



**Brexit: An Opportunity to Widen Trade Relations**

**Dairy Sector is White Gold for Economy**

**An Interview with Faizan Elahi**

**Business Unit Head, Sapphire Dairies**



**Punjab Board of  
Investment & Trade Times**

**October 2020**



# Table of Contents

---

- 01** Announcement of Sardar Tanveer Ilyas Khan appointed as Special Assistant to Chief Minister Punjab ..... 01
- 02** Dairy and Livestock Sector at a glance - 02
- 03** Pakistan can turn the Dairy Sector into "White Gold"  
Interview by Sapphire Dairies (pvt) Ltd. .... 09
- 04** Pakistan UK Trade Potential ..... 14
- 05** Special Economic Zones in Punjab ..... 21



## Announcement of Sardar Tanveer Ilyas Khan appointed as Special Assistant to Chief Minister Punjab

“We, at the Punjab Board of Investment and Trade are committed to facilitate not only foreign investors but also our local business community and create conducive environment for the sustenance and expansion of their businesses” says Sardar Tanveer Ilyas Khan who has been appointed as Special Assistant to Chief Minister Punjab on (affairs related to business, investment and trade) by the Chief Minister Punjab.

“I am grateful to the Honorable Chief Minister Punjab, Sardar Usman Buzdar for placing his confidence in me and entrusting me with the additional role of Special Assistant to Chief Minister Punjab on (affairs related to business, investment and trade). With this supplementary role, we hope to achieve the target of minimizing impediments faced by the business community of Punjab and prove our land as the best destination for investment.” With this message Sardar Tanveer has assured the business community of cooperation and assistance in solving their difficulties and in expansion of their businesses. It is firm commitment of his Government to ensure economic growth of the province and implement the vision of the Honorable Chief Minister Punjab for a prosperous, flourishing and industrialized Punjab.

**Sardar Tanveer Ilyas Khan**

Chairman PBIT & Special Assistant to Chief Minister Punjab  
(on affairs related to Business, Investment and Trade)

# DAIRY AND LIVESTOCK SECTOR

## AT A GLANCE



Despite being one of the highest growing sectors both in the region and in the world, the comparative advantage of Pakistan's dairy sector has still not been fully exploited according to its potential. Livestock and Dairy are the major contributing sub-sectors of Pakistan's Agriculture sector. Pakistan is the 4th largest milk producer in the world, producing more than 62 billion liters of milk and having the second largest population of buffalos and cows. Punjab, in particular, possesses the highest number of animals as compared to other provinces and shares dominant contribution of 70 percent to overall livestock population and milk production of the country. Livestock & Dairy combined comprises of 60 percent of agriculture sector. The government provides support and assistance to Livestock and Dairy sector stakeholders on regular basis and also encourages foreign investment into the sector.

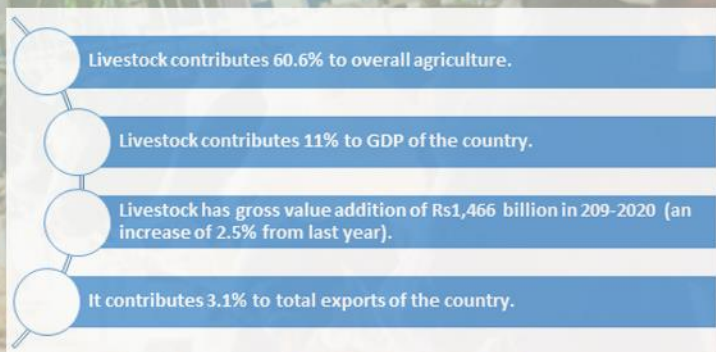
### Some facts and figures

#### **Livestock Sector:**

Livestock is the largest sub sector of agriculture which contributes 3.1 percent to total exports of the country. More than 8 million rural families

# DAIRY AND LIVESTOCK SECTOR AT A GLANCE

are engaged directly and indirectly with the livestock sector whereas more than 35-40 percent of the rural income is derived from this sector.



(Source: Pakistan Economic Survey, 2019-20)

## Livestock Population:

Pakistan has a large variety of livestock animals while the population of livestock has been increasing significantly over time. Population of cattles, buffalo, sheep and goat are estimated at 49.6 million, 41.2 million, 78.2 million and 1.1 million alternatively in 2019-20. While camels, horses, asses and mules are estimated at 0.4 million, 5.5 million and 0.2 million (See Table 1).

# DAIRY AND LIVESTOCK SECTOR AT A GLANCE

Table 1: Estimated Livestock Population (Million Nos.)

Species	2019-20
Cattles	49.6
Buffalo	41.2
Sheep	78.2
Goat	1.1
Camels	0.4
Horses	5.5
Asses	0.2
Mules	

(Source: Pakistan Economic Survey, 2019-20)

## Meat Production:

Total meat production stands at 4,708 thousand tonnes. The largest contributing category in meat production is beef which increased to 2,303 thousand tonnes in 2019-20. The second largest is poultry meat with the production of 1,657 thousand tonnes. Mutton constitutes 748 thousand tonnes to total meat production (See Table 2).

Table 2: Meat Production (000 Tonnes)

Total Meat Production	4,708
Beef	2,303
Mutton	748
Poultry	1,657

(Source: Pakistan Economic Survey, 2019-20)

# DAIRY AND LIVESTOCK SECTOR AT A GLANCE

## Dairy Production:

Pakistan is the fourth largest milk producer in the world after India, US and China. While it is the second largest producer of buffalo milk and thirteen largest producer of cow milk in the world (Food and Agriculture Organization of the United Nations, 2020).

Pakistan's total production of milk is estimated at 61,690 thousand liters annually, out of which 80 percent is being produced in the rural areas. The sector employs more than 35 million people.

Buffalo milk is the largest contributing category in total milk production with the production of 37.256 thousand litres while cow milk has 22,508 thousand litres, becoming the second largest contributing component.

Table 3: Total milk production

Species	2019-20
Milk (Gross Production)	61,690
Cow	22,508
Buffalo	37,256
Sheep	41
Goat	965
Camel	920

(Source: Pakistan Economic Survey, 2019-20)

# DAIRY AND LIVESTOCK SECTOR AT A GLANCE

Milk from buffalo and cow are high in demand which can be seen by their record consumption of 29,805 thousand litres and 18,007 thousand litres in 2019-20. Milk from goats and camels also constitute a significant part of total milk consumption.

Table 4: Milk Consumption of the country in 2019-20

Total Milk consumption	49,737
Cow	18,007
Buffalo	29,805
Sheep	41
Goat	965
Camel	920

(Source: Pakistan Economic Survey, 2019-20)

## **Potential of Investment in Livestock and Dairy Sector of Punjab:**

- Milk and meat are essential components of human diet. The demand for milk and meat is positively correlated with population growth, therefore, rising population and better purchasing power give rise to the consumption of essential items. Pakistan is a growing market of almost 208 million consumers which is rising at the rate of 1.9 percent annually. To meet the rising demand of the population, immense investment is needed to expand the livestock & dairy sector from breeding and farming to marketing.



## DAIRY AND LIVESTOCK SECTOR AT A GLANCE

- Pakistan is located at a prime location where the whole South Asian market can be captured. Pakistan is a suitable business destination to establish supply chains in the region.
- According to Pakistan Economic Survey, 20 percent milk gets wasted en route to market. Out of which, 15 percent is wasted because of sub-standard transportation and 5 percent due to the lack of chilling facilities. Moreover, milk production is more than its demand in the country but surplus milk gets wasted. This situation therefore creates a lucrative opportunity to develop and improve the supply chain and export milk to other countries.
- Pakistan lacks mechanized animal farms and slaughterhouses. The government is encouraging private sector to come forward and invest in this industry as the market of halal meat is rising year by year. The procedure to start mechanized farms and establish slaughterhouse has been reformed and made easy for the new ventures.
- Punjab government also encourages private sector to establish more corporate farms and bring diversification into the market. The government offers promising opportunities and assures full support and assistance to local and foreign investors in form of easy access to credit, simple procedures for startups and continuous advisory services.
- The milk processing remains a key driver of the dairy industry with

## DAIRY AND LIVESTOCK SECTOR AT A GLANCE

constant reinvestments and diversification in product portfolio. The dairy industry in Pakistan is providing packed milk to its consumers in the form of UHT, pasteurized, tea whitener, flavoured yogurt and flavoured milks. The Industry is also producing ice-creams, yogurts, cheese, butter and numerous food items for infants and children. With increasing awareness about hygiene, people now prefer to buy packed and processed dairy products from supermarkets which opens a window of opportunity for domestic dairy farmers and international brands to provide processed dairy products.

### Government's initiative to uplift the livestock and dairy sector:

1. Empowerment of Kissan through Financial and Digital Inclusion (E-Credit): The scheme was launched in October 2016 for a period of five years upto 2020-21. Through this scheme, interest free loans are being provided to small farmers through two Commercial Banks / Participating Financial Institutions (PFIs) (ZTBL and -NBP) and three Micro Finance Institutions (MFIs) (Telenor Micro Finance Bank, NRSP and Akhuwat Islamic Microfinance). Rs. 2.00 Billion has been provided to Akhuwat Islamic Microfinance whereas all the remaining PFIs /MFIs arrange their credit lines through their own resources.

# PAKISTAN CAN TURN THE DAIRY SECTOR INTO “WHITE GOLD”

(An interview with Faizan Elahi, Business Unit Head of Sapphire Dairies (pvt) Ltd.)



**Mr. Faizan Elahi**  
**Business Unit Head**  
**Sapphire Dairies**

Pakistan's milk sector has an enormous potential as only 10% of the country's total milk consumption comprises of processed milk and remaining 90% is consumed raw, which comes straight from cows or buffalos into the market. Unfortunately, the untaxed and unregulated loose milk sellers provide unhygienic and adulterated milk which greatly impacts the health of the nation as consumption of adulterated loose milk creates child stunting and nutritional deficiencies among women and children.

Punjab Board of Investment & Trade found an opportunity to have a detailed discussion with the Business Unit Head of Sapphire Dairies (pvt) Ltd. Mr. Faizan Elahi, to deliberate dairy sector of Pakistan, the problem it is facing and how to exploit its full potential.

Responding to a question regarding future of dairy sector in Pakistan, Faizan Elahi said that Pakistani market offers a lot of opportunities. Pakistan can transform dairy sector in to a billion dollars industry with sustained government support on the implementation of laws requiring

## PAKISTAN CAN TURN THE DAIRY SECTOR INTO “WHITE GOLD”

**(An interview with Faizan Elahi, Business Unit Head of Sapphire Dairies (pvt) Ltd.)**

minimum pasteurisation and packaging standards for every drop of milk sold for enforcement of uniform food safety regulations across the supply chain.

When asked about the plummeting market share, he said that the share of packaged milk in the market to unpackaged milk being sold is consistently dropping for the last few years as it has become less affordable for most Pakistanis due to the growing price differential. These losses are resulting from challenging market dynamics. Since demand for processed milk is highly elastic, it starts going down as soon as the price crosses a certain threshold vis-à-vis the price of unprocessed and unpackaged milk. The producers, thus, cannot pass on the impact of higher input costs, inflation and increased taxation to consumers without losing a share of the market. The industry's future stability and performance, therefore, look highly uncertain unless its viability to unpackaged trade is restored, he said. Industry sources argue the dairy industry can deposit as much as Rs10.5bn in additional taxes if zero-rating is restored. This compares with Rs3.5bn the government will be foregoing by making the producers eligible to claim sales tax refunds, he added.

Faizan Elahi was of the view that market indicators suggest that the

# **PAKISTAN CAN TURN THE DAIRY SECTOR INTO “WHITE GOLD”**

**(An interview with Faizan Elahi, Business Unit Head of Sapphire Dairies (pvt) Ltd.)**

industry's growth potential is huge. As of now, it treats and packages only around 1.9bn litres of milk which is less than 8pc of 25.2bn litres which are available annually for trade. The remainder is sold in its raw form through an unhygienic supply chain, jeopardising food safety at the expense of public health. If the dairy industry merely doubles the quantity of milk that it processes and packages, the amount of income tax and sales tax that the government generates from it will also be doubled, and that will be just the beginning.

Pakistan's tradable milk surplus is around 44pc of its total annual milk production of 57.3bn litres. If the entire tradable surplus is processed, the market will have 23.3bn litres of additional milk to handle, attracting billions of dollars in new investments in new processing capacity and development of cold chain, creating millions of jobs, drastically reducing rural poverty and spiking tax revenues.

Pakistan's socio-economic indicators also suggest that the local market is ripe for a transition to processed milk. A rapidly urbanising and overwhelmingly young population, which is exposed to a whole lot of commercial products that their parents did not even know about, may accept treated and packaged milk much more readily than those from the

## **PAKISTAN CAN TURN THE DAIRY SECTOR INTO “WHITE GOLD”**

**(An interview with Faizan Elahi, Business Unit Head of Sapphire Dairies (pvt) Ltd.)**

Pakistan's socio-economic indicators also suggest that the local market is ripe for a transition to processed milk. A rapidly urbanising and overwhelmingly young population, which is exposed to a whole lot of commercial products that their parents did not even know about, may accept treated and packaged milk much more readily than those from the previous generations.

Elahi suggested that nowhere in the world has the dairy industry developed successfully without active support from the government, therefore Pakistan needs to follow best practices in this sector to put money directly into the pockets of farmers, eliminate middlemen, help slash processed milk price and control disease.

The industry's growth can have many salutary impacts on the economy. It already provides 10,000 jobs and transfers Rs120bn to over 250,000 farmers amongst many of them being women in the form of payment for milk collected. Even a one per cent increase in the market share of processed milk can create 2,500 new jobs and transfer an additional Rs36bn into the rural economy, as per industry calculations.

In order to achieve the discussed goals, the government and private sector both need to buckle up their belts and take the challenge to drive this

# PAKISTAN CAN TURN THE DAIRY SECTOR INTO “WHITE GOLD”

**(An interview with Faizan Elahi, Business Unit Head of Sapphire Dairies (pvt) Ltd.)**

sector into a direction which will benefit not only the local farmers, the rural population but also set the wheel of the related industry in motion. The growth potentials are vast and the determination to grow is enormous. The need is to provide a level playing field for the players. Faizan sees hope, growth, opulence, prosperity and economic boom through this sector. He thanked the team of Punjab Board of Investment & Trade for their help, support and effort in identifying the dairy sector and providing them an august platform for raising awareness about the tremendous opportunities which this sector provides.

## PAKISTAN UK TRADE POTENTIAL

Pakistan and the UK not only share historical linkages from the time of British Raj but also remain politically and economically connected owing to the presence of a large Pakistani diaspora community in the UK.

Pakistan and the United Kingdom enjoy great trade relations, as UK is an important and old trading partner of Pakistan which has played a pivotal role in socio-economic development of the South Asian nation. UK is also the 3rd largest destination of the Pakistani exports globally and is also main source of Foreign Direct Investment (FDI) in Pakistan, however, there is an immense potential to further expand this cooperation into long term multi-faceted strategic partnership.

Pakistan is the second largest country in South Asia, after India. With the existing popularity of British brands and products, there is an excellent opportunity to increase export of UK goods and services to this yet unsaturated but rapidly growing market. Many UK high street brands such as Debenhams, Next, Monsoon, Toni & Guy, Accessorize etc. have already successfully established operations here through franchises. Large



*Amjad Khan - President UKPCCI met  
Sardar Tanveer Ilyas Khan Chairman PBIT  
and Special Assistant to CM Punjab*



## PAKISTAN UK TRADE POTENTIAL

British companies such as Unilever, Royal Dutch Shell, Reckitt Benckiser, Standard Chartered Bank, Barclays and GlaxoSmithKline (GSK) are considered market leaders in their respective sectors.

Post-Brexit Britain has many options to widen its trade relations with other countries. On top of the list are Commonwealth countries due to the strong historical ties that exist. Amongst the Commonwealth countries, a solid contender for widening trade with Britain is Pakistan. Pakistan is keen to expand and diversify its export base and is already very competitive in products such as textiles, garments, surgical instruments, steel and sporting goods. Pakistan is going through a wave of change and rendering immense investment possibilities, particularly in the areas of infrastructure, energy, healthcare, education, defense and consumer goods. Pakistan's growth outlook appears favorable especially with the China Pakistan Economic Corridor (CPEC) investments flowing in. With UK as potential partner of Pakistan in CPEC, there are significant opportunities for British businesses to benefit from this investment as well. Another area where UK businesses can do well is E-Commerce. By 2018, the E-Commerce market in Pakistan has increased twofold. The market is facilitated by better internet penetration rates and more mobile device usage.

**CPEC OPENS NEW VISTAS**

**Benefits for UK for investing in Pakistan include:**

# PAKISTAN UK TRADE POTENTIAL

- Common business language
- Location on the crossroads of Asia and the Middle East, bordering China in its north-most area, India in the east and Iran and Afghanistan in the west
- Similar legal practices
- Attraction for and familiarity with UK companies and brands
- Growing middle class

## Strengths of the Pakistan market include:

- Highly populous country with a young population
- Strong business and consumer base
- Large English speaking nation
- Strong people to people links with Pakistani migrant communities in the UK
- Educated workforce
- Low production and labour costs

## UK's Diplomatic Mission in Pakistan

UK's diplomatic mission in Pakistan is the second largest in the world and also the DFID's (Department for International Development) largest bilateral Programme in the world with almost half a billion dollars. DFID has provided approximately GBP 3 billion development assistance during the period 2000-2018. The budget for 2017-18 alone was £325 million and £302 million for 2019-20. In addition, more than two per cent of the

# PAKISTAN UK TRADE POTENTIAL

UK's population now traces its roots back to Pakistan. British Pakistanis have a significant contribution to the social, economic, academic, cultural, and political fabric of the country, with 12 members in the House of Commons of Pakistani origin acting as a connecting bridge between Pakistan and the UK.

The UK's credit financing agency, UK Export Finance (UKEF) has increased its financing limit for UK businesses looking to export to and invest in Pakistan to £1.5 billion. This announcement will boost trade partnerships between the two countries and unleash Pakistan's growth potential. UKEF helps secure large contracts by providing attractive financing terms to buyers and supporting working capital loans. UK credit financing for Pakistan has tripled in the last two years, between July 2019 and March 2020. Pakistan exported 7% of its total exports to the UK. The increase in the credit financing limit will help turbo-charge trade relations between the two countries.

## The Strategic Relevance of Pakistan For Global Britain

Under Imran Khan's premiership, focus has been to develop the tourism and housing industries. British investors and firms have ample experience in both sectors and could further branch out into the hospitality industry and green energy projects.

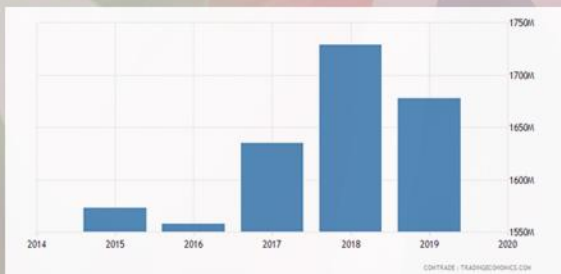
The Punjab Board of Investment and Trade (PBIT) is a success story in Pakistan and indicates that there is vast scope for dedicated trade

## PAKISTAN UK TRADE POTENTIAL

facilitation desks at the UK missions in Pakistan and working in through public-private partnership.

To sum things up, with CPEC Pakistan is undergoing a reorientation of its foreign economic policy and a readjustment of its economic relations with the developed world. Its geo-economic potential, and its proximity and linkage to the world's largest trading power are cardinal factors that determine its real importance as a trading partner of the post-Brexit UK. As the UK prepares to leave the EU, both Pakistan and the UK have a chance to explore opportunities as trade and investment partners outside of EU. These opportunities require that UK comes up with a broader vision for long-term partnership with Pakistan rather than be guided by the current trade profiles of the two sides.

**Pakistan exports to United Kingdom was US\$1.68 Billion during 2019, according to the United Nations COMTRADE database on international trade.**

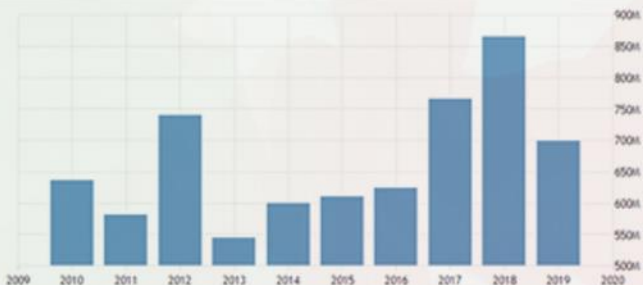


## PAKISTAN UK TRADE STATISTICS

Pakistan exports to United Kingdom	Value	Year
<u>Other made textile articles, sets, worn clothing</u>	\$534.99M	2019
<u>Articles of apparel, knit or crocheted</u>	\$417.23M	2019
<u>Articles of apparel, not knit or crocheted</u>	\$322.75M	2019
<u>Cereals</u>	\$89.79M	2019
<u>Cotton</u>	\$41.86M	2019
<u>Articles of leather, animal gut, harness, travel good</u>	\$41.12M	2019
<u>Optical, photo, technical, medical apparatus</u>	\$37.06M	2019
<u>Edible fruits, nuts, peel of citrus fruit, melons</u>	\$22.75M	2019
<u>Toys, games, sports requisites</u>	\$21.14M	2019
<u>Manmade staple fibers</u>	\$20.78M	2019

Pakistan imports from United Kingdom was US\$699.56 Million during 2019, according to the United Nations COMTRADE database on international trade.

# PAKISTAN UK TRADE STATISTICS



EDMTRADE | TRADEECONOMICS.COM

Pakistan imports from United Kingdom	Value	Year
<u>Iron and steel</u>	\$349.94M	2019
<u>Machinery, nuclear reactors, boilers</u>	\$79.34M	2019
<u>Optical, photo, technical, medical apparatus</u>	\$30.83M	2019
<u>Mineral fuels, oils, distillation products</u>	\$25.59M	2019
<u>Miscellaneous chemical products</u>	\$24.79M	2019
<u>Electrical, electronic equipment</u>	\$24.25M	2019
<u>Other made textile articles, sets, worn clothing</u>	\$24.11M	2019
<u>Pharmaceutical products</u>	\$14.70M	2019
<u>Plastics</u>	\$9.68M	2019
<u>Tanning, dyeing extracts, tannins, derivatives, pigments</u>	\$8.99M	2019

## SPECIAL ECONOMIC ZONES IN PUNJAB

	Name	Ownership	Acres	Estimated Job Creation	Status
4	Vehari Industrial Estate by PIEDMC	Public	277	10,000	Notified by Federal Govt.
5	Rachna Industrial Park, Sheikhpura by National Industrial Parks	Public (Federal)	178	30,000	Notified by Federal Govt.
6	M - 3 Industrial City, Faisalabad	Public	4356	600,000	Notified by Federal Govt.
7	Value Addition City, Faisalabad	Public	225	76,000	Notified by Federal Govt.
8	Quaid E Azam Business Park, Sheikhpura	Public	1536	300,000	Notified by Federal Govt.
9	Allama Iqbal Industrial City, Faisalabad (PSEZ under CPEC)	Public	2800	240,000	Notified by Federal Govt.
10	Zaamin SEZ (Private), Lahore	Private	200	25,000	Approved by SEZA Punjab (In process at Federal Level)
11	Masan Daud Khel SEZ, Daud Khel	Private	238	30,000	Approved by SEZA Punjab (In process at Federal Level)
12	JW China Pakistan SEZ, Lahore	Private	231	30,000	Approved by SEZA Punjab & BOA (Board of Approvals/Federal) (awaiting notification)
13	Bahawalpur Industrial Estate by PIEDMC	Public	483	46,000	Approved by SEZA Punjab (In process at Federal Level)
14	Roshan Sun Tao Paper Mills, Sheikhpura	Private	56	3,000	Approved by SEZA Punjab (In process at Federal Level)

PBIT as Secretariat of Special Economic Zone Authority is also facilitating SEZ Zone Enterprises in Punjab to avail exemption on import taxes and duties on the import of plant and machinery.



## PUNJAB BOARD OF INVESTMENT & TRADE

### OFFICE

23, Aikman Road G.O.R. - I, Lahore, Pakistan.

Phone: +92 (042) 9920 5201-06

Email: [info@pbit.gov.pk](mailto:info@pbit.gov.pk)

Url: [www.pbit.gov.pk](http://www.pbit.gov.pk)

### Connect with us



[/INVESTINPUNJAB](#)



[/PBITOFFICIAL](#)



[/PBITOFFICIAL](#)



[/COMPANY/  
PBITOFFICIAL](#)

*Prepared by marketing department PBIT.*