data relating to the privatisation process or any matter relating thereto;
- To take policy decisions on matters pertaining to privatisation, restructuring, deregulation, regulatory bodies and Privatisation Fund Account;
- To approve the Reference Price in respect of the State Owned Enterprises being privatised;
- To approve the successful bidders;

- To consider and approve the recommendations of the PC on any matter;
- To assign any other task relating to privatisation to the PC.

The CCOP held 5 meetings during the year under review and approved the privatisation of entities recommended by the Board of the Privatisation Commission.

### **Role of Council of Common Interests (CCI)**

Article 153 of the Constitution provides for a Council of Common Interests (CCI) comprising the Chief Ministers of the Provinces and an equal number of members from the Federal Government. The Council which is headed by the Prime Minister is exclusively responsible to the Parliament. It formulates and regulates policies in relation to matters in Part-II of the Federal Legislative List as well as the subject of electricity in the Concurrent Legislative List, in so far as it is in relation to the affairs of the Federation as provided in Article 154. Decisions of the Council are expressed in terms of opinion of the majority. The public entities, interests etc, contemplated to be privatized are brought before CCI if it is so required under the relevant Constitutional Provision.

The CCI in its meeting held on 29th May 1997, inter-alia granted ex-post facto approval to the divestments completed by the Privatisation Commission till that date. It had also approved a list of organizations proposed to be privatized. A meeting of the CCI was held on 2<sup>nd</sup> August 2006 which accorded ex-post facto approval to the completed Privatisation of 18 entities (Box 2) which were not included in the list approved in 1997.

#### **Box 2: Post Facto Approval of the Already Privatised Entities**

##### **Banking and Finance**

1. Habib Credit & Exchange Bank 70 % shares (now Bank Alfalah)  
Bank Alfalah (30% shares)
2. United Bank Ltd. (51% shares)
3. Habib Bank Limited (51% shares)

##### **Capital Market Transactions**

4. Attock Refinery Limited shares (CDC)
5. Investment Corporation of Pakistan (ICP) Lot-A, Lot-B and SEMF
6. National Bank of Pakistan (10% + 10% + 3.2% shares)
7. United Bank Limited IPO (4.2% shares)

### **Energy and Oil & Gas**

8. Mari Gas (20% shares)
9. GOP Working Interests in Oil & Gas Fields:  
    Badin I, Badin II, Adhi, Dhurnal, Ratana, Turkwal
10. Karachi Electric Supply Corporation (73% shares)

### **Roti Plants**

11. Korangi, Karachi
12. Mughalpura, Lahore
13. Gulshan-e-Iqbal, Karachi

### **Miscellaneous**

14. National Tubewell Construction Corporation
15. Duty Free Shops
16. Republic Motors (Plot)
17. Al Haroon Building, Karachi
18. International Advertising (Pvt) Ltd.

The CCI also accorded approval for inclusion of 10 more entities (Box 3) in the Privatisation Program. The CCI also reaffirmed the approval granted by the CCI on 29<sup>th</sup> May 1997 for Privatisation of Pakistan Steel Mills Corporation.

### **Box 3: Entities Approved by CCI for Inclusion in Privatisation Program**

#### **Banking and Finance**

1. National Investment Trust Limited ( NITL)
2. Small and Medium Enterprises (SME) Bank
3. First Women Bank
4. United Bank Limited (further divestment of shares)
5. Habib Bank Limited (further divestment of shares)
6. National Bank of Pakistan (further divestment of shares)

#### **Energy and Oil & Gas**

7. National Power Construction Co. (NPCC)
8. GOP Working Interests in Oil and Gas Fields [now managed by Government

Holding (Pvt) Limited]

**Hotels**

9. Services International Hotel, Lahore

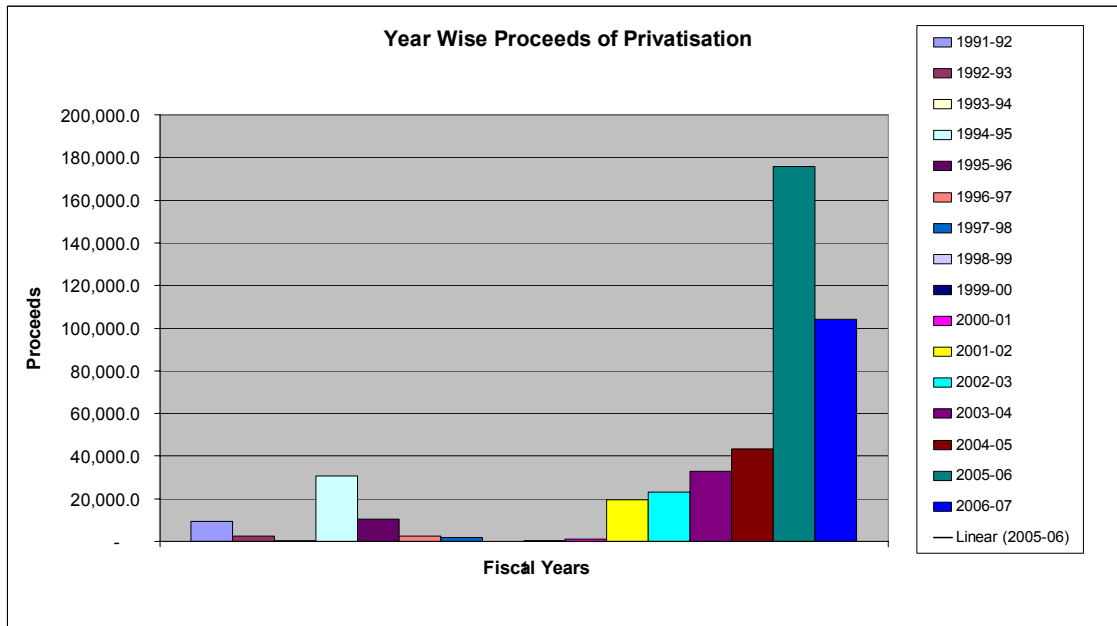
**Miscellaneous**

10. Tomato Paste Plant (PARC)

### Chapter 3

#### Transactions Completed During 2006-2007

The Privatisation Commission has carried out seven (7) transactions during 2006-07 for a total of Rs 104,314.9 million. It is the second highest privatisation ever (23 % of total proceeds of Rs. 457,761.2 million) in one fiscal year. This is indicative not only of the high priority attached to the Privatisation policy, but the very successful manner in which it has been implemented by the government.



A lot of progress has been made in the Privatisation of the entities through capital market transactions. In December 2006, 9.5% shares of OGDCL were divested through an international offering of global depository shares. This was followed by the divestment of 0.5% shares in January 2007 through a secondary offering in the domestic stock exchanges. Gross sale proceeds for these transactions amounted to US\$ 738.211 million and Rs 4,430 million or a total of Rs 49,323 million.

UBL's divestment of 25% shares through a GDR fetched US\$ 650 million. This was the biggest book building ever in Pakistani banking history. The stock was priced at 5 times to book which is the highest valuation compared to similar transactions globally.

Another achievement is successful completion of HBL-IPO subscription, the largest offering ever in Pakistan in terms of value and number of successful applicants. Total subscription of Rs. 18.94 billion has been received against the base offer of Rs. 8.11 billion resulting in an over subscription of 2.33 times.

These excellent results placed the NBP and the HBL in an advantageous position for global offerings, which in turn will further boost the Pakistani banking sector through introduction of latest techniques & know-how. The list of transactions during fiscal year 2006-2007 is tabulated as under.

<b>Table: 6 - Completed Transaction From July 2006 to June 2007</b>				
				<b>Rs (in million)</b>
<b>Sr. No</b>	<b>Unit Name</b>	<b>Sale Price</b>	<b>Date of Transfer</b>	<b>Buyer's Name</b>
<b>Capital Market Transaction</b>				
1	OGDCL – GDR	46,963.00	December 2006	GDR offering to international & domestic institutions
2	OGDCL – SPO	2,359.60	April 2007	Public offering through stock exchange
3	UBL – GDR	34,291.00	June 2007	GDR offering to international & domestic institutions
	<b>Total</b>	<b>83,613.60</b>		
<b>Cement</b>				
4	Javedan Cement Company Limited	4,316.00	August 2006	Haji Ghani Usman & Group
<b>Fertilizer</b>				
5	Pak American Fertilizers Limited	15,949.00	July 2006	Azgard 9
6	Lyallpur Chemical & Fertilizers Limited	280.2	December 2006	Al Hamd Chemical (Pvt.) Ltd.
	<b>Total</b>	<b>16,229.20</b>		
<b>Textile</b>				
7	Lasbella Textile Mills	156.00	Nov-06	Raees Ahmed
	<b>Total</b>	<b>104,314.80</b>	July-06 to June 07	

## **OGDCL**

The GDR of Oil and Gas Development Company Limited (OGCL) was the first transaction to go for Global offering which created a new trend in the foreign stock market.

The CCOP in its meeting held on 6th January 2006 approved the Privatisation Commission's proposal for the divestment of 10% to 15% of OGDCL's equity through a simultaneous domestic and international global depository receipts (GDR) offering. For this purpose the Privatisation Commission entered into a Financial Advisory Services Agreement in May 2006 with a consortium comprising Citigroup, Goldman Sachs and BMA Capital.

Ten percent of OGDCL's share capital comprising 430,093,000 shares was divested in the above mentioned offerings. The divestment was carried out in two parts as described below:

- Sale of 408,588,000 shares (9.5 percent of OGDCL's share capital) to institutional investors in December 2006 of which 390,588,000 shares were sold to overseas investors in the form of 39,058,800 Global Depository Shares (GDS) at the rate of US\$ 18.90 per GDS and 18,000,000 shares were sold to domestic investors at the rate of Rs. 115 per share. The gross share proceeds amounted to US\$ 738.211 million and Rs. 2.070 billion.
- Sale of 21,451,141 shares (0.5 percent of OGDCL's share capital) to domestic investors in January 2007 at the rate of Rs. 110 per share. Gross sale proceeds of this offering amounted to Rs. 2.360 billion.

The gross sale proceeds of the entire transaction amounted to US\$ 738.211 million and Rs. 4.430 billion or a total of Rs 49.323 billion (US\$ 811.093 million).

As a result of the foresaid divestments, the Government of Pakistan's shareholding in OGDCL has been reduced from 100% to 85%. (5% shares of OGDCL were divested through IPO in November 2003.)

## **UBL-GDR**

The Privatisation Commission has completed the divestment of 25% equity of the United Bank Limited ("UBL") through an international offering of Global Depository Receipts ("GDRs"). The Cabinet Committee on Privatisation ("CCOP"), in its meeting held on October 30, 2006, approved a proposal for the divestment of 14 % to 20 % of UBL's equity through a GDR offering. However, after reviewing the demand level and on the PC Board recommendations, the CCOP on June 12, 2007 enhanced the size of the proposed divestment to the range of 20% to 30%.



Pursuant to the CCOP's approval a financial advisor ("FA") was appointed on April 26, 2007. The FA carried out due diligence of UBL and together with the bank management held road shows in global financial centres including Hong Kong, Singapore, London, Dubai and New York from June 15, 2007 to June 22, 2007. During this period, the institutional offering through the book building was carried out from June 15, 2007 to June 22, 2007. The marketing effort succeeded in generating a demand of US\$ 2.5 billion (at PKR180 per shares) and US\$ 1.2 billion (at PKR195 per share).

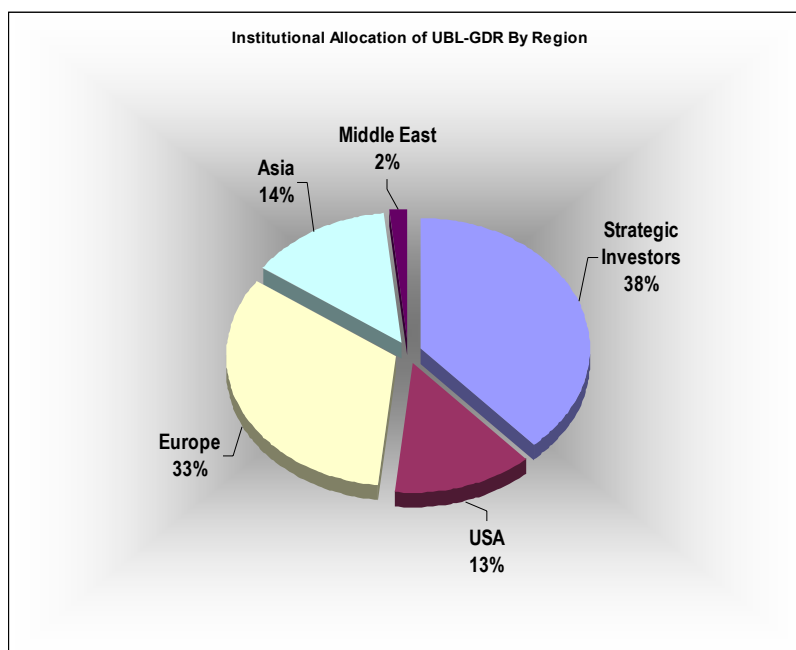
Price sensitivity was witnessed in the demand book, as 72.6% of the demand was at or below PKR 195 per share (5.3% discount to UBL's June 22, 2007 closing price of PKR 206 per share on Karachi Stock Exchange). On the PC Board recommendation the CCOP approved the final offering size of 202,343,752 shares (25% of the share capital of UBL), which comprises 50,585,938 GDRs at four shares per GDR at Rs.195 i.e. US \$ 12.8543 per GDR. The GDR was attractively priced at approximately five times to book value per share which was higher than the valuation of similar transactions elsewhere.

Out of the total proceeds of \$ 650.24 million, \$ 400 million (against demand of \$ 643 million) was allocated to institutional investors and \$ 250.24 million (against demand of \$ 572 million) to the strategic owners. Break-up of allocation of GDRs by region of origin of the investors is as follows:

<b>Table: 7 – Institutional Allocation by Region</b>	<b>GDRs</b>
<i>Strategic Investors (group that presently controls the management)</i>	<b>19,448,738</b>
<i>Other Institutional Investors</i>	
<i>USA</i>	<b>6,640,000</b>
<i>Europe</i>	<b>16,815,000</b>
<i>Asia</i>	<b>6,863,200</b>
<i>Middle East</i>	<b>819,000</b>

Conditional trading of the UBL GDR on the London Stock Exchange began on June 25, 2007 and full trading commenced on June 29, 2007. The GDRs were sold in two parts. On June 29, 2007, 21.74% (175.95 million) shares of UBL were divested with total proceeds of \$565.43 million. On July 13, 2007, another 3.267% (26.39 million) shares were divested pursuant to a stabilization agreement with the FA for total proceeds of \$84.81 million.

As the divested shares were owned by the State Bank of Pakistan ('SBP'), the net sales were remitted to SBP.



### **Javedan Cement Limited (JCL)**

Javedan Cement Limited was a unit of State Cement Corporation which was approved for Privatisation by the Council of Common Interests on 29 May 1997. Initial effort to privatise JCL did not succeed as the highest bid submitted by M/s Dadabhoy Investment (Pvt.) Limited was below the reference price. The CCOP, therefore, did not approve the transaction and decided to re-advertise the unit. The process was, however, held up for quite some time due to the petition filed by M/s Dadabhoy Investment (Pvt.) Ltd.

PC again advertised for the sale of 96.34% shares of the JCL alongwith the transfer of management control on 28 July 2005. Valuation of JCL was carried by M/s Riaz Ahmed & Co, Chartered Accountants. The CCOP approved the final value at Rs. 80.00 per share. The bidding was held on 14 September 2005. Total four bidders participated in the bidding process. Their offers in first round of sealed bids were as follows:

<b>Table: 8 – Offers in the First Round</b>		
<i>Rs. billion</i>		
<b>Company</b>	<b>Rs. per share</b>	<b>Total</b>
Al-Munaf Corporation	33.10	1.785
Haji Ghani Usman & Group	25.00	1.348
Siddiq Sons Denim Mills Ltd.	40.00	2.157
Valibhai Kamruddin Ltd.	20.00	1.078

As a result of open auction in second round, highest three bidders along with their offers were as follows:

<b>Table: 9 – Offers in the Second Round</b>		
<b>Company</b>	<b>Rs. per share</b>	<b>Total Rs. Billion</b>
Siddiq Sons Denim Mills Ltd.	50.00	<b>2.697</b>
Al-Munaf Corporation	45.00	<b>2.427</b>
Haji Ghani Usman & Group	<b>25.00</b>	<b>1.348</b>

As per laid down procedure, the Privatisation Commission finding the final bid as far below the minimum acceptable price, offered all the three, one after the other, in order of their bid ranking to equal or exceed the minimum acceptable price of Rs. 4.316 billion. The first two parties declined the offer made while the third party i.e. Haji Ghani Usman & Group accepted the offer and consented to match the minimum acceptable price of Rs. 4.316 billion.

Haji Ghani Usman & Group made the full payment of Rs. 4.316 billion (including GHS/VSS amount) and process was completed on 23<sup>rd</sup> August 2006. The proceeds were transferred to Ministry of Finance for debt retirement (90%) and poverty alleviation (10%) as per law.



Handing Over Ceremony of Javedan Cement Limited

### **Pak American Fertilizers Limited (PAFL)**

Pak American Fertilizers Limited (PAFL) was an unquoted Public Limited Company and wholly owned subsidiary of National Fertilizer Corporation of Pakistan (Pvt) Limited. PAFL was incorporated on December 15, 1959. The authorized, issued and paid up share capital was thirty (30) million ordinary shares of Rs. 100/- each.

PAFL was the first fertilizer manufacturing concern in Pakistan with an initial capacity of 50,000 Metric Tons of Ammonium Sulphate per year. Pakistan Industrial Development Corporation (PIDC) invested Rs. 91 million, which included a foreign investment of Rs. 43.70 million. The plant started commercial production in 1958-59. In 1968-69 the Ammonium Sulphate capacity was doubled to 100,000 MT per annum.

In 1999, a 1,050 Metric Ton per day new urea plant was installed at PAFL in place of the old Ammonium Sulphate plant. The new plant was designed and engineered by Toyo Engineering of Japan. The plant was financed by Japan Bank of International Corporation (JBIC) and their long-term loans outstanding as on June 30, 2005 were Rs. 5,079,409,547. As per decision of the Cabinet Committee on Privatisation (CCOP) the Government of Pakistan assumed the debt obligation of the project w.e.f 28th February 2006.

The Privatisation Commission invited Expressions of Interest (EoIs) on September 07, 2005, from prospective investors, for acquisition of 90% shares of PAFL. The closing date to file EoI was October 10, 2005.

Twenty Eight (28) parties filed EoIs while fourteen of them submitted Statement of Qualifications (SoQs). The reference price was put up for the approval of PC Board on February 17, 2006. The Cabinet Committee on Privatisation (CCOP) approved the reference price as recommended by the PC Board in its meeting of February 18, 2006. Following pre-qualified parties submitted the Earnest Money of Rs. 350,000,000 each by the due date of February 24, 2006

- a. Azgard 9 and Jahangir Siddiqui Capital Markets Limited
- b. Ibrahim Fibres Limited
- c. Kohinoor Textile Mills Limited and Associates
- d. Nishat (Chunian) Mills Limited
- e. Pak Arab Fertilizers (Pvt) Limited

All parties who had submitted Earnest Money participated in the bidding held on February 28, 2006 and submitted the following bids for 100% shares (30,000,000 shares) of PAFL:

<b>Table: 10 – Bids for PAFL</b>		
<b>Name of Party</b>	<b>Bid per Share Rs.</b>	<b>Total Bid Rs. in billion</b>
Ibrahim Fibres Limited	666.66	19.999
Azgard 9 and Jahangir Siddiqui Capital Markets Ltd.	537.00	16.110
Kohinoor Textile Mills Limited and Associates	453.00	13.590
Nishat (Chunian) Mills Limited	451.00	13.530
Pakarab Fertilizers (Pvt) Limited	370.83	11.124

Only three highest ranked bidders were considered while the Earnest Money of Rupees Three Hundred Fifty (350) million from others was returned. CCOP in its meeting of March 11, 2006 approved Ibrahim Fibres Ltd as Successful Bidder and allowed PC to issue

Letter of Acceptance (LoA) to them. LoA was issued to Ibrahim Fibres Limited on March 11, 2006. Ibrahim Fibres Limited informed Privatisation Commission of their inability to continue with the transaction on March 21, 2006.

The default position of Ibrahim Fibres Limited was submitted to CCOP on March 31, 2006, which decided Consortium of Azgard – 9 and Jahangir Siddiqui Capital Markets Limited as Successful Bidder. LoA was therefore issued to Azgard – 9 on April 03, 2006. CCOP further decided to forfeit Earnest Money of Rs. 350 million and initiate to file a suit for recovery of differential between the amount to be actually received and the Bid Price offered by M/s Ibrahim Fibres Limited, immediately after completion of the transaction as per Bid Documents.

Azgard – 9 deposited 25% payment of the bid price on due date of April 17, 2006 but defaulted to deposit the remaining 75% payment of bid price and sought extension for depositing the final payment. The PC Board discussed the matter on June 13, 2006 and desired that adequate undertaking and assurances may be obtained from Azgard – 9 with payment of interest @ KIBOR + 2.75%. The decision was based on the fact that Azgard – 9 had already made a payment of Rs. 4.027 billion and their offer was higher by Rs. 2.52 billion compared with the next bidder M/s Kohinoor Textile Mills Limited and Associates and they had undertaken to pay for time lost @ 11.4% per annum markup / interest.

Azgard – 9 submitted a letter undertaking payment by July 15, 2006 alongwith interest calculated @ KIBOR + 2.75% for the time lost and reconfirmed the conditions of the Bid Documents and the Application Form. The letter was considered in the PC Board meeting held on June 16, 2006 and after fully satisfying itself with the undertaking, the Board decided to recommend to the CCOP the extension in time for deposit of the final payment with mark-up. CCOP considered the recommendations of the PC Board in its meeting held on June 28, 2006 and approved the extension upto to July 15, 2006 only with markup. Amended LoA was issued to Azgard – 9 on June 28, 2006.

M/s Azgard – 9 deposited balance 75% amount less Earnest Money being Rs. 11,732,500,000 (Rupees eleven billion, seven hundred and thirty two million, five hundred thousand) with the mark-up @ 11.4% per annum being Rs. 153,975,401 (Rupees one hundred fifty three million, nine hundred seventy five thousand, four hundred one) on July 15, 2006. The Share Purchase Agreement was signed on the same day i.e. July 15, 2006 between the parties i.e. NFC, PAFL, Azgard – 9 Limited to handover the Company to the new purchaser. The Board of Directors of the privatised Company took over the management control of PAFL after the government nominated Directors resigned.



Handing Over Ceremony of PAFL

## Lyallpur Chemicals & Fertilizer Ltd (LCFL)

Lyallpur Chemicals & Fertilizer Ltd (LCFL) was incorporated in 1958 as a public limited company. National Fertilizer Corporation of Pakistan Limited (NFC) was the owner of LCFL, which is an unlisted public company registered under the Companies Ordinance 1984. The authorized, issued and paid up capital of the company was Rs. Ten (10) million with one (1) million shares of Rs. 10/- each. LCFL has a capacity to produce Powdered Single Super Phosphate of 72,000 Metric tons and Zinc Sulphate of 1500 Metric tons per annum.

The Privatisation Commission invited Expressions of Interest (EOIs) on October 24, 2005, from prospective investors, for acquisition of 90% shares of LCFL. The closing date to file EoI was November 21, 2005. Eighteen (18) parties filed EOIs namely 4B Group Pakistan, Akbari Stores (Pvt) Ltd, Al-Hamd Chemical (Pvt) Ltd, Al-Hamza Shipbreaking Company & Group, Amjad Textile Mills Ltd, Army Welfare Trust, ATC Processing (Pvt) Ltd, Bhanero Textile Mills Limited, Consortium of Sheikh Muhammad Tahir & Sheikh Muhammad Akbar, Chishtia Sugar Mills Limited, Colony Group, Consortium of Hafiz Aamir Rasheed, Sapphire Textile Mills, Ibrahim Fibres Limited, Malik Ghee & Cooking Oil Mills Ltd, Rijas Fashion (Pvt) Ltd, Star Consortium, Toyota Ravi Motors.

The Cabinet Committee on Privatisation (CCOP) approved the Reference Price as recommended by the PC Board in its meeting of November 30, 2006.

Only following three parties submitted the Earnest Money of Rs. 40,000,000 by the due date of November 27, 2006 out of 18 parties, which submitted EOIs.

- a. Al-Hamd Chemical (Pvt) Ltd.
- b. ATC Processing (Pvt) Ltd.
- c. Consortium of Sheikh Muhammad Tahir & Sheikh Muhammad Akbar

All parties who had submitted Earnest Money participated in the bidding held on December 02, 2006 and submitted the following bids for 100% shares (1,000,000 shares) of LCFL:

<b>Table: 11 – Bids for LCFL</b>		
<b>Sr. No.</b>	<b>Name of Party</b>	<b>Total Bid Amount Rs. Million</b>
1.	Al-Hamd Chemical (Pvt) Ltd.	275.00
2.	ATC Processing (Pvt) Ltd.	90.41
3.	Consortium of Sheikh Muhammad Tahir & Sheikh Muhammad Akbar	75.00



The bids received in Round One were lower than the Reference Price. Therefore, the PC announced the minimum acceptable price / Reference Price of Rs. 280.20 per share (Rs. 280.20 million) and all the three bidders were asked in order of their ranking to match or exceed the announced reference price. Only M/s Al-Hamd Chemicals (Pvt.) Ltd. agreed to match the Reference Price of Rs. 280.20 million while other two bidders declined.



Bidding of LCFL

CCOP in its meeting of December 21, 2006 approved Al-Hamd Chemicals (Pvt.) Ltd. as Successful Bidder and allowed PC to issue Letter of Acceptance (LoA) to them. The LoA was issued to Al-Hamd Chemicals (Pvt.) Ltd. on December 22, 2006.

Al-Hamd Chemicals (Pvt) Ltd. deposited 25% payment of the bid price being Rs. 70,050,000 (Rupees seventy million, fifty thousand only) on due date of January 04, 2007 and deposited the balance 75% amount less Earnest Money being Rs. 170,150,000 (Rupees one hundred seventy million, one hundred fifty thousand only) on February 08, 2007 well before the due date.

The Share Purchase Agreement was signed on February 09, 2007 between the parties i.e. NFC, LCFL, Al-Hamd Chemicals (Pvt) Ltd. to handover the Company to the new purchaser. The Board of Directors of the privatised Company took over the management control of LCFL after the government nominated Directors resigned.



SPA Signing of LCFL

### **Lasbella Textile Mills (LTM)**

Lasbella Textile Mills (LTM), situated at Uthal, district Lasbella, Balochistan was set up in 1976 and started production in January 1980. It was closed down in 1983 after only three years of operation.

Lasbella Textile Mills was a unit/project of Pak Iran Textile Mills (Pvt.) Ltd. which was liquidated and a new company, Iran Pak Industries (Pvt.) Ltd. (IPI) was incorporated in year 1993 as a Joint Venture between Government of Pakistan and Government of Iran with a ratio of 51:49. The Government of Pakistan continuously paid salaries and wages of employees of the unit over the years. The staff was laid off in 1993 after paying Golden Handshake/Voluntary Separation Scheme.

It consisted of 102 acres of land (Lease hold – 99 years). Total covered area of building was more than 900,000 sq feet. The status of machinery was mixed; some machinery was in good condition due to minimal usage and dry climate of the area, whereas some machinery needed repair to become operational. However, the technology of most of the

machinery was close to 25 years old. It had 50,000 spindles, 1100 looms and complete bleaching, dyeing and finishing machinery, 5 MW generators, 4 boilers and factory air conditioning plant etc. The mill besides a factory also had a housing colony for officers consisting of 65 Bungalows and a Technical Hostel. Its labour colony had 480 barracks. Besides it had the following civic amenities available at the factory area (i) Mosque (ii) Primary School (iii) Dispensary (iv) Workshops (v) Office Block (vi) General Stores Building.

During the years 1993-97, attempt was made to revive the company by Balancing, Modernization and Rehabilitation (BMR) of the Mills with the help of an Iranian company. This attempt failed and resulted in Government of Pakistan paying US\$ One Million to the Iranian company for the work already done.

The company was referred to Privatisation Commission in September 1997. First attempt to privatise the company was made in February to April 2001, however the CCOP did not accept the highest bid as it was less than the reference price. Another attempt was made, however the successful bidder failed to pay the bid amount and, therefore, LOA was cancelled and earnest money was forfeited in January 2002.

In February 2004, the Board of the Privatisation Commission decided that since 2002 the situation of the textile industry had changed considerably, therefore its machinery and equipment should be offered once again for privatisation.

The Board of the Privatisation Commission in its meeting dated July 31, 2004 considered the summary dated July 22, 2004 and recommended for approval of the CCOP as under: -

- a. The Privatisation of Land and Building of Lasbella Textile Mills may be suspended for ultimate exclusion from the privatisation programme with the condition that it will be used purely for educational purposes and not for any commercial purposes.
- b. Ministry of Industries, Production and Special Initiatives and Government of Balochistan may work out the modalities of establishment of University for Agriculture, Bio-Medical and Water Sciences and the transfer of the land and building of Lasbella Textile Mills to the said University.
- c. The Board of the Privatisation Commission further decided that the equipment / machinery of Lasbella Textile Mills may be sold on “as is where is” basis by the Privatisation Commission.

The Cabinet Committee on Privatisation (CCOP) in its meeting dated October 20, 2004 considered the summary dated August 19, 2004 submitted by the Privatisation and Investment Division on “Privatisation of Lasbella Textile Mills (LTM)” and approved the recommendations of PC Board to implement above decision.



The Privatisation Commission invited Expression of Interest (EOI) on December 06, 2005 with closing date of December 31, 2005 for sale of assets (plant, equipment and machinery) of the company on “as is where is” basis. Forty three (43) parties submitted Expression of Interest (EOI) by the due date. The pre bid meeting was held on March 18, 2006 at Karachi and Bid Documents were revised through mutual consultation. Bid documents dated April 13, 2006 were circulated to all qualified bidders.

The reference price was put up for the approval of the Cabinet Committee on Privatisation (CCOP) on June 28, 2006, which approved the reference price as recommended by the PC Board.

Sixteen (16) parties deposited the Earnest Money of Rs. 20 (twenty) million by the due date of July 15, 2006. The Privatisation Commission held the bidding on July 20, 2006 at Islamabad. The bidding results for Round One (Sealed Bids) in order of highest to lowest bids are tabulated below:

<b>Table:12 – Bids for Lasbella Textile Mills: Round - I</b>		
<b>SR. NO.</b>	<b>Name Of Party</b>	<b>Bid Amount Rs. Million</b>
1	Raees Ahmed, Karachi	128.000
2	Unique Trading Company, Karachi	75.000
3	Abdul Sattar Noor Mohammad & Co., Karachi	72.500
4	Mehran Traders, Karachi	71.000
5	Dewan Sons, Karachi	70.800
6	Mezaan Ship Breaker, Karachi	70.700
7	Choice Enterprises, Karachi	70.000
8	Nawaz Khan Trading Company, Lahore	66.000
9	Dewan Scrap (Pvt.) Limited, Karachi	61.000
10	Commercial Metal, Karachi	60.100
11	Usman Enterprises, Karachi	60.000
12	Transtrade (Pvt.) Limited, Karachi	58.575
13	Kohisar Enterprises, Karachi	58.000
14	Shaheen Traders, Karachi	57.500
15	Star Cotton Corporation (Pvt.) Limited, Karachi	55.800
16	Decent Trading Company, Karachi	55.000

In Round Two (Open Auction), highest ranked three bidders were asked to improve their bid. As a result of the Open Auction, the three parties raised their bids to the following amounts:

<b>Table: 13 – Bids for Lasbella Textile Mills: Round - I</b>		
<b>Sr. No.</b>	<b>Name of Party</b>	<b>Bid Amount Rs. In Million</b>
1	Raees Ahmed, Karachi	156.000
2	Unique Trading Company, Karachi	155.000
3	Abdul Sattar Noor Mohammad & Co., Karachi	150.000

The highest bid by M/s Raees Ahmed of Karachi of Rs. 156 million was above the reference price. After approval of PC Board dated August 10, 2006 and CCOP dated October 30, 2006 M/s Raees Ahmed was declared Successful Bidder and issued Letter of Acceptance (LOA) dated October 31, 2006. M/s. Raees Ahmed completed the 100% payment on November 21, 2006 and Asset Sale Agreement was signed on the same day and thus privatisation was completed.



Bidding of LTM

### **Employees Welfare**

In order to ensure smooth implementation of privatisation program and to safeguard the interests of the employees working in State Owned Enterprises, an agreement was signed between Inter-Ministerial Committee appointed by the then Prime Minister and All Pakistan State Enterprises Workers Action Committee (APSEWAC) in 1991 where by following benefits to the workers of the units to be privatized were recognised.

- Protection of Service for 12 months.
- Sale of 10 % shares to the employees at mutually agreed rate.
- Payment of Golden Hand Shake to the employees who opt to retire.
- Employee's right of negotiation on the highest bid to buy a unit.

Subsequently in 1992, the Cabinet Committee on Privatisation (CCOP) also approved Voluntary Separation Scheme for the executives of the unit to be privatized.

Privatisation Commission has been religiously following the spirit of APSEWAC Agreement in case of workers and CCOP approvals in case of executives.

In pursuance of above mentioned policies, Privatisation Commission has so far paid Rs. 7.356 billion as GHS/VSS to 32,311 employees of different units since 1991.

During the year under review an amount of Rs. 531 million was paid as GHS/VSS to the employees of Pak American Fertilizer Limited, Javedan Cement Limited, Lyallpur Chemical Fertilizers Limited and arrears of earlier payments to the employees of Pak Saudi Fertilizers Limited.

According to APSEWAC agreement, 10 % shares of privatized Industrial units were reserved for the employees who did not opt for GHS. CCOP has recently decided that the shares retained for the employees may be given to them after allowing 10% discount on the Successful Bidder's offered price. During the year 2006 - 2007, 10% shares were sold/transferred to 323 employees of Pak American Fertilizer Limited who did not opt for GHS/VSS at a discount of 10% of the bid price.

Antibiotics (Pvt.) Limited was privatized in October, 1992. 10% shares retained for employees could not be handed over/sold to the concerned due to non-settlement of the modalities. 200,000 shares have recently been sold to 282 entitled employees at the nominated rate of Rs. 1.20 per share.

## Chapter 4

### Status of Ongoing Transactions

The Government of Pakistan is committed to dissociating itself from running factories and businesses. A continuous process is underway to privatise the industrial and business concerns owned by the Government. Given below is the status of ongoing privatisation transactions at various stages of completion:

#### **Finance and Banking Sector**

##### **Habib Bank Limited**

- HBL Initial Public Offering (IPO) subscription was completed on 31<sup>st</sup> July 2007. Balloting was held on 11-08-07.
- Global Depository Receipts (GDR) will be offered in 4<sup>th</sup> quarter of 2007-08.

##### **United Bank Limited**

- GDR was completed in June 2007.
- UBL-Secondary Public Offering (SPO) is expected in 4<sup>th</sup> quarter of 2007-08.

##### **National Bank of Pakistan Limited**

- Upto 20 % of NBP shares are being divested through Global Depository Receipts (GDR).
- Consortium of Deutsche Bank, Morgan Stanley and AKD Securities have been appointed as FA for the transaction.
- Transaction closure is targeted in March/April 2008.

##### **SME Bank Limited**

- SME Bank was established through an Ordinance in 2001 after amalgamation of Regional Development Finance Corporation (RDFC) and Small Business Finance Corporation (SBFC).
- BMA Capital has been appointed as FA. Transaction is underway and is likely to be completed by the end of the financial year 2007-08.

## **OIL & GAS SECTOR**

### **Pakistan State Oil (PSO)**

- The current privatisation of PSO, through offering of 51% equity stake for the strategic sale commenced in December 2006. The Board of PC pre-qualified seven parties who have carried out due diligence of PSO.
- A pre-bid meeting of the investors was held on 20<sup>th</sup> June 2007. Some issues particularly those pertaining to receivables and stability of process needed to be resolved and matter was taken up with Ministry of Finance, Ministry of Petroleum & Natural Resources and Ministry of Law.
- In the meanwhile Privatisation has been challenged in the Supreme Court of Pakistan, which has directed that no further steps be taken towards Privatisation of PSO, but rest of formalities might be completed by the PC.

### **Pak Arab Refinery Company (PARCO) – IPO**

- PARCO was incorporated as a public limited company in 1974, as a Joint Venture between Pakistan and Abu Dhabi with share holding in the proportion of 60% and 40% respectively.
- Divestment of 10% shares through IPO was deferred because both International Petroleum Investment Corporation (IPIC) and Ministry of Petroleum & Natural Resources (M/o P&NR) were opposed to the proposed IPO.
- IPIC/ Abu Dhabi Petroleum Investment Company have a right of first offer which it is not willing to waive unless issues of tax refund amounting to Rs. 1.34 billion from Pak Arab Fertilizer Company is settled.

## **POWER SECTOR**

### **National Power Construction Corporation (NPCC)**

- National Power Construction Corporation (NPCC) was established in 1974 by the Government of Pakistan with a special objective of executing Power Engineering Projects speedily and economically.
- EOIs for sale of 51% shares including management control to only qualified Pakistani strategic investors were first invited in October 2005. In view of slow progress and waning interest CCOP decided that fresh EOIs may be invited from both Pakistani and foreign parties for the strategic sale or joint venture.

- Seven parties submitted EOIs by due date of 30 September 2007 but only five submitted the SOQs by due date. The transaction is targeted to close by April 2008.

### **Faisalabad Electric Supply Company (FESCO)**

- The approved transaction includes sale of 56% shares along with management control to a qualified strategic investor. International Finance Corporation (IFC) is FA for the transaction. EOIs were invited by May 2006, when four parties were pre-qualified for transaction.
- Subject to resolution of issues pertaining to tariff and mutation of land title, FESCO is expected to be taken to bidding in 4<sup>th</sup> quarter of financial year 2007-08. In the meantime the Financial Advisory Services Agreement of IFC has been suspended till land issues are resolved.

### **Peshawar Electric Supply Company (PESCO)**

- Although the FA (Societe Generale Corporate Finance Advisory) carried out due diligence but the Privatisation is at halt due to;
  - i) Non completion of the corporatization process of PESCO for independent operation from WAPDA.
  - ii) Separation of the operation of TESCO from PESCO by WAPDA.

### **Jamshoro Power Company Limited (JPC)**

- The approved transaction includes sale of 51% shares along with management control. PriceWaterCoopers are Financial Advisors. Five Parties have been pre-qualified. Tariff determination by NEPRA is also complete.
- The transaction will be taken to bidding subject to resolution of certain land disputes with Government of Sindh.

### **Kot Addu Power Company (KAPCO)**

- Kot Addu Power Company Limited ("KAPCO") was incorporated in 1996 with the purpose to contribute economical power to the national grid.
- WAPDA's share holding in KAPCO is reduced to 46% consequent to previous divestments of shares through Initial Public Offerings (IPO).
- The CCOP in its meeting of 28<sup>th</sup> October 2006 decided, inter-alia that further divestment of WAPDA's shares in KAPCO be undertaken through GDR Offering.
- International Power insists that it will not waive its right of first offer until the Government agrees to the unconditional dematerialization of its KAPCO shares, which are held in paper form.

- Matter was considered by PC Board and CCOP and it was decided to approve the unconditional dematerialization of KAPCO shares and NPKAL's autonomy to transfer such shares. The approval is to be subject to the following:
  - Such transfer(s) shall not endanger national security of Pakistan and
  - Shared understanding with NPKAL/IP that following dematerialization of the shares, should NPKAL/IP at any time wish to transfer its shares to a third party, (whether in one or more block(s)), a written intimation in writing must be sent to the GOP 60 business days before such transfer(s).
- The transaction will close in June 2008

## **INDUSTRIAL SECTOR**

### **Hazara Phosphate Fertilizers Limited (HPFL)**

- The Company located in Haripur, NWFP, was incorporated in June 1985 as a Private Limited Company and commenced commercial operation in 1989. It manufactures Granulated Single Super Phosphate (GSSP) fertilizer using a combination of indigenous phosphate rock from the Kakul mines in proximity of plant and imported rock from Jordan and Morocco.
- EOIs for HPFL were invited twice. During first invitation only one party deposited the earnest money while during second attempt in June, 2007 only two parties submitted the earnest money by the due date. However, bidding could not be held because only one bidder turned up on the date of bidding.
- The reasons for lukewarm response were that the plant was not a profitable entity and its present profitability was dependent upon the agricultural subsidy, which was being offered by the government for the phosphate fertilizers.
- It was decided by PC Board to re-initiate the privatisation of HPFL.
- PC sought EOIs in November 2007. The prospective investors have given very encouraging response and the PC has received EOIs from 13 interested parties. These parties have been sent request for Statement of Qualification (RSOQ) documents for response which shall form basis for pre-qualification.
- The conclusion of transaction is targeted by April 2008.

### **Pakistan Machine Tool Factory (PMTF)**

- Pakistan Machine Tool Factory (Pvt) Ltd. (PMTF) is a unit of State Engineering Corporation Ltd. (SEC). This Karachi based Private Company was established in 1968 and incorporated on 23-7-1975.
- The PC has sought EOIs from the interested parties by 22 January 2008. All parties that shall submit EOIs would be sent RSOQs. The last date for receiving RSOQs is 7 February 2008.
- Pre-qualifications of bidders will be completed by March 2008 and after undertaking due diligence in April 2008, the approval of the Privatisation Commission Board and the CCOP will be obtained in May 2008. Bidding will take place in June 2008.

## **Pakistan Steel Mills Corporation (PSMC)**

- Established in 1985, Pakistan Steel is the country's leading steel producer with a production capacity of 1.1 million tonnes per year.
- In response to Supreme Court's decision to cancel its strategic sale, a review petition has been filed. In the meantime, its Privatisation through Initial Public Offering is under consideration.
- Upto 20% of shares amounting to about US\$ 90 million are to be offered.
- IPO will be initiated after un-bundling of core and non-core assets, which is being carried out.

## **MINERAL & MINES**

### **Pakistan Mineral Development Corporation (PMDC)**

- PMDC is an autonomous corporation attached with the Ministry of Petroleum and Natural Resources. It was created in 1974 with an authorized capital of Rs.1,000 million to expand and help mineral development activities in the country.
- Financial Advisor has been appointed and further action is underway.

## **TOURISM**

### **Pakistan Tourism Development Corporation (PTDC)**

- A Corporation under control of Ministry of Tourism with assets all over Pakistan.
- As per directive of CCOP, 26 Motels/ Restaurants were placed in 12 groups on the basis of their geographical location and financial viability.
- Invitation of EOIs completed. 37 parties have filed EOIs for various groups of Motels/ Restaurants.
- Pre-qualification of IPs in process. Bidding is targeted in 4<sup>th</sup> quarter of 2007-08.

### **Roosevelt Hotel, NY**

- Consortium of M/s Citigroup/Cushman & Wakefield has been appointed as Financial Advisors to assist PC for valuation and proposing transaction structure for the sale of Roosevelt Hotel, New York.
- The Financial Advisor has sent a draft valuation report suggesting sale of the hotel under different transaction structures. Presently the report is under review with Privatisation Commission.



### **Services International Hotel (SIH)**

- NIC and Ministry of Commerce own 75% shares while Punjab Co-operative Board for Liquidation (PCBL) owns 25% shares. The clear title is in the name of PCBL to operate Hotel. Total area of land is 15 kanal and 3 marlas.
- As a result of inadequate response to earlier attempts, NIC and PCBL has been asked to bring up the alternate/ concrete proposals for privatizing the Services International Hotel, which will then be brought up to the notice of CCOP.

## Chapter 5

### Privatisation Transactions since 1991

The following are the details of all privatisation transactions carried out since the inception of the privatisation process in Pakistan in 1991:

**Rs (in million)**

Sr. No	Unit Name	Sale Price	Date of Transfer	Buyer's Name
	<b>Banking and Finance</b>			
	<b>Bank</b>			
1	Allied Bank Limited (51%)	971.6	Feb-91	EMG
2	Muslim Commercial Bank (75%)	2,420.0	Apr-91	National Group
3	Bankers Equity Ltd. (51%)	618.7	Jun-96	LTV Group
4	Habib Credit & Exchange 70 % (52,500,000)	1,633.9	Jul-97	Sh. Nahyan bin Mubarik Al-Nahyan
5	United Bank Ltd. 51% (1,549,465,680 shares)	12,350.0	Oct-02	Consortium of Bestway & Abu Dhabi Group
6	Bank Alfalah 30% (22,500,000 shares)	620.0	Dec-02	Abu Dhabi Group
7	Habib Bank (51%)	22,409.0	Dec-03	Agha Khan Fund for Economic Development
	<b>Total</b>	<b>41,023.2</b>		
	<b>Capital Market Transaction</b>			
8	Muslim Commercial Bank (6.8%)	563.2	Jan-01	MCB Employees-PF & Pension-F
9	Muslim Commercial Bank (4.4%)	364.0	Nov-01	MCB Employees-PF & Pension-F
10	NBP 10% shares IPO (37,300,000)	373.0	Feb-02	General Public Through Stock Exchange

11	Muslim Commercial Bank- CDC (24,024,560 shares)	664.0	Oct-02	Through CDC
12	Pakistan Oil Fields Limited - CDC (28,546,810 shares)	5,138.0	Oct-02	Through CDC
13	Attock Refinery Limited - CDC (10,206,000 shares)	1,039.0	Jan-03	Through CDC
14	ICP Lot – A	175.0	Sep-02	ABAMCO
15	ICP Lot – B	303.0	Oct-02	PICIC
16	ICP – SEMF	787.0	Apr-03	PICIC
17	NBP 10% SPO (37,303,932 shares)	782.0	Nov-02	Through CDC
18	DG Khan Cement -CDC (3,601,126 shares)	63.0	Dec-02	General Public Through Stock Exchange
19	NBP 3.52% 3rd offer (13,131,000 shares)	604.0	Nov-03	General Public Through Stock Exchange
20	OGDCL 5% IPO (215,046,420 shares)	6,851.0	Nov-03	General Public Through Stock Exchange
21	SSGC10% -SPO (67,117,000 shares)	1,734.0	Feb-04	General Public Through Stock Exchange
22	PIA 5.8% shares SPO	1,215.1	Jul-04	General Public Through Stock Exchange
23	PPL15% IPO (102,875,000 shares)	5,632.6	Jul-04	General Public Through Stock Exchange
24	KAPCO 20% IPO (160,798,500 shares)	4,814.8	Apr-05	General Public Through Stock Exchange
25	UBL 4.2% IPO (21,867,000 shares)	1,087.2	Aug-05	General Public Through Stock Exchange
26	OGDCL 9.5% GDR (408,588,000 shares)	46,963.0	Dec-06	GDR offering to international & domestic institutions
27	OGDCL 0.5% SPO (21,505,000 shares)	2,359.6	Apr-07	General Public Through Stock Exchange

28	UBL 21.74% GDR (175,951,092 shares)	34,291.7	June-07	GDR offering to international & domestic institutions
	<b>Total</b>	<b>115,804.2</b>		
	<b>Total Banking &amp; Finance:</b>	<b>156,827.4</b>		
	<b>Energy Sector</b>			
29	Mari Gas (20%)	102.4	Apr-94	Mari Gas Company Ltd.
30	Kot Addu Power Company (26%)	7,105.0	June-96	National Power
31	Kot Addu Power Company (10%)	3,046.0	Nov-96	National Power
32	Kot Addu (Escrow A/c)	900.7	Apr-02	National Power
33	SSGC LPG business	369.0	Aug-00	Caltex Oil Pak.(Pvt) Ltd.
34	SNGPL LPG business	142.0	Oct-01	Shell Gas LPG Pakistan
35	Badin II (Revised)	503.2	Jun-02	BP Pakistan & Occidental Pakistan
36	Adhi	618.9	May-02	Pakistan Oil Field
37	Dhurnal	161.0	May-02	Western Acquisition
38	Ratana	24.6	May-02	Western Acquisition
39	Badin I	6,433.0	Jun-02	BP Pakistan & Occidental Pakistan
40	Turkwal	75.6	Jun-02	Attock Oil Company
41	NRL (51% shares)	16,415	May-05	Consortium of Attock Refinery Ltd.
42	KESC (73% GOP shares)	15,859.7	Nov-05	Hassan Associates
	<b>Total</b>	<b>51,756.1</b>		
	<b>Telecommunications</b>			
43	PTCL (2%)	3,032.5	Aug-94	General Public Through Stock Exchange

44	PTCL (10%)	27,499.0	Sep-94	Through DR form
45	26% (1.326 billion) B class shares of PTCL	156,328.4	Jul-05	Etiselat UAE
46	Carrier Telephone Industries	500.0	Oct-05	Siemens Pakistan Engineering Co. Ltd.
	<b>Total</b>	<b>187,359.9</b>		
	<b>Industrial Units</b>			
	<b>Automobile</b>			
47	Al-Ghazi Tractors Ltd.	105.6	Nov-91	Al-Futain Industries (Pvt) Ltd. UAE
48	National Motors Ltd.	150.4	Jan-92	Biboo Jee Services
49	Millat Tractors Ltd.	306.0	Jan-92	EMG
50	Baluchistan Wheels Ltd.	276.4	May-92	Abdul Qadir & Saleem I. Kapoorwala
51	Pak Suzuki Co. Ltd.	172.0	Sep-92	Suzuki Motors Co. Japan
52	Naya Daur Motors Ltd.	22.3	Jan-93	Farid Tawakkal & Saleem I. Kapoorwala
53	Bolan Castings	69.2	Jun-93	EMG
	<b>Total</b>	<b>1,101.9</b>		
	<b>Cement</b>			
54	Maple Leaf Cement	485.7	Jan-92	Nishat Mills Ltd.
55	Pak Cement	188.9	Jan-92	Mian Jehangir Ellahi & Ass
56	White Cement	137.5	Jan-92	Mian Jehangir Ellahi & Associates
57	D.G Khan Cement	1,960.8	May-92	Tariq Sehgal & Associates
58	Dandot Cement	636.7	May-92	EMG
59	Gharibwal Cement	836.3	Sep-92	Haji Saifullah & Group
60	Zeal Pak Cement	239.9	Oct-92	Sardar M. Ashraf D.

				Baluch
61	Kohat Cement	527.9	Oct-92	Palace Enterprises
62	Dandot Works - National Cement	110.0	Jan-95	EMG
63	General Refractories Limited	18.9	Feb-96	Shah Rukh Engineering
64	Wah Cement	2,415.8	Feb-96	EMG
65	Associated Cement Rohri	255.0	Nov-03	National Transport Khi
66	Thatta Cement	793.7	Jan-04	Al Abbass Group
67	10% additional shares – Dandot Cement	8.3	Oct-04	EMG
68	10% additional shares – Kohat Cement	40.7	Oct-04	EMG
69	Mustehkam Cement Limited	3,204.9	Nov-05	Bestway Cement Limited
70	Javedan Cement Company Limited	4,315.9	Aug-06	Haji Ghani Usman & Group
	<b>Total</b>	<b>16,176.9</b>		
	<b>Chemical</b>			
71	National Fibres Ltd	756.6	Feb-92	Schon Group
72	Kurram Chemicals	33.8	Feb-92	Upjohn Company USA
73	Pak PVC Ltd	63.6	Jun-92	Riaz Shaffi Reysheem
74	Sind Alkalis Ltd	152.3	Oct-92	EMG
75	Antibiotics (Pvt) Ltd	24.0	Oct-92	Tesco Pvt) Ltd.
76	Swat Elutriation	16.7	Dec-94	Sahib Sultan Enterprises
77	Nowshera PVC Co. Limited	20.9	Feb-95	Al_Syed Enterprises
78	Swat Ceramics (Pvt) Limited	38.6	May-95	ImperialGroup
79	Ittehad Chemicals	399.5	Jul-95	Chemi Group
80	Pak Hye Oils	53.6	Jul-95	Tariq Siddique Associates
81	Ravi Engineering Limited	5.4	Jan-96	Petrosin Products Pte

82	Nowshera Chemicals	21.2	Apr-96	Mehboob Ali Manjee
83	National Petrocarbon	21.9	Jul-96	Happy Trading
84	National Petrocarbon (add'l 10% shares)	2.3	Mar-02	Happy Trading
85	Khuram Chemicals (additional 10%)	6.0	Oct-03	Pfizer Pakistan
86	10% additional shares – Ittehad Chemicals	26.1	Oct-04	EMG
	<b>Total</b>	<b>1,642.5</b>		
	<b>Engineering</b>			
87	Karachi Pipe Mills	18.9	Jan-92	Jamal Pipe Industries
88	Pioneer Steel	4.4	Feb-92	M. Usman
89	Metropolitan Steel Mills Limited	66.7	May-92	Sardar M. Ashraf D. Baluch
90	Pakistan Switchgear	8.9	Jun-92	EMG
91	Quality Steel	13.2	Apr-93	Marketing Enterprises
92	Textile Machinery Co	27.9	Oct-95	Mehran Industries
93	Indus Steel Pipe	42.5	Jul-97	Hussien Industries
	<b>Total</b>	<b>182.5</b>		
	<b>Fertilizer</b>			
94	Pak China Fertilizers Company Limited	435.4	May-92	Schon Group
95	Pak Saudi Fertilizers Ltd. (90%)	7,335.9	May & Sep-02	Fauji Fertilizers
96	Pak Saudi Fertilizers Ltd. (10%)	815.0	Sep-02	Fauji Fertilizers Ltd.
97	Pak Arab Fertilizers (Pvt) Ltd. (94.8%)	14,125.6	May-05	Export Reliance-Consortium
98	Pak Amercian Fertilizers (100%)	15,949.0	Jul-06	Azgard 9

99	Lyallpur Chemical & Fertilizers	280.2	Dec-06	Al Hamd Chemical (Pvt) Limited
	<b>Total</b>	<b>38,941.1</b>		
	<b>Ghee</b>			
100	Fazal Vegetable Ghee	21.2	Sep-91	Mian Mohammad Shah
101	Associated Industries	152.0	Feb-92	Mehmooob Abu-er-Rub
102	Sh Fazal Rehman	64.3	Apr-92	Rose Ghee Mills
103	Sh Fazal Rehman (additional 10% shares)	2.3	May-05	Rose Ghee Mills
104	Kakakhel Industries	55.3	May-92	Mehmooob Abu-er-Rub
105	United Industries	15.5	May-92	A. Akbar Muggo
106	Haripur Vegetable Oil	30.1	Jul-92	Malik Naseer & Assoc.
107	Bara Ghee Mills	27.8	Jul-92	Dawood Khan
108	Hydari Industries	-	Aug-92	EMG
109	Chiltan Ghee Mills	42.5	Sep-92	Baluchistan Trading Co.
110	Wazir Ali Industries	31.9	Dec-92	Treat Corporation
111	Asaf Industries (Pvt) Limited	11.4	Jan-93	Muzafar Ali Isani
112	Khyber Vegetable	8.0	Jan-93	Haji A. Majid & Co.
113	Suraj Vegetable Ghee Industries	10.8	Jan-93	Trade Lines
114	Crescent Factories Vegetable Ghee Mills	46.0	Jan-93	S. J. Industries
115	Bengal Vegetable	19.1	Mar-93	EMG
116	A & B Oil Industries Limited	28.5	Mar-93	Al-Hashmi Brothers
117	Dargai Vegetable Ghee Industries	26.2	Nov-97	Gul Cooking Oil Industries
118	Punjab Veg. Ghee	18.7	May-99	Canal Associates
119	Burma Oil	20.1	Jan-00	Home Products Intl



120	E&M Oil Mills	94.0	Jul-02	Star Cotton Corp. Ltd.
121	Maqbool Oil Company Ltd.	27.6	Jul-02	Madina Enterprises
122	Kohinoor Oil Mills	80.7	May-04	Iqbal Khan
123	United Industries Limited	7.7	Sep-05	A. Akbar Muggo
	<b>Total</b>	<b>841.7</b>		
	<b>Mineral</b>			
124	Makerwal Collieries	<b>6.1</b>	Jul-95	Ghani Group of Industries
	<b>Rice</b>			
125	Sheikhupura	28.0	May-92	Contrast Pvt Ld.
126	Faizabad	21.2	May-92	Packages Ltd.
127	Siranwali	16.2	Jul-92	Enkay Enterprises
128	Hafizabad	20.0	Sep-92	Pak Pearl Rice Mills
129	Eminabad	24.1	Nov-92	Pak Arab Food Industries
130	Dhaunkel	79.2	Jun-93	Dhonda Pakistan Pvt Ltd.
131	Mabarikpur	14.4	Nov-93	Maktex Pvt) Ltd.
132	Shikarpur	32.5	Mar-96	Afzaal Ahmad
	<b>Total</b>	<b>235.6</b>		
	<b>Roti Plants</b>			
133	Gulberg, Lahore	8.7	Jan-92	Packages Ltd.
134	Peshawar	2.6	Jan-92	Saleem Group of Industries
135	Head Office, Lahore	10.2	Jan-92	Hajra Textile Mills
136	Hyderabad	2.6	Jan-92	Utility Stores Corp.
137	Faisalabad	11.5	Jan-92	Azad Ahmad
138	Bahawalpur	1.6	Feb-92	Utility Stores Corp.
139	Multan	2.5	Feb-92	Utility Stores Corp.
140	Quetta	4.8	Feb-92	Utility Stores Corp.

141	Islamabad	3.6	Mar-92	Utility Stores Corp.
142	Taimuria, Karachi	9.2	Jun-92	Spot Light Printers
143	SITE, Karachi	5.1	Sep-92	Specialty Printers
144	Multan Road, Lahore	3.5	Dec-92	Utility Stores Corp.
145	Korangi, Karachi	4.6	Apr-93	Utility Stores Corp.
146	Mughalpura, Lahore	-	Jun-96	Pakistan Railways
147	Gulshan-e-Iqbal, Karachi	20.2	Mar-98	Ambreen Industries
	<b>Total</b>	<b>90.7</b>		
	<b>Textile</b>			
148	Quaidabad Woollen Mills	85.5	Jan-93	Jehangir Awan Associates
149	Cotton Ginning Factory	1.2	Jun-95	Hamid Mirza
150	Bolan Textile Mills	128.0	Oct-05	Sadaf Enterprises
151	Lasbella Textile Mills	156.0	Nov-06	Raees Ahmed
	<b>Total</b>	<b>370.7</b>		
	<b>Total (all Industrial Units)</b>	<b>59,589.7</b>		
	<b>Miscellaneous</b>			
152	National Tubewell Const Corpn	18.6	Sep-99	Through Auction
153	Duty Free Shops	12.5	Sep-99	Weitnaur Holding Ltd.
154	Republic Motors (Plot)	6.3	Nov-99	Muhammad Mushtaq
155	Al Haroon Building Karachi	110.0	Sep-02	LG Group
156	International Advertising (Pvt) Ltd.	5.0	Apr-05	EMG
	<b>Total</b>	<b>152.4</b>		
	<b>Newspapers</b>			
157	N.P.T Building	185.0	Oct-93	Army Welfare Trust
158	Mashriq – Peshawar	26.6	Jun-95	Syed Tajmir Shah

159	Mashriq – Quetta	6.2	Jan-96	EMG
160	Progressive Papers Ltd.	46.1	May-96	Mian Saifu-ur-Rahman
161	Mashriq – Karachi	6.7	Aug-96	EMG
	<b>Total</b>	<b>270.6</b>		
	<b>Tourism</b>			
162	Cecil's Hotel	190.9	Jun-98	Imperial Builders
163	Federal Lodges - 1- 4	39.2	Jan-99	Hussain Global Assoc.
164	Dean's Hotel	364.0	Dec-99	Shahid Gul & Partners
165	Falleti's Hotel Lahore	1,211.0	Jul-04	4B Marketing
	<b>Total</b>	<b>1,805.1</b>		
	<b>Total (Misc.)</b>	<b>2,228.1</b>		
<b>165</b>	<b>Grand Total (1991 to June 2007)</b>	<b>457,761.2</b>		

## Chapter 6

### ECO Moot on Privatisation and Private Sector Development

A three day moot of the privatisation administrations of the ECO countries was organized by the Privatisation Commission on April 10-12. More than 30 delegates from 10 member countries including Pakistan participated in the moot which included the 1st Meeting of ECO High Level Experts Group on Privatization and Private Sector Development and 2nd Meeting of the Heads of Privatisation Administrations of the ECO countries. Mr. Zahid Hamid Federal Minister for Privatisation & Investment inaugurated the conference.

#### First Meeting of ECO High Level Experts Group (HLEG)

Privatization Commission hosted the 1st Meeting of ECO High Level Experts Group on Privatization and Private Sector Development in Islamabad, on 10-11 April 2007. Delegates from Afghanistan, Azerbaijan, Iran, Kazakhstan, Kyrgyz Republic, Pakistan, Tajikistan, Turkey, Turkmenistan and Uzbekistan as well as representatives of the ECO Secretariat participated in the Meeting.



Mr. Zahid Hamid, Minister for Privatization and Investment inaugurated the Meeting. He introduced the privatization program of Pakistan and mentioned that this is the most successful privatisation program in the region. He expressed hope that sharing experiences of privatisation by the member countries would help in learning from each other and adopting best practices of the member countries.

During the inaugural session the ECO Secretariat made a presentation on ECO Cooperation in the field of Privatisation and Private Sector Development. Mr. Mustafa Demirezen, Deputy Secretary General of ECO Secretariat said that the world is moving towards free market economic strategies and the ECO countries should also strive to develop their private sector and integrate their economies with the global economy in order to benefit from the opportunities arising out of globalization.

During the second session country presentations were made by High Level Experts of Afghanistan, Azerbaijan, Iran, Kazakhstan and the Kyrgyz Republic wherein they shared

their experiences of privatisation. During the third session representatives of the Pakistan Privatisation Commission made presentations on Role of the Government and Legal & Regulatory Framework of the Privatisation Commission, Role of Financial Advisors in Privatisation Process, and Workers Welfare Measures.

The Meeting considered devising a strategy for cross country investment and for inviting each other for tender / public notices of privatization and decided to establish a working group comprising Azerbaijan, Iran, Pakistan, Turkey and ECO Secretariat to study the details of establishment of a website on privatization related matters in ECO member states.

The meeting decided that the website of each member state would host Ordinances, Rules and Regulations, Laws and procedures on privatization, especially the case studies and experiences, which would be accessible by the member states. The member states shall compile a list of investor(s) / consortium of investors as well as investment bank(s) / financial institution(s) to which the member states can issue tenders / public notices of privatization and convey to ECO Secretariat for hosting at its website.

Next ECO Meeting of High Level Experts Group on Privatization will be held in Turkey in the first half of 2008.

### **Second Meeting of the Heads of Privatization Administrations**

Pakistan also hosted the 2nd Meeting of the Heads of Privatization Administration of the ECO Member States on April 12, 2007. Delegates from Afghanistan, Azerbaijan, Iran, Kazakhstan, Pakistan, Turkey, Turkmenistan and Uzbekistan as well as representatives from ECO Secretariat participated in the Meeting.

Mr. Arif Mansur, Secretary, Privatization Commission, inaugurated the meeting. He said that economic liberalization and privatization are key to fast growth and poverty reduction and have, therefore, been included in the objectives of the ECO. He was of the opinion that privatization has proved to be a major change agent in the restructuring of many transition and developing countries and have contributed toward modernization of their economies. He stressed upon the need to share best practices and jointly move ahead on the path of prosperity and poverty reduction.

Mr. Mustafa Demirezen, Deputy Secretary General of ECO stressed upon the need to develop a balanced approach towards privatisation by weighing in the costs and benefits of privatisation. He recommended using the privatisation proceeds in an effective and efficient manner so that they contribute to GDP growth and welfare of the people.

The Meeting reviewed implementation of the Plan of Action on Privatization and endorsed the Report of the 1st ECO HLEG Meeting on Privatization. The following decisions were taken:

- The Meeting stressed the importance of Public-Private Partnership (PPP) models emerging in member countries and decided to extend cooperation among the member states in this regard.
- Recognizing PPP as integral part of privatisation strategy, the Meeting decided to include PPP in the agenda items for the future ECO HLEG meetings.
- The Meeting decided that the Working Group, which was established by the 1st ECO HLEG Meeting on Privatization on April 10-11, 2007, in Islamabad, may also devise a strategy for cross-country investment and for inviting tender/ public notices of privatization from fellow ECO member states.
- The Meeting decided to establish a task force comprising Iran, Pakistan, Turkey, and the ECO Secretariat as well as any other volunteer member states to study how to develop cooperation among the stock exchanges of member states.

Next meeting of the ECO Heads of Privatization Administration was agreed to be held in Turkey during the first half of 2008.

## **Chapter 7**

### **Board of Investment**

Board of Investment is the apex investment promotion body with mandate to promote, encourage and facilitate both local and foreign investment. It acts as a focal point to assist prospective investors and provides them all necessary information and assistance for speedy materialization of their projects. Its vision is to promote domestic and foreign investment to enhance Pakistan's international competitiveness and contribute to economic and social development. Mission of the BOI is:

- Proposing measures to create a steadily improving investment friendly environment.
- Removing and simplifying outdated and unnecessary procedures, approvals and legislations.
- Developing effective working relationships with other Federal Government Organizations, Provincial and District Governments, and Pakistan's Missions abroad in target areas.
- Stimulate public - private partnership to attract investment.

#### **Functions of BOI**

The BOI facilitates and encourages local and foreign investors. Major functions of the Board of Investment as enlisted in BOI Ordinance 2001 are to:

- Formulate and review the National Investment Policy and Laws.
- Initiate and consider sectoral investment proposals and propose incentives required for rationalization of existing policies.
- Identify investment opportunities and their promotion in Pakistan and abroad.
- Coordinate with concerned Ministries / Departments / Agencies and Provincial Governments with regard to policies and their implementation.
- Provide one window facility for provision of all services.
- Matters relating to National Industrial Zones.
- Monitor the progress of investment programs and projects at all stages.
- Appoint commissions, expert bodies and consultants to study various aspects of attracting investment.
- Maintain data base on investment.
- Negotiate and finalize agreements for protection and promotion of investments with other countries and represent Pakistan at regional and international organizations pertinent to investment promotion.
- Collect, compile, analyze, maintain and disseminate investment related information.

- Establish overseas commissions consisting of prominent overseas Pakistani entrepreneurs and other individuals to act as investment promotion counselors
- Determine and review the scale of fee and charges for services provided to the investors.

### **Pakistan's Investment Policy – Key Features**

Pakistan's investment policies are among the most investor friendly policies in the region. Key features of the investment policy are given below:

- No Government sanction required.
- Equal treatment of local and foreign investors.
- All economic sectors open to FDI.
- Foreign equity up-to 100% allowed.
- Minimum foreign equity for non-manufacturing including services sector (including IT & Telecom) has been reduced from \$ 0.3 million to \$ 0.15 million. In agriculture, infrastructure and social sectors, it is \$ 0.3 million.
- Remittance of royalty, technical and franchise fees, dividends, capitals and profits are allowed.
- Network of Export Processing Zones / Industrial Estates.
- Import of raw material for export manufacturing zero-rated.
- Attractive Tax & Tariff incentive package.
  - 5% custom duty on import of plant, machinery and equipment for manufacturing, infrastructure and social sectors.
  - 0 - 5% custom duty for services (including IT & Telecom) sector.
  - 0% custom duty for agriculture sector.
  - Tax relief in shape of Initial Depreciation Allowance (IDA) has been provided as 50% of machinery cost to all sectors.
  - No sales tax on import of machinery.
  - No with-holding tax on import of machinery.
  - Tax relief has also been provided for expansion and Balancing, Modernization & Replacement (BMR) in exiting industries.

#### ***Moreover***

- Industry status has been given to Tourism, Housing & Construction, Information Technology and Telecommunication while Horticulture is under consideration.
- In Investment Policy, priority has been shifted towards high value added, export oriented, hi-tech, engineering, chemicals, petro-chemicals, oil refining, construction,



infrastructure development, minerals & minerals processing and agro-based industries.

- Several measures have been taken in areas like domestic borrowing facility to foreign controlled companies, transfer of technology, immigration procedures, labour laws, incorporation of companies, etc.
- Foreign private loans for financing cost of imported plant & machinery for Agriculture, Service, Infrastructure and Social Sectors is available.
- Foreign controlled companies are allowed domestic borrowing to meet their working capital requirements.
- There is no compulsion for a limited company to offer shares to the public irrespective of the size of capital or total value of assets.
- Improvements have been made in procedures for obtaining work permit, work visa, business visa, opening of branch offices by foreign companies, and grant of Pakistani citizenship.

### **Achievements of the BOI**

Following are some of the major achievements of the BOI during the year 2006-07:

- Regional Offices of BOI at Quetta and Peshawar became operational and have started to provide facilitation services to potential investors.
- The BOI organized a ceremony during the visit of the Chinese President to Pakistan wherein several MOUs / Agreements were signed between private sector organizations of the People's Republic of China and the Islamic Republic of Pakistan for enhancing economic and investment relationship in different sectors.
- Capacity Building Program was launched for improving efficiency and skills of BOI employees.
- To facilitate investors and investments on a fast track basis the President's Investment Initiative was launched with the Minister of State / Chairman BOI as its Chief Coordinator. A unit has been set up in BOI which holds regular meetings, chaired by the President and the Prime Minister of Pakistan, to take stock of progress on various projects.
- BOI's website has been revamped and Investor Tracking System is being launched.
- A functional and close interaction strategy with International Investment Promotion Agencies (IPAs) of foreign countries was launched.
- In house development / preparation of pre-feasibility studies on various investment projects were completed.
- Creation of Foreign Investors Council (FIC), a forum for policy dialogue between the GOP and foreign investors. This forum brings together the expertise and experience of top multinational companies and projects Pakistan as the preferred investment location in the region.

- Submission of proposal to ECC for Special Economic Zones (SEZ) with specific fiscal incentives.
- Signing of MOU with Competitiveness Support Fund (CSF).
- Signing of MOU with Infrastructure Project Development Facility (IPDF).
- Establishment of a sub-committee on Horticulture Task Force.
- Visa Policy was revised and BOI was authorized to issue two years multiple entry work visas to expatriates directly to Pakistan's Missions abroad on the receipt of an application from a sponsoring company.
- Extension / conversion of business visa into work visa was settled to be dealt by the BOI expeditiously (in 4 weeks).
- Publications and other promotional material have been improved.



CHINESE PRESIDENT HU JINTAO AND PAKISTAN'S PRIME MINISTER SHAUKAT AZIZ LOOKING THE MODEL OF PAKISTAN HAIER & RUBA ECONOMIC ZONE NEAR LAHORE ON NOVEMBER 26, 2006

### **Bilateral Investment Treaties (BIT)**

Pakistan has signed Bilateral Investment Treaties (BITs) with 47 countries for Promotion and Protection of Investments. The list is enclosed at Annex-I. These Agreements provide fair and equitable treatment to local and foreign investors and also lay down a procedure to settle disputes that may arise between the signatory countries. A number of BITs are under negotiation with different countries including the USA.

### **Coordination with Development Agencies**

For persistent progress and to make our investment policy more authentic and in accordance with the requirements and standards of world markets, the BOI has been working in close coordination with various Development Agencies such as Investment Climate Survey

of the World Bank, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), Japan International Cooperation Agency (JICA), Canada Pakistan Business Council, American Business Council etc.

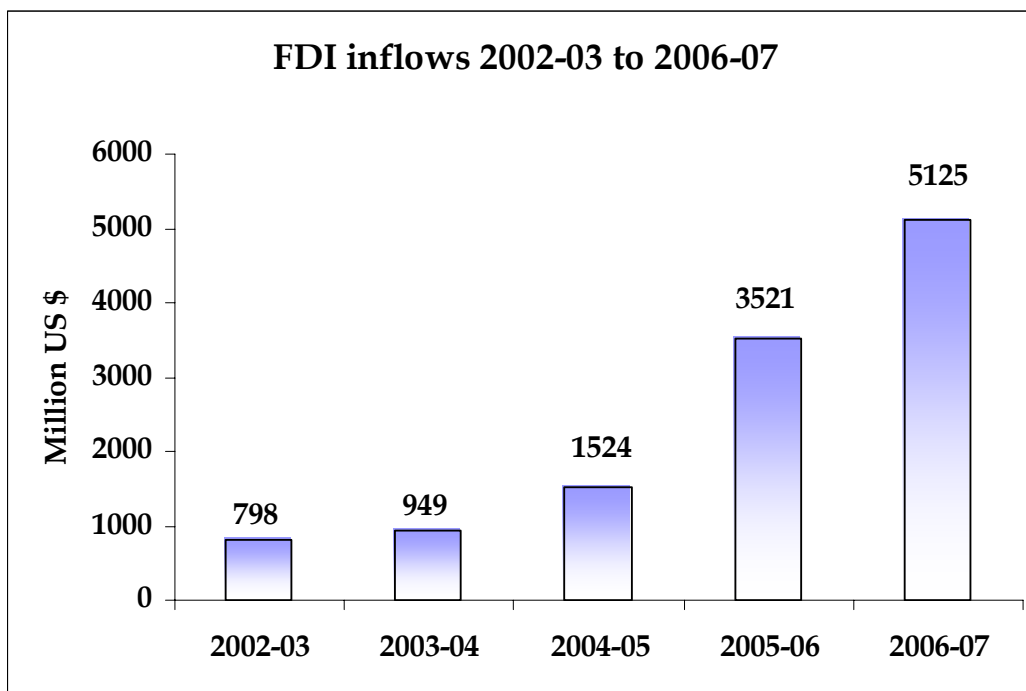
### **FDI Inflows in the Country**

FDI is one of the main sources of capital generation for the country. Not only is FDI helping to improve physical and technological aspects of various sectors of the economy but it is also helping to maintain the country's growth momentum. All the economic sectors including services, social, infrastructure and agriculture are open to FDI. Due to consistency and continuity in policies, macroeconomic stability, increasing foreign exchange reserves, wide ranging structural reforms and liberal investment policies, FDI has increased manifold during the last couple of years. Inflow of Foreign Investment during last five years with details of Greenfield Investment, Privatisation Proceeds, Portfolio Investment (private & public) is tabulated below:

<b>Foreign Investment Inflows in Pakistan</b>						
<b>(Million US \$)</b>						
<i>Year</i>	<i>Greenfield Investment</i>	<i>Privatisation Proceeds</i>	<i>FDI</i>	<i>Private Portfolio Investment</i>	<i>Public Portfolio Investment</i>	<i>Total Foreign Investment</i>
2002-03	622	176	<b>798</b>	22	<b>(261)</b>	559
2003-04	750	199	<b>949</b>	<b>(28)</b>	339	1,261
2004-05	1,161	363	<b>1,524</b>	153	458	2,135
2005-06	1,981	1,540	<b>3,521</b>	351	613	4,485
<b>2006-07</b>	<b>4,859</b>	<b>266</b>	<b>5,125</b>	<b>1,820</b>	<b>1,471</b>	<b>8,416</b>

Source: State Bank of Pakistan

Achieving \$ 5125 million FDI in 2006-07 is a major achievement considering the fact that only a couple of years ago FDI stood at \$ 798 million (2002-03). There has also been a marked increase in total foreign investment from \$ 559 million (2002-03) to \$ 8416 million (2006-07).



Major FDI inflows have been seen in the communications sector followed by the financial sector and the oil and gas sector. Further investments are expected in these sectors during the coming years.

#### Sector Wise FDI Inflows

(Million US \$)

Sector	2002-03	2003-04	2004-05	2005-06	2006-07
Oil & Gas	186.8	202.4	193.8	312.7	545.1
Financial Business	207.4	242.1	269.4	329.2	930.3
Textiles	26.1	35.4	39.3	47	59.4
Trade	39.1	35.6	52.1	118	172.1
Construction	17.6	32	42.7	89.5	157.1
Power	32.8	-14.2	73.4	320.6	193.4
Chemical	86.1	15.3	51	62.9	46.1
Transport	87.4	8.8	10.6	18.4	30.2
Communication	24.3	221.9	517.6	1937.7	1898.7

Others	90.4	170.1	274	285	1092.5
Total	798.0	949.4	1523.9	3521.0	5124.9

Source: State Bank of Pakistan

Details of country-wise FDI from 2002-03 to 2006-07 are placed at Annex-II.

### **Facilitation of Foreign and Local Organizations and Delegations**

The BOI facilitates foreign organizations and delegations which intend to invest in the country by providing them information regarding government policies and incentives. It also assists in the implementation and operation of their projects. The list of companies facilitated by BOI is given at Annex-III.

### **Publications and Promotional Material**

The Board of Investment recently updated its website - [www.pakboi.gov.pk](http://www.pakboi.gov.pk) - which caters to all the possible queries of investors. The website is browsed by hundreds of potential investors and has the special feature of providing match making facility to foreign and local companies. This facility helps intending businesses to find a potential joint venture partner by registering their interest in the matchmaking database. The BOI also published a booklet called "Investment Guide" which briefs and guides investors on different sectors of the economy. A list consisting of 130 pre-feasibility studies on different sectors is also available on the website. Economic indicators for the year 2006-07 and FDI inflow (country and sector wise) can also be found at the BOI website.

### **Major Projects Facilitated by BOI**

S #	NAME OF THE PROJECT / COMPANY	SECTOR	ESTIMATED COST / INVESTMENT
1	Metro Cash and Carry	Retail Business	US \$ 200 million
2	Makro-Habib Pvt. Ltd	Retail Business	US \$ 300 million
3	Telenor	Telecom	US \$ 330 million
4	MAN Diesel	Power Generation	US \$ 280.5 million
5	Accor Group	Hotel Industry	US \$ 200 million
6	ICI Pakistan Ltd	Chemicals (Soda-ash)	US \$ 82 million

7	Government of Qatar	Livestock, Power, Cement, Real Estate, Islamic Banking & Insurance	US \$ 2.0 billion
8	Tecna Power Co.	Power Generation	US \$ 200 million
9	Midroc Tussonia Pvt. Ltd	Oil Refinery	US \$ 500 million
10	PSI Energy	Oil Refinery	US \$ 1000 million
11	Nakheel/Limitless	Tourism (Water Resort)	US \$ 24 billion (over 10 years)
12	Kingdom Holdings Investments	Hotel Industry	US \$ 100 million
13	Noor Financial Investment Co.	Oil Refinery & Real Estate	US \$ 1.5 billion
14	Dubai Islamic Bank	Banking	US \$ 100 million
15	Eastern Power Company	Power Generation	US \$ 118 million
16	Infospan Inc.	I.T. & Telecom	US \$ 1 million
17	Al Tuwarqi Group	Steel Mills	US \$ 100 million
18	Al Tamimi Global and Pak Gulf Construction (UAE & Saudi Arabia)	Hotel Industry	US \$ 450 million
19	YKK Project in EPZ	Textile	US \$ 15 million
20	Telecom Malaysia <sup>TM</sup> International	Telecom	US \$ 100 million
21	Tamasek Holdings	Banking & Insurance	US \$ 372 million
22	Barrick Gold Corporation	Copper Mining	US \$ 700 million
23	Emaar	Real Estate	US \$ 3 billion
24	Brazil Energy Power Corporation	Power Generation	US \$ 300 million
25	Warda	Power Generation	US \$ 250 million
26	DP World	Construction	US \$ 375 million

#### **Action Plan for 2007-08**

- Continuous review of Investment Policy.
- Analysis of Policies of Ministries / Divisions, Authorities, Provincial Governments, Ports etc. for inclusion in Investment Policy.

- Preparation and updation of Sectoral Profiles in all fields.
- Identification of potential countries for investment in Pakistan.
- Attending investment delegations, arranging their meetings and facilitating them.
- Identification of priority investment projects and their marketing.
- Image / Confidence Building Measures.
- Publicizing liberal / deregulated policies.
- Providing guidance and facilitation to existing and new investors.
- Collection and analysis of data on investment.
- Comparative study of Investment Policy features of the neighboring countries.
- Updation of BOI's Website.

**Other Achievements during 2006-07**

- |                                   |                |
|-----------------------------------|----------------|
| • Overseas Investment Conferences | Appendix - I   |
| • Domestic Investment Conferences | Appendix - II  |
| • Other Activities                | Appendix - III |

## Annex-I

<b>List of Countries / Organizations with which Pakistan has signed</b>					
<b>Bilateral Investment Agreements</b>					
S #	Name of Country	Signing Date	S #	Name of Country	Signing Date
1	Germany	25.11.1959	25	Indonesia	08.03.1996
2	Sweden	12.03.1981	26	Tunisia	18.04.1996
3	Kuwait	17.03.1983	27	Syria	25.04.1996
4	France	01.06.1983	28	Belarus	22.01.1997
5	South Korea	25.05.1988	29	Mauritius	03.04.1997
6	Netherlands	04.10.1988	30	Italy	19.07.1997
7	Uzbekistan	13.08.1992	31	Oman	09.11.1997
8	China	12.02.1989	32	Sri Lanka	20.12.1997
9	Singapore	08.03.1995	33	Australia	07.02.1998
10	Tajikistan	13.05.2004	34	Japan	10.03.1998
11	Spain	15.09.1994	35	Belgium	23.04.1998
12	Turkmenistan	26.10.1994	36	Qatar	06.04.1999
13	United Kingdom	30.11.1994	37	Philippines	11.05.1999
14	Turkey	15.03.1995	38	Yemen	11.05.1999
15	Portugal	17.04.1995	39	Egypt	16.04.2000
16	Romania	10.07.1995	40	OPEC Fund	24.10.2000
17	Malaysia	07.07.1995	41	Lebanon	09.01.2001
18	Switzerland	11.07.1995	42	Denmark	18.7.1996
19	Kyrgyz Republic	23.08.1995	43	Morocco	16.04.2001
20	Azerbaijan	09.10.1995	44	Bosnia	04.09.2001
21	Bangladesh	24.10.1995	45	Kazakhstan	08.12.2003
22	U.A.E.	05.11.1995	46	Loas	23.04.2004
23	Iran	08.11.1995	47	Cambodia	27.04..2004
24	Czech Republic	07.05.1999	48	Belgo-Luxemburg Economic Union	23.04.1998



## Annex-II

### Country-Wise Direct and Portfolio (Private & Public) Investment

(Million US \$)

Country	2002-03				2003 - 2004				2004 - 2005				2005 - 06				2006 - 2007			
	Direct	Portfolio		Total	Direct	Portfolio		Total	Direct	Portfolio		Total	Direct	Portfolio		Total	Direct	Portfolio		Total
		Private	Public			Private	Public			Private	Public			Private	Public			Private	Public	
USA	211.5	15.1		226.6	238.4	21.4		259.8	326	47.1	-	373.1	516.7	303.8	-	820.5	913.1	853.4	-	1766.5
UK	219.4	-34.6		184.8	64.9	-23.0		41.9	181.5	17.6	-	199.1	244	-19.5	-	224.5	860.1	960.1	-	1820.2
UAE	119.7	0.7		120.4	134.6	11.9		146.5	367.5	49.8	-	417.3	1424.5	63.3	-	1487.8	661.5	14.9	-	676.4
Germany	3.7	0.1		3.8	7.0	-3.0		4.0	13.1	2.1	-	15.2	28.6	-3.5	-	25.1	78.9	7	-	85.9
France	2.6	0.0		2.6	-5.6	0.0		-5.6	-3.6	0.1	-	-3.5	3.2	0	-	3.2	-0.1	1.5	-	1.4
Hong Kong	5.6	-0.4		5.2	6.3	-1.3		5.0	32.4	28.9	-	61.3	24	31.2	-	55.2	32.6	-72.6	-	-40
Norway	0.0	0.0		0.0	0.0	0.0		0.0	31.4	0	-	31.4	252.6	0	-	252.6	25.1	0	-	25.1
Japan	14.1	0.0		14.1	15.1	-3.5		11.6	45.2	-3.4	-	41.8	57	-8.7	-	48.3	64.4	3.9	-	68.3
Saudi Arabia	43.5	0.1		43.6	7.2	-1.9		5.3	18.4	-0.2	-	18.2	277.8	0.8	-	278.6	103.5	0.1	-	103.6
Canada	0.5	0.0		0.5	0.5	0.0		0.5	1.9	0.1	-	2	4.8	0.2	-	5	10.7	0.1	-	10.8
Netherlands	3.0	0.0		3.0	14.0	-1.9		12.1	36.7	23.2	-	59.9	121.1	-0.7	-	120.4	771.8	6.2	-	778
Korea	0.2	-6.8		-6.6	1.0	-9.4		-8.4	1.4	0	-	1.4	1.6	0	-	1.6	1.5	0	-	1.5
Singapore	3.7	-7.6		-3.9	5.1	-5.6		-0.5	8	2.7	-	10.7	9.9	5.6	-	15.5	20.9	118.2	-	139.1
China	3.0	0.0		3.0	14.3	0.0		14.3	0.4	0	-	0.4	1.7	0	-	1.7	712	0	-	712
Australia	2.2	0.0		2.2	1.6	0.0		1.6	1.6	0	-	1.6	31.3	0	-	31.3	72	-6.4	-	65.6
Switzerland	3.1	2.6		5.7	205.3	6.0		211.3	137.5	-10	-	127.5	170.6	11.6	-	182.2	174.7	-127.4	-	47.3
Luxembourg	0.0	0.0		0.0	0.0	0.0		0	18.7	-	-	18.7	23.5	-1	-	22.5	13	-0.4	-	12.6

Others	162.2	52.9		215.1	239.7	-17.5		222.2	305.9	-5.4	-	300.9	328.1	-31.6	-	296.5	609.3	61.8	-	671.1
Debt Securities			-261.0	261.0	0.0		339.0	33 9.0	-	-	458.0	458.0	-	-	613.0	613.0	-	-	733.0	733.0
GDRs				0.0	0.0			0.0	-	-	-	-	-	-	-	0	-	-	738.0	738.0
<b>Total</b>	<b>798.0</b>	<b>22.1</b>	<b>-261.0</b>	<b>559.1</b>	<b>949.4</b>	<b>-27.8</b>	<b>339.0</b>	<b>1260.6</b>	<b>1,524.0</b>	<b>152.6</b>	<b>458.0</b>	<b>2,135.0</b>	<b>3,521.0</b>	<b>351.5</b>	<b>613.0</b>	<b>4,485.5</b>	<b>5,125.0</b>	<b>1,820.4</b>	<b>1,471.0</b>	<b>8,416.4</b>

Source : State Bank of Pakistan

## Facilitation - Foreign Organisations / Delegations (2006-07)

S. No	Date	Country	Company	Sector
1	June, 2006	Kuwait	HRH Amir of Kuwait	Economic/Investment Cooperation between both the countries
2	June, 2006	Kuwait	Mr. Zafar Ali, International Investment Group (IIG), Kuwait	Petroleum, Power, Real Estate
3	29-30/6/2006	Qatar	Qatari Deputy Prime Minister C/o M/s Qatari Diar and Mr. Saif ur Rehman, Ex-Senator	Livestock, Airlines, Banking, Insurance, Real Estate, Cement and Power
4	2/6/2006	USA	Lincoln Group	Communication
5	30/6/2006	Canada	Dr. Donald Beenham	Education
6	30/6/2006	USA	Live Line Pvt. Ltd	Water Purification
7	5/7/2006	China	Mr. YU Liao and Mr. Jianghang Lei, Management team of M/s Guangdong Chigo Air-conditioning Co.,	Domestic Appliances and equipment
8	7/9/2006	France	Accor Group	Hotel Industry
9	3-4/9/2006	Kuwait	M/s Noor Financial Investment Company Rizwan Ahmed, Team leader of Noor Financial investment Co.	Real Estate, Financial, Oil Refinery
10	12-13/9/2006	Canada	Canada Pakistan Business Council	Water, Power, Banking & Insurance
11	16-12/9/2006	Malaysia	M/s PRIMA PRAI	Bio-Energy
12	27-30/10/2006	USA	Lifeline, USA	Water Purification

13	1/11/2006	Mexico	Cemex Group	Cement
14	2/11/2006	USA	Khyber Trading	General Trading , Adventure Tourism, Recycling of Plastic
15	2/11/2006	Kuwait	M/s Noor Financial Investment Company Rizwan Ahmed , Team leader of Noor Financial investment Co.	Real Estate, Financial, Oil Refinery
16	4/11/2006	Norway	Telenor	Telecommunication
17	4/11/2006	USA	Ascom Pvt. Ltd. & Kaplan Family Group	Wild Life Conservation, Oil & Gas Exploration
18	7/11/2006	USA	Align Technologies	Telecommunication
19	15/11/2006	China	M/s China International Industry & Commerce Co., Ltd., China.	Housing Projects
20	15/11/2006	USA	Sweet Water International	Dairy Sector
21	15/11/2006	Kuwait	M/s Kuwait & Gulf Links Transport Co. + Port World Logistics (Pakistan)	Container Terminals, Ports
22	15-16/11/2006	Russia	Russian Foreign Minister	Various Sectors
23	26-30/11/2006	Kuwait	M/s Al-Mowasat Company	Hospitality/Services
24	Nov. 2006	China	Lizhuan Qian, Vice President, Great United Petroleum Holding Co., Ltd, Beijing China	Petroleum
25	Nov. 2006	China	Lin Ruihui, Chairman, GingKo Investment Co., Ltd, Fujian, China	
26	Nov. 2006	China	Mr. Wang Zhigang, Chairman, CETCI, Beijing China	Infrastructure
27	Nov. 2006	China	Mr. Hao Ying, President, Tianjin Renong Pesticide Industry Co. Ltd, Tianjin, China	Chemicals
28	Nov. 2006	China	Ningxia Construction (Group) Co., Ltd, Ningxia Hui Autonomous Region, Yinchuan City, China	Cement

29	Nov. 2006	China	Geng Tian, Vice General Manager, Beijing International Information Industry Base, Beijing	Information Technology
30	Nov. 2006	China	Liu Haishan, Party Committee General Manager, Beijing Chengjian Construction Engineering Co., Ltd, District Beijing China	Construction
31	Nov. 2006	China	Mr. Jin Ke-Ning, President, China National Chemical Engineering Group Corporation (CNCEC), Beijing, China	Engineering, Pesticide
32	Nov. 2006	China	Gao Yang, CREAT Group, Beijing China	Investment, Banking, Insurance
33	20/7/2006	China	Chinese team for Economic Cooperation Group (ECG), Mr. LI Kaimeng, Mr. Huang Xinliang, Mr. Zhang Lei, Mr. Gou Hushengm, M/s China International Engineering Consulting Corporation, China	Privatisation Programme of Pakistan.
34	6/12/2006	France	Lafarge Group	Construction
35	10/12/2006	USA	Shaw International Ltd.	Waste Management
36	12/12/2006	Egypt	2nd Session of Pak Egypt JMC	Economic/Investment Cooperation between both the countries
37	15/12/2006	Canada	Export Development Canada	Financing & Risk Management Services
38	15/12/2007	Dubai	Dubai Select LLC	Financial Services
39	21-22/12/2006	Bahrain	Crown Prince of Bahrain, Mr. iftikhar Hussain Kazmi, C/o Ambassador, Embassy of Bahrain.	Economic/Investment Cooperation
40	27-28/12/2007	UK	First DATA International	Financial Services
41	1/1/2007	Germany	M/s Rumedi International Import & Export	Harbour Sludge Project
42	5-9/1/2007	Sri Lanka	Minister for Investment & Enterprises, , Chairman BOI and other delegates, Sri Lanka	Economic/Investment Cooperation between both the countries

43	15/1/2007	China	M/s China National Heavy Duty Trucks Corporation, China	Heavy duty trucks
44	16/1/2007	China	M/s Guizhouaviation Industry IMP. &EXP. CORP., 16/F, Wujiang Bldg, 9xinhua Guryang Guizhou	Engineering, Automobiles
45	17-18/1/2007	China	CNHTC, China National Heavy Truck Corporation	Automobile
46	19/1/2007	Switzerland	Mr. Gilbert Brunner, Managing Director, M/s Fair Energy	Energy
47	20-24/1/2007	Sri Lanka	M/S Richard Pierces Co. Sri Lanka	Super Store Chains/Retails Business
48	24 - 25/01/2007	Canada	Canada Premier Ontario	IT & Telecom
49	8/2/2007	UK	Alderman John Stuttard Loard Mayor of London	Delegation
50	8-9/2/2007	Sri Lanka	HE Mr. Mano Wijeratne Srilankan Minister for Enterprise Development	Education, Engineering
51	13 - 14/2/2008	Qatar	State Delegation	Power EP2, Real Estate
52	22/2/2006	Egypt	Mr. Samih Sawiris, Chairman Orascom Hotel Holdings, Egypt	Hotel Industry
53	23/2/2007	China	Mr. Yuan Xiaowu, Chairman, M/s Zhengzhou Hongda Automobile Group, China	Light Duty Trucks
54	3/5/2007	UAE	Dammac Group, UAE	Economic/Investment Cooperation between both the countries
55	5/3/2007	UK	Leeds & Bradford Chamber of Commerce & Industries	Delegation
56	7/3/2007	UK	ICI Pakistan Limited	Chemicals
57	8/3/2007	Oman	M/s Dhofar Cattle Feed (DCF) & Al-Safwh Dairy	Dairy/Livestock
58	15/3/2007	China	Six member delegation of commercial and investment bankers	Financial Sector (Banking)

59	17/3/2007	Kuwait	Dr. Yousef Al-Zalzala, Former Minister of Commerce and Member of Parliament Embassy of the state of Kuwait Islamabad	Privatisation program
60	24/3/2007	China	Fujian Aton Innovation Group Co. Ltd	Sanitary Ware, Plastic
61	5/4/2007	UK	Mr. Fazal Hussain, Asian Business Forum & Group	Investment in AJK
62	16-20/4/2007	Oman	Eng. Salim Said Al-Ghattami, President Omani Chamber of Commerce and Industry alongwith his delegation, Oman	Finance, IT & Telecom, Real Estate, etc
63	14/4/2007	China	Mr. Li Xiaoqing, Deputy Director General, Office of the Foreign Economic and Trade Cooperation Zone, Beijing China	Pak-China Industrial Zone
64		Russia	Visit of Russian Prime Minister	Delegation
65	19/4/2007	China	Mr. Qin Ma, ZheJiang DY-Equipment & Engineering Co., Ltd, China	Communication Tower, Steel Fabrication,(Supplier of China Mobile)
66	21/4/2007	Scotland	Business Delegation (SQA)	Education & Misc.
67	25/4/2007	Kuwait	M/s Midroc Tussania, Raas Salmiya 24759 State of Kuwait	Alternate Energy, Oil & Gas
68	26/4/2007	China	Mr. Jiang Xingjun, Chairman, Taili Investment Trade (Hong Kong) Limited	Housing, Construction
69	30/4/2007	China	Mr. Tian Geng, Chief Representative in Pakistan, M/s China International Industry & Commerce Co., Ltd, Beijing, China	Housing, Construction
70	8-10/5/2007	Czech Republic	Visit of Czech Republic Prime Minister	Delegation
71	3/5/2007	KSA	M/s Al-Rajhi Investment Group, Riyadh 11425, Saudi Arabia.	Privatisation, Finance and Banking etc.
72	4/5/2007	KSA	Al - Rajhi Group	Real Estate

73	11/5/2007	China	Mr. Zhang Zhongmin, Chairman, Xionglong Technology Ltd, Beijing, China	Pharmaceutical
74	14/5/2007	China	Ms. Feng Aihua, Vice Director of Business Development Department, Baosteel Group Corporation, Shanghai, China	Steel Mill
75	15/5/2007	China	BAO Steel Group	Steel
76	17/5/2007	China	Mr. Zheng, M/s Zx Auto, China	Automobile
77	18/5/2007	China	Mr. Henery J.C.Huang, Taiwan External Trade Development Council	Investment and Trade, Interested to open their office in Pakistan
78	22/5/2007	China	Mr. Li Da Jian, Chairman, Shaanxi Prospect Co. Ltd.	Exploration and Mining
79	24/5/2007	China	Said Akbar Trades PR China	Trading
80	29/5/2007	Sweden	Swedish Trade Delegation	Delegation
81	30-3/5/2007	Qatar	Mr. Yousof Hussain Kamal, Minister for Finance, Acting Minister for Trade & Economy and Chairman Qatar Investment Authority c/o Saif-ur-Rehman Khan, Ex-Senator	To sign the MOUs for the investment projects in Power, Aviation, Islamic Banking/ Insurance, Real Estate Developments, Livestock & Dairy Farming, Cement sectors
82	8/6/2007	China	Madam Qin Ruijuan, Vice President, China National Machinery & Equipment Import & Export Corporation, and 6 members delegation	Coal mining power project
83	8/6/2007	China	Mr. Jiang Jianqing, Chairman of the Board Industrial and Commercial Bank of China (ICBC), China alongwith 6 members	Banking
84	11-12/6/2007	UAE	Pak – UAE Joint Ministerial Commission, Private Sector business delegation.	Investment and Trade, Interested to open their office in Pakistan
85	15/6/2007	China	Mr. Li Yonghe, Board Chairman, Shanghai Wenlida Electric Co., Ltd,	Electric goods (Stabilizers)
86	30/6/2007	Singapore	Madam Ho Ching, CEO, Temasek Holdings	Telecom & Banking



87		UAE	Al Ghurair Foods	Food Processing Industry
88			Renault Group	Automobile
89			M/s Metro Pakistan Cash & Carry	Super Store Chain
90			DEG Group	Financial Sector
91			MAN Group	Power
92		Chile	Visit of Chile Minister	Delegation
93		USA	Shaw International Group	Construction
94		USA	General Electric	Hospital Machinery/ Medical Business
95		USA	Team of Pannaway	IP Services, Digital Telephone, TV, Internet

**Facilitation - Local Organisations / Delegations2006-07**

1			KASB and Merrill Lynch	Financial Services
2			Shah Trading Company	General Trading
3			Javid & Co.	Sugar Trading
4			Dean Trading Centre	Real Estate

**Appendix-I**

**Overseas Investment Conferences/Seminars / Forums Attended / Coordinated by BOI Officials**

**2006-07**

<b>S.No</b>	<b>Date</b>	<b>Country</b>	<b>Conference</b>	<b>Remarks/Sector</b>
1	June, 2006	Kuwait	Paki - Kuwait Investment Conference	Trade & Investment
2	9-23/9/2006	Beijing / Xiamine, China	Seminar on Trade and Investment among Asian Countries in Xiamen/ Beijing 09-23 September 2006	The seminar was sponsored by the Ministry of Commerce, China. A representative of BOI (Desk officer China) attended the Seminar. Different issues relating to investment and trade among the Asian countries were discussed in the seminar.
3	20/9/2006	Australia	Inaugural Session of Joint Trade Commission between Pakistan and Australia	Trade & Investment
4	Nov, 2006	China	Seminar on Special Economic Zones	
5	7-9/4/2007	Beijing, China	13 <sup>th</sup> Session of Pak-China JEC	The 13th Session of Pak-China JEC was held in Beijing China. Secretary, BOI and DG, BOI attended the JEC. The meeting discussed ways and means to further enhance mutual cooperation in different sectors.

**Appendix-II**

**Domestic Investment Conferences / Seminars / Forums Attended / Coordinated by BOI during 2006-07**

<b>S.No</b>	<b>Date</b>	<b>Conference</b>	<b>Remarks/Sector</b>
1	12-16/11/2006	15th Asia Oceania Bloc Honda Convention	Automobile
2	24/11/2006	Pak-China Business Events at Islamabad	During the visit of Chinese President to Pakistan, Board of Investment organized an event "Pakistan China Business Event" in Islamabad. The President of China HE Mr. Hu Jintao and Prime Minister of Pakistan Mr. Shaukat Aziz addressed a gathering of more than 150 top businessmen of leading companies from China and Pakistan and encouraged them to invest in Pakistan.
3	28-30/11/2006	3rd ECO Ministerial Meeting on Industry	Industries
4	24-11-2006	Signing Ceremony of MoUs / Agreements between Pakistan and Chinese businessmen	Board of Investment organized a signing ceremony at P Block auditorium on 24 November 2006 wherein different MoUs / agreements were signed between private sectors of People's Republic of China and Islamic Republic of Pakistan for enhancing economic and investment relationships through different projects in different sectors of economy.

5	15-16/11/2006	Joint Study Group between Pakistan & Brunei at Islamabad	
6	21-22/2/2007	Pakistan Euro money Conference	Co-organizer & Co-sponsor; arranged events and meetings among participants.
7	5-6/3/2007	Overseas Pakistanis Investment Conference (OPIC)	Investment Conference, Co-organizer with Overseas Pakistanis Division
8		International Islamic Banking	
9	10/7/2007	Pak-China Investment Seminar at Karachi	Mr. Salman Shah, Advisor to the Prime Minister for Finance chaired the Seminar

**Appendix - III**

**Other Activities of BOI 2006 - 2007**

Cases / Queries Attended	683 Cases
Branch Offices (New & Renewal)	82 Cases
Liaison Offices (New & Renewal)	66 Cases
Work Visas (New / Extensions)	1029 Cases