



INFRASTRUCTURE

BRIEF LANDSCAPE OF PAKISTAN'S INFRASTRUCTURE MARKET

Pakistan's infrastructure boasts some of the deepest ports in the region and supports one of the best performing economies in South Asia. With a rapidly growing market, it offers Swiss companies unparalleled opportunities for collaboration. Explore the dynamic potential and make a lasting impact on the sector landscape in this factsheet.

COUNTRY SECTOR PROFILE

As a strategic hub linking Central and South Asia, Pakistan has significant potential for trade and economic growth. With a population of over **240+** million people, Pakistan represents a sizable consumer market and labor force.

Pakistan's strategic location means it is well-positioned to benefit from regional development initiatives, such as the China-Pakistan Economic Corridor. With a strengthened commitment to economic and governance reforms,

Pakistan can capitalize on its strategic advantages. Overall, Pakistan has significant potential to serve as an economic bridge between Central and South Asia if it can address existing challenges.



OVERVIEW OF POPULATION GROWTH AND URBANIZATION

Pakistan's population has been steadily growing, and it currently stands as the world's fifth-most populous country, with over **242.8** million people. This demographic trend is expected to continue. The majority of this growth is happening in urban areas, making it imperative to develop and upgrade infrastructure to accommodate the urban influx.

ECONOMIC GROWTH

Pakistan's economy has been on an upward trajectory in recent years, and it offers a strategic location for trade due to its proximity to China, India, and Central Asia. Pakistan's economy is expected to grow by **2.3%** in FY24/25 as business confidence improves, making it one of the best performing economies in South Asia.



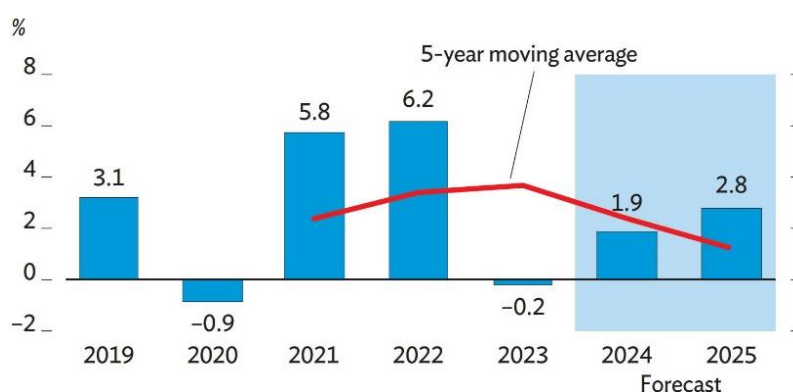
Source: Pakistan

China-Pakistan Economic Corridor (CPEC), massive bilateral project to improve infrastructure within Pakistan for better trade with China and to further integrate the countries of South Asia. It is part of the larger Belt and Road Initiative (BRI) to improve connectivity, trade, communication, and cooperation between the countries of Eurasia announced by China in 2013.

The goal of the CPEC is both to transform Pakistan’s economy—by modernizing its road, rail, air, and energy transportation systems—and to connect the deep-sea Pakistani ports of Gwadar and Karachi to the Xinjiang Uygur Autonomous Region in China and beyond by overland routes. (Xinjiang borders the countries of Mongolia, Russia, Kazakhstan, Kyrgyzstan, Tajikistan, Afghanistan, Pakistan, and India, and the ancient Silk Road ran through its territory.) This aims to reduce the time and cost of transporting goods and energy such as natural gas to China by circumventing the Strait of Malacca and the South China Sea. The initiative was also set to open several special economic zones (SEZs), modeled on similar zones in China that offer incentives for investment and are intended to spur rapid economic growth.

ECONOMIC PROSPECTS

Growth is projected to remain subdued in FY2024 and pick up in FY2025, provided economic reforms take effect. Real GDP is projected to grow by 1.9% in FY2024, driven by a rebound in private sector investment linked to progress on reform measures and transition to a new and more stable government. An expansion in private consumption and a rise in workers’ remittances from a move toward a market-determined exchange rate should buttress growth. However, low confidence, a surge in living costs, and the implementation of tighter macroeconomic policies under the International Monetary Fund Standby Agreement will restrain domestic demand. In FY2025, growth is projected to reach 2.8%, driven by higher confidence, reduced macroeconomic imbalances, and adequate progress on structural reforms, greater political stability, and improved external conditions.



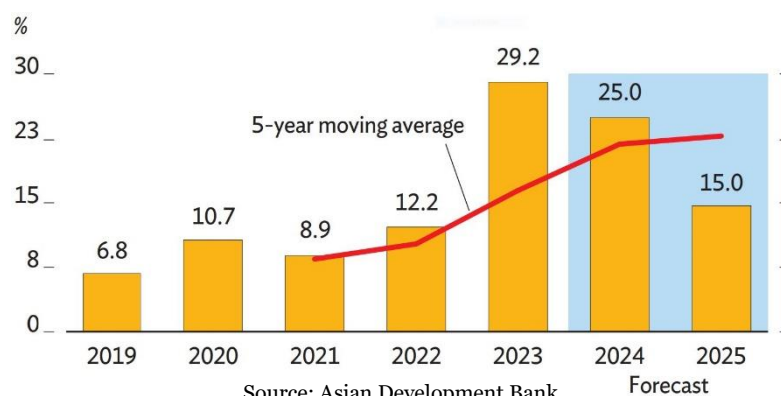
Source: Asian Development Bank

Growth will revive this year and accelerate next year, with inflation declining:

	2022	2023	2024*	2025
GDP Growth	6.2	-0.2	1.9	2.8
Inflation	12.2	29.2	25.0	15.0

Source: Asian Development Bank

Headline inflation is expected to decrease to 15.0% in FY2025 as progress on macroeconomic stabilization restores confidence. The central bank has maintained a tightened monetary policy, keeping the policy interest rate at 22.0% in response to persistent inflationary pressures and external imbalances. The central bank has committed to keeping an appropriately tight policy to lower inflation to its medium-term target range of 5%–7%.



Source: Asian Development Bank

On the supply side, growth will be led by post-flood recovery in agriculture. Output will rise from a low base on improved weather conditions and a government package of subsidized credit and farm inputs that will support expanded area under cultivation and improved yields. Higher crop output and some improvement in global growth are expected to support recovery in industrial output in the latter half of the 2024. Growth in services is projected to strengthen in FY2024 as recovery in agriculture and industry benefit services.

PAKISTAN EXPECTING INVESTMENT IN PORT INFRASTRUCTURE BY GLOBAL SHIPPING GIANT MAERSK

Pakistan is expecting investment from a Denmark-based global shipping giant, AP Moller–Maersk (Maersk), in its port terminal and infrastructure. This came after a visit of Maersk Chief Executive Officer Keith Svendsen's to Pakistan, where he met top officials to explore opportunities in Pakistan's maritime sector. Danish shipping firm is interested in investing in a terminal and port as well as allied infrastructure, including connecting bridges.



Maersk has grown into a leading provider of logistics and supply-chain services across Pakistan. It has around 20 percent market share in Pakistan's containerized import-export activities, according to Pakistan's information ministry. In January 2024, the Danish shipping firm announced new smart logistics and warehouse facilities in China, Norway and Pakistan.

ISLAMABAD INTERNATIONAL AIRPORT EXPANSION

The Islamabad International Airport Expansion project is a response to the increasing demand for air travel in Pakistan's capital city. The expansion will include the construction of a new terminal, additional runways, and improved infrastructure to accommodate the growing number of passengers and flights. With enhanced facilities and capacity, the Islamabad International Airport will become a regional aviation hub, boosting tourism, trade, and economic activity in the surrounding areas.



GAWADAR INTERNATIONAL AIRPORT

The port city of Gwadar in the south of Pakistan has been transformed by joint initiatives with China. They aim to make the city a pivotal driver of Pakistan's economic growth. One major project is the ongoing construction of Gwadar International Airport. In March 2019, Gwadar inaugurated its new international airport, which is now nearing completion. Managed by the China Airport Construction Group, the airport spans 18 square kilometers and will be the second-largest in Pakistan.



International Airport Gawadar Concept Image

International businesses should closely monitor CPEC developments as they offer significant opportunities for collaboration. Gwadar port, part of CPEC, has the potential to become the next Dubai due to its strategic location, infrastructure, and tourism potential. The \$62 billion initiative aims to promote economic growth in Pakistan through infrastructure, energy, and development projects.

GOVERNMENT INCENTIVES AND OPPORTUNITIES

The Pakistani government offers various incentives to attract local and Swiss SMEs in infrastructure development. These incentives include tax breaks, tariff reductions, and streamlined approval processes. International businesses can explore these incentives.

Pakistan has embraced the Public-Private Partnerships (PPP) model to fund and execute infrastructure projects. This approach allows private sector participation and expertise, reducing the burden on the government's finances. Businesses interested in infrastructure development can consider partnering with the public sector through PPPs.

Government has established SEZs to promote industrialization. These zones offer a range of benefits, including tax exemptions for up to 10 years and simplified regulatory processes. Swiss SMEs can explore opportunities in these designated areas.



OPPORTUNITIES FOR BUSINESSES

Construction and Engineering Firms: Construction companies and engineering firms can participate in infrastructure projects, such as road construction and urban development. **Logistics and Transportation:** Businesses involved in logistics and transportation can explore opportunities to support the efficient movement of goods within Pakistan. The World Bank's initiatives in Pakistan offer a multitude of collaborative opportunities for businesses, both within Pakistan and internationally. Whether you're interested in energy, education, agriculture, infrastructure, or private sector development, there are projects and programs aligning with your business objectives.

As you embark on your journey to tap into these opportunities, remember the importance of thorough research, strategic partnerships, and sustainable practices. Pakistan's economic potential, combined with the support of institutions like the World Bank, makes it a compelling destination for businesses seeking growth and expansion in an emerging market. By capitalizing on these initiatives, you can contribute to the country's development while achieving your own business goals.

PRESENCE OF SWISS FIRMS

A Swiss Multinational Company Sika Switzerland AG in the sector of Construction Chemicals is directly present in the Pakistan's Infrastructure Sector, selling produced mortar and concrete admixtures. Other Swiss SMEs having active presence in the sector are Hilti (building tools), Laufen AG (bathroom fittings), Leister (engineering tools), Menzi Muck (machinery), Schilliger Holz AG (wooden products), and Skinrock (natural stone products), also known to be available with others, through Pakistani representatives.

Swiss companies have a long-standing reputation for their expertise in infrastructure development, bringing precision, innovation, and sustainability to their projects. In South Asia, these companies have played a pivotal role in revolutionizing the region's infrastructure. Through cutting-edge engineering solutions and advanced construction techniques, Swiss firms have contributed to the development of robust transportation networks, efficient water management systems, and modern urban infrastructure. Their commitment to quality and sustainability ensures that these projects not only meet the current needs but also stand the test of time, significantly enhancing the region's connectivity and urban landscape. Swiss companies like ABB, Holcim, Geberit, Schindler Group & Sika Switzerland AG are exemplary in their contributions, setting new benchmarks in infrastructure development and fostering economic growth in South Asia.

UPCOMING CONFERENCES IN PAKISTAN 2024

BUILD PAKISTAN EXPO (26 – 28 SEPT. 2024) EXPO CENTER KARACHI, PAKISTAN: The event will deliver a powerful combination of senior decision makers and purchase influencers from across Pakistan's industrial, commercial and public sectors.



INTERNATIONAL ENGINEERING & MACHINERY EXPO ASIA (12 – 14 SEPT. 2024) EXPO CENTER LAHORE, PAKISTAN: International Engineering & Machinery Asia is Pakistan's Leading Business Exhibition on Engineering, Machinery tools and allied products, which Attracts high quality potential Trade Visitors from Engineering, Machinery and Manufacturing Industry across Pakistan as well as neighboring countries the steady growth of the event, is a reflection of the increasing capabilities as well as the potential of Pakistan machine tools sector.



LOGISTICS, TRANSPORTS & MATERIAL HANDLING (LTMH) PAKISTAN EXPO (26 – 28 SEPT. 2024) EXPO CENTER KARACHI, PAKISTAN: LTMH will provide a unique opportunity to discover cutting-edge technologies, explore the latest industry solutions, and discuss how to increase efficiencies within supply chain operations. The event will witness a series of seminars and live demonstration of new technology ideas, apart from an extensive exhibition.



CONCLUSION:

In conclusion, Pakistan's infrastructure development trends present a wealth of opportunities for both domestic and international businesses. From transportation and energy to urban development and technology, various sectors are poised for growth. Pakistan offers opportunities for growth in various areas. It opens a pathway to sharing knowledge, expertise, and capital, paving the way for a more prosperous and innovative era in Pakistan's Infrastructure Sector.

HOW S-GE CAN SUPPORT

We would be delighted to support you in your expansion plans to Pakistan and connect you with the appropriate business partners. Our renowned experts in Zurich work closely with the Embassy and our specialists at the Trade Point in Pakistan, ensuring that you benefit from firsthand information. We look forward to hearing from you!

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GET IN TOUCH



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