

Unleashing Potential:

The Thriving

IT/ITeS

Industry of

Pakistan



PAKISTAN:

WHERE GROWTH TAKES ROOT

Pakistan's economy is on the rise, offering compelling opportunities for investors seeking a vibrant and emerging market in Asia. These insights unveil a nation committed to stability, growth, and a dynamic future. Embrace the opportunity and be part of Pakistan's economic miracle!

A Nation on the Move

- **Resilient Economy:** Despite short-term contractions, Pakistan's economy is rebounding, with growth projected at 3.6% in FY2025.
- **Strategic Location:** Pakistan's geographical advantage unlocks access to regional markets and investment.

Investing in a Thriving Future

- **Thriving Agriculture:** Agriculture, the backbone of Pakistan's economy, is experiencing robust growth, fueling food security and export potential.
- **Industrial Powerhouse:** Pakistan's diverse industries are projected to grow at 4.4% in FY2025, creating a vibrant manufacturing landscape.
- **Investment-Friendly Environment:** The government is committed to reducing regulations and simplifying processes, attracting both domestic and foreign investment.

A Snapshot of Pakistan's Economy

Inflation on a downward trajectory, reaching an estimated **11.8%** in FY2025.

Current account deficit narrowing and foreign exchange reserves increasing.

Agriculture sector growth hitting a 19-year high of **6.3%** in FY2024.

Industrial sector projected to grow **4.4%** in FY2025.

Government efforts to reduce regulations and simplify business processes.

Exports projected to reach **\$32.7 billion** in FY2025, driven by domestic growth and improved global demand.

Remittances expected to reach **\$30.6 billion** in FY2025, crucial for external sector stability.

Growth projected between **3.6%** and **6.0%** in the medium to long term.

PAKISTAN YOUR GATEWAY TO A DYNAMIC IT MARKET IN ASIA

This brochure highlights the immense potential of Pakistan's IT/ITeS industry for Chinese companies seeking cost-effective and skilled partners. Packed with data and success stories, it showcases lucrative opportunities across key verticals like BPO, gaming, software development, and fintech.

A Market Poised for Exponential Growth



phenomenal upward growth in IT & ITeS exports leading to in last five years

\$2.6Bn in FY2023



exports are estimated to reach

\$25Bn in the next few years



Over 600,000 IT professionals

with excellent English proficiency, a valuable resource pool for Chinese firms.



Over 75,000 IT graduates

entering the workforce annually.

Investing in Cutting-Edge Verticals

- **BPO/Call Centers:** Leverage Pakistan's young population for cost-effective global operations.
- **Gaming & Animation:** A booming industry projected to reach **\$2.5 billion by 2025**, fueled by a young and tech-savvy demographic.
- **Software Development:** Develop enterprise software, cloud solutions, and custom software at competitive rates (**exports exceeding \$1.5 billion annually**).
- **Ecommerce:** Collaborate to develop localized e-commerce platforms or integrate with existing ones to reach Pakistani consumers.
- **FinTech:** With over **50%** unbanked population and **80 million smartphone** users there's immense potential for mobile wallets and digital financial services.
- **HealthTech, Cyber Security, Cloud Services:** Explore partnerships in these rapidly growing sectors.
- **Startup Ecosystem:** Pakistan's startup scene offers promising opportunities for foreign investors with high-risk tolerance and a long-term view. Success stories include Daraz, Airlift, Sehat Kahani, Bioniks, and Bykea.
- **Semi-Conductors:**
 - > Investment in Training Centres to generate skilled chip designers at a rapid pace to meet Chinese demands.
 - > Opening of Fabless Chip Design Centres leveraging the skilled manpower being produced by Pakistani Universities through formal programs and Upskilling trainings.
 - > Opening/Acquiring Services based companies providing resource augmentation in the Verification, Physical Design and other related domains.
 - > Relocation / Expansion of an OSAT facility with existing customer base.

Special Technology Zones (STZs)

Pakistan boasts five operational STZs offering attractive incentives for IT companies, including tax breaks, duty-free imports, and one-window facilitation.

Government Incentives for IT/ITeS Sector

Tax exemption on profits and gains for venture capital companies and funds.



Up to 100%
foreign ownership



Up to 100%
profit repatriation



100% Tax Credit for PSEB
registered IT Startups



0.25% reduced income
tax on IT & ITeS exports

Why Choose Pakistan?



UPTO %50

cost savings to Chinese firms
compared to western markets.

- **SCALABLE TALENT POOL:**
Access a readily available and skilled workforce.
- **STRATEGIC LOCATION:**
Gateway to a vast regional market in Central and South Asia.
- **STRONG GOVERNMENT SUPPORT:**
Pro-business environment and infrastructure development initiatives.

Pakistan's TELECOM Economy



The Population of Pakistan reaches
241.49 million



192 MILLION

Mobile Cellular Subscribers,
80% Mobile Tele density



136 Million
Boardbrand are invested into
this sector in last 5 years



\$7.1bn US\$

are invested into this sector
in last 5 years



Smart Phone
Connections are 59%, expected
to reach 74% by 2026



Sector contributed estimated
PKR 1.43T
in last 5 years

Mobile Manufacturing in Pakistan



35 Companies currently assembling
2G,3G,4G mobile phone/devices



Catering **93%** of local demand



40,000 direct jobs created in 2 years



35+ International brands currently
assembling in Pakistan



90 M + mobiles handset assembled
since 2016



Global brands like **Nokia, Samsung,
Vivo, Xiaomi, Redmi, oppo, Mi**
started assembling



65 M handsets/year locally assembling
capacity



Several contract near to maturity
level for exports of mobile sets for
Africa region



25M handsets/year local demand



41% of market is still on 2G

Fiber Optic Cable Manufacturing in Pakistan

- 04 Companies currently manufacturing fiber optic cable in Pakistan
- 1.34 Million+ KM's cable produced till today.
- 7000 KM+ Monthly production (average of last 6 months)
- 10,000KM + Monthly production capacity (which can be raised as per demand)
- 130,240 KM's of fiber optic cable exported so far
- Exported countries includes, United Arab Emirates, Kingdom of Saudi Arabia, Afghanistan, Iraq, Somalia, Ghana, Europe & China

Fiber Optic Cable Manufacturing in Pakistan



Geo-strategic location



\$ 100-120 /Month
skilled human capital,
Lowest in region



Special Economic Zones has
been made to meet the global
challenges of competitiveness
to attract FDI.



100% Intellectual property
mobile phones



Demand Potential
specially in 5G mobile sets
& devices



Low cost and high standards



Zero Regulatory Duty for
CKD/SKD mobile phone kits



Zero Fixed Income Tax on CKD/
SKD manufacturing of mobile
devices up to USD 350 category



Zero Fixed Sales Tax on
CKD/SKD manufacturing



Exempted from 4% of withholding tax on domestic sales



3% R&D allowance on exports (Proposed 8% allowance in Policy 2024-27)



Strong dealership and distribution network



Fast growing smart phone market



Opportunity in Sensors, IoT, Routers, 5G Smart devices, WiFi 6E device manufacturing



Localization is not yet started hence welcome investment in manufacturing chargers, battering cables, hand free etc



Only 11% of cell towers are connected to fiber optic, compared to international benchmarks of 40% and regional comparisons of 80% in Malaysia and 90% in Thailand.



Government all set for spectrum auction for 5G

Ministry of Information
Technology & Telecom



Government of Pakistan