



**TÜRKİYE & PAKİSTAN
VISION TO ENHANCE
BILATERAL ECONOMIC
COOPERATION**







Nail Olpak

President of DEİK

Foreign Economic Relations Board, DEİK, is an NGO that has been continuing its activities for 40 years in order to enhance bilateral economic relations between Türkiye and other countries. We continue our efforts with an understanding of “Business Diplomacy”, operated on a voluntary membership basis without using public funds. And we carry out our activities with our 153 country based and sectoral business councils all over the world through membership fees and contributions.

DEİK/Türkiye–Pakistan Business Council has also been working in close cooperation with its counterpart organization, the Federation of Pakistan Chambers of Commerce and Industry, since 1988. I would like to thank our Chairs from both sides, Atilla D. Yerlikaya and Salman Tufail, for their continued efforts and dedicated work. We are striving to increase our trade volume of \$1.4 billion, mutual investments and economic cooperation with our brotherly country Pakistan in a balanced way.

In this regard, I would like to thank the Chairperson of our Türkiye–Pakistan Business Council, the Council members, and everyone who contributed to the preparation of our work carried out in partnership with PwC, and I hope that this report will open new horizons for our business community representatives operating in Pakistan and the vision for future cooperation between Türkiye and Pakistan.



Atilla D. Yerlikaya

DEİK/Türkiye - Pakistan Business Council Chairperson

Why the Türkiye–Pakistan Partnership Vision Matters

The relationship between Türkiye and Pakistan goes far beyond historical friendship; it represents a strategic partnership aligned with the economic, demographic, and geopolitical realities of the 21st century. Pakistan stands out as one of the world’s most promising long-term markets. By 2050, its population is projected to reach 372 million, making it the fourth most populous country globally. This rapid demographic expansion will drive strong demand in food, energy, healthcare, infrastructure, and consumer goods.

With a median age below 23 and a fast-growing, STEM-oriented graduate pool, Pakistan offers a competitive and skilled labor force. When combined with Türkiye’s industrial depth, technological capabilities, and entrepreneurial experience, this creates a powerful foundation for complementary value chains and joint production models.

International indices already rank Pakistan among the top 10 most promising economies of the century, supported by its strategic position at the crossroads of Asian trade and energy corridors. Sectoral trends reinforce this outlook: over USD 100 billion in additional FMCG spending by 2035, 23% annual growth in e-commerce, and steadily rising healthcare expenditures all point to substantial long-term investment opportunities.

For Türkiye, Pakistan is not merely an export destination, but a strategic partner and regional production hub. The Türkiye–Pakistan partnership vision is therefore about building sustainable, trust-based, and a win-win economic cooperation, transforming shared potential into lasting prosperity for both nations.



Dr. Yousaf Junaid
Ambassador of Pakistan to Republic of Türkiye

From the earliest days of our independence, Pakistan and Türkiye have extended hands of brotherhood to one another, standing together in solidarity, offering mutual support, and nurturing a bond rooted in shared values, mutual respect, and historic goodwill. Muslims of present-day Pakistan always held deep affinity for the Turkish people, supporting them wholeheartedly in the Turkish War Independence. Similarly, Türkiye promptly recognized Pakistan in 1947. These gestures laid the foundation for an enduring partnership that has continued to strengthen across generations. Over the decades, our two nations have consistently demonstrated steadfast support for one another during critical junctures, including times of regional challenges and natural disasters, forging a tradition of cooperation that remains a defining feature of our fraternal relationship.

This longstanding solidarity has naturally evolved into a deepening economic partnership. Cooperation across key sectors such as agriculture, textiles, manufacturing, infrastructure, and energy has gained momentum, supported by preferential arrangements and the growing involvement of Turkish expertise in Pakistan’s development journey. These collaborative efforts reflect our shared commitment to sustainable growth, economic diversification, and long-term prosperity—principles that underpin the expanding interdependence between our economies.

This forward-looking report, prepared with the valuable analytical contribution of DEİK and PwC, is aimed at informing the business community about the tremendous opportunities in trade and investment between the two countries (and should not be construed as official government position). It offers an independent, private-sector-oriented perspective aimed at identifying practical pathways for collaboration and investment. The analysis underscores our mutual resolve to foster a balanced and synergistic partnership—one in which Pakistan’s youthful demographic profile, strategic geography, and emerging markets complement Türkiye’s industrial strength, technological capability, and entrepreneurial dynamism.

Bilateral investment flows, both existing and prospective, will serve as the cornerstone of this next phase of cooperation. By unlocking opportunities across sectors such as defense, energy, consumer goods manufacturing, and other priority areas highlighted in this report, such investments will deepen trust, strengthen institutional linkages, and help transform cooperation into a durable model of sustainable development and shared value creation.

As Quaid-e-Azam Muhammad Ali Jinnah reminded us, ‘With faith, discipline and selfless devotion to duty, there is nothing worthwhile that you cannot achieve.’ In a similar spirit, Mustafa Kemal Atatürk’s timeless principle, ‘Peace at home, peace in the world’, continues to guide Türkiye’s engagement with the international community. These enduring visions of our founding leaders resonate strongly with the shared aspirations of our two nations and offer a guiding framework for a future anchored in resilience, harmony, and constructive partnership.

I invite business leaders, investors, and entrepreneurs from both Pakistan and Türkiye to engage actively with the opportunities outlined in this report. Let us transform a rich shared history into tangible shared progress, and a time-tested friendship into a future of economic strength, stability, and regional prosperity.



Dr. İrfan Nezirođlu
Ambassador of the Republic of Türkiye to Pakistan

Türkiye and Pakistan enjoy a very unique relationship built on deep historical, cultural, and mutual bonds. Both countries have walked together for generations—not only as partners in diplomacy, but as brotherly nations whose hearts beat together. The roots of the brotherhood between the two peoples predate the independence of both countries.

Today, our task is to translate that heritage into practical cooperation in all fields, especially in the economy. In pursuit of this goal, we must advance on clear, measurable pillars such as trade and investment, connectivity, education and culture, as well as technology and the defence industry. There are many opportunities. We have momentum on our side. We are walking firmly towards our goal of achieving \$5 billion in bilateral trade volume through targeted sectoral links and an expanded preferential trade framework, as is envisioned by our leaders. Equally important is fostering bilateral investments that create joint value chains, enabling Turkish and Pakistani enterprises to grow together in competitive global markets.

This comprehensive report highlights four strategic pillars that define Pakistan’s emerging economic landscape: its strategic location as a key corridor for trade and energy in Asia; a rapidly growing consumer market with significant long-term growth potential; a vast pool of skilled, English-speaking youth providing a competitive labor advantage; and proactive structural reforms designed to facilitate foreign direct investment. Understanding these dynamics is crucial for Turkish investors seeking to align our industrial depth with Pakistan’s dynamic market, working side by side on special economic zones, modern logistics, energy transition, and advanced manufacturing. Investment partnerships will be the cornerstone of this transformation, ensuring sustainable growth and shared prosperity.

The depth of our partnership is best captured by the visionary words of our leaders. President Recep Tayyip Erdoğan has aptly described this unique bond by stating, “The legal borders between Türkiye and Pakistan may be different, but our hearts have no borders.” Similarly, the Pakistani Prime Minister Shahbaz Sharif has consistently echoed this sentiment, noting that our two nations are “one soul in two bodies.” These profound expressions serve as the foundation of our strategic resolve to elevate our economic ties to the level of our brotherhood.

This report, prepared with the support of DEİK and PwC, offers a concise roadmap to move from sentiment to results. It invites public institutions and the private sector to act together, with discipline and speed, so that our historic friendship becomes a corridor of shared prosperity through robust bilateral investments and collaborative ventures.

1

EXPLORING THE GREAT POTENTIAL OF PAKISTAN



A large market with strategic advantages.

Pakistan offers an **emerging market dynamic** that stands out for its strategic location, growth potential, and **undiscovered investment opportunities**.

At a time when **Türkiye's appetite for foreign investment is growing**, Pakistan stands out as a highly lucrative destination for **long-term, strategic investments** across multiple sectors.



The Power of Demographics

- **Young population:** 64% under age 30, strong long-term growth potential.
- **Skilled workforce:** Large pool of educated, English-speaking professionals.
- **Growing consumer market:** Rapidly expanding demand across sectors.



Economic Reforms Agenda

- **Structural reforms:** Implemented to improve macroeconomic stability and investment climate,
- **IMF-backed measures:** Broadened tax base, tightened public finances, improved energy-sector efficiency, and enhanced ease of doing business.
- **PPP-friendly regulations:** Create new opportunities in production and export-oriented sectors.



Geostrategic Location

- **Strategic location:** Positioned as a key trade, energy, and transport corridor in Asia.
- **CPEC investment:** Over \$60 billion allocated for major infrastructure under China's Belt and Road Initiative.
- **Rising global relevance:** CPEC enhances Pakistan's trade role by enabling China's access to warm waters.



Limited Competition

- **Low competition:** Certain sectors have fewer major players than in developed markets.
- **Opportunities for first movers:** Organized retail, processed food, construction materials, household goods, healthcare, and logistics.
- **Brand-building potential:** New investors can establish strong brand awareness.

4th Largest Population of the World.

According to studies conducted by the UN, Pakistan is projected to **reach a population of 372 million by 2050**, making it the world's fourth most populous

372 million

Forecasted population in 2050

As a result, demand for basic necessities such as food, housing, energy, and healthcare is expected to **increase several times over current levels.**

A large, educated labour force.

Compared to its level of development, Pakistan has a relatively **large pool of educated labor**. The country's large and young population, along with its numerous higher education institutions, contributes to the creation of a large pool of qualified labor each year. The country currently produces **approximately 500,000 new graduates annually**.

Source: Higher Education Council of Pakistan.

+1 million

Forecasted annual university graduates by
2035

STEM departments account for approximately **one-third** of this large pool of recent graduates.

This is followed by **natural sciences & mathematics, information technology, health sciences, and engineering**. This young and educated pool offers Turkish investors a **qualified and cost-competitive workforce**.

Among the most promising economies of the century.

The Lowy Institute, an Australia-based think tank known for its work on the Asian continent and the most cited think tank outside the US and the UK in 2025, predicts that Pakistan will be among the **rising powers of the 21st century.**

Source: Lowy Institute Asia Power Index.

10.

Pakistan's ranking among world economies according to purchasing power index by 2035

Considering that the current century is an **“century of economic corridors,”** Pakistan's importance in the global economic order will increase, along with the economic opportunities it offers.

A lucrative FMCG sector.

Pakistan, with **its rapidly growing population and predominantly young demographics**, offers significant potential for the FMCG sector.

Source: Statista.

+\$100
billion

Estimated increase in food and non-alcoholic beverage spending in Pakistan between 2024 and 2035

Rapid and sharp growth in the e-commerce sector.

In Pakistan, where more than half of the economy is informal, yet the country currently has around **150 million mobile internet users**, the e-commerce sector is expected to experience **extremely rapid growth over the next decade**.

Source: Statista, USA Department of Trade.

%23

Forecasted CAGR of Pakistan's e-commerce sector between 2023-2035

Expectations are that the sector, measured at \$7.4 billion in 2023, will reach **\$87 billion by 2035**.

This rapid growth in e-commerce will have a strong multiplier effect on the development of sectors in which the Turkish private sector has extensive experience, such as **banking, digital payments, and logistics**.

Per capita healthcare spending doubles.

Per capita health expenditure in Pakistan, estimated at \$44.4 in 2025, is expected to nearly **double over the next decade**, reaching \$87.

Source: Statista.

7%

Estimated CAGR of per capita health expenditures in Pakistan between 2025 and 2035

In a country where the healthcare infrastructure is insufficient to meet the demands of a rapidly growing population in terms of both quantity and quality, **the private sector's share of healthcare services exceeds that of the public sector.** In this



2

OVERVIEW OF THE GENERAL INVESTMENT LANDSCAPE OF PAKISTAN





2.1

MACROECONOMIC INDICATORS



Certain key macroeconomic indicators for Pakistan are provided below:

Pakistani Economy at a Glance*

GDP (\$)
(2025F, nominal)

410 billion

GDP pc (\$)
(2025F, nominal)

1,707

GDP Ranking
(2025F, nominal)

42.

Population
(2024)

251 million

Median Age
(2024)

22.9

Annual Inflation
(FY25, %)

4.49%

Current Account Balance
(FY25)

+0.5%

Budget Deficit as % of GDP
(FY25)

4.8%

Unemployment
(2024, %)

8%

Exports (\$)
(FY25)

32.1 billion

Top 3: USA, China and UK

Policy Rate
(07/2025)

11.0%

Total Labour Force
(2024)

83.6 million

Imports (\$)
(FY25)

58.4 billion

Top 3: China, UAE and Saudi Arabia

Foreign Exchange Reserves (\$)
(December 2025)

21 billion



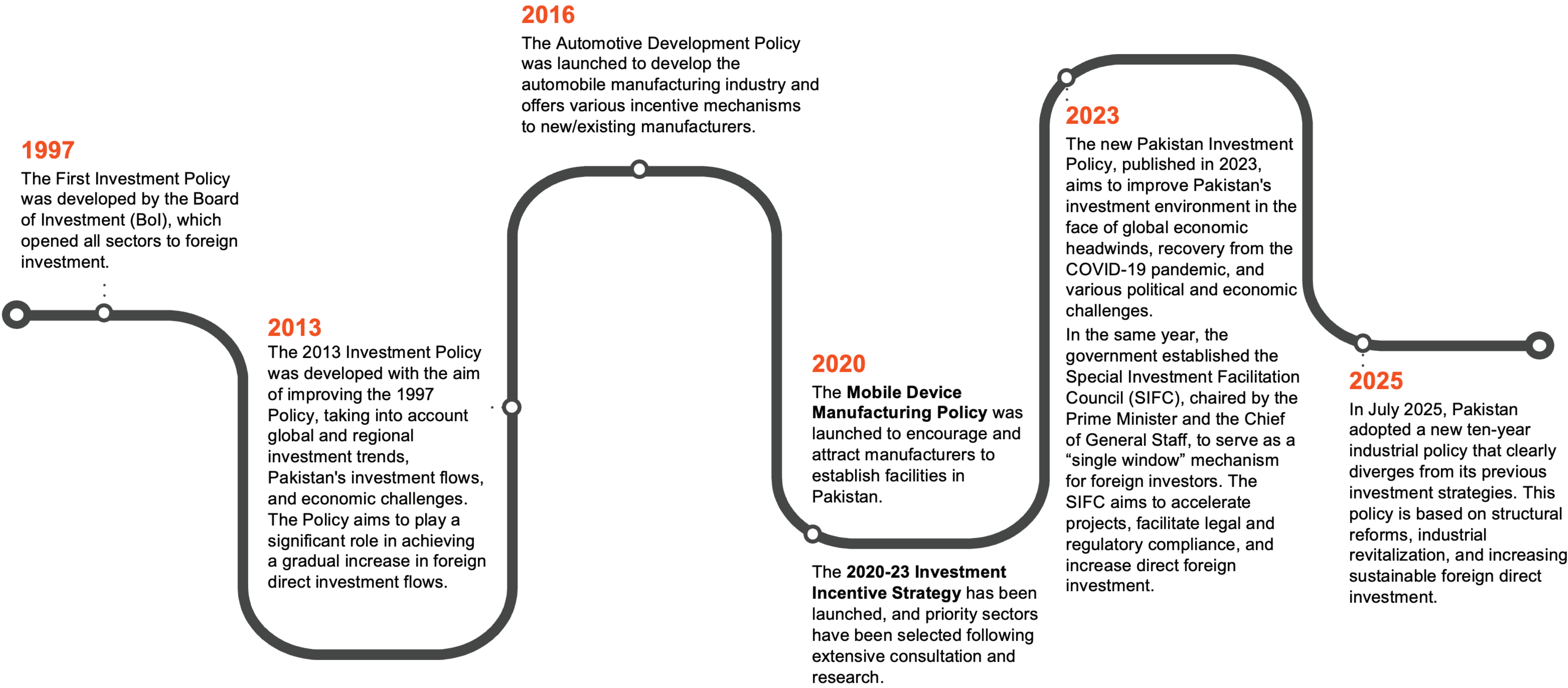
* According to the most recent data available as of September 2025.

Source: World Bank, CIA The World Factbook, Pakistan Economic Survey, ILO, State Bank of Pakistan, Worldometer, Trading Economics, CIA World Factbook.

Pakistan's investment attraction policies have evolved over time, promoting an investor-friendly ecosystem, particularly in recent years.

Recent Timeline of Pakistan's Investment Policies

NON-COMPREHENSIVE



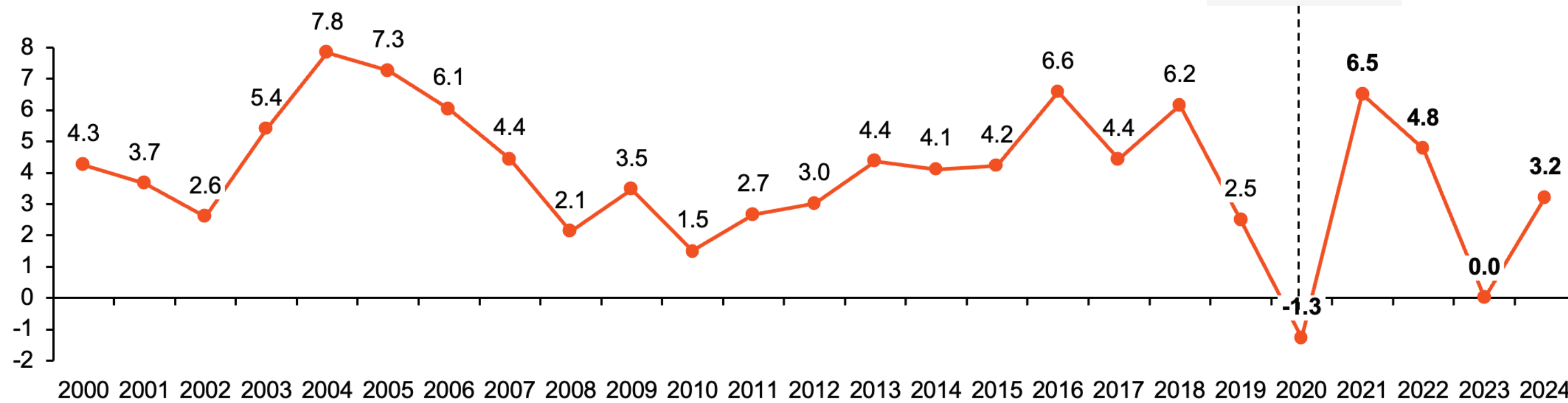
Source: BOI.

Despite certain periods of crisis, Pakistan has shown a relatively stable growth trend in the 21st century.

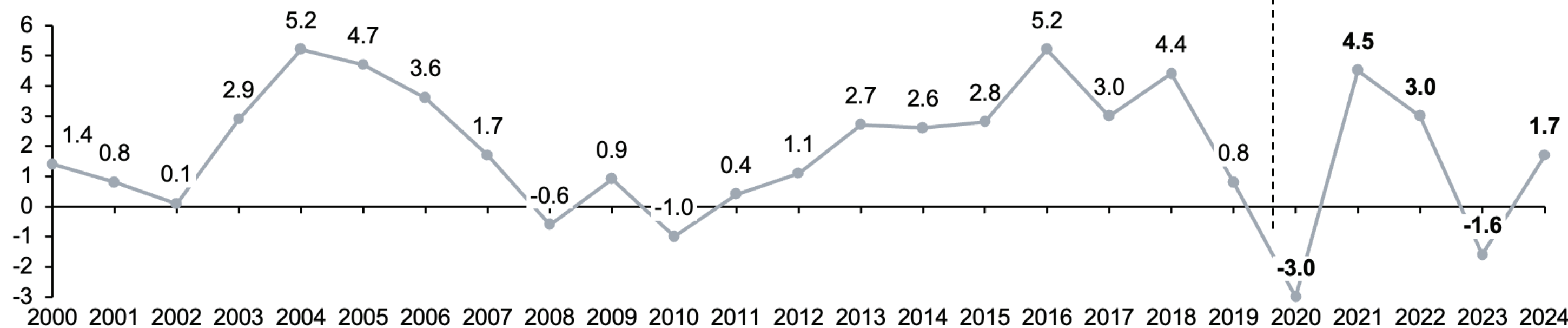
GDP Trends of Pakistan (2000-2024)

Observations

Real GDP Growth Rate
2000-2024, Annual, %



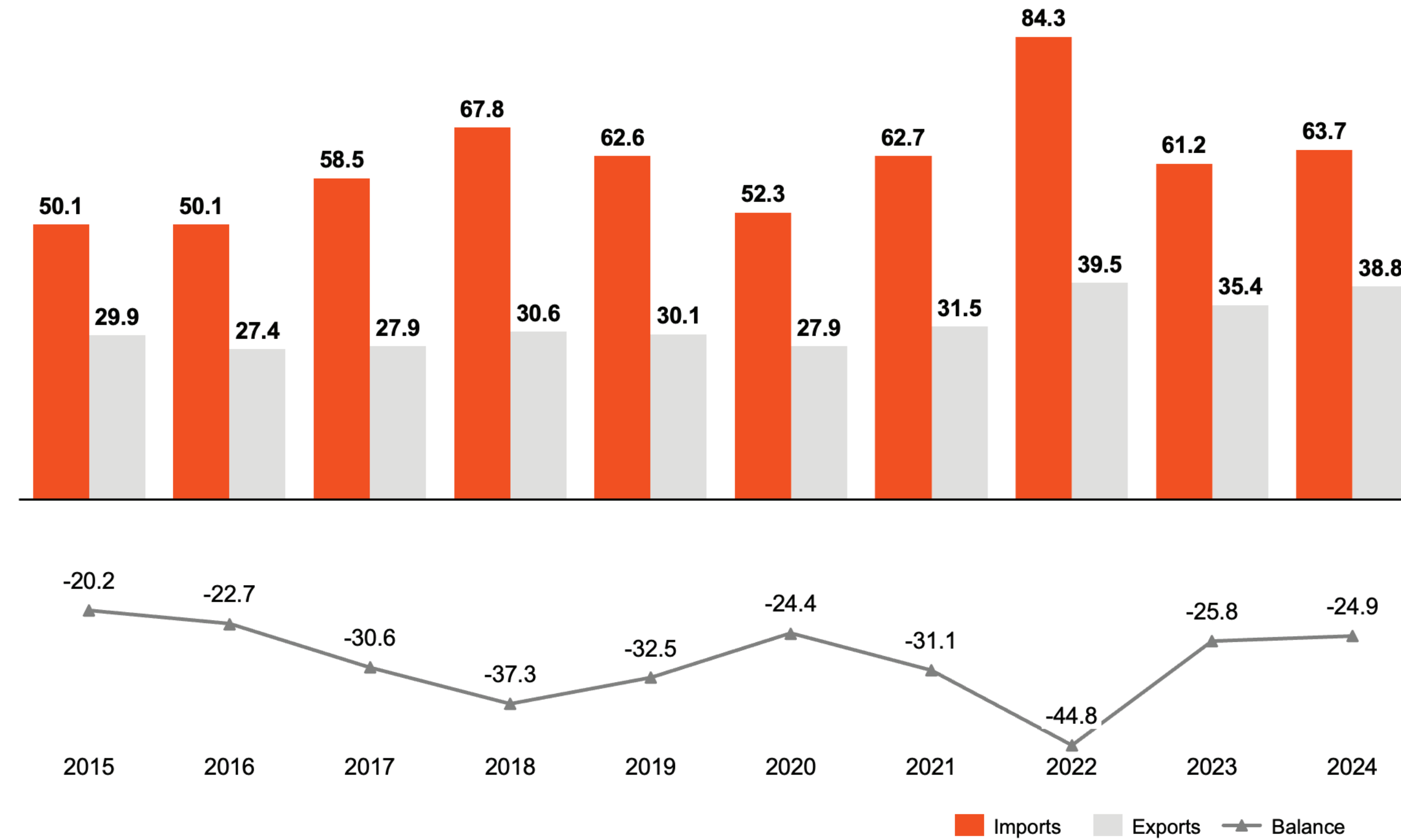
GDP Per Capita Growth Rate
2000-2024, Annual, %



- Pakistan's real GDP growth has shown significant fluctuations between 2000 and 2024, with notable increases recorded in 2004, 2005 and 2016.
- Despite facing economic challenges in some years, such as 2001 and 2008, which led to low or negative growth rates, Pakistan has generally maintained a positive long-term growth trend.
- Pakistan's GDP per capita has shown steady growth from 2000 to 2024. While this reflects a general improvement in the average income level of the population, the high inflation trend in recent years has eroded per capita incomes.

The Pakistani economy has a trade deficit, and this trend has continued until last year.

Pakistan's Total Merchandise Imports and Exports (2015-2024, billion \$)



Observations

- Pakistan's merchandise exports reached approximately \$30 billion in 2015 and peaked at \$39.5 billion in 2022, the highest level in the past decade.
- This increase was driven primarily by growth in the textile and apparel sectors and the recovery in global demand.
- However, the decline in exports back to around \$35 billion in 2023 and 2024 can be explained by factors such as global economic uncertainties, domestic supply chain issues, and exchange rate instability.
- During the period under review, the difference between exports and imports has largely developed to Pakistan's disadvantage. This situation has deepened the country's structural current account deficit problem.

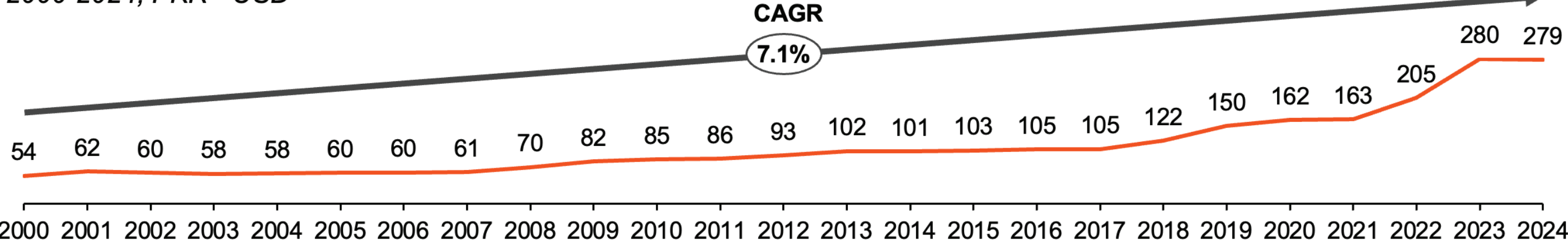
Source: World Bank, PwC analysis.

Pakistan's import dependency is increasing faster than its import capacity.

Exchange Rate, Ratio of Exports and Imports to GDP

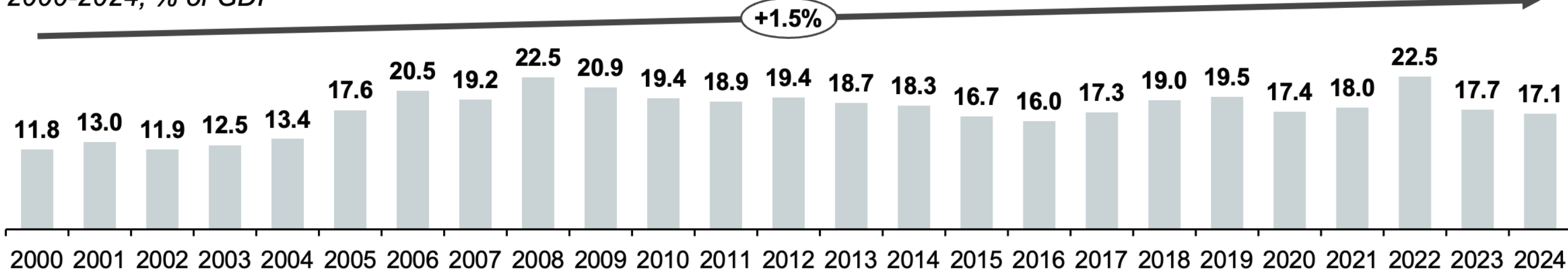
Pakistani Rupee – USD Rate

2000-2024, PKR - USD



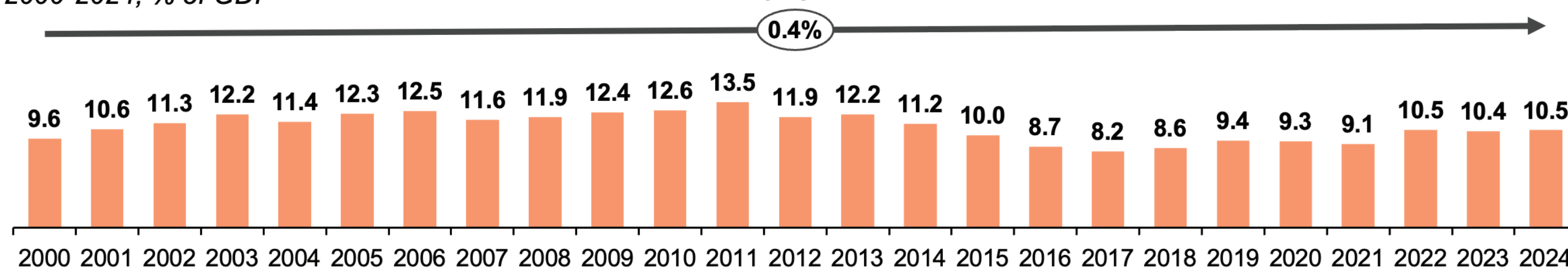
Import of Goods and Services

2000-2024, % of GDP



Export of Goods and Services

2000-2024, % of GDP



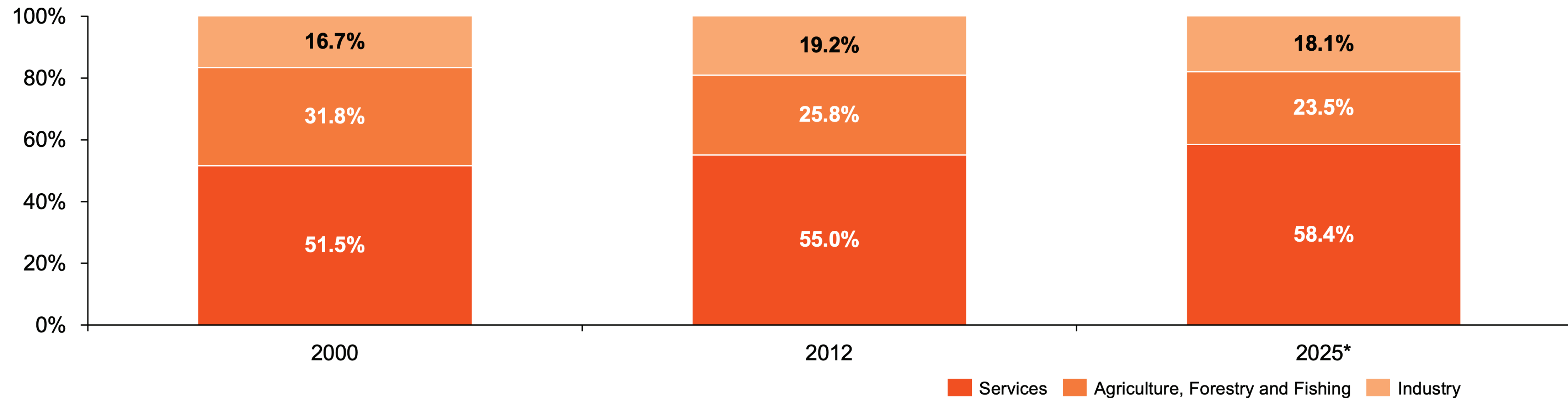
Observations

- From 2000 to 2024, Pakistan experienced a significant and steady upward trend in its exchange rate, a trend that has become even more pronounced in recent years due to rising inflation.
- Despite fluctuations triggered by external shocks such as the COVID-19 pandemic, the ratio of imports to GDP has increased from 2000 to 2024, indicating a growing dependence on foreign goods in the Pakistani market.
- The data indicates a modest increase in exports' share of GDP, growing at an annual rate of 0.4% over the analyzed period.

Source: World Bank.

The service sector recorded steady growth, increasing its share from 51.5% in 2000 to 58.6% in 2023, demonstrating its growing economic importance.

GDP By Economic Activity (% , 2000-2025*)



Observations

- The service sector has shown steady growth, increasing its share from 51.5% in 2000 to 58.6% in 2023. In contrast, the share of agriculture, forestry, and fishing in the economy declined from 31.8% in 2000 to 22.9% in 2023. In the industrial sector, there is no clear trend in either a negative or positive direction.
- This changing economic landscape, coupled with the rise of services and the relative decline of traditional sectors such as agriculture, indicates that Pakistan's economy is undergoing a structural shift across sectors.

*: Data on the sectoral distribution of contributions to GDP, using the 2015-16 fixed base prices, were obtained from the July-June fiscal year data sets for each year.
Source: Pakistan Bureau of Statistics.

Structural reforms that gained momentum in Pakistan in 2024 have borne fruit, ensuring that the risk outlook in recent years has taken a positive turn.

Pakistan Credit Ratings



Moody's Country
Credit Rating
(08/25)

Caa1, Positive



S&P Country Credit
Rating
(07/25)

B-, Stable

Observations

- The recent efforts to achieve economic stability and reforms has paid off to improve Pakistan's credit status. Moody's "Caa1" credit rating accompanied by a 'positive' outlook and S&P's "B-" rating accompanied by a "stable" outlook indicate that international organizations see improvement in the Pakistani economy.

Source: Bloomberg (2024), CFA Institute, NYU Stern Damodaran Country Default Spreads and Risk Premiums (2024), Moody's (2024), S&P.



2.2

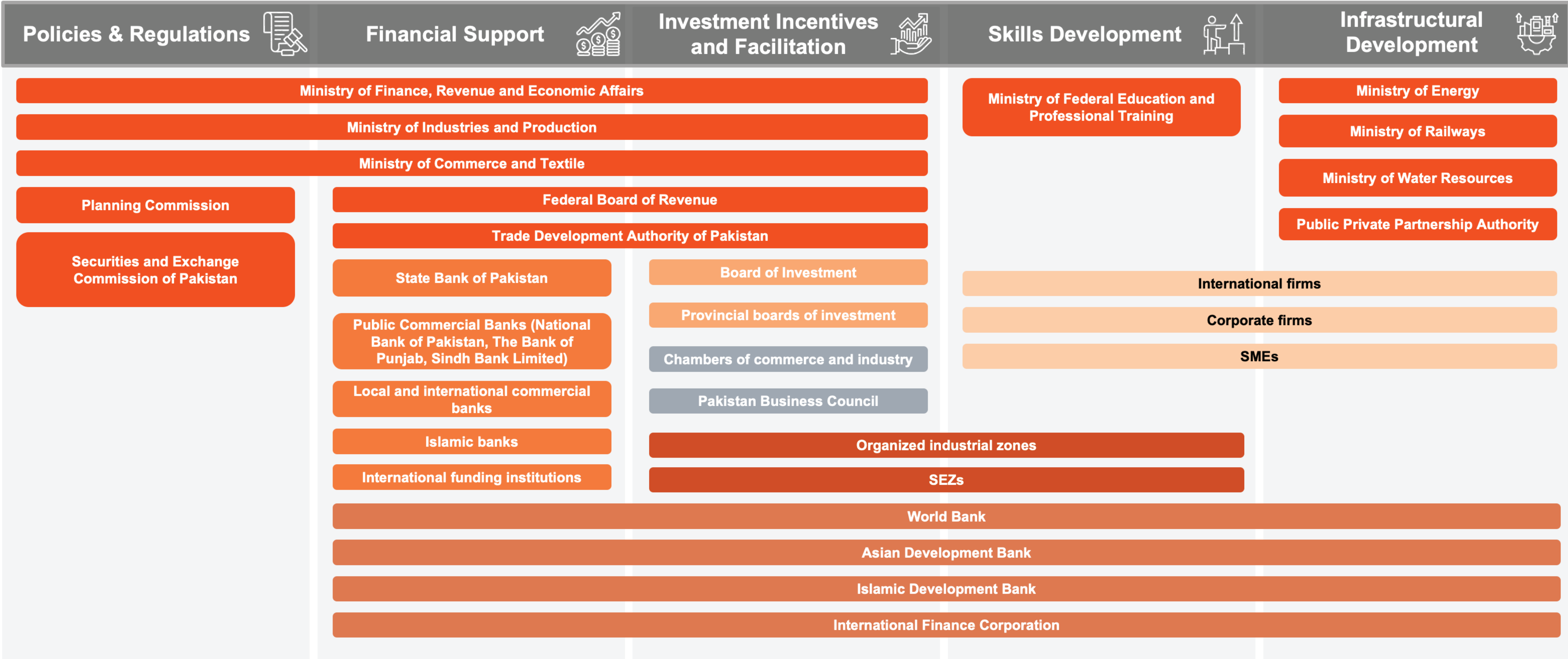
STAKEHOLDERS AND TRENDS IN THE INVESTMENT ECOSYSTEM



Pakistan, a federal country, has an investment ecosystem that encompasses a wide range of interconnected stakeholders.

Key Stakeholders in Pakistan's Investment Ecosystem

NON-COMPREHENSIVE



Source: PwC analysis.

Learning from the damage caused by the COVID-19 pandemic to the economy, the Pakistani government has established mechanisms that will directly address the needs of investors.

Federal Investment Agencies in Pakistan



Board of Investment
Govt. of Pakistan

**Board of Investment
(BOI)**

Website: <https://invest.gov.pk/>

- The is Pakistan's federal investment office.
- It assists companies that have invested or plan to invest in Pakistan and facilitates the implementation and operation of their projects.
- The wide range of services offered by the BOI also includes providing information on investment opportunities and facilitating companies seeking joint ventures.
- The BOI acts as a point of contact to provide all necessary information and assistance to existing and potential domestic and foreign investors, in coordination with other federal and provincial government departments/agencies.
- The Board, chaired by the Prime Minister, has jurisdiction over special economic zones.
- Pakistan also has investment boards at the provincial level. BOI assists in coordinating with these investment boards.



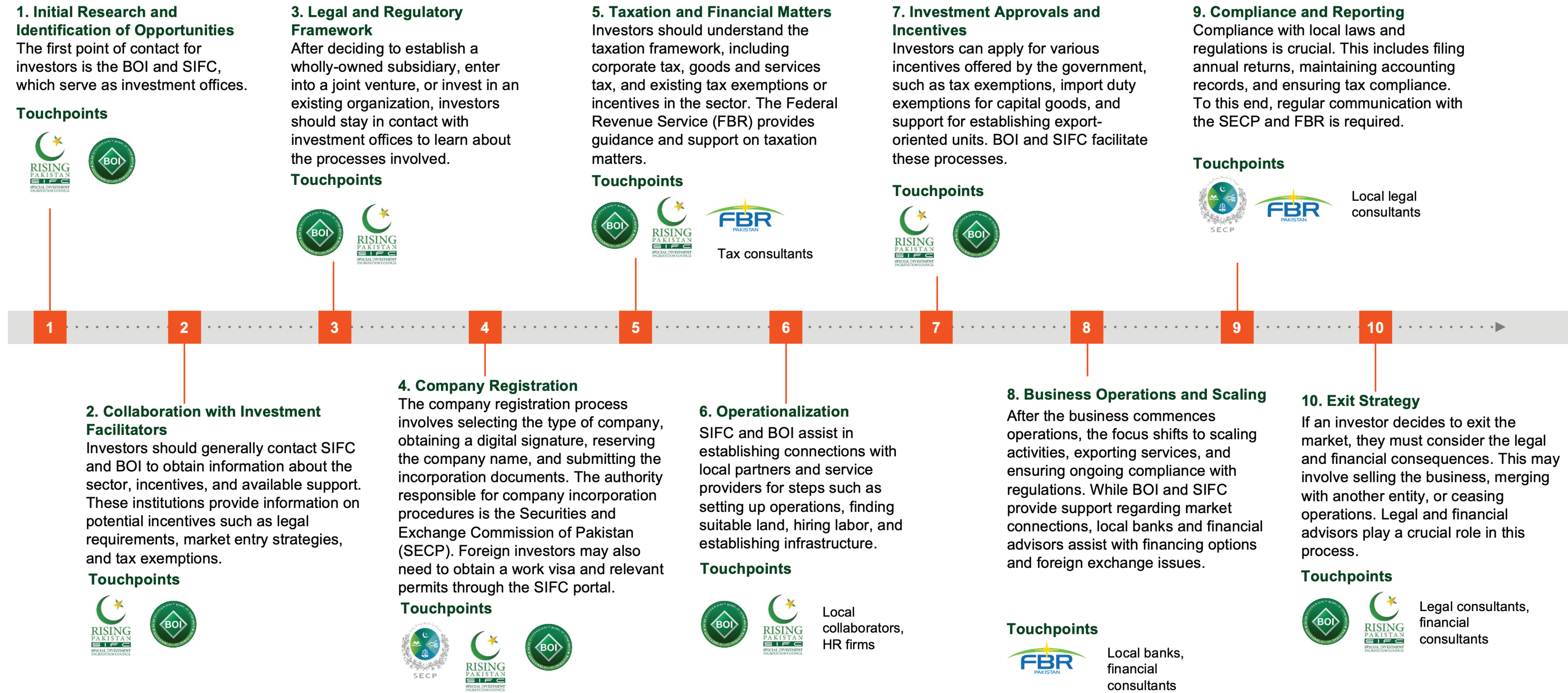
**Special Investment
Facilitation Council
(SIFC)**

Website: <https://www.sifc.gov.pk/>

- The SIFC, was established as an umbrella organization to accelerate investments following the COVID-19 pandemic.
- To prevent complex business processes and excessive delays, the SIFC operates as a dynamic “Single Window” to smoothly manage investor processes.
- The key difference between SIFC and BOI is that SIFC is a high level decision-making platform hat aims to alleviate bureaucratic obstacles that could negatively affect investments.
- The sectors prioritized by SIFC are: agriculture & livestock, information technology & telecommunications, mining & minerals, energy, manufacturing, tourism, and privatization

The investment offices BOI and SIFC support investors at every stage of the investment process.

Key Stages in the Investment Journey

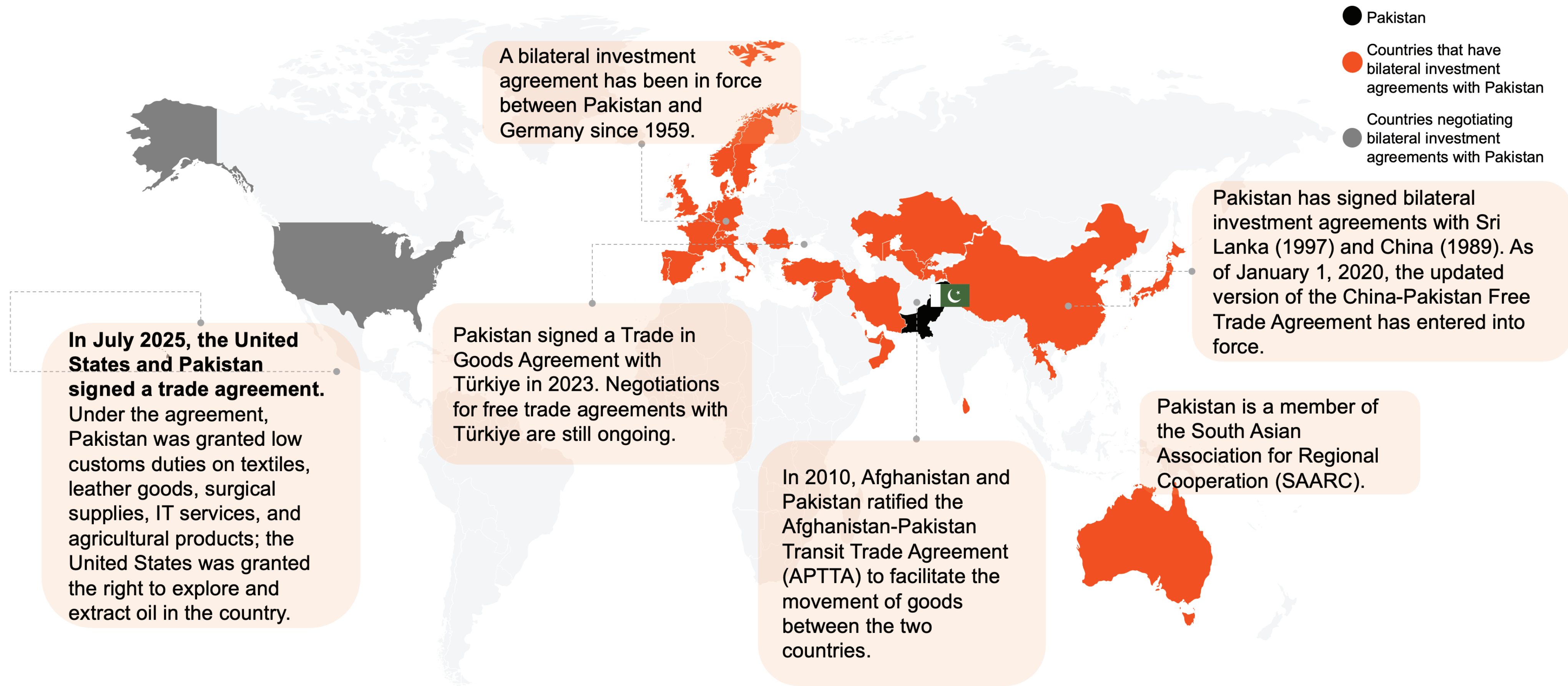


Source: BOI ve SIFC websites, PwC analysis.

Pakistan has signed agreements with many countries and regional blocs to encourage investment and trade.

Investment Agreements of Pakistan

NON-COMPREHENSIVE

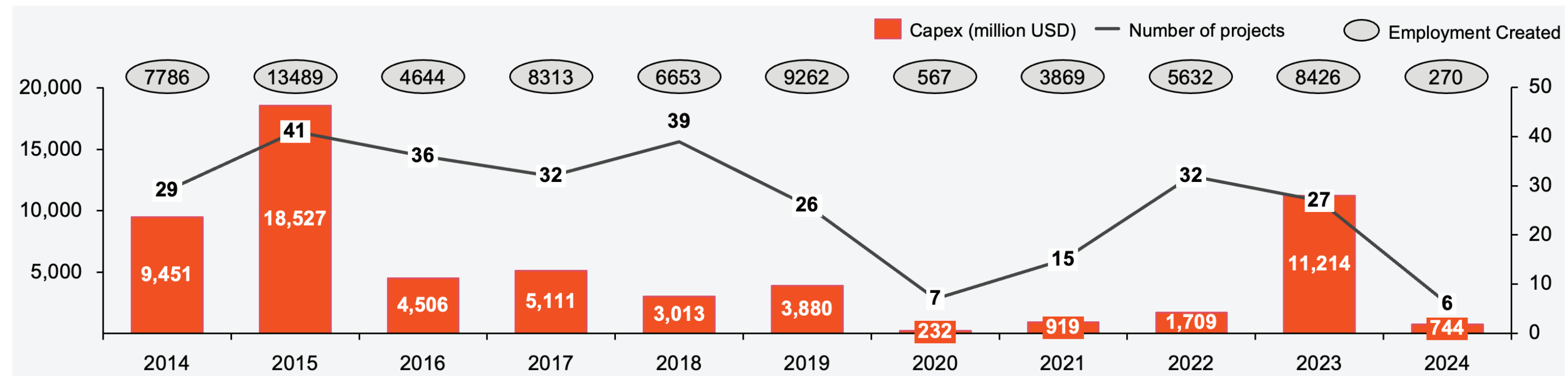


Source: 2023 Investment Climate Statements: Pakistan (US Department of State), Government of Pakistan Ministry of Commerce, UNCTAD.

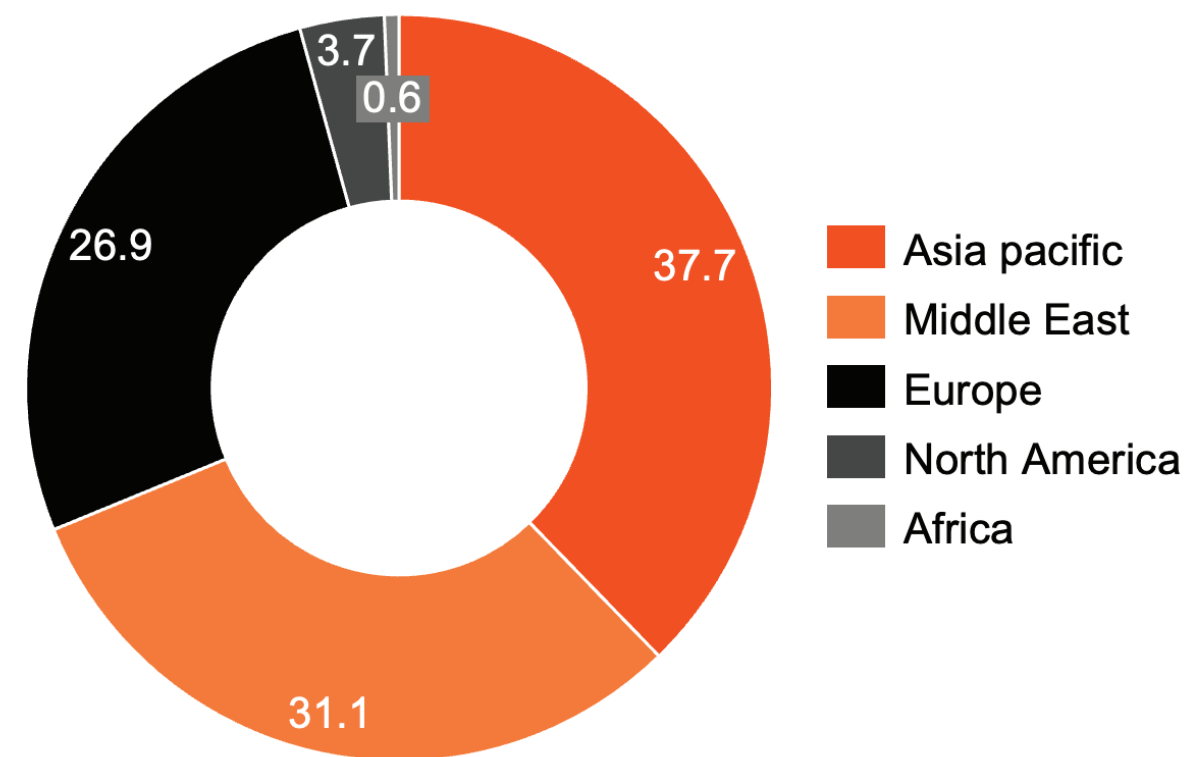
Over the past decade, the People's Republic of China has been the country that has invested the most in Pakistan.

Greenfield Investments in Pakistan

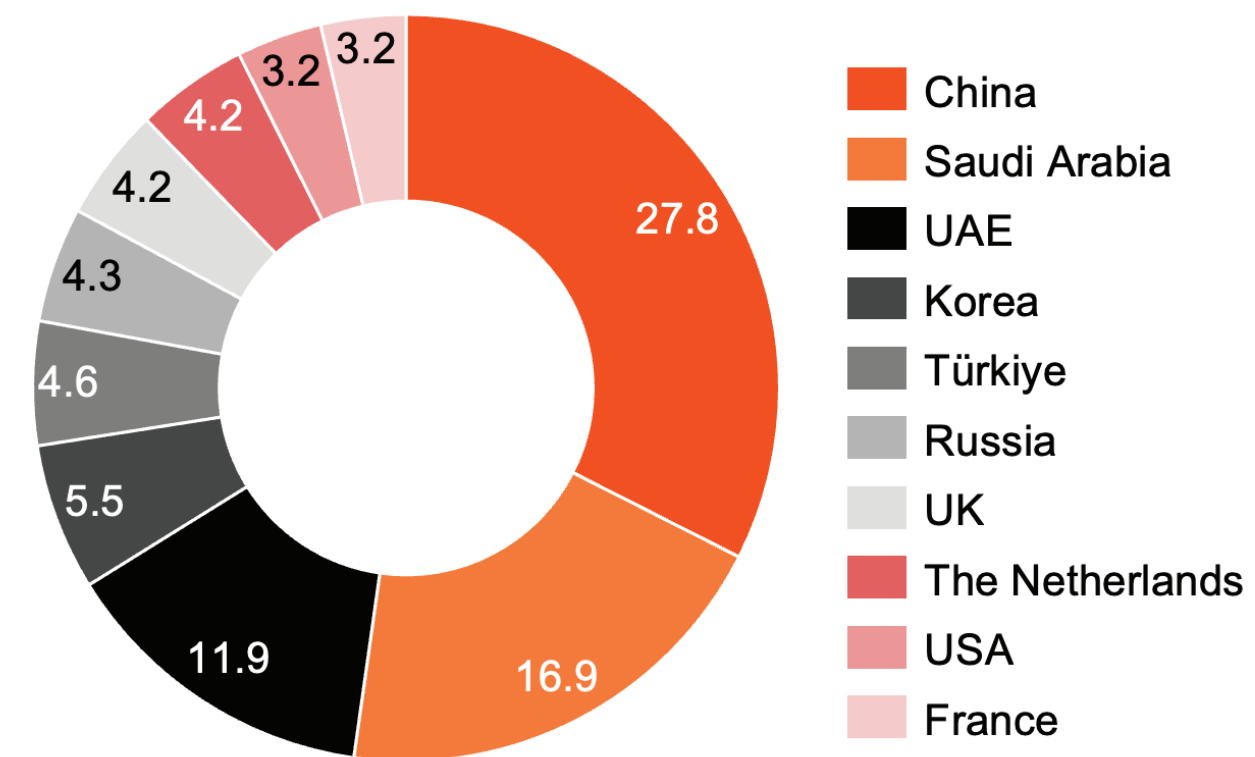
FDI Indicators by Year (2014-2024)



Source Countries (2014-2024, %)



Top 10 Investors (2014-2024, %)



Observations

- Over the past decade, a total of 290 foreign direct investment projects have been implemented in Pakistan. Analysis of foreign direct investment flows reveals significant fluctuations in investment values. Investments peaked at \$18,527.3 million in 2015, while falling to their lowest level of \$231.8 million in 2020, the year of the Covid-19 pandemic.
- From 2014 to 2024, China maintained its dominant position as Pakistan's leading investor, accounting for approximately 27.8% of direct foreign investment in the country.
- In addition to China, Saudi Arabia and the United Arab Emirates also contribute significantly to Pakistan's foreign direct investment, accounting for 16.9% and 11.9% respectively. This highlights the important role Gulf countries play in shaping Pakistan's economic environment.

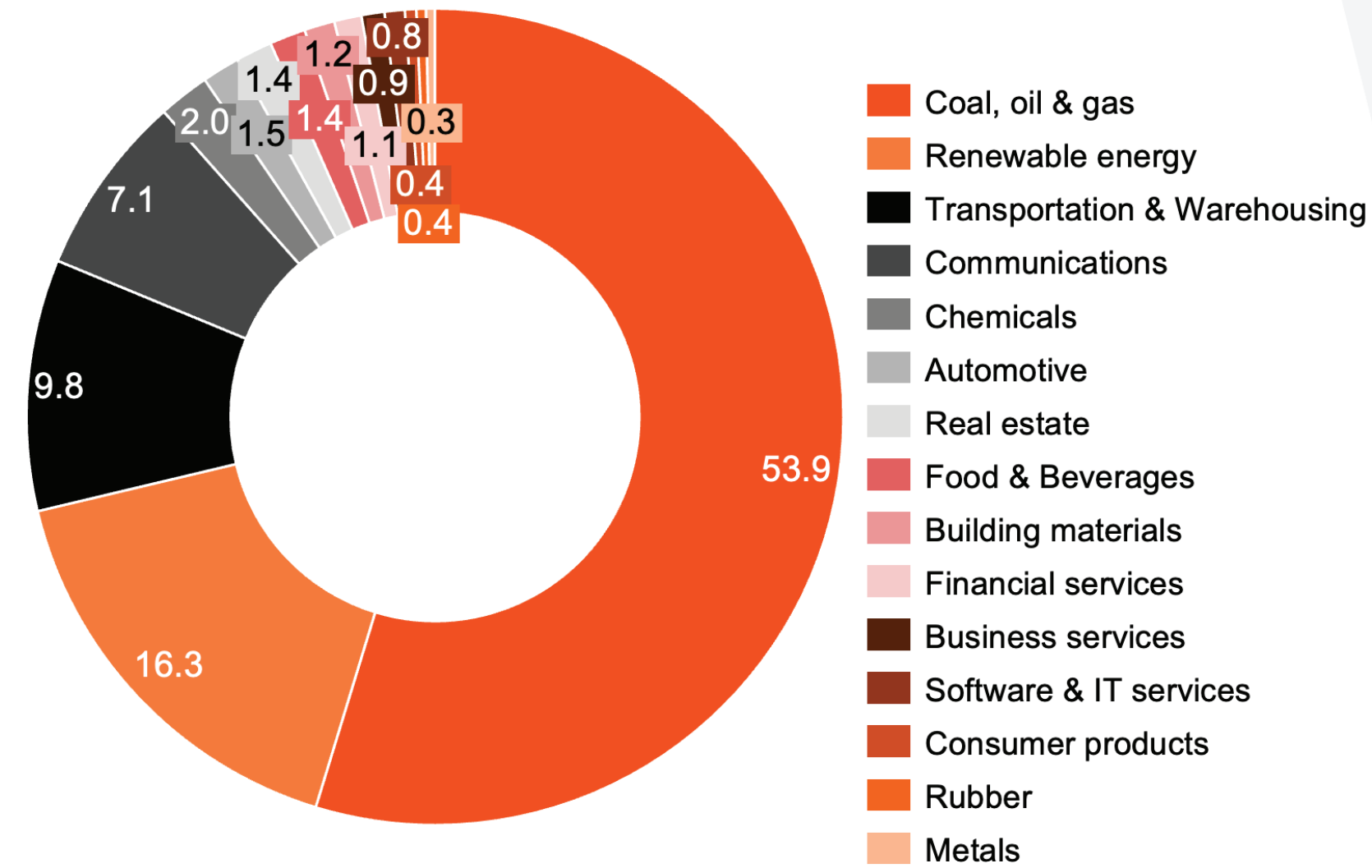
Source: Financial Times FDI Markets Database.

* The data covers companies that invested in Pakistan between January 2014 and January 2024.

Pakistan's potential in both traditional and renewable energy sources is attracting the interest of investors.

Greenfield Investment by Sector

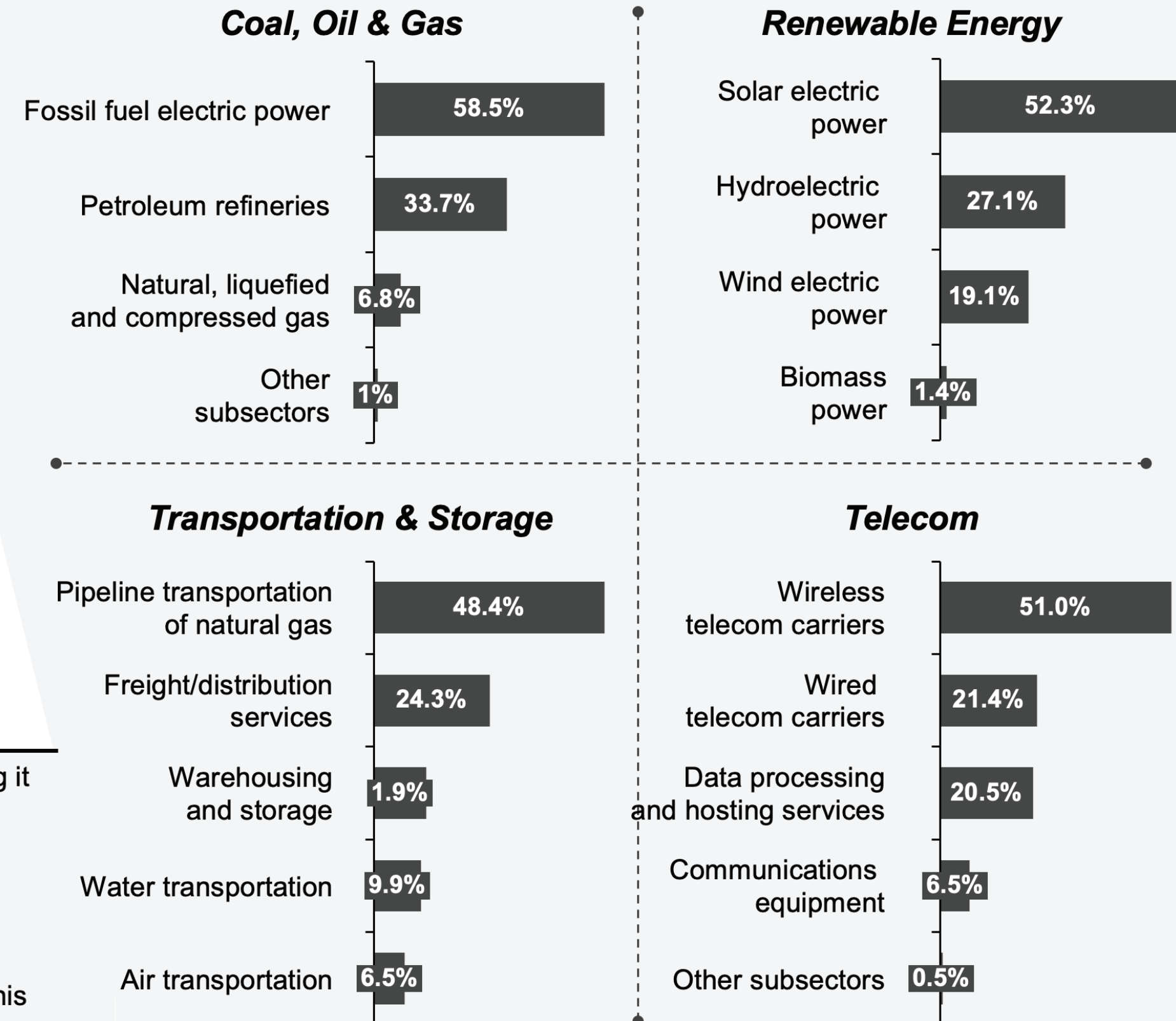
Top 15 Sectors (2014-2024, %)



Observations

- The coal, oil, and gas sector accounts for 53.9% of total direct foreign investment inflows, making it the dominant sector in terms of distribution. This indicates that investors have a high level of interest in traditional energy sources. Renewable energy is emerging as a strong competitor, accounting for a significant 16.3% share of FDI distribution. This reflects increased confidence in investing in sustainable energy solutions.
- Other sectors such as transportation and storage, communications, chemicals, automotive, real estate, and food and beverages also play a role in the distribution of foreign direct investment. This reflects a broad range of investment interest spread across different sectors.

Top 4 Sectors by Sub-sectors (2014-2024, %)

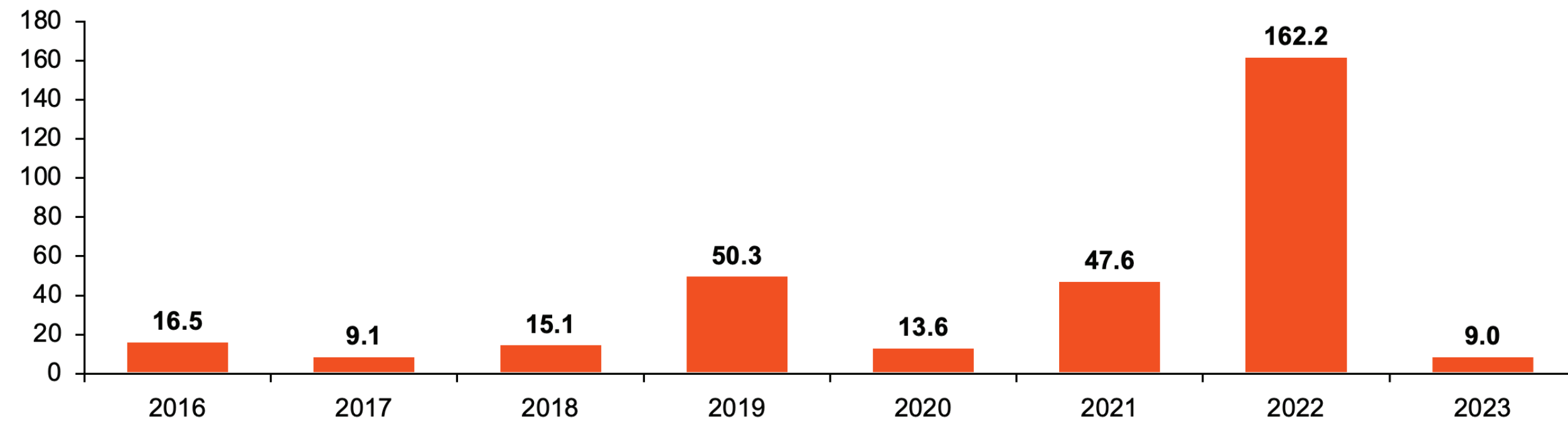


Source: Financial Times FDI Markets Database

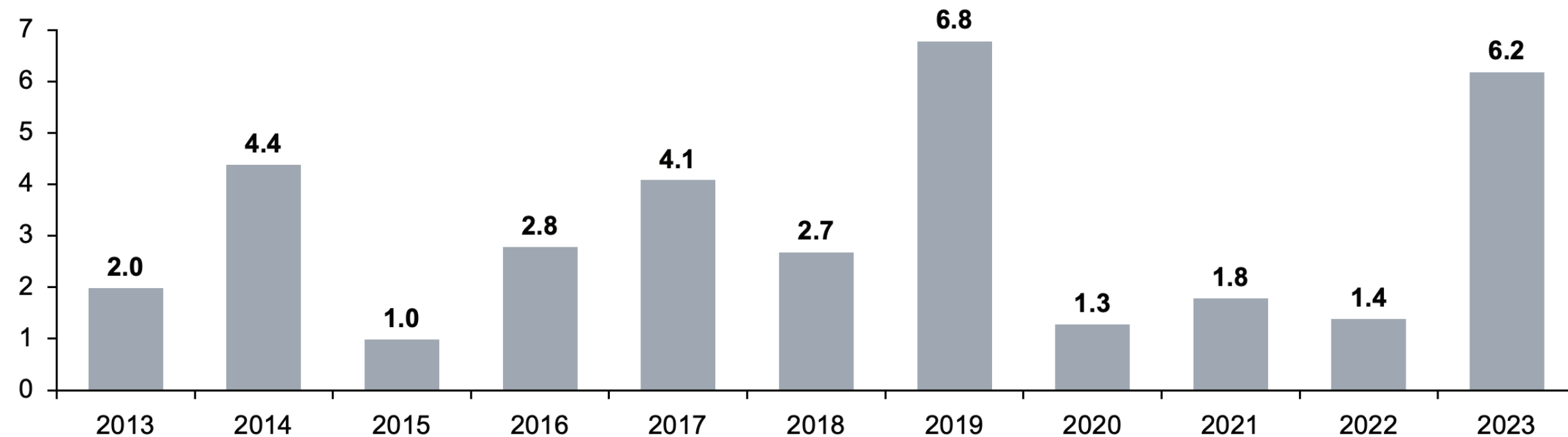
* The data covers companies that invested in Pakistan between January 2014 and January 2024.

While the mining and quarrying sector in Pakistan saw a 12% increase from 2013 to 2023, natural disasters in 2022 negatively impacted agricultural investments.

FDI in the Agriculture, Forestry, and Fisheries Sectors* (2016-2023, million \$)**



FDI in the Mining and Quarrying Sector (2013-2023, million \$)**



Observations

- Between 2016 and 2023, direct foreign investment in the agricultural sector peaked, reaching \$162.2 million in fiscal year 2022. However, the heavy monsoon rains in August 2022, considered one of the most severe flood disasters in Pakistan's history, damaged agricultural land and caused a decline in foreign direct investment in 2023.
- In the agriculture sector, significant growth is observed in the domestic market in certain subcategories such as edible oils. For example, edible oil revenues are expected to grow by 8.4% from 2022 to 2028, indicating the market's potential for direct foreign investment in edible oils.
- Investments in the mining and quarrying sector have seen a 12% increase from 2013 to 2023. Recent developments in 2023, such as the formalization of the agreement with the Geological Survey of Pakistan, are among the important steps that have positively impacted the sector's growth.

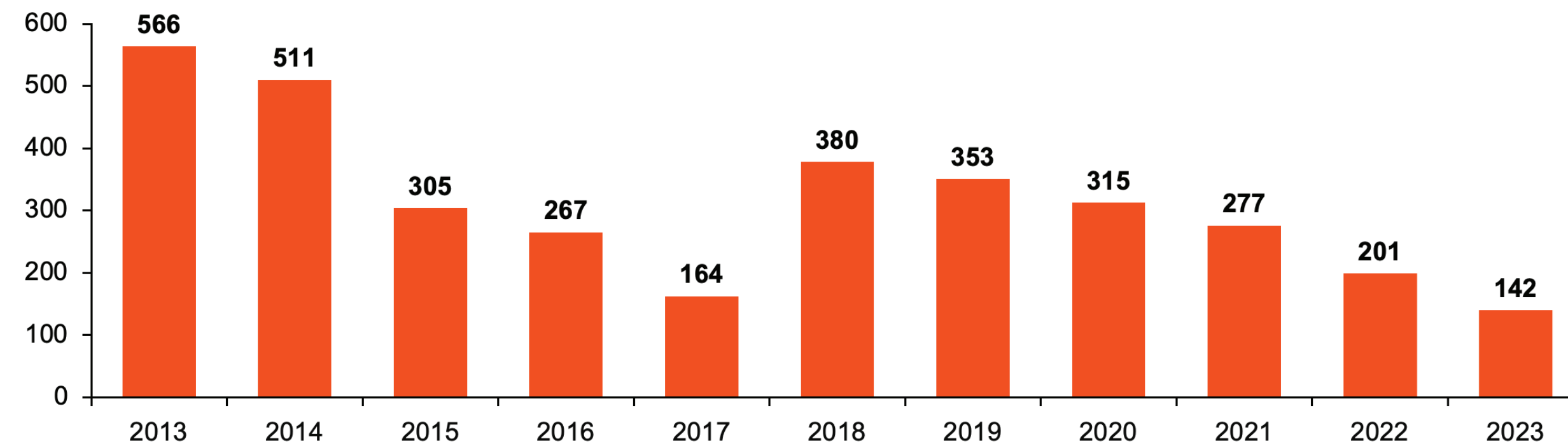
Source: State Bank of Pakistan FDI by Countries and Sectors, State Bank of Pakistan FDI in Pakistan by Sector on ISIC-IV Broad Structure Archive, Government of Pakistan Finance Division

*: Total foreign direct investment inflows by sector data combine agriculture, forestry, and fishing, therefore the data includes fishing and forestry in addition to agriculture. Agriculture data was obtained from the State Bank of Pakistan ISIC-IV Archive, where foreign direct investment inflows data is only available from 2016 onwards.

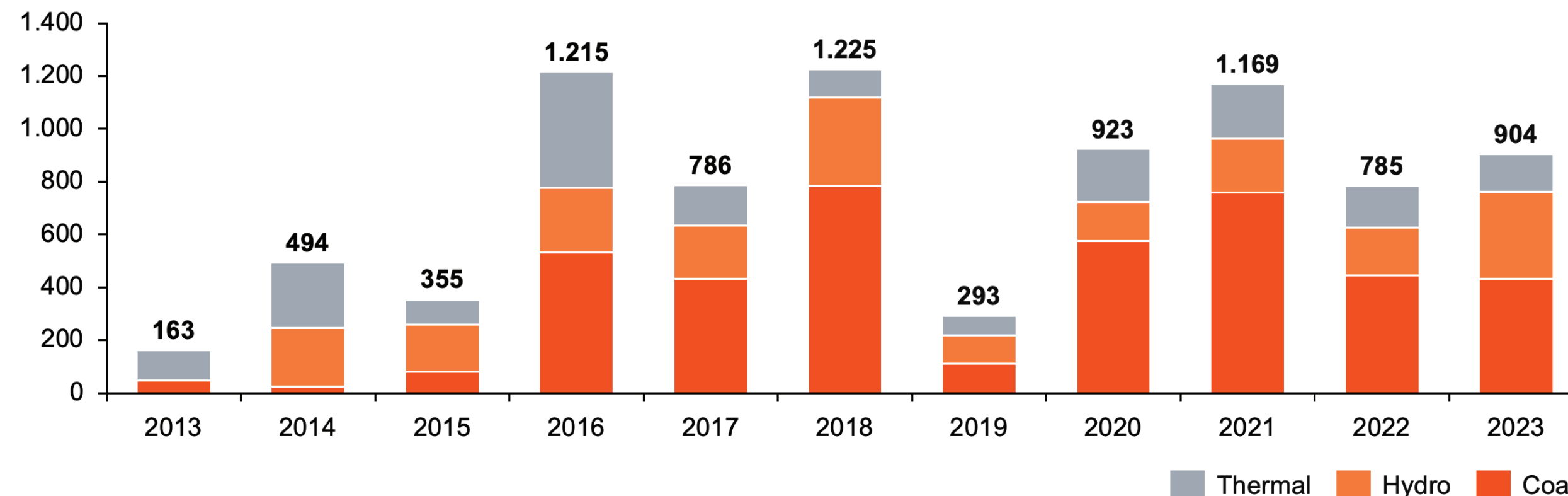
** : Data on total direct foreign investment inflows by sector are derived from fiscal year data sets covering the period from July to June of each year.

While investment stocks in the oil and gas exploration sector are declining, investments in the energy sector are maintaining their momentum.

FDI in the Oil and Natural Gas Exploration Sector 2013-2023*, million \$)



FDI in the Energy Sector 2013-2023*, million \$)



Observations

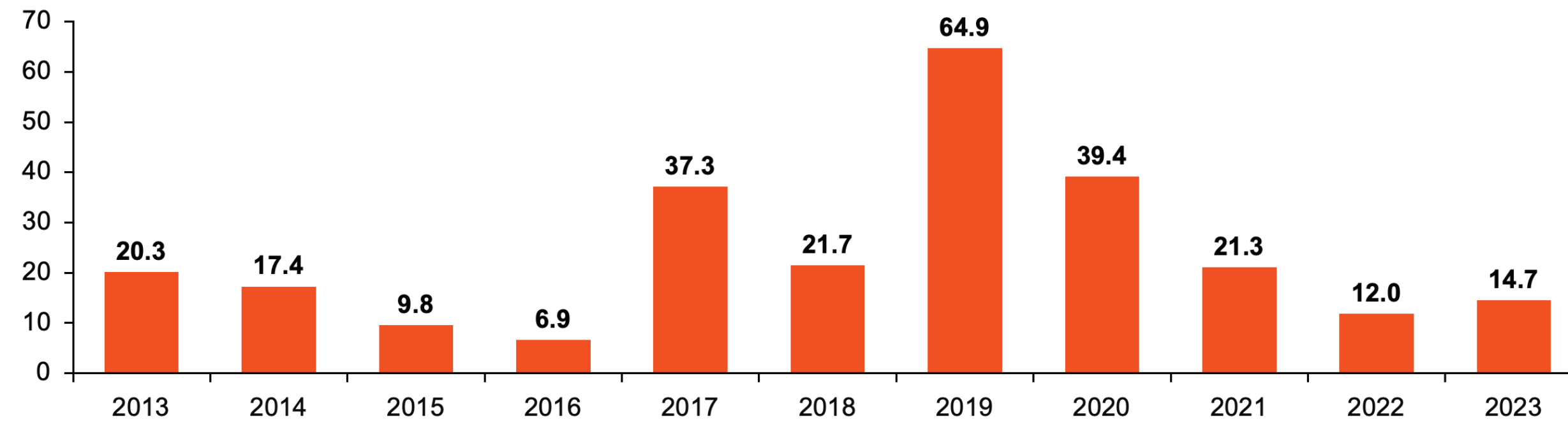
- Despite a decline in the annual compound growth rate of foreign direct investment from fiscal year 2013 to fiscal year 2023, when examining foreign direct investment stocks in oil and gas exploration activities, this figure is seen to exceed the values observed in many other sectors.
- From 2013 to 2023, Pakistan's energy sector recorded the highest cumulative foreign direct investment inflows, peaking particularly in the fiscal years 2016, 2018, and 2021. This success can be attributed to the comprehensive measures taken by the Pakistani government between 2013 and 2018 to develop the energy sector and reflects the sector's potential for foreign direct investment.
- Pakistan's total installed electricity capacity has steadily increased in recent years, reaching 45 gigawatts by 2022. Natural gas is the primary source of electricity in the country. The significant increase in electricity capacity highlights the potential for foreign direct investment ventures seeking resources in Pakistan.

Source: State Bank of Pakistan FDI by Countries and Sectors, Statista, Government of Pakistan Finance Division

*: Data on total direct foreign investment inflows by sector are derived from fiscal year data sets covering the period from July to June of each year.

Despite a 3.2% decline in the compound annual growth rate of direct foreign investment in the pharmaceutical sector between 2013 and 2023, Pakistan is increasingly becoming a hub for pharmaceutical manufacturing.

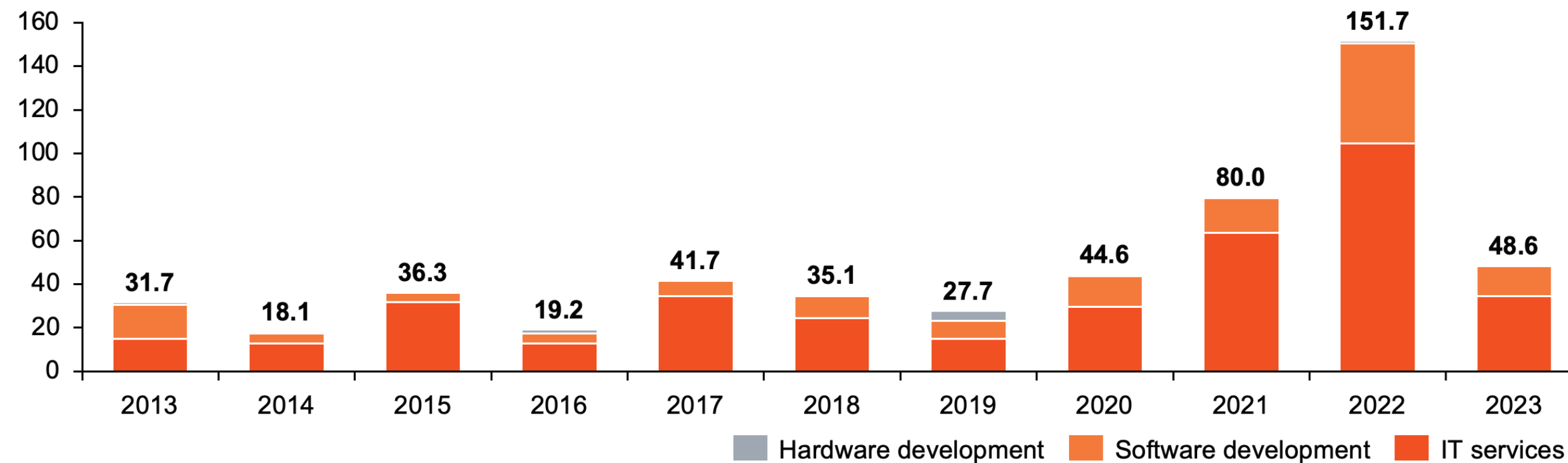
FDI in the Pharmaceutical Sector 2013-2023*, million \$)



Observations

- Despite reaching a peak of \$64.9 million in fiscal year 2019, the annual compound growth rate of foreign direct investment in Pakistan's pharmaceutical sector declined by 3.2% from 2013 to 2023. This situation can be attributed to tight monetary policy and the dominant role of large companies that own most of the patents in Pakistan and influence the sector's trajectory. However, Pakistan has successfully positioned itself as a growing hub for pharmaceutical manufacturing, and the sector has recorded a 12% growth in exports over the years.
- The IT sector recorded a 4.4% growth in total foreign direct investment from 2013 to 2023, peaking at \$151 million in fiscal year 2022. At the same time, Pakistan's IT industry has shown strong growth indicators, hosting some of the world's largest organizations as regular customers. Furthermore, its significantly young population makes the country one of the most important destinations for direct foreign investments seeking productivity..

FDI in the IT Sector 2013-2023*, million \$)

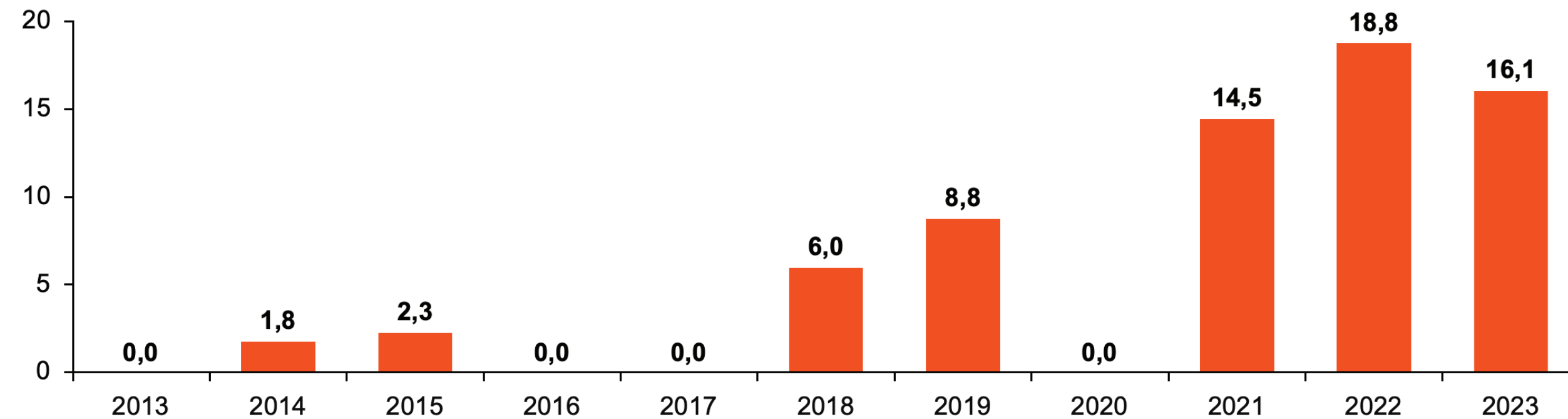


Source: State Bank of Pakistan FDI by Countries and Sectors, Ministry of Information, Technology & Telecommunication of Board of Pakistan, VIS Credit Rating Company Limited, Government of Pakistan Finance Division.

*: Data on total direct foreign investment inflows by sector are derived from fiscal year data sets covering the period from July to June of each year.

Investments in social and personal services in Pakistan have increased, revealing that the country has significant potential to attract investments seeking talent and productivity.

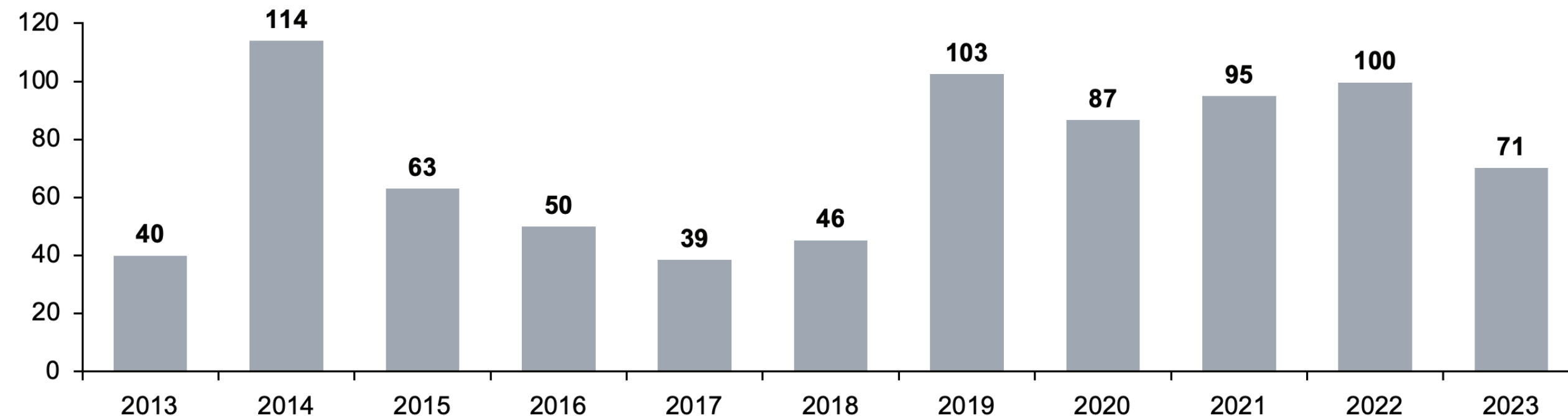
FDI in the Tourism Sector 2013-2023*, million \$)



Observations

- From 2013 to 2023, Pakistan's tourism sector experienced a significant increase in direct foreign investment inflows. This upward trend became particularly pronounced after 2018, despite a decline in 2020 due to the impact of COVID-19. This increase peaked in 2022, with investments reaching a high of \$18.8 million. Pakistan has the potential for revenue growth in the tourism sector thanks to its countless breathtaking natural beauties. This is an opportunity for foreign direct investment activities seeking new markets.
- Among various categories, social and personal services, covering specific subcategories such as education, health, business, and home services, witnessed significant foreign direct investment inflows between 2013 and 2023. In addition to high investment inflows, Pakistan's population of 230 million, 64% of whom are under the age of 30, presents significant potential for attracting foreign investments seeking talent and efficiency in the social and personal services sector.

FDI in the Social and Personal Services Sectors* (2013-2023*, million \$)**



Source: State Bank of Pakistan FDI by Countries and Sectors, BOI, National Defense University of Pakistan.

*: Data on total direct foreign investment inflows by sector are derived from fiscal year data sets covering the period from July to June of each year.

**: Indicates a value less than \$50,000.

***: Social and Personal Services include education, health, work, entertainment, social, personal, and home services.



2.3

OVERVIEW OF TAX AND INCENTIVE POLICIES

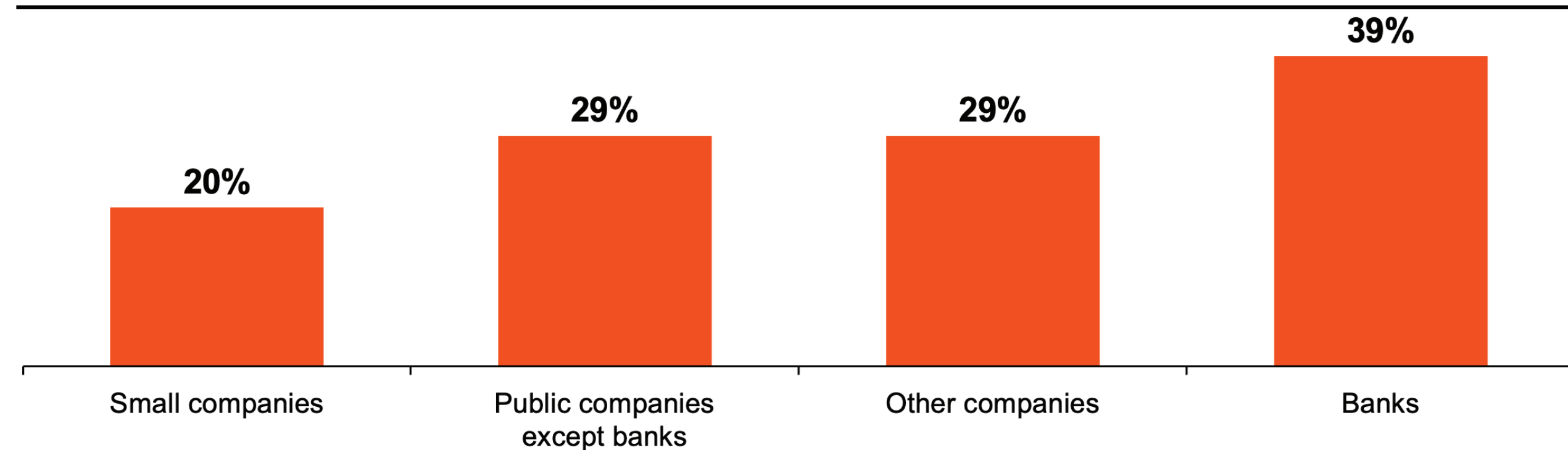


Pakistan's tax policies offer numerous advantages for investments made in certain sectors under specific conditions.

Tax Policy

- 1** Pakistan currently has bilateral tax agreements with more than 66 countries. In 1959, an agreement on tax matters was signed between the United States and Pakistan.
- 2** Additionally, a multilateral tax agreement covering the SAARC countries of Pakistan, Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan, and Sri Lanka came into effect in 2011.
- 3** Pakistan further expanded international tax cooperation by signing the OECD's Multilateral Convention on Mutual Administrative Assistance in Tax Matters in 2016.
- 4** Pakistan applies a lower corporate tax rate than countries such as India and Bangladesh, but a higher rate than Indonesia and the Philippines. These rates primarily affect banking institutions.
- 5** Pakistan and Türkiye have signed an agreement to prevent double taxation. The agreement was signed in 1985 and entered into force in 1989. In 2017, the agreement was updated in accordance with the principles of tax information exchange.

Corporate Tax by Company Type



Companies in Pakistan are generally subject to a corporate tax rate of 29%. For banks and financial institutions, this rate can be as high as 39%. Temporary tax reductions or exemptions may be available for certain sectors and SMEs. In addition, minimum tax based on turnover is in effect in certain sectors, which requires payment of a minimum tax even if a loss is reported.



Various withholding taxes are applied to income-based payments in Pakistan. In particular, withholding taxes ranging from 10% to 15% apply to dividend payments, interest, and service fees. Thanks to the DTAA signed with Türkiye, Turkish investors benefit from favorable terms for such payments.



Customs duties applied to imported goods in Pakistan range from 0% to 20%. However, tax reductions or exemptions are offered for many capital goods, machinery, and production inputs. In investment areas such as Free Trade Zones (FTZ) or Special Economic Zones, complete exemption from import duties may be possible. This is an important incentive for production-oriented investments.



Pakistan offers various tax incentives to attract investors. Companies investing in Free Economic Zones, in particular, can benefit from corporate tax exemptions for up to 10 years. Additionally, income tax, customs duty, and VAT exemptions may be provided in certain sectors (e.g., renewable energy, automotive, textiles, and information technology). These incentives are administered by BOI.

Since the first investment policy published in 1997, Pakistan has undertaken efforts to strengthen the investment environment and promote investment

Pakistan Incentive Mechanism

Pakistan offers a wide range of **incentives** and **policies** for both its **foreign and local investors**. These incentives are structured within **special schemes** and **sectors** to encourage investment in the country.

NON-COMPREHENSIVE

| 1 Sector Wise Incentives | |
|-----------------------------|--------------------------|
| Electric Vehicles | Pharmaceuticals |
| Mobile Device Manufacturing | Textiles |
| Automobiles & Auto-Parts | Food Processing |
| Information Technology | Logistics |
| Housing & Construction | Tourism |
| 2 Special Schemes | |
| Special Economic Zones | Special Technology Zones |
| Export Processing Zones | Gwadar Free Zones |

Investment Policy 2023

Latest published Pakistan Investment Policy 2023 is prepared according to the following guiding principles.

- 1 Stimulate growth, economic recovery and exports
- 2 Sustainable and inclusive economic growth, industry innovation and infrastructure development, addressing the gender gap
- 3 Focus on ease of doing business
- 4 Investment policy coordination between Federal and Provincial authorities
- 5 Promote investment in high quality export-oriented, technology-driven (especially high technology and digital technology)
- 6 Adopt principles of responsible business and investment

Investment Policy Matrix

| Policy Parameters | Manufacturing Sector | Non-Manufacturing Sector | | |
|-------------------------------------------------|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|-------------------------|---------------------------------|
| | | Agriculture | Infrastructure & Social | Services including IT & Telecom |
| Government Permission | Not required except 4 specified industries | Not required except specific licenses from concerned agencies. | | |
| Remittance of capital, profits, dividends, etc. | Allowed | Allowed | Allowed | Allowed |
| Upper limit of foreign equity allowed | 100% | 100% | 100% | 100% |
| Customs duty on import of PME | 5% | 0% | 5% | 0-5% |
| Tax relief (IDA, % of PME cost) | 25% | 25% | 25% | 25% |
| Royalty & Technical Fee | No restriction for payment of royalty & technical fee | Allowed as per guidelines - Initial lump-sum up to \$100,000 - Max rate 5% of net sales - Initial period 5 years | | |

Specified Industries are: Arms and ammunitions; High Explosives; Radioactive substances; Security Printing, Currency and Mint

Corporate Agriculture Farming (CAF) only

*PME= Plant, Machinery and Equipment **IDA= Initial Depreciation Allowance

Pakistan is creating a favorable environment for the business world by implementing effective clustering initiatives and establishing special economic zones.

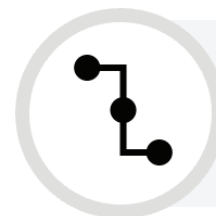
SEZ Incentives



One-time customs duty exemption on the import of capital goods (Regional Developers / Joint Developers)



Income tax exemption for 10 years from the date the development agreement is signed



One-time customs duty and tax exemption on the import of capital goods (Regional Enterprises)



Income tax exemption for 10 years from the date the development agreement is signed (Regional Enterprises)



Public services provided by federal and state governments and developers (Regional Enterprises)

Other Conveniences

- The government guarantees the provision of public services at the outset.
- Legal safeguards guarantee the protection of incentives.
- Land allocation is offered on a sale or lease basis.

Since the launch of the SEZ program in 2012, 35 SEZs have been approved and designated for development nationwide. Each of these SEZs is progressing at different stages. Approximately half of these SEZs are currently operational.

Under Pakistani law, private companies can establish their own special economic zones under the following conditions:

- 30% of the investment must be financed from equity capital
- Commercial production must commence within 24 months
- The minimum investment amount must be 50 million dollars or its equivalent, excluding land acquisition and development costs

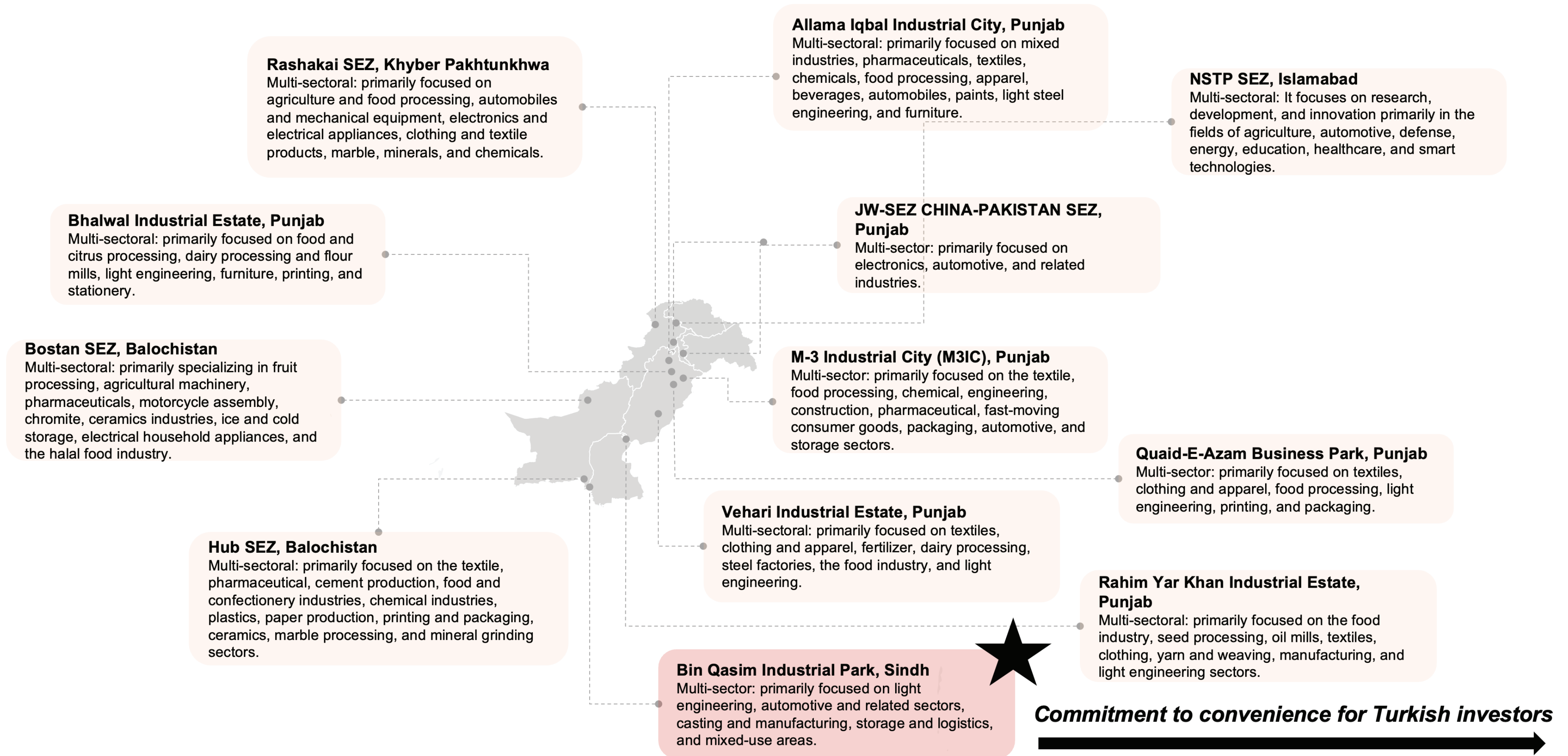
OR

- A commitment to export at least \$75 million in the first 5 years (at least \$7.5 million per year)
- 50% of employment to be reserved for Pakistani citizens
- More than 200 employees registered with the EOBI (Elderly Obligations Benefit Insurance; the country's social security institution)
- Positive net foreign exchange earnings in all years of operation starting from the third year of commercial activities or production

Pakistan has numerous Special Economic Zones across the country, serving various sectors and businesses.

Examples of Operational Special Economic Zones

NON-COMPREHENSIVE



Turkish investors are offered advantages for two of these special zones located in Karachi.

SEZ Opportunities in Karachi, the Country's Main Export & Import Port

Bin Qasim Industrial Park

- It is a developed and operational Special Economic Zone covering **930 acres**.
- BQIP is located in Karachi and is close to the Karachi Industrial Park Special Economic Zone, which is expected to become operational in the coming years.
- Leading manufacturers such as **Lucky Motor Corp. (KIA, Peugeot, Samsung), Yamaha Motors, Tecno Auto Glass, MID Pakistan Coil, International Steel, and Horizon Steel** operate in the region.
- **Electricity, natural gas, and water infrastructure are available** to meet the energy needs of the industry.
- Pakistani authorities are encouraging Turkish investors to establish factories and commence production in this region, and have indicated that such initiatives will be supported.
- Over **81 hectares of zoned land** of flexible sizes are available for Turkish investors.



Examples of companies manufacturing in SEZs.

Karachi Industrial Park

- Under the CPEC, it is expected that **25 km² of land** in the region will be allocated to industrial companies, with operations expected to commence by **the end of 2026 or early 2027**.
- **Currently, there is no environment for companies to commence production.**
- Pakistani officials have stated that **Turkish investors** will be able to start production by completing the infrastructure in the aforementioned region **themselves**.
- BOI has stated that the **necessary support and facilities will be provided** during the investment process.
- Businesses operating in the Karachi Industrial Park will be able to benefit from the **same financial incentives available in special zones**.

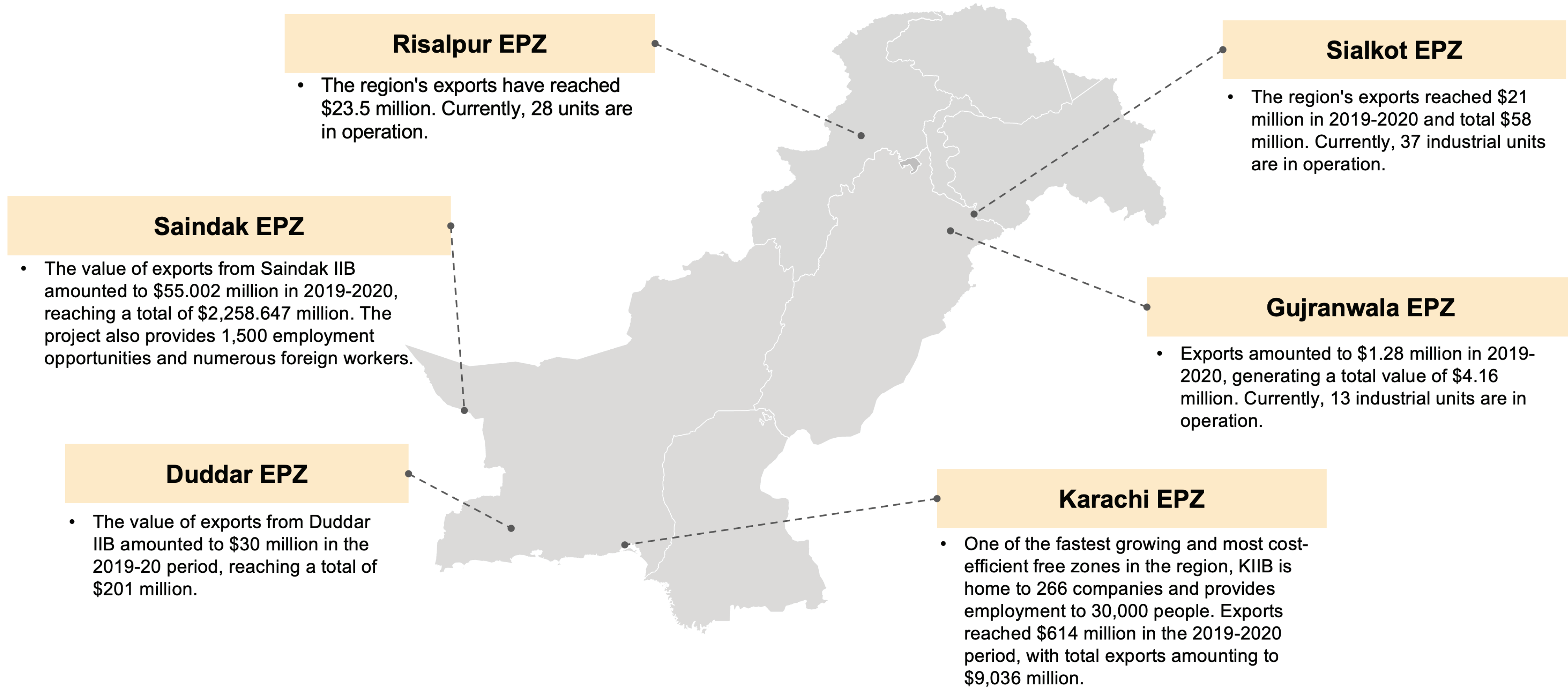


Map of the area.

Export processing zones are designed to boost Pakistan's exports and industrialization by creating a supportive business environment.

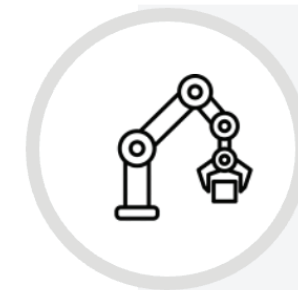
Export Processing Zones

Export Processing Zones (EPZs) were established to develop industry, attract international investment, and increase Pakistan's exports. They create a favorable environment for businesses by offering numerous advantages such as tax incentives, exemption from customs duties on machinery and raw material imports, and simplified laws and procedures. EPZs provide infrastructure, public services, and support services to help new export-oriented businesses become operational.

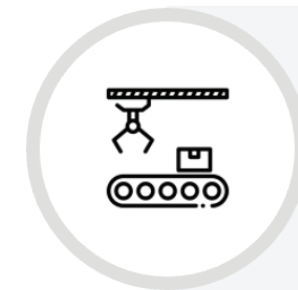


Export processing zones assist new export-oriented businesses by offering tax advantages, infrastructure, public services, and support services.

Incentives Provided in Export Processing Zones



Exemption from customs duty and sales tax on imports of machinery, equipment, and raw materials



Access to the domestic market at a rate of 20% or higher in certain circumstances



Vehicles exempt from customs duties under certain conditions



Allowing EPZ units to supply goods to special production facilities within the customs tariff zone



Low income tax rate (1%)



Permission to sell 'B' class goods/used materials in the domestic market



Exemption from national import regulations



Land with infrastructure provided at competitive prices for 30 years



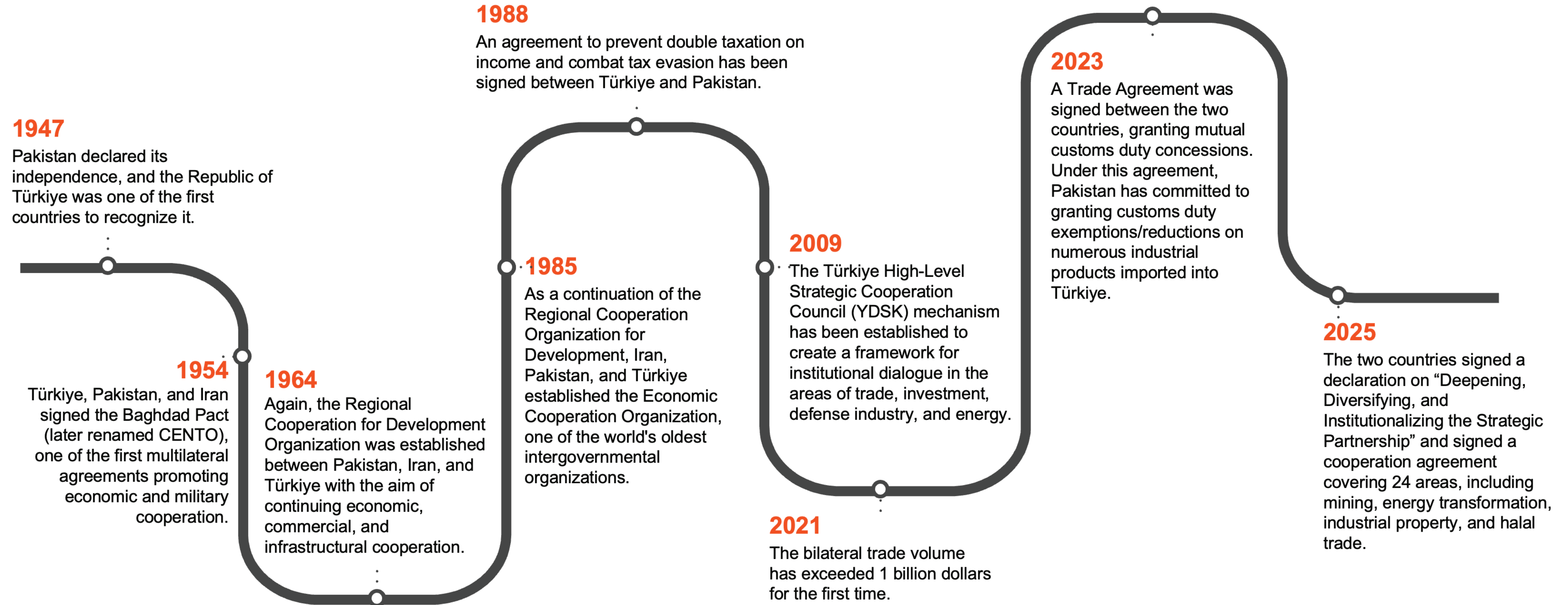
Exemption from Pakistan's foreign exchange control regulations

**OVERVIEW OF THE ECONOMIC
RELATIONS BETWEEN
TÜRKİYE AND PAKISTAN**



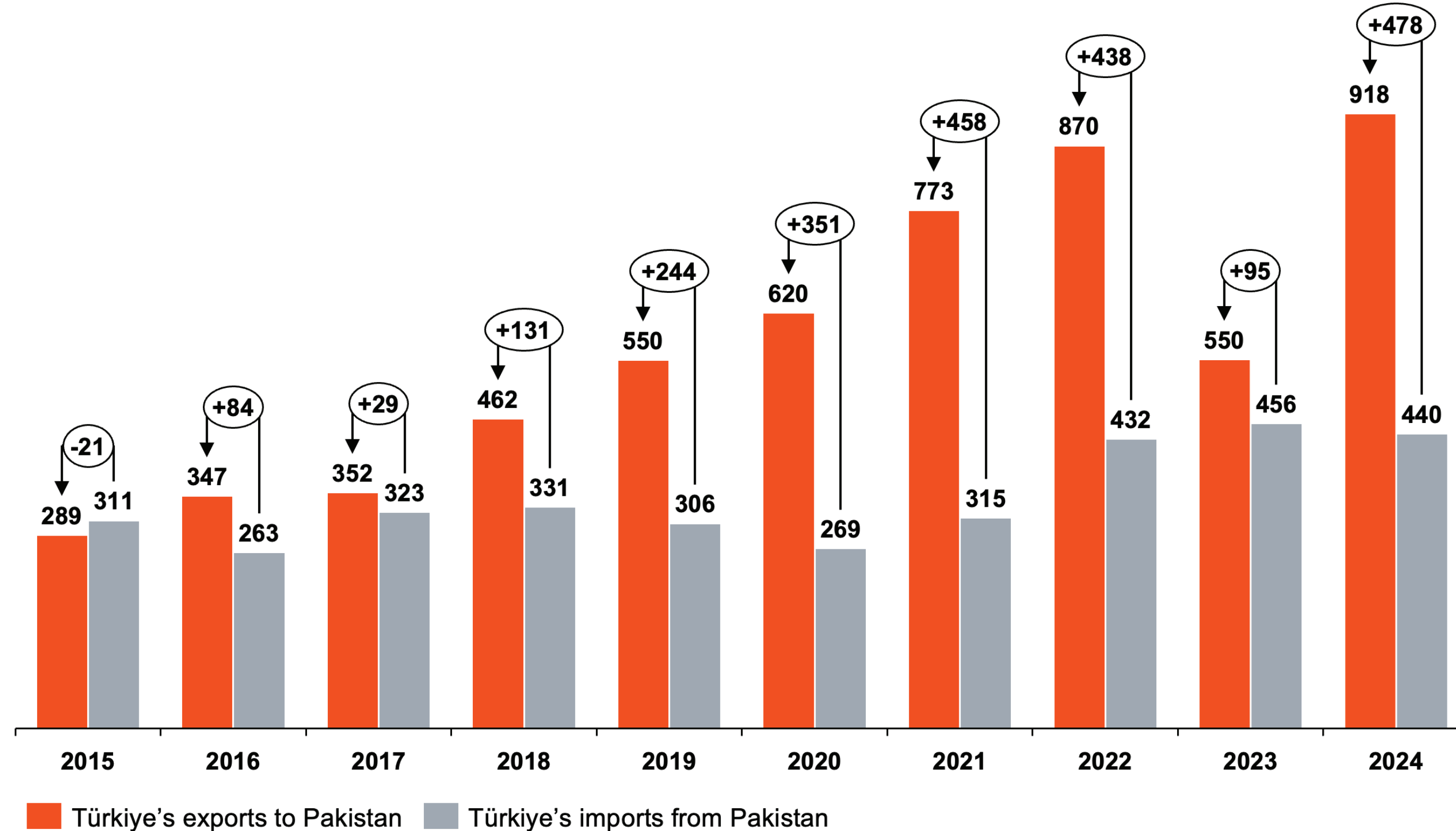
With a history spanning approximately 80 years and gaining momentum since the 2000s, there is still significant potential for commercial cooperation in bilateral relations.

Milestones in the Course of Türkiye-Pakistan Economic Relations



Bilateral trade between Türkiye and Pakistan has shown steady growth over the past decade, reaching \$1.3 billion in 2024.

Bilateral Trade Between Türkiye and Pakistan (2015-2024, million \$)



+84 Trade balance for Türkiye

- In bilateral trade, Türkiye has recorded a **trade surplus** every year over the past decade, except for 2015.
- The trade volume between the two countries reached a **historic high in 2024**, exceeding **\$1.3 billion**, thanks almost exclusively to Türkiye's increasing exports.
- During the same period, Türkiye's annual compound growth rate in exports was recorded at approximately **14%**.
- **Ships, cotton, and machinery/machine parts** stand out in Türkiye's export basket.
- President Recep Tayyip Erdoğan announced at the Pakistan-Türkiye Business Forum organized by DEİK on February 11-13, 2025, that the target is to increase the trade volume to **five billion dollars**.

Cotton and textile products alone have accounted for half of Pakistan's exports to Türkiye over the past decade.

Türkiye's Main Import Items from Pakistan (2015-2024 total, %)*



Dominance of Textile & Apparel

- Nearly half of Türkiye's \$3.5 billion imports from Pakistan over the past decade has been **cotton imports**.
- Ready-to-wear clothing** followed cotton with a 12.3% share. No other product group accounted for more than 5% of the total.

Low Value-Added Products

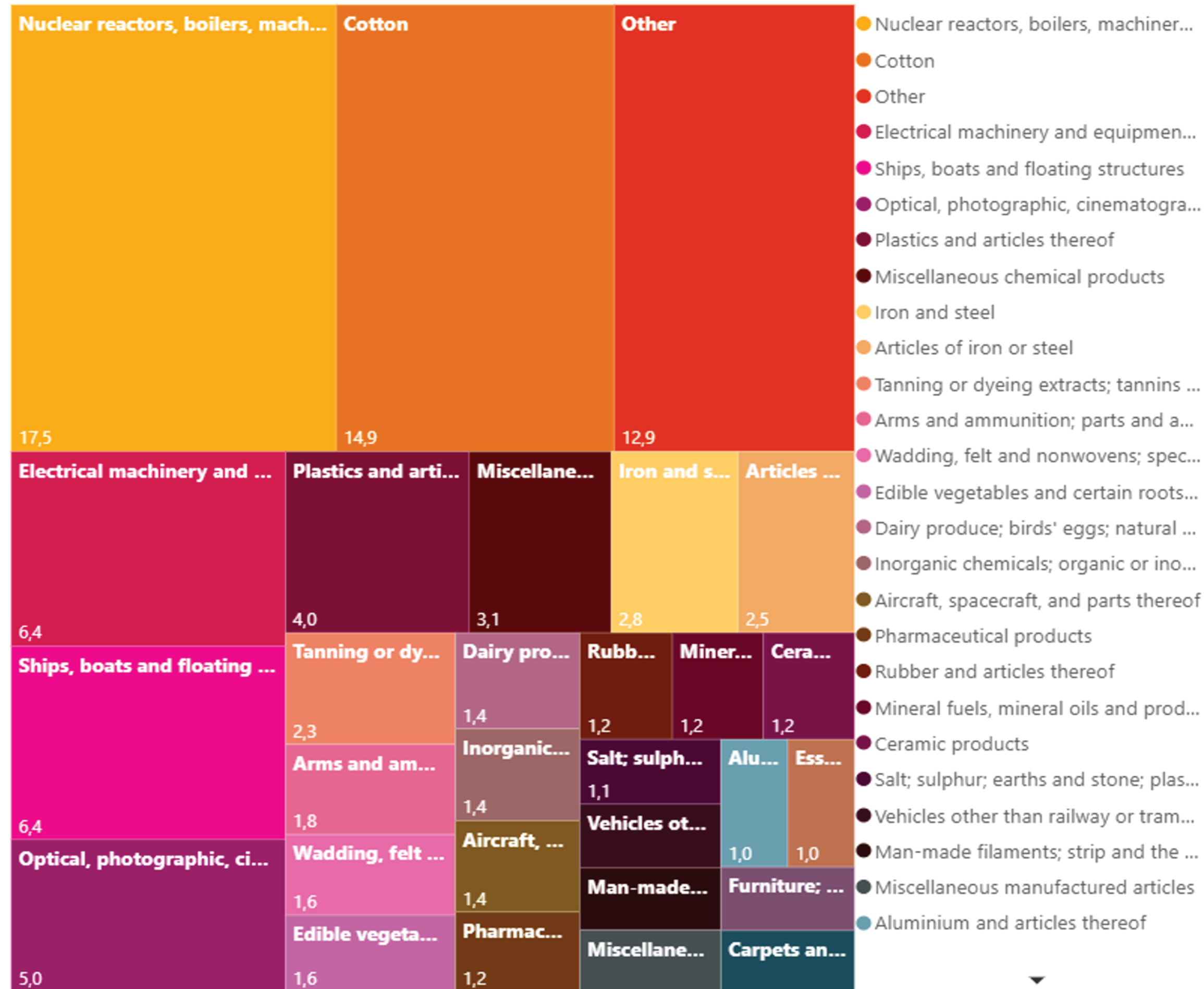
- Most of the main product groups imported from Türkiye consist of relatively **low value-added products** that are not complex.
- The textile and related sectors are followed by groups such as **plastic products and soft drinks**, which are also relatively low value-added product groups.

Source: UN Comtrade, ITC Trade Map.

* Product groups with less than 1% share have been grouped under the "Other" category.

Türkiye's export items to Pakistan show considerable diversity compared to its import items.

Türkiye's Main Export Items to Pakistan (2015-2024 total, %)*



Complex and High Value-Added Export Basket Compared to Imports

- Türkiye's export items to Pakistan are much more diverse than its import items.
- In Turkish exports, which reached \$5.7 billion in ten years, **BOllers, machinery, and machine parts** lead the way with a 17% share; however, significant exports have been made in many items, ranging from complex products such as **electrical machinery, ships, plastic products, and chemical products to dairy products**.
- Cotton** stands out as an important export item in trade between the two countries, both of which have strong textile sectors.

* Product groups with less than 1% share have been grouped under the "Other" category.

Source: UN Comtrade, ITC Trade Map.

With over \$2 billion in direct foreign investment, Türkiye is one of the largest foreign investor countries in Pakistan.

For many Turkish companies that are increasingly interested in foreign investments and are leaders in their sectors, Pakistan has proven its value not only as a market but also as a strategic partner for long-term growth.

Examples of Successful Turkish Investments

NON-COMPREHENSIVE



Durable Goods 

- Türkiye's leading home appliance manufacturer **Arçelik** acquired Pakistan's leading home appliance manufacturer Dawlance for **\$258 million** in **2016**.
- Dawlance, **one of the most successful partnerships** between the two countries, has maintained its successful economic performance as the industry leader in the country, increasing its sales revenue by 18% and sales volume by **14%** in 2024.



Transportation & Municipal Services 

- Albayrak Group, which provides solutions to the growing needs of Pakistan's cities, has served over **900 million** people with its metrobus projects in Lahore, Rawalpindi, and Islamabad **since 2011**.
- With these investments, Albayrak Group became the first company to introduce the metrobus concept to the country, creating a turning point in **modern public transportation** in Pakistan.



Renewable Energy 

- Pakistan's first wind power plant was built in 2013 by Zorlu Energy Pakistan LTD. The plant, which generates **159 million kWh of electricity annually**, will provide **lighting for 350,000 households for 20 years**.
- Zorlu Energy also holds official licenses to build solar power plants.



Non-alcoholic Beverages 

- **CCI** began operations in Pakistan in 2008 and currently operates seven factories in the country. CCI Pakistan today has nine brands, **over 2,500 employees, and over 337,000 points of sale**.
- CCI also carries out corporate social responsibility initiatives in areas responsive to the country's urgent needs, such as **water recovery projects, the use of recycled PET bottles, and afforestation**.



Software 

- **Hitit Software** has played a significant role in the digital transformation of **Pakistan's aviation infrastructure** through its comprehensive technology partnership with Pakistan International Airlines (PIA) since 2018.
- It also continues to contribute to **local employment** and software development capacity through its **Hitit Tech Lab**, established at Islamabad NUST Technopark.



Chemicals 

- **Hayat Kimya**, one of the world's leading baby diaper manufacturers, also has investments in Pakistan.
- Hayat Kimya, which established a factory in Pakistan with a **\$150 million investment in 2018**, meets the baby diaper needs of millions of families in the rapidly growing country.

Turkish companies, which have successfully completed numerous projects in developing regions, have completed infrastructure projects worth \$3.5 billion in Pakistan to date.

Turkish companies contribute to Pakistan's development goals with their technical expertise, creating value across a wide range of sectors from modern transportation systems to renewable energy plants.

Examples of Successful Infrastructure Projects



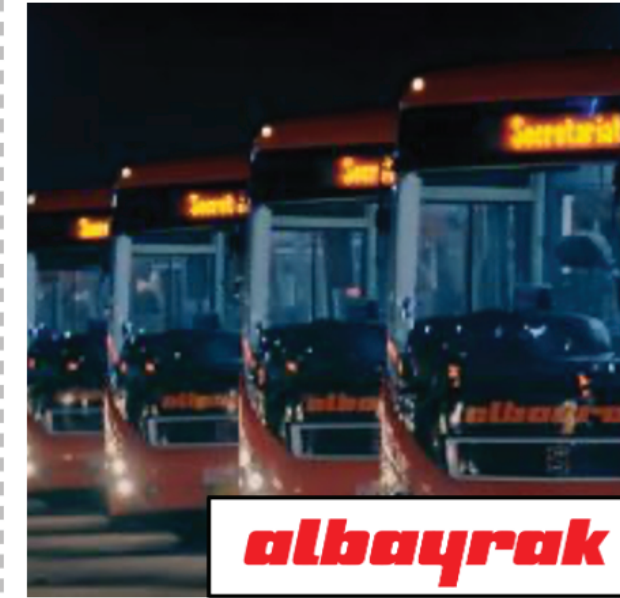
Pindi Gheb-Tarap and Hakla-Pindi Gheb Highways

The 280-kilometer western route of the CPEC, the 50-kilometer Pindi-Gheb-Tarap section (4th stage), and the 63-kilometer Hakla-Pindi-Gheb section (5th stage) were completed in 2022 under the leadership of Limak.



Hassanabdul-Havelian Highway

Limak completed the Hassanabdul-Havelian Highway (E-35) project in 2021 under the China-Pakistan Economic Corridor (CPEC) with financing from the Asian Development Bank. The project involved the construction of 8 bridges, 47 culverts, 4 overpasses, and 7 underpasses.



Lahore Metrobus

Albayrak Holding's project, launched in 2011 in Lahore, the country's second largest city, now serves more than 200,000 people daily with over 60 vehicles. The project has been a turning point in modern urban transportation in Pakistan.



Mohmand Hydroelectric Dam

DOLSAR provides construction design, construction supervision, and contract management services for the project, which involves the construction of a dam 213 meters high and a hydroelectric power plant with a capacity of 800 MW.



Diamer Basha Hydroelectric Dam

When completed, the RCC Dam will be 272 meters high and the hydroelectric power plant will have an installed capacity of 4500 MW. DOLSAR provides construction design, construction supervision, and contract management services.



Jhimpir RES

Zorlu Holding made significant contributions to increasing Pakistan's renewable energy capacity and reducing its dependence on foreign energy by constructing the country's first wind power plant in 2013.

Türkiye has earned the right to conduct oil exploration activities in Pakistan.

Türkiye has taken a strategic step in energy diplomacy by signing an agreement with Pakistan for oil and natural gas exploration and development activities in the North Indus C offshore basin.

TPAO's Indian Ocean Initiative

- Under the cooperation agreement, which is expected to extend until the 2030s, **TPAO, a subsidiary of Turkish Petroleum**, will finance the region's first deep-sea drilling investments at a cost of between **\$500 million and \$1 billion**.
- The project, which will be carried out under a **revenue-sharing model**, is expected to include strategic infrastructure investments such as **offshore drilling, pipelines, and LNG facilities**, contributing to the Pakistani economy by creating jobs.
- Türkiye's experience off the coast of Somalia supports this cooperation, while the agreement strengthens the **energy security of both countries** and enables Türkiye to increase its geostrategic presence in the **Indian Ocean**.
- TPAO is currently implementing **21 projects in 7 countries** and continues its business development activities in **more than 20 countries** from Africa to Asia.



Oruç Reis research vessel. Source: Anadolu Agency.



- Since 2019, **Enigma Energy**, which has been conducting oil and natural gas exploration, seismic surveys, and drilling services on behalf of state-owned oil companies in Pakistan, has played a significant role in facilitating the agreement by accelerating commercial diplomacy in this field.



4

AREAS OF OPPORTUNITY FOR TURKISH INVESTORS



Eight sectors stand out for Turkish investors in Pakistan's economy, which is expected to gain momentum in the 21st century (1/2).

The experience gained by Türkiye in many sectors during the economic transformations in the 2000s puts Turkish investors at an advantage in Pakistan, which is still in the early stages of such transformations.



Agriculture & Food

High demand: With a population of nearly 250 million and growing rapidly, food demand in Pakistan is also increasing rapidly every day. High demand creates opportunities not only for food products but also for areas such as agricultural machinery, modern irrigation systems, and greenhouse cultivation.

Export potential: Exports can be made to major markets in the Middle East and Asia with low logistics costs.

Supports and incentives: Under the Green Pakistan Initiative, the government is leasing millions of acres of public land to investors on favorable terms.



Tourism & Accommodation

Unexplored natural beauty: Part of the Himalayas, the world's highest mountain range, lies within Pakistan's borders, making Pakistan an attractive country for activities such as mountaineering, trekking, rafting, and bird watching.

Rich history: The Indus Valley was home to some of the world's oldest civilizations. The country also boasts numerous breathtaking architectural monuments dating back to the Mughal era.

Incentives and facilities: Pakistani government offers various incentives and advantages for integrated tourism facilities and hotel projects that are ready for investment.



Construction & Infrastructure

High demand: With only 40% of its population living in urban areas, Pakistan's housing sector holds great promise for the 21st century. Moreover, competition from local players is low. There is a perceived need for social housing projects targeting low-income segments. Changing lifestyles are increasing demand for modern housing and shopping centers.

Public-private partnerships (PPPs) attract significant interest: Pakistani government officials are highly interested in Türkiye's successfully implemented PPP projects. Opportunities exist in areas such as CPEC projects, sewage and water infrastructure, transportation, and social housing..



Logistics

Strategic location: Pakistan, located at the heart of South Asia with borders to China, India, Afghanistan, and Iran, holds a strategic geographical position that positions it as a key player in regional connectivity, particularly within the framework of China's Belt and Road Initiative.

High demand: Rising e-commerce and international trade are increasing the need for both warehousing and transportation in Pakistan. Moreover, since the current (cold and general-purpose) storage capacity falls far short of the country's needs, it is possible to create long-term opportunities from the supply shortage.

Eight sectors stand out for Turkish investors in Pakistan's economy, which is expected to gain momentum in the 21st century (2/2).

The experience gained by Türkiye in many sectors during the economic transformations it underwent in the 2000s puts Turkish investors at an advantage in Pakistan, which is still in the early stages of such transformations.



Mining

Rich Reserves: Pakistan ranks second in the world in coal and salt reserves and fifth in copper and gold. The country also possesses rich resources of many industrial minerals, precious and semi-precious stones, and minerals used in the construction sector.

High Discovery Potential: Since most of the country's territory has not yet been fully explored using modern methods, the potential for discovery is high.

Incentives & Facilitation: The government provides long-term rights in mining licenses, tax exemptions, and ease of profit transfer for foreign investors.



IT

High Sectoral Experience: The sector is among those where Pakistan's expertise and competitiveness are at their highest. The country has nearly 150 million mobile internet users, over 300,000 English-speaking industry professionals, and a dynamic start-up ecosystem.

Cost-effectiveness: Pakistan offers both a large (4th in the world) and cost-effective labor force potential in an industry where labor costs are the primary input.

Export-orientation: The sector, which has shown double-digit growth rates in dollar terms for years, recorded a trade surplus of approximately \$2.5 billion in the last financial year.



Pharma & Medical

High Demand: The dynamism of Pakistan's demographics also presents significant opportunities in the pharmaceutical and medical sectors. In particular, the lack of local production in raw materials and high-tech products may create opportunities for investors in the domestic market.

Export Potential: Since the COVID-19 pandemic, Pakistan's pharmaceutical exports have increased by a remarkably high rate of approximately 80%. Due to its low production costs, Pakistan has the potential to become a significant export hub for low-income countries in Asia and Africa, particularly for generic drugs.



Energy

High Demand: Growing population and urbanization are increasing demand day by day despite Pakistan's already inadequate infrastructure.

Massive Renewables Potential: Pakistan receives an average of 9.5 hours of sunlight per day, and the energy potential that can be obtained from renewable sources in Pakistan is approximately 60,000 MW from hydroelectric power, 40,000 MW from solar energy, and 346,000 MW from wind power.

Incentives & Support: The disruption of energy imports due to foreign exchange shortages has prompted the Pakistani government to prioritize the sector and implement numerous incentive mechanisms.

4.1

AGRICULTURE AND FOOD



From an agricultural perspective, Pakistan sits on a largely untapped, enormous potential.

Overview of Pakistan's Agriculture and Food Sectors

Agriculture and Food

4.

Pakistan's ranking in the world in livestock size

[1]

\$191 billion

Total food and non-alcoholic beverage expenditure 2029 (forecasted) [2]

23.5%

GDP share FY25 [3]

\$122 million

Annual FDI in the sector FY25 [3]

6 million

Meat production (tons) FY25 [3]

72.3 million

Milk production (tons) FY25 [3]

11.

Global ranking in chicken stock [3]

\$517 million

Meat exports 2024 [4]

\$732 million

Exports of fruits and vegetables 2024 [4]

\$319 million

Exports of aquatic products FY25 [3]

Oilseeds and vegetable oils, grains, vegetables, tea

The main import items, totally account for approximately half of all agricultural imports. 2024 [4]

Grains, leather, beverages, seafood, meat

Key import items 2024 [4]

Pakistan's massive agricultural sector offers a wide range of opportunities for entrepreneurs targeting both the domestic market and imports.

Opportunities in the Agricultural Sector

Agriculture and Food



Fruits and Vegetables and Processed Products

- Pakistan's **vast geography, with its diverse climates, holds great potential**, particularly for certain products such as **mangoes, citrus fruits, tomatoes, and potatoes**.
- If Pakistan improves its **fruit and vegetable processing infrastructure** and quality, horticultural products could offer many opportunities in the rapidly growing global market.
- There is great potential, especially for investors ready to invest in **cold chain infrastructure**.



Cooking Oils

- Although the country's climate is suitable for growing many **oilseeds, edible oils** are one of Pakistan's **largest import items**.
- With the advantages provided by the **Green Pakistan Initiative (GPI)**, large-scale oilseed investments and investments targeting the domestic market can be made (details of the program are provided later).
- Although not widely known, Pakistan has a **developing olive sector** with great potential.
- Under the government-led **PakOlive** project, seven million olive trees have been planted, nearly **100 startups** have been established, and the sector is growing day by day in the country.
- Investors in **Türkiye, one of the world's largest olive/olive oil producers**, can benefit from Pakistan's developing olive sector through investments/exports in **both olive production and olive oil production** equipment.



Agricultural Machinery & Equipment

- In Pakistan, agricultural irrigation is still largely carried out using flood irrigation methods, and the **prevalence of modern irrigation systems is low**.
- The **threat to the country's water resources** due to environmental and political reasons has turned irrigation equipment into an important area of demand in **agricultural modernization**.
- In addition, the supply gap in all types of **agricultural machinery creates opportunities in the field of machinery and machine equipment**.
- **Greenhouse and controlled agriculture equipment, cold chain, and storage** can also be considered other important areas of opportunity.



Livestock Vaccines

- **Foot-and-mouth disease** poses a significant threat to Pakistan's livestock sector. As local production is limited to a few public research institutes and **private sector participation is minimal, the country is heavily dependent on imported vaccines**.
- Pakistan's status as **one of the world's largest livestock stocks** makes it a **huge market for animal vaccines**.
- In recent years, rising demand in the **Gulf region** and **increased meat imports** have also catalyzed the modernization of the sector.
- In this context, animal vaccines in Pakistan may attract the interest of public and private sector stakeholders in **Pakistan as a long-term, strategic investment area, despite high setup costs**.

Pakistan's massive agricultural sector offers a wide range of opportunities for entrepreneurs targeting both the domestic market and imports.

Opportunities in the Agricultural Sector

Agriculture and Food



Meat & Meat Products

- The country, which has **one of the largest livestock sectors** in the Islamic world, **broke a record in meat exports in 2024 with over \$500 million.**
- Thanks to its **large volume and low feed and production costs**, Pakistan's livestock sector offers serious potential for **export-oriented investors.**
- The **accelerating exports to the Gulf** hold potential for opening up markets in **Southeast Asia, such as Indonesia and Malaysia**, where the majority of the population is **Muslim.**



Poultry

- The sector is a **pioneer in adapting modern production methods** in Pakistan's agricultural sector. **European investors** are active in the sector.
- With over **15,000 poultry farms**, Pakistan has become the world's **11th largest poultry producer.**
- The **country's rapidly growing population** will contribute to the poultry sector by fueling demand for cheap protein sources.



Dairy Products

- Pakistan ranks **fourth in global milk production.** Milk is one of the most **basic consumer products** for the country's citizens.
- Unlike most countries, most of Pakistan's milk production comes from **buffaloes** rather than cows. **The abundance of buffaloes**, one of the most characteristic livestock animals of the Indian subcontinent, in the country puts Pakistan in a favorable position for the production of **unique products** in the global dairy market.



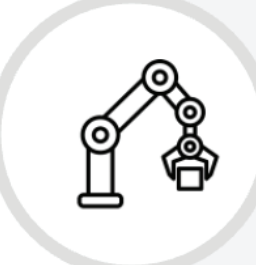
Fishing and Aquaculture

- Fishing and aquaculture stand out **as the most export-oriented sub-sector in Pakistan's agriculture.** A significant portion of the country's aquaculture production is **exported.**
- Furthermore, the fish reserves of the Indian Ocean, where Pakistan has a **large continental shelf**, remain largely **unexplored** and await investors.
- The same is true for Pakistan's **extensive riverbeds** in the **Indus Basin.**


General incentives provided for investments in the agriculture and food sector are listed below:

Incentives in the Agricultural Sector


Agriculture and Food




Low customs duty on imports of capital goods used in the livestock sector




Low customs duty on capital goods used in the processing, storage, and transportation of vegetables, fruits, food products, etc.



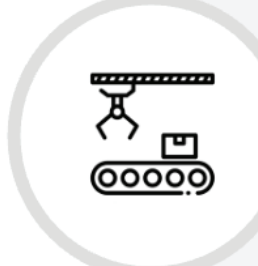
Low customs duty rate on the import of fish processing machinery and equipment




Low customs duty rates on imports of capital goods used in the food processing industry




0% customs duty on capital goods used to establish fruit processing facilities in certain regions




Reduced customs duty rate on imports of materials used in value-added poultry products



0% customs duty on sugar imports



Sales tax exemption on imports/procurement of livestock, meat, etc.



Exemption from withholding tax for certain food products

Under the Green Pakistan Initiative, the Pakistani government is leasing large agricultural areas to investors on extremely favorable terms for long-term use.

Green Pakistan Initiative, Scope and Benefits Provided

Agriculture and Food

Scope



~20 million km² of land with investment-ready projects

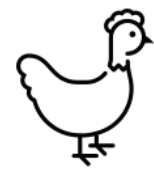
Sectors



Agriculture



Livestock



Poultry



Aquaculture

Conditions



30-year land lease



Sublease prohibition



Security deposit as a performance guarantee

Key Developments Within the Scope of the Initiative

Land allocated for the project

89,031 hectares

Estimated capital investment required per acre 2024

250 dollars

Number of Investors 2024

52

IRR

> 25%







Source: GPI.



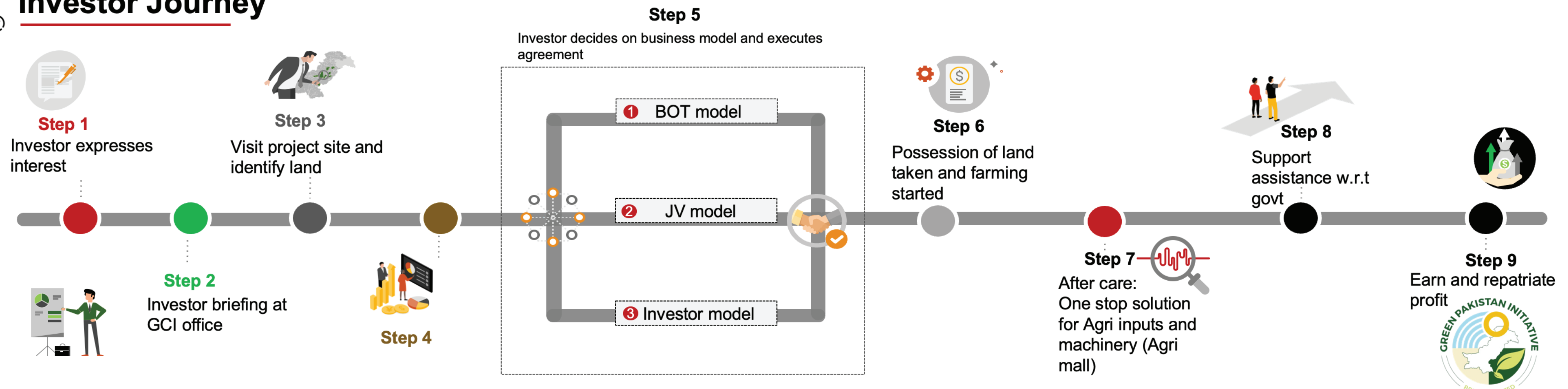
The three investment models offered to investors under the Green Pakistan Initiative, along with the stages to be followed throughout the investment journey, are outlined below.

Different Investment Models and Investment Journey in the Green Pakistan Initiative

Agriculture and Food

| Options |  Build, Operate and Transfer |  Joint Venture (Investor as lead) |  Investor Model (GPI as lead) | Key terms and conditions |
|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Salient features | <ul style="list-style-type: none"> Investor is provided the right of use of land Investor develops and operates the project for 30 years 100% of the revenue/profit to the investor Land rent as low as Rs.14 per square meter is paid to GPI annually. No rental to be paid for first 3 years. | <ul style="list-style-type: none"> Investor and GPI enters into a joint venture for 30 years Special purpose vehicle registered, jointly owned by investor and GPI. GPI provides land as equity, investor contributes cash to develop and operate the farm Profit shared as per agreed terms | <ul style="list-style-type: none"> Investor to contribute cash for development and operations of the farm. GPI to develop and operate the farm Revenues to be shared in cash or in kind Management fee to be paid to GPI for operating the farm |  Security deposit @Pkr 20mn/1,000 acres – Capped at 200 mn  Contract duration – 20+10 years  Right for use of land only (as per GPI bylaws) – no sub-lease |
| | Variants of these models maybe agreed subject to mutual agreement between investor and GPI | | | |

Investor Journey



4.2

CONSTRUCTION AND INFRASTRUCTURE



The low urbanization rate of this rapidly growing country with a large population indicates a high future demand for construction and infrastructure.

Overview of Pakistan's Construction and Infrastructure Sectors

Construction and Infrastructure

**+10
million**

Total housing shortage [1]

2.27%

GDP share of the sector
FY25 [2]

12.6%

Share of construction in
manufacturing sector
FY25 [2]

6.6%

Growth rate
FY25 [2]

38%

Urbanization rate
2024 [3]

47%

Percentage of people living in
unregistered households in cities
2023 [3]

350-400k

Annual new household formation
pressure
2022 [3]

\$62 billion

CPEC budget (1st and early 2nd
phase)
2030 [4]

100+

Number of planned highways
[5]

10

Number of hydroelectric power plants
under construction
[6]

3.16 million

Monthly average cement production
(tons)
June 2024 – July 2025 [7]

30.1%

Annual growth rate in cement
shipments
July 2025 [8]

84%

Annual growth rate in cement exports
July 2025 [8]

Sources: [1] Singh et al. (2023), [2] Pakistan Economic Survey, [3] World Bank, [4] Pakistan Institute of Development Economics (PIDE), [5] Pakistan National Highway Authority (NHA), [6] Pakistan Ministry of Water Sources, [7] State Bank of Pakistan, [8] All Pakistan Cement Manufacturers Association (APCMA)

The construction and infrastructure sector offers promising opportunities with great potential for the future, where demand in the country intersects with expertise in Türkiye.

Opportunity Areas in the Construction and Infrastructure Sector

Construction and Infrastructure

Housing Projects

- Housing demand in Pakistani cities continues to exceed supply. With **60% of Pakistan's population living in rural areas**, it is not difficult to predict that demand for the housing sector will continue to **grow steadily**.
- The **Turkish construction sector's strong reputation for design, material quality**, and project delivery times can provide a competitive advantage in the market.
- Furthermore, **Pakistan's real estate sector has gained significant momentum** over the past 5-6 years and is expected to reach a value of **\$2 trillion by 2025**.

Infrastructure Projects Under CPEC

- The CPEC projects, which are ongoing in four separate phases, have a **massive project portfolio**.
- Turkish investors can make a difference with their experience, particularly in the **construction of bridges and highways**.
- When considering the **challenges of competing with China** in CPEC projects, investors can consider not only direct involvement in these projects, but also the **production of inputs for these projects, such as cement, concrete, aggregate, and geotextile materials**.

Municipal Services

- Municipal services in Pakistan are **insufficient to meet demand**.
- While existing needs are already significant in areas such as **water and sanitation, waste management, stormwater drainage, and urban transportation**, it is anticipated that these areas will become even more important with the growing urban population and may require **long-term strategic investments**.


Shopping Malls


- The shopping mall concept, which gained prominence in Türkiye in the 2000s, is a relatively **new phenomenon** for Pakistani cities.
- The boom in the **retail sector** has increased demand for shopping malls, particularly among **the middle classes in the country's major cities**.
- In a country where **temperatures** begin to exceed 45 degrees as early as May, enclosed shopping areas are extremely attractive to citizens.


General incentives provided for investments in the construction and infrastructure sector are listed below:


Incentives in the Construction and Infrastructure Sector


Construction and Infrastructure


 Optional fixed tax regime for construction projects (new or ongoing residential and commercial developments)

 A 5% discounted advance tax rate for the sale of real estate through auction

 Withholding tax exemption for construction materials used in residential construction

 The Pakistani government has mandated that all banks in the country provide housing and building construction loans amounting to at least 5% of domestic private sector loans.

 Tax and withholding tax exemption on profit shares provided in housing projects

 NAYA Pakistan Housing and Development Authority or EHSAAS program low-cost housing projects will receive a 90% discount on taxes payable on their revenues, profits, and earnings.

Source: BOI, PwC.



4.3

TOURISM AND HOUSING



Pakistan has a growing, strong domestic tourism market thanks to its unique natural beauties across the Himalayan Range.

Overview of Pakistan's Tourism and Hospitality Sector

Tourism and Housing

\$36.3 billion

Estimated industry size
2034 [1]

\$19.8 billion

Sector size
2024 [1]

5.7%

CAGR
(2024-2034) [1]

\$23.1 million

Annual FDI
FY25 [2]

\$3.2 billion

Estimated package holiday market
size
2030 [3]

\$3 billion

Estimated hotel market size
2030 [3]

+11%

Expected CAGR in the package
holiday and hotel market
2025-2030 [3]

\$13.6 billion

Total domestic tourist spending
2023 [3]

\$1.6 billion

Total domestic tourist spending
2023 [3]

5.

World ranking in the Tourism Price
Competitiveness Index
[4]

1.7 million

Incoming international tourists
2024 [3]

2.8 million

Estimated incoming international
tourists
2030 [3]

**Karachi: \$70; Lahor: \$41
Islamabad: \$79**

Average nightly hotel rate
2030 [5]

Tourism spending in Pakistan is expected to double by 2033, reaching \$30 billion per year.

Opportunity Areas in the Tourism and Hospitality Sector

Tourism and Housing



Nature Tourism

- Although **not well known abroad**, Pakistan has breathtaking **natural beauty, especially in the north**.
- Thanks to improving security conditions and infrastructure, many Pakistani citizens living in large cities are vacationing in regions famous for their natural beauty, such as **Murree, Hunza, and the Swat Valley**.
- The demand for quality accommodation from the **middle/upper income group** in such regions can be seen as an opportunity.



Medical Tourism

- Pakistan's leading **private hospitals** stand out as a promising destination for medical tourism with their advanced infrastructure and cost advantages.
- **A large number of patients**, especially from neighboring countries **Iran and Afghanistan**, receive services from hospitals in the country.
- The **Turkish healthcare sector**, which has gained significant experience in medical tourism and hospital management in recent years, **can make a difference in Pakistan**, a country with a population of 250 million.



- In addition to the advantages mentioned earlier, the tourism sector in Pakistan is a **rapidly growing market**. It contributes **over \$3 billion** annually to the economy, and this figure is expected to **double over the next five years**.
- Pakistan has become **one of the world's fastest-growing tourism markets**, experiencing a 317% increase in international tourist numbers in recent years.
- With the boom in domestic tourism, Pakistanis are exploring their own country more than ever before.

The general incentives provided for investments in the tourism and accommodation sector are listed below:

Incentives in the Tourism and Hospitality Sector

Tourism and Housing



Sales tax exemption on the import of capital goods for hotels in the Gwadar region



Exemption from income tax withholding for services provided by hotels



Machinery and equipment for hotel construction in Gwadar; customs duty reduction for prefabricated structures for hotels in Hill Stations, Gilgit Baltistan, AJK, and Coastal Areas of Balochistan



Tourist visa on arrival



Financing opportunities for consulting services under the Export Finance Program



Business visa on arrival



Hotel operators that have suffered losses are given the opportunity to offset their losses against their income in Pakistan.



Investment-ready projects prepared by SIFC in Integrated Tourism Zones (ITZ)

4.4

LOGISTICS



Currently, Pakistan's logistics sector is failing to keep pace with the country's modernization needs.

Overview of Pakistan's Logistics Sector

Logistics

40%

Expected increase in road traffic over the next 10 years

[1]

10.5%

GDP share of the sectors

FY25 [1]

5.4%

Share in employment

FY25 [1]

\$68.5 billion

Market size

2024 [2]

94%

The proportion of road transport in total freight

FY25 [3]

85%

The share of small businesses among companies

[1]

2%

Market share of small business

[1]

\$6.7 billion

Transportation projects implemented under eight separate projects within the CPEC [3]

+300k

Number of registered trucks

As of March 2025 [3]

40%

Loss rate in perishable agricultural products due to inadequate storage [1]

**Port Qasim,
Karachi, Gwadar**

Major ports

[3]

109 million

Total cargo (tons) passing through ports

FY24 [1]

\$6.4 billion

Estimated third-party logistics services market size

2030 [2]

It is estimated that one of the most important catalysts for Pakistan's modernizing economy will be the transportation and logistics infrastructure developed through CPEC investments.

Opportunity Areas in the Logistics Sector

Logistics



Logistic Centers and Warehouses

- **In light of increasing consumption and e-commerce trends**, the country's logistics sector has a great need for modernization in terms of both infrastructure and management.
- In this regard, it is anticipated that there will be an increased need for **logistics centers and storage facilities in major cities and along the CPEC route** (from Gwadar to the Chinese border).
- According to the Pakistan Business Council, **85% of road transport in the country is carried out by small businesses**, and there is a need for entrepreneurs to enter the country's market with technology and modern fleets.



Air Transport

- The **insufficient cargo capacity at Pakistan's airports** causes logistical problems, especially in the transportation of high value-added products.
- Under the CPEC, **the modernization of some airports and the renovation of cargo terminals** are planned.
- Opportunities may exist for Turkish investors in **air cargo companies, express delivery services, and cargo terminal operations**.








Cold Chain






- Pakistan's cold chain infrastructure falls significantly short of the needs of the country's massive agricultural sector. Estimates suggest that this results in **spoilage rates approaching 40% for perishable goods**.
- **Increased exports, particularly in the meat and seafood segments**, are driving up demand for cold chain infrastructure.
- Therefore, it is believed that such projects, implemented using **renewable energy applications**, could be successful, especially **along export routes**.

The general incentives provided for investments in the logistics sector are listed below:

Incentives in the Logistics Sector

Logistics

-  Exemption from customs duties on the importation of ships, other floating vessels, and special boats
-  Exemption from customs duties on imports for storage and transshipment activities in the Gwadar Free Zone Area
-  Sales tax exemption for the supply/import of goods for the establishment of workshops and greenfield airports
-  Advance tax exemption on the import of aircraft and related products
-  Zero sales tax on supplies, repairs, and spare parts for ships

-  Sales tax exemption on container imports for cargo transportation
-  Exemption from advance tax on the import of ships and other floating vessels until 2030
-  Low tax rate for income earned from transportation-related services
-  Long-term financing opportunities for the maritime sector
-  Customs duty exemption on the import of aircraft and related products

4.5

MINING



Pakistan has large reserves of gold, iron, lignite, semi-precious minerals, and marble.

Overview of Pakistan's Mining Sector

Mining

297
billion

Estimated marble and granite reserves
(tons) [1]

2.02%

GDP share of the sector
FY25 [1]

19.7 million 800k

Oil production (barrels)
FY24 [1]

Natural gas production (mmfct)
FY24 [1]

19.2 million 6.8 million 676k

Coal production (tons)
FY24 [1]

Marble production (tons)
FY24 [1]

Iron production (tons)
FY24 [1]

1.6 billion 1.5 billion 185 billion

Gold reserves (tons)
[2]

Iron reserves (tons)
[2]

Lignite reserves (tons)
[1]

Pakistan, whose existing reserves have not yet been sufficiently explored, sits on a huge potential in different types of minerals and ores.

Opportunity Areas in the Mining Sector

Mining



Coal Mining

- Pakistan possesses **enormous lignite reserves** totaling 185 billion tons, including 3.45 billion tons measured, approximately 12 billion tons indicated, 57 billion tons estimated, and 113 billion tons of presumptive reserves. When these resources are used correctly, it is estimated that they have the **potential to generate over 100,000 MW of electricity over the next thirty years.**
- **Ninety-five percent of the coal reserves** are located in the **Tharparkar district of Sindh province.** There are power plant investments by **Chinese companies**



Marble Mining

- Pakistan possesses **one of the world's largest reserves of marble and onyx.** However, exports are largely carried out in the form of raw blocks. Considering Türkiye's experience in marble processing and exports, Türkiye has the potential to gain a significant share in the market through know-how transfer in this field.




Copper and Gold Mining


- The **increasing demand for copper in the global energy transition** (due to electric vehicles, renewable energy infrastructure, cabling, etc.) presents a significant opportunity.
- The Baluchistan region of Pakistan (particularly **Reko Diq**) is home to one of the world's largest copper-gold reserves.
- Turkish investors in the mine, where international investments are being made, can explore opportunities for **integration into the supply chain in both extraction and processing.**


The general incentives provided for investments in the mining sector are listed below:


Mining


Incentives in the Mining Sector


 Reduced rates for machinery imports (0% for exploration, 3% & 5% for development)


 Simplifying the visa/work permit process for foreign workers


 Protection against expropriation risks

 A 2% tax deduction for every 50 employees


 Simplifying the visa/work permit process for foreign workers


 Increasing incentives based on contribution to exports


 Flexibility regarding the repatriation of capital and profits


 Up to 100% foreign capital authorization

Thar Coal Mine Incentives

 Special Economic Zone status for Thar coal deposits

 Zero customs duty and zero sales tax on machinery imports

 Exemption from withholding tax on dividend income for 30 years

 Input tax adjustment for energy units using Thar coal

4.6

**PHARMA AND
MEDICAL**



Growing population and health needs are expected to nearly triple total health expenditures in Pakistan over the next 15 years.

Overview of Pakistan's Pharmaceutical and Medical Sector

Pharma and Medical

7.2%

Expected CAGR in healthcare expenditures 2024-2030 [1]

\$10.9 billion

Total health expenditure 2024 [1]

\$30.7 billion

Forecasted total health expenditure 2040 [1]

46.9%

Share of out-of-pocket expenditures in all health expenditures 2024 [1]

4.98%

Growth rate in sales of domestic companies March 2025 [2]

-0.72%

Growth rate in sales of international companies March 2025 [2]

87 (With 96.5% market share)

Number of companies with sales exceeding 1 billion PKR March 2025 [2]

1200+

Number of hospitals [3]

636 (623 of them local)

Number of new products launched March 2025 [2]

Diabetes medications, vaccines, oncology drugs, antiviral drugs

Leading pharmaceutical segments [1]

0.53

Number of beds per thousand people 2024 [1]

1.27

Number of physicians per thousand people 2024 [1]

0.53

Number of nurses and midwives per thousand people 2024 [1]

With its massive domestic market and cost advantages, as well as its export potential to developing regions, Pakistan's pharmaceutical sector stands out as a strategic investment area.

Opportunities in the Pharmaceutical and Medical Sector

Pharma and Medical

Generic Drugs

- Generic drugs, whose importance is growing in the global pharmaceutical industry, represent an opportunity area that aligns with both **demand and supply dynamics in the country**.
- In Pakistan, a developing country, there is **high demand** for affordable drugs composed of small molecules.
- At the same time, the **domestic pharmaceutical industry, which can only meet 12% of demand** and is protected by import duties, produces mostly generic drugs. These companies can be considered **strategic partners** for potential collaborations.
- Cost advantages position Pakistan as a promising **exporter of generic drugs to less developed regions**.

Medical Devices and Consumables

- The Pakistani medical devices market, estimated by the U.S. Department of Commerce to be worth **\$500-600 million**, is largely **dependent on imports**.
- In this sector, there are **experienced companies** in product groups such as surgical equipment and dental supplies, particularly in the city of **Sialkot in northern Punjab**, which have reached a certain level.
- Mechanisms exist to encourage **domestic production** in this sector.

APIs

- Currently, **only 73** active pharmaceutical ingredients (APIs) are produced in Pakistan by domestic and foreign companies, and most of the demand is met through **imports from China**. There is particularly **high demand for raw materials** such as **atenolol, ceftriaxone, and paracetamol**.
- Raw materials are among the product groups prioritized by the government. The post-pandemic strengthening of import substitution and **regional export-based localization strategies** presents opportunities for Turkish investors.

Blood Products and Clinical Research

- Pakistan offers significant opportunities for **clinical research** due to its large population. Furthermore, the increasing number of **GCP-compliant clinical research units** across the country, the openness of university hospitals to international collaborations, and the **prevalence of certain diseases** may also present opportunities in this regard.
- The large population also provides advantages for the production of **plasma-derived drugs**. With the recently published **2025-2030 National Blood Transfusion and Blood Products Policy**, the sector has been given a framework by the government, and steps have been taken to **encourage investment**.

General incentives provided for investments in the pharmaceutical and medical sector are listed below:

Incentives in the Pharmaceutical and Medical Sector

Pharma and Medical



Exemption from sales tax on pharmaceutical raw materials



A 5% customs duty on the import of auxiliary materials/chemicals



Zero customs duty on the import of many drugs



Customs duty exemption on imports of pharmaceutical-grade gelatin



Exemption from customs duties on pharmaceutical raw materials



Refinancing opportunity under the Export Finance Program for Consulting Services



A 5% customs duty on the import of factory installation equipment and machinery for pharmaceutical manufacturers

4.7

IT



Pakistan, which can be described as a powerhouse in the IT sector, has an extremely dynamic business ecosystem.

Overview of Pakistan's IT Sector

IT

600k+

Number of IT professionals
[1]

\$20.7 billion

Forecasted market size
2028 [2]

23%

Forecasted CAGR
2023-2028 [2]

\$3.22 billion

IT services exports
FY24 [1]

183k km

OFC terrestrial network
[1]

10

Number of international
communication cables passing
through the country [1]

14.3 tbps

Submarine cable capacity
[1]

147 million

Number of mobile internet users
[1]

26k+

Number of IT companies
[1]

75k+

Annual fresh IT graduates
[1]

\$3.2 billion

Forecasted public cloud market size
2030 [2]

16.3%

Forecasted CAGR of software
export sector
2024-2029 [2]

10.6%

Forecasted CAGR in business
software sector
2024-2029 [2]

Sources: [1] Pakistan Software Export Board (PSEB), [2] Statista, Pakistan Special Technology Zones Authority (STZA).

There are investment opportunities available at low costs across a wide range of sectors.

Opportunity Areas in the IT Sector

IT



Software Development

- Pakistan, with its **vast and English-speaking** workforce, offers software services at significantly **lower costs** compared to developed countries.
- The country is still in the early stages of economic transformation in many sectors, and there is a great need for digitalization in almost every sector. Pakistan's **dynamic start-up ecosystem** is home to numerous players producing services to meet these needs, and these players also provide a strong foundation for investment and partnerships.



E-commerce and Payment Systems

- The country, which is home to over **140 million people under the age of 30**, has an e-commerce sector that is growing at **double-digit rates** and **has not yet reached full saturation**.
- The fact that the vast majority of the country's population does not have a **bank account** strengthens the field of financial technologies as a **long-term opportunity area**.
- Türkiye, home to some of the world's most successful examples of e-commerce and financial technologies, could explore ways to implement these models in Pakistan.



Shared Services Centers

- With proper risk management and security-infrastructure analyses, Pakistan has the potential to become an alternative **regional hub for SSC investments**, offering an English-speaking, young, and low-cost workforce.
- Pakistan's **proximity to the Gulf, China, and Central Asian** markets in terms of time zones makes the country as a promising base for exporting services to these markets.













Cybersecurity, Cloud Services, and Data Centers

- The limited number of players offering advanced cybersecurity solutions in the local market creates a significant **market gap** for foreign investors. Investors have the opportunity to gain an advantage in the market by offering **security software, threat monitoring systems, AI-powered security solutions, and consulting services** to both corporate customers and the **public sector**.
- Given the digital policies and general needs of the public sector, the **cloud technology sector** in the country is expected to reach **\$3.5 billion** by 2032.

The general incentives provided for investments in the information technology sector are listed below:

Incentives in the IT Sector

IT

-  100% foreign ownership permit
-  Permission to transfer 100% of profits out of the country
-  Member companies and freelancers of the Pakistan Software Export Board (PSEB) are subject to a tax rate of only 0.25% on export revenues from IT and IT-supported services.
-  Software, IT, and IT-supported services exporters and independent service providers are permitted to hold up to 50% of their export revenues in special foreign exchange accounts to cover business-related international expenses, including overseas travel.
-  Permission to hold 35% of export revenues in foreign currency for overseas payments
-  Sales tax exemption on exports of IT services in the Islamabad Capital Territory
-  Providing information technology-supported office spaces in Software Technology Parks
-  Startups registered with PSEB that offer technology-focused products or services in any sector are eligible for a 100% tax reduction for three years, including minimum, alternative corporate tax, and final taxes.
-  Sales tax exemption on the export of services provided by call centers in Sindh
-  Low sales tax on IT services in the provinces of Punjab, Balochistan, and Khyber Pakhtunkhwa

4.8

ENERGY



The solar energy revolution, intensified hydroelectric power plant construction, and strong foreign investment have given Pakistan's energy sector a dynamic outlook.

Overview of Pakistan's Energy Sector

Energy

\$35 billion

The amount of direct foreign investment attracted to the country through public-private partnerships in the energy sector
By March 2025 [1]

46,605 MW

Established capacity
2025 [1]

90,145 Gwh

Electricity production
By March 2025 [1]

80,111 Gwh

Electricity consumption
By March 2025 [1]

%36

The share of renewable energy in electricity generation
FY2024 [1]

31.3%

The share of hydroelectric power in electricity generation
FY2024 [1]

Solar energy

The fastest growing segment
[3]

2900 GW

Solar energy potential
[4]

340 GW

Wind energy potential
[4]

60 GW

Hydroelectric energy potential
[4]

1st

Ranking in FDI sectors
FY25 [1]

\$1.7 billion

Total FDI in the energy sector
FY25 [1]

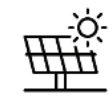
87%

Increase in per capita electricity consumption
2000-2022

Pakistan's renewable energy sector offers strategic investment opportunities in terms of both demand and potential.

Opportunity Areas in the Energy Sector

Energy



Solar Power Plants

- Pakistan is experiencing a **solar energy revolution**. Rising electricity prices have accelerated installations, and solar energy alone meets a **quarter of the country's energy needs**.
- According to World Bank estimates, Pakistan has a solar energy potential of **40 GW**. Approximately **95%** of Pakistan's land area receives **1,500-3,000 hours of sunlight per year**, and there are more than 300 sunny days throughout the year. The average solar radiation is **5-7 kW/m²/day**, which is equivalent to **200-250 W/m²**.
- The government offers investors exemption from customs duties on solar panel imports and sales tax on solar energy equipment; the State Bank of Pakistan offers **financing programs with reduced interest rates**.



Hydroelectric Power Plants

- Hydroelectric power plant projects are among the areas where **Turkish investors are currently active**.
- Pakistan's **Indus River Basin** has an estimated hydroelectric energy potential of approximately **60,000 MW**, only about **10% of which is currently being utilized**.
- Existing dams and hydroelectric power capacity **cannot fully meet the growing demand** for electricity, leaving room for new projects. Therefore, it is estimated that many hydroelectric power projects will be on the agenda in the country in the future.







Wind Power Plants






- Pakistan's coastal regions of **Sindh** and **Balochistan** feature strong wind corridors that are ideal for viable wind energy projects.
- Pakistan's **installed wind energy capacity** has reached nearly **2,000 MW**, but the **potential exceeds 50,000 MW**.
- Wind energy projects are supported by measures such as **tax exemptions and land allocation**.
- **Turkish renewable energy companies have proven experience** in the development and operation of wind power plants and offer potential for technology transfer.

General incentives provided for investments in the energy sector are listed below:

Incentives in the Energy Sector

Energy

-  Exemption from Income Tax, Turnover Tax, and Sales Tax (depending on the project type and technology)
-  Privileges in project facility and machinery imports, facilitation of project installation
-  100% foreign ownership with full control, a favorable investment environment
-  Guarantee of payment obligations for electricity and transmission services by the Government of Pakistan
-  Return on equity indexed according to the USD/PKR fluctuation determined by the Pakistan National Electric Power Regulatory Authority

-  Inflation-linked tariff indexation (U.S. Consumer Price Index and Pakistan Wholesale Price Index) and foreign costs USD/PKR parity
-  Flexibility in the terms of the Power Purchase Agreement/Transmission Services Agreement, which vary between 25 and 30 years depending on the project
-  Dispute resolution mechanisms involving discussions, determination by experts, and arbitration under the rules of the London Court of International Arbitration and United Nations Commission on International Trade Law.
-  A clear legal roadmap under English law for resolving disputes involving foreign creditors
-  Conversion of PKR to USD and securing foreign exchange transfers by the Government of Pakistan



5

MECHANISMS FOR A STRONGER PARTNERSHIP



There are numerous potential areas of cooperation between the two countries that concern both the private sector and the public sector.



Potential partnerships under the Iraq Development Road Project



Inter-university partnerships; increasing reciprocal student exchanges



Partnerships in maritime transport, state-supported merchant fleet



Collaborations between technology parks



Visa facilitation for businesspeople traveling from Pakistan to Türkiye; Use of the Turquoise Card as an effective tool for attracting qualified workforce



Increasing joint business councils and diversifying them by sector; establishing a Turkish business association in Pakistan



Evaluation of potential partnerships with third countries in Pakistan



Establishment of mutual investment funds



6

COMPANY VIEWS





Anadolu Group, through CCI, has built its presence in Pakistan on trust and shared aspirations. Since 2008, CCI Pakistan has become a leading beverage company, serving millions through seven production facilities nationwide.

Our investments—over USD 1 billion—reflect confidence in Pakistan’s future and a commitment to long-term growth. CCI provides thousands of jobs and ranks among the country’s largest taxpayers, underscoring its economic impact.

Water stewardship is a central pillar of our sustainability strategy. Through the PAANI Project, which ensures access to clean drinking water for underserved communities, and our comprehensive water replenishment program that returns all water used in production to nature, we reaffirm our commitment to environmental protection and the creation of healthier, more resilient communities.

This approach aligns with the DEİK report’s vision for stronger Türkiye–Pakistan economic ties. Our experience shows how responsible investment can turn shared ambition into lasting success.

ANADOLU GROUP

Arcelik

Pakistan's home appliances market is highly promising, driven by its young and fast-growing population, accelerating urbanization, and the steady expansion of the middle-income segment. Penetration rates in many appliance categories remain significantly below those of developed markets, pointing to strong and sustainable growth potential in the years ahead. As consumers increasingly prioritize energy efficiency, durability, and value for money, the market continues to offer substantial opportunities for companies with the right product portfolio, strong distribution capabilities, and a long-term commitment to the country.

As a company, we recognized this potential early and acquired Dawlance, the market leader in Pakistan, more than 10 years ago. Over the past decade, we have strengthened Dawlance not only as a leading brand but also as a trusted symbol of quality, reliability, and deep understanding of local consumer needs. Through extensive investments in local manufacturing, R&D, and a nationwide dealer network, we have clearly demonstrated our long-term commitment to the market. Today, Dawlance stands as a strong success story, uniquely positioned to capture the future growth of Pakistan's home appliances market while delivering sustainable profitability and long-term value.

ARÇELİK



DOLSAR Engineering operating in Pakistan since 2011 have provided engineering services for various energy, water and infrastructure projects and continue to provide engineering services for the mega projects of the country. Our growing Lahore office is on its path to become a regional hub, contributing to DOLSAR's ongoing projects in other countries. We will continue to provide engineering & consultancy services for the energy and infrastructure needs of growing and developing Pakistan.

DOLSAR

ZORLUENERJİ

Relations between Türkiye and Pakistan are rooted in a deep history and a sincere friendship spanning many years. Built on shared values of mutual trust, fellowship, and a commitment to peace; this strong bond today is obvious not only in political and cultural spheres but also in concrete economic and trade cooperation.

As two sister nations, we stand together not only in times of prosperity but also during challenging periods, overcoming difficulties through mutual support. This strong culture of solidarity between our countries promotes the relations between our countries on a sustainable foundation towards a hopeful future.

In recent years, Pakistan has been undergoing a significant transformation, particularly in the energy sector, and holds great potential in wind, solar, and other clean energy resources.

As Zorlu Energy, we are honored and highly satisfied in being part of this transformation. Having taken our first step in 2008 with Pakistan's first renewable energy project, and today contributing to clean energy generation through our 56 MW installed-capacity wind power plant, we also help strengthen the economic and strategic cooperation between the two countries. By transferring our know-how and experience in renewable energy to Pakistan, we continue to create value together for a cleaner and more sustainable future.

ZORLU ENERGY



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#BusinessDiplomacy

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