

Issue 2, 2018
Working paper #021

CENTRE OF EXCELLENCE
CHINA-PAKISTAN ECONOMIC CORRIDOR

Strategy for
Developing an
Effective SEZ in
Gilgit-Baltistan

Written by:

Dr. Rameez Khalid

Department of Management, IBA
Karachi 75270, Pakistan

Reviewed by:

Dr. Liaqat Ali Shah

Policy Head: Trade & Industrial Cooperation,
CPEC-CE, PIDE Islamabad

A PUBLICATION OF
CENTRE OF EXCELLENCE FOR CPEC
ISLAMABAD



Ministry of Planning,
Development & Reform



CENTRE OF EXCELLENCE
China-Pakistan Economic Corridor



Pakistan Institute
of Development Economics

Editorial Committee

Dr. Shahid Rasheed	<i>Head</i>
Dr. Talat Anwar	<i>Member</i>
Syed Adnan Shah	<i>Secretary</i>

Statements, facts and opinions mentioned in CoE CPEC Working Paper are solely of the author and do not imply the official policy of the Institution, Editors and Publisher.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means—electronic, mechanical, photocopying, recording or otherwise—without prior permission of Centre of Excellence for CPEC

Centre of Excellence for CPEC

Email: info@cpec-centre.pk

Website: <https://cpec-centre.pk/>

ACKNOWLEDGEMENTS

The author is grateful to the Almighty for the accomplishment of the task of finishing this report. This research report wouldn't have been possible to be finalized without the funding, support and advice of Center of Excellence – CPEC. The author is highly appreciative of CoE-CPEC and IBA Karachi for allowing him to complete this report on a topic of his interest. Gratitude must also be extended to Dr. Nasir Afghan who stressed the author to explore this area of SEZs, which he is finding till date unavoidably interesting. He further would like to extend his gratitude to the Student /Research-Assistant Mr. Iqbal Hussain Burcha, who belongs to GB, for his untiring efforts to make this study possible. Finally, we are indebted to the experts who accepted our request for interviews and shared with us their experiences, perspectives and guidance.

ABSTRACT

For economic prosperity, countries experiment with various approaches. Among these, Special Economic Zone (SEZ) – enclaves with specified laws and incentives within a country to achieve various economic objectives – is one such approach that has brought wonders especially for the emerging economies. Similarly, Pakistan under its China-Pakistan-Economic-Corridor (CPEC) initiative has conceived a number of SEZs linked together via road and rail network to achieve the dream of developing a growth corridor. One SEZ that has been defined as a priority is: Moqpondass in Gilgit-Baltistan (GB), Pakistan. As every SEZ is established under unique circumstances (opportunities and threats), countries always face this challenge of defining various unique facets of an SEZ's design, operation and continuous improvement. This study aims to define the factors that make the SEZ in GB effective along with providing direction towards the right strategy for developing it. Five stakeholders were identified and subsequently interviewed to achieve these objectives. As per secondary research, factors for effective SEZs are categorized under three themes; subsequently, new factors were identified after interviews for SEZ in GB. These factors were categorized under a new theme: 'the role of LSOs'. This study has found service-focused SEZ to be more fitting for GB. The report has further analyzed various principles, found in literature, used for developing strategies for SEZs' establishment. The key principles around which the SEZ of GB should be established were identified: policy framework, infrastructure development, and; attracting FDI. Policy makers, trade bodies, SEZ consultants, academia and local representatives will find the results of this report helpful in taking decisions regarding SEZs under CPEC.

Keywords: SEZ; Special Economic Zones; Free Trade Zone; Export Processing Zones;

CPEC; Gilgit-Baltistan

TABLE OF CONTENTS

ACKNOWLEDGEMENTS	1
ABSTRACT.....	2
TABLE OF CONTENTS.....	3
ACRONYMS.....	4
CHAPTER-1: INTRODUCTION.....	5
<i>Problem Statement</i>	5
<i>Research Objectives</i>	6
<i>Research Question</i>	7
CHAPTER-2: LITERATURE REVIEW.....	8
<i>Definitions of SEZs in Literature</i>	8
<i>Types of SEZ</i>	10
<i>SEZs – Global Glimpses</i>	10
<i>SEZs – GB, Pakistan’s Case</i>	12
<i>CSFs for SEZs</i>	13
<i>Strategy for Establishing SEZs</i>	14
CHAPTER-3: METHODOLOGY.....	17
<i>Research Design and Data Collection</i>	17
<i>Inclusion Criteria</i>	18
<i>Constraints and Mitigation</i>	18
CHAPTER-4: RESULTS AND DISCUSSION.....	19
<i>Research Question # 1:</i>	19
<i>Research Question # 2:</i>	21
<i>Research Question # 3:</i>	23
<i>Research Question # 4:</i>	26
CHAPTER-5: CONCLUSIONS AND RECOMMENDATIONS.....	27
<i>Research Question # 5:</i>	27
REFERENCES	30
APPENDICES	33
<i>APPENDIX-A: Interview Questions</i>	34
<i>APPENDIX-B: Transcripts of Interviews</i>	36

ACRONYMS

BOI	Board of Investment
CPEC	China Pakistan Economic Corridor
CSF	Critical Success Factor
CSO	Civil Society Organization
EPZ	Export Processing Zone
FDI	Foreign Direct Investment
FEZ	Free Economic Zone
FTZ	Free Trade Zone
GB	Gilgit-Baltistan
GIFF	Growth Identification and Facilitation Framework
ICT	Information and Communication Technology
IT	Information Technology
LSO	Local Social Organization
MoU	Memorandum of Understanding
NFC	National Finance Commission
NGO	Non-Governmental Organization
NSE	New Structural Economics
OBOR	One Belt One Road
PPP	Public-Private Partnership
R&D	Research and Development
SEZ	Special Economic Zone
SME	Small and Medium Enterprises
TPZ	Trade Processing Zone

CHAPTER-1: INTRODUCTION

For economic prosperity, countries experiment with various approaches. Among these, Special Economic Zone (SEZ) – enclaves with specified laws and incentives within a country to achieve various economic objectives – is one such approach that has brought wonders especially for the emerging economies. SEZ is an umbrella term for many similar initiatives, such as: Export Processing Zone (EPZ); Free Trade Zone (FTZ); Industrial Parks; Trade Processing Zone (TPZ), and; Free Economic Zone (FEZ) etc.

Similarly, Pakistan under its China-Pakistan-Economic-Corridor (CPEC) initiative has conceived a number of SEZs linked together via road and rail network to achieve the dream of developing a growth corridor. CPEC is not only of strategic importance to Pakistan (as it's worth US\$ 62 Billion) but has global implications as it is a part of 'One Belt One Road' (OBOR) initiative of Chinese Government (worth US\$ 21 Trillion).

Problem Statement

As every SEZ is established under unique circumstances (opportunities and threats), countries always face this challenge of defining various unique facets of an SEZ's design, operation and continuous improvement. Subsequently, to become effective, an SEZ has to be established taking into account various internal and external factors. For example, the biggest factor is the location of an SEZ which can give different definitions of effectiveness. Thus, set of factors that make one SEZ effective can be completely irrelevant in the context of another SEZ.

One SEZ that has been defined as a priority (BOI) is 'Moqpondass' in Gilgit-Baltistan (GB) – the gateway to CPEC – Pakistan. Likewise, GB is historically, geographically,

culturally and environmentally unique (Akbar et al., 2014); so, its critical success factors (CSFs) that make it effective, will be different from other SEZs in Pakistan. Strategically, the CSFs that make the SEZ in GB effective have not been studied, along with the right strategy to establish it. Strategy, i.e. having the right mix of infrastructure, reforms, skills and incentives, is pivotal as there are numerous cases where industrial zones, trade zones and SEZs failed because of its inappropriateness (Khan & Anwar, 2016). For example, using a non-aligned marketing strategy will never make the right industries attracted to an SEZ.

Development of an SEZ is a long term process which requires huge investments. On average, Chinese SEZs took 12 to 15 years to mature (Tang, 2015). China is considered as the most successful country in getting benefits from SEZs through economic transformation (Zeng, 2015); however, benchmarking for CSFs and strategies require thorough study. While taking decisions for SEZs in developing markets, Lin and Rosenblatt (2012) suggested to benchmark those existing SEZs that have similar industrial mix and endowments.

In light of the above, this study aims to define the factors that make the SEZ in GB effective along with providing direction towards the right strategy for developing it. Specific objectives and research questions are presented next.

Research Objectives

1. To look for global studies defining what makes an SEZ effective.
2. To conduct gap analysis of available resources and pre-requisites for establishing effective SEZs in GB.
3. To propose the 'Right Strategy' for establishing an effective SEZ in GB.

Research Question

The earlier presented objectives were divided into five research questions so that the objectives can be achieved in detail via answering these questions. All the following questions should be read in context of SEZ in GB.

1. What is the definition of an 'Effective SEZ' for Gilgit-Baltistan?
2. What mix and priority of industries makes this SEZ effective?
3. What are the pre-requisites (infrastructure and skills) for establishing this effective SEZ?
4. What is the 'Right Strategy' to establish this effective SEZ in GB?
5. What are the Policy Guidelines to bridge the gap between available resources and the pre-requisites of establishing an effective SEZ in GB?

Next chapter explores the literature around the chosen topic. Subsequently, the research method adopted will be presented. Then the results or answers of the above questions will be discussed /analyzed. The report will finish with the recommendations or policy guidelines which is the answer to last research question.

CHAPTER-2: LITERATURE REVIEW

This chapter explores the literature around SEZs and their intricacies. First, the various definitions of SEZ will be presented. Then, the types of SEZs will come into discussion. Next section will provide some brief examples of SEZs. GB's case will be presented next. It will be followed by CSFs for SEZs. This chapter will finish with the strategies for establishing SEZs that are found in literature.

Definitions of SEZs in Literature

Farole and Akinici (2011) argue that if you ask three persons about SEZ, then they will most probably define it differently and might even be correct. Various authors and practitioners have defined SEZ in different ways; however, its importance as a “Catalyst” or “Policy Innovation Tool” for the economy has been highlighted almost everywhere. Some definitions found in literature are presented here.

1. “demarcated geographic areas contained within a country’s national boundaries where the rules of business are different from those that prevail in the national territory. These differential rules principally deal with investment conditions, international trade and customs, taxation, and the regulatory environment; whereby the zone is given a business environment that is intended to be more liberal from a policy perspective and more effective from an administrative perspective than that of the national territory” (Farole, 2011).
2. “Special designated area in a country having privilege policies to attract foreign direct investment” (P Pakdeenurit, Nanthi Suthikarnnarunai, & Wanchai Rattanawong, 2014).

3. “The logistical, legal and tax incentives in order to help a country by attracting foreign investment focused on export-oriented items” (Ali, 2015).
4. “In order to enhance investment, trade and employment by making a right strategy” (Nigar, 2017).
5. “A strategy to enhance employment, trade, and economic growth in a fruitful manner within a country” (Khan & Anwar, 2016).
6. “an enclave of industrial area to facilitate national and international investors in the host country having quality infrastructure and duty free culture for the promotion of export-oriented items” (Pahariya et al., 2011).

SEZs must have a strong linkage with the local economy; else, the silo effect will bring only short-term benefits (as shown in figure-1). SEZs are fundamentally designed for one out of the four following objectives (Farole & Akinci, 2011):

1. To attract MNCs or Foreign Direct Investment (FDI);
2. To create jobs;
3. To support wider economic reform strategy, and;
4. To serve as labs for experimenting with policies.

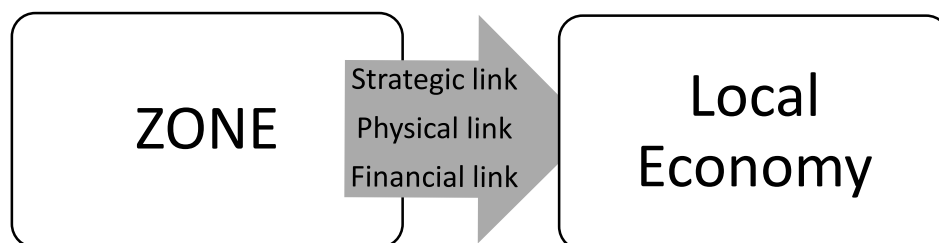


Figure-1. Integration of Zone and Local Economy (Adapted from: Farole and Akinci (2011))

Types of SEZ

SEZ is an umbrella term for many similar initiatives, such as: Export Processing Zone (EPZ); Free Trade Zone (FTZ); Industrial Parks; Trade Processing Zone (TPZ), and; Free Economic Zone (FEZ) etc. Some practitioners use these terms interchangeably; however, some are found to be strict in using a particular term. Table-1 highlights the differences in various types of zones.

Table-1. Types of SEZs (Source: Farole and Akinici (2011))

#	Type of Zone	Development Objective	Typical Size	Typical Location	Activities	Market	Examples
1	Free Trade Zone	Support Trade	<50 hectares	Port of entry	Entrepôt & Trade related	Domestic, re-export	Colon Free Zone (Panama)
2	Traditional EPZ	Export manufacturing	<100 hectares	None	Manufacturing	Mostly export	Bangladesh, Vietnam
3	Free Enterprises	Export manufacturing	No minimum	Countrywide	Manufacturing	Mostly export	Mauritius, Mexico
4	Hybrid EPZ	Export manufacturing	<100 hectares	None	Manufacturing	Export & Domestic	La Krabang, Thailand
5	Freeport /SEZ	Integrated development	>1000 hectares	None	Multiuse	Internal, domestic & export	Aqaba, Shenzhen

SEZs – Global Glimpses

SEZ is a modern technique to enhance industrialization and employment. Globally, the first modern industrial free zone was established in Shannon, Ireland in 1959 (Farole & Akinici, 2011). Patcharee Pakdeenurit, Nanthi Suthikarnnarunai, and Wanchai Rattanawong (2014) argue that an SEZ was developed in New York, USA, in 1937. The success of China is frequently attributed to how China used SEZs for development and as a furnace for economic experimentation (Zeng & Zeng, 2011). Even USA has been suggested to use SEZs like Deng Xiao Ping used it for experimenting economic policies (Lee, 2012). SEZs serve a strategic purpose for any country, for example when China developed Pudong, the vision was settled as shown in figure-2.



Figure-2. Vision for Pudong (Adapted from: Yitao and Zhiguo (2011))

Korea and Taiwan had phenomenal success with their SEZs, however, India was unable to fully exploit the potential of this technique (Aggarwal, 2012). Asia's first EPZ was setup in Kandla, Gujarat, India in 1965; however, SEZ Act was passed in 2005 (Soundarapandian, 2012). Some economic zones in India are not much effective because of internal conflicts and disagreements i.e. due to unfavorable domestic conditions (Jenkins, Kennedy, & Mukhopadhyay, 2014). Bangladesh has presented a successful model for garment sector, due to its reliable infrastructure; however, Africa is usually placed quite low in SEZs' performance (Farole & Akinci, 2011).

In 1994, first SEZ was established in Poland. Poland, similar to China is following transitioning socialistic industrialization models to free trade. At certain level, they have succeeded in attracting FDI (Guagliano & Riela, 2005). In 2006-07, Poland received record-breaking local and international investments, for which Poland is considered as a magnet. Besides their static economic development, dynamic and socio-economic development in Poland is commendable (ŚCISŁO, 2009).

Numerous benefits of SEZs have been reported in literature through various global cases i.e. from Africa to Australia and for which a brief account may not be suitable. Besides benefits, failure of an SEZ generate various unwanted issues, for example (Farole & Akinci, 2011):

1. Failure by becoming a "White Elephant";
2. Failure by firms only taking advantage of tax breaks;

3. Failure by short-lived success;
4. Failure by becoming unsustainable, if labor costs rise, and;
5. Failure by inability to extend benefits outside the zone.

SEZs – GB, Pakistan’s Case

Pakistan, in pursuit of the same, passed the SEZ Act in 2012. Up till now, 46 SEZs have been proposed by Provinces in Pakistan (BOI), however initially 9 SEZs have been given priority. Among them is one SEZ in Gilgit-Baltistan.

Gilgit-Baltistan is a semi-autonomous territory in the north of Pakistan. Its geographical, strategic and economic value is quite high. In the East, GB is connected with Indian-held Kashmir, and; in the North, at Khunjerab, Hunza connects with China. In the North West, Wakhan separates from Tajikistan, and; in the West, Afghanistan is connected. While in the South, Pakistan’s KPK province joins with GB. See figure-3 for GB’s map.



Figure-3. Map of Gilgit-Baltistan (Source: (GBLA))

Gilgit-Baltistan faces many challenges, for instance: weak governance, lack of regulatory framework, immature implementation capacity, weak infrastructure and lack of utilization of local available resources (Nigar, 2017). Since, CPEC shall be completed in three phases: short term (2020); medium term (2025), and; long term (2030) (Ali, 2015), there will be more projects for GB apart from Moqpondass – a 250 acre SEZ. Every single project in Gilgit-Baltistan by FDI is opposed by Indian Government (Meena, 2017). India's concerns can have impacts on territorial and border reservations (Boyce, 2017).

CSFs for SEZs

During literature review, various Critical Success Factors (CSFs) were identified as defined by various authors. Table-2 presents CSFs (as identified by various authors along with their regions) and their frequencies. From this table, various conclusions can be drawn. A combination of these CSFs will determine the effectiveness of a particular SEZ. In next chapter, a model will be developed on the basis of these CSFs.

Table-2. Critical Success Factors and their Frequencies

#	Critical Success Factors	Sources and Regions				
		(Farole, 2010)	(Nigar, 2017)	(Zeng & Zeng, 2011)	(Pahariya et al., 2011)	(Pakdeenurit, Suthikarnnarunai, & Rattanawong, 2017)
		Sub-Saharan Africa	Gilgit-Baltistan	China	India	Thailand
1	Location	✓	✓		✓	✓
2	Closer to river, ports, borders, railways, linkages with domestic and international markets	✓	✓		✓	✓
3	Joint Venture (FDI, Rapid growth, joint stable pattern of investment)		✓	✓		✓
4	SEZ specific incentives		✓			✓
5	Market size	✓				
6	Infrastructure (Physical & Social)	✓			✓	
7	Trade facilitation	✓				
8	Fiscal incentives	✓	✓		✓	

9	Non fiscal incentives	✓	✓			
10	Sincere leadership		✓	✓		
11	Reforms regarding use of land		✓			
12	Secure business and property rights to foreign investors		✓			
13	R&D, innovation and advance Technology (Innovative Culture)		✓	✓		
14	Best Minds and Knowledge Zone		✓			
15	Skill levels and availability of human resource			✓	✓	✓
16	Industrial Competition		✓			
17	Preferential policies and institutional autonomy			✓		✓
18	Government support			✓	✓	✓
19	Clear objectives, benchmarks, and intense competition			✓		✓
20	Availability of raw material				✓	
21	Laws and Regulations				✓	✓
22	Stability of policy regime				✓	✓

Following Pakdeenurit et al. (2017), CSFs can be classified into three selective themes of this model, which is found comprehensive (as shown in table-2):

1. International Environment
2. Domestic Conditions
3. Role of the State

Strategy for Establishing SEZs

Literature is full of cases and advice for SEZ developers around which strategy to follow. However, these strategies are found in all shades of gray, i.e. it is like a 'strategy jungle'. Different SEZs were established with strategies that are found most aligned with their objectives. These are documented as case-studies. Cases of Chinese SEZs have frequently documented the stages as how the reforms evolved i.e. phase-wise policies to make the reforms mature (Yitao & Zhiguo, 2011; Zeng, 2010).

Another challenge is the level at which these strategies are proposed, i.e. at strategic, tactical or firm (/operational) level. For example Lee (2012) proposed one at the strategic level, that is: (1) Set the direction of “service to people”; (2) political reforms first then economic reforms, and; (3) economic experimentation using SEZs. As SEZ is part of a bigger economic reform agenda, therefore, the model in figure-2 is also relevant as a strategy at the highest level.

A suitable strategy for one SEZ may not be relevant for the other; therefore, keeping this challenge in mind, this study is focused on the key principles around which a strategy should be developed. In a World Bank Africa’s study, four key principles were found by Farole and Kweka (2011) and these are:

1. Clarity in Roles and Responsibility (i.e. owner, developer, operator & regulator)
2. Autonomy and Inclusivity (i.e. who reports to whom)
3. Authority and Coordination (i.e. SEZ authority and its function)
4. Resource and Capacity (i.e. budgeting and support for SEZ authority to function)

In another study by MENA-OECD, six best practice guidelines for SEZ developers were proposed by Farid (2009) and these are:

1. Selection of Zone Type (i.e. types and PPP)
2. Policy Framework (i.e. feasibility preparation and equal treatment of investors)
3. Incentive Framework (i.e. taxes, tariffs and performance based incentives)
4. Regulatory Framework (i.e. relevant to ease-of-doing business)
5. Institutional Framework (i.e. relevant to the function of SEZ authority)
6. Physical Development and Management (i.e. location and resource mobility)

Some relevant tips can be drawn from the philosophy of new structural economics (NSE) as well, which pivots around the existing or future possible endowments that exist, especially, in a developing country. For developing strategies or policies, there is a proposed

framework under NSE, namely: Growth Identification and Facilitation Framework (GIFF). It comprised of the following stages (Lin & Xu, 2015):

Step 1: Choosing the Right Target

Step 2: Removing Binding Constraints

Step 3: Attracting Global Investors

Step 4: Scaling-up Self-discoveries

Step 5: Recognizing the Power and Magic of Industrial parks

Step 6: Providing limited incentives to the right industries

CHAPTER-3: METHODOLOGY

Research Design and Data Collection

To achieve the objectives of this study, secondary and primary research were conducted. Secondary research provided the context and theoretical basis to move further into the primary research. In terms of secondary research, a thorough literature review was carried out around the selected keywords, such as: SEZ; CPEC, and; developing country etc. In continuation of table-2, a model was developed for the possible CSFs for SEZ in GB. Selective themes were majorly developed following Pakdeenurit et al. (2017); while, focus themes were developed following Dobronogov and Farole (2012). The model based on this secondary research (following phenomenological, semantic-thematic analysis) is shown in figure-4.

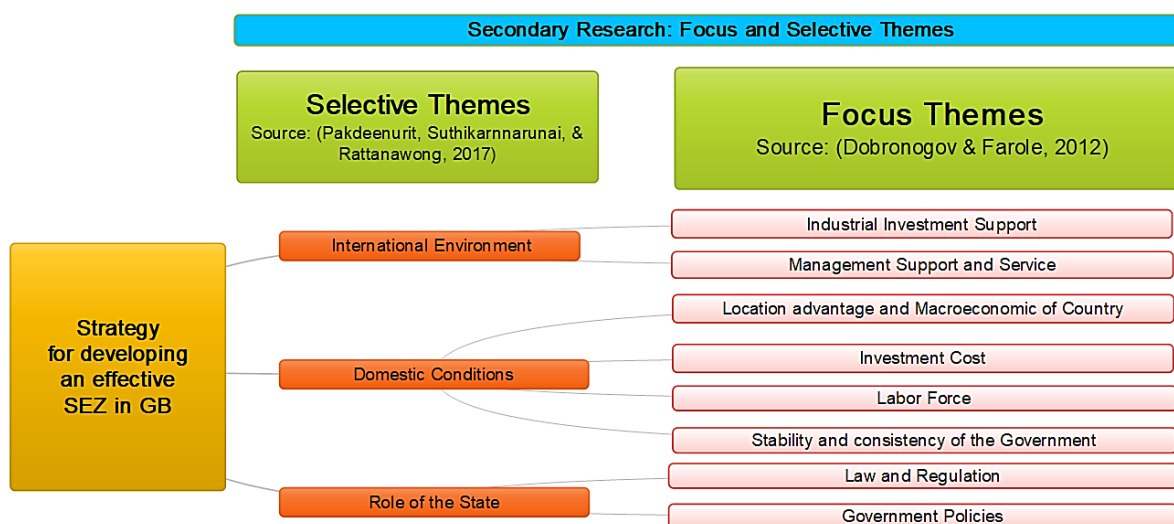


Figure-4. Focus and Selective Themes based on Secondary Research

Considering the objectives, qualitative research methodology was selected for primary research. Semi-structured interviews were conducted which are more recommended in past literature than structured or group interview. Strategy recommended by Englander (2012) was followed. The questions of the semi-structured interview are attached as Appendix-A.

Interviews with key stakeholders were conducted both face-to-face and via telephone. Interview protocol, prior data collection, was shared with the interviewees. Sampling technique was convenient and snowball. The interviewees were ensured by the researcher about the strict ethical considerations followed at each step of this research.

Inclusion Criteria

Five key stakeholders were identified and interviewed. Table-3 shows the details which made the basis for building the inclusion criteria. Sample sizes are also mentioned in the table. Total eight interviews were conducted. Interviews were then transcribed as in Appendix-B. Transcripts were studied for coding. First, initial coding was done, then focus coding and later selective coding was done to substantiate the previous theory.

Table-3. List of Interviewees for research

#	Stakeholder	Remarks	Sample
1	Government Official	Policy makers and official related to Ministries /BOI	1
2	Local Representative	From GB	2
3	Academic /Educationists	From Academic Institutions in GB	1
4	Local or International Investors	Industrialists and members of Trade Bodies	2
5	Consultants	Local or International Subject Matter Experts	2

Constraints and Mitigation

Various constraints were identified and their possible mitigation strategies were devised. Table-4 shows the details of the constraints and the counter measures.

Table-4. Constraints and their counter measures

#	Constraints	Mitigation
1	Non-availability of Data	More and more institutional and personal linkages were used to acquire the data from the stakeholders
2	Some interviewees didn't allow to record	Interview was documented by the student and researcher
3	Low Response Rate from interviewees	Continuous follow-up to mitigate this risk
4	Invalid Findings	Face-to-face /telecom interviews. Interview protocols sent before interviews. Triangulation via secondary research.

CHAPTER-4: RESULTS AND DISCUSSION

This chapter documents the key findings of this research work around the research questions posed in the introductory chapter. Furthermore, it presents a discussion based on the detailed qualitative data analysis conducted on the transcripts of the eight interviews. Detailed transcripts are placed as Appendix-B, and can be referred as required by the reader. Here, the research questions wise findings are presented and discussed /analyzed.

Research Question # 1:

What is the definition of an ‘Effective SEZ’ for Gilgit-Baltistan?

The key relevant findings from the interviews are as follows. These findings, if incorporated in policies, can make the SEZ in GB effective.

1. Safeguard of the natives’ (approx. 2.5 million) or local workforce’s rights should be the top priority.
2. Constitutional rights lead to acts, rules and regulations all around and then eventually for SEZ as well; NFC award can also follow.
3. Land should be leased through village based CSOs or LSOs or NGOs guaranteeing rights of the natives.
4. Right policies and infrastructure (road capacity e.g. of KKH; airport, and; role of SMEs and Financial Institutions) is a pre-requisite, for which expert’s support is essential; as currently, local government is deficient in the requisite expertise.
5. Free trade policy that provide opportunities to investors must be developed; especially policies to encourage local investors, as currently, they only get small contracts.

6. Local entrepreneurship and investments should be encouraged via CSOs or LSOs or NGOs along with developing focused policies for the mix of primary, secondary and tertiary industries.

With these findings in place, the frequencies of occurrence of the three selective themes can be analyzed (see figure-5). It can be noted that a new theme has also popped up titled: ‘LSOs’. The interviewees mentioned CSFs related to ‘Domestic Conditions’ most frequently; so, it should be emphasized in policies to make the SEZ in GB effective.

Figure-5. Frequencies of Selective Themes

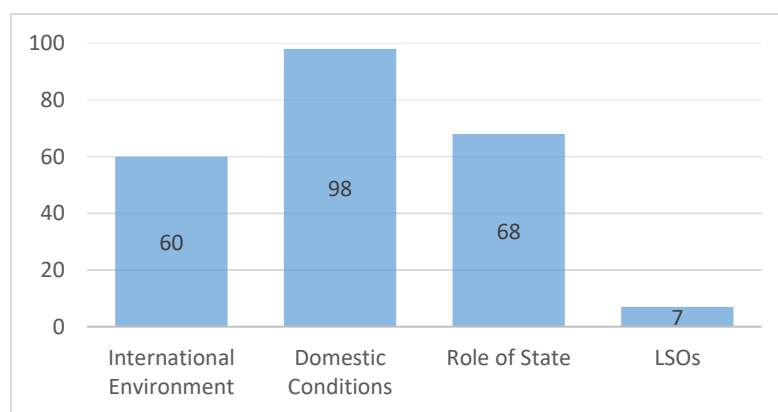


Figure-6 shows the updated chart of themes. As mentioned earlier, we can see that the role of CSOs or LSOs or NGOs is an important reality especially when working in GB.

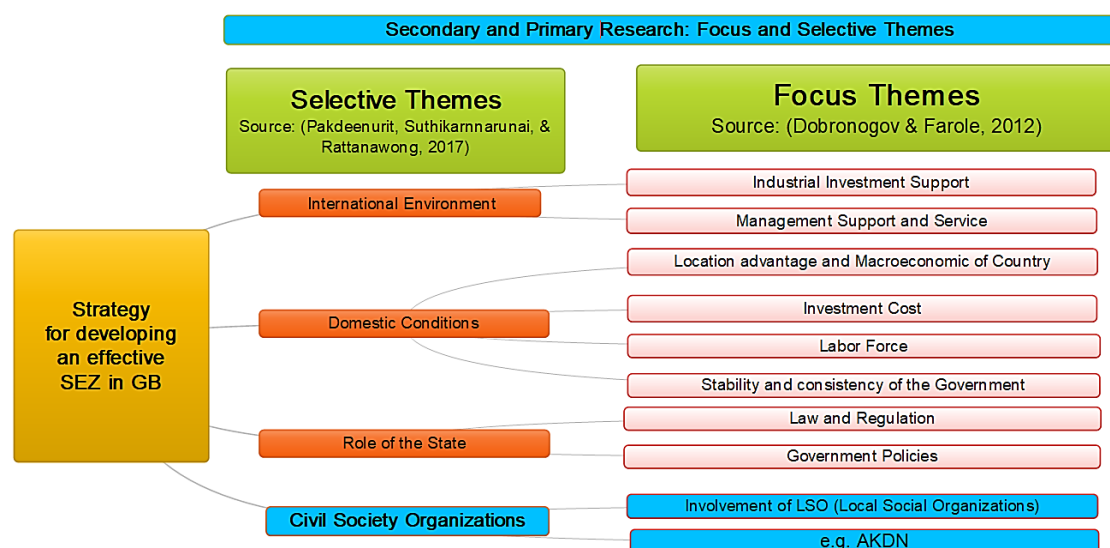


Figure-6. Focus and Selective Themes based on Secondary and Primary Research

So, to make SEZ in GB effective, all four selective themes were found to be important; however, CSFs more reside in the theme of ‘Domestic Conditions’. As one interviewee (LI) observed:

“...GB’s population is approx. 3 million, that is very low comparatively other provinces of Pakistan. If rights of local workforce are not protected then the peace of the GB can be affected and as a result SEZ would be affected...”

Therefore, with the inclusion of the local community this SEZ will become effective. This concept is in line with what is earlier discussed under figure-1, that the zone has to be completely linked with the local economy. Also, the emerged theme of CSO is also somewhat related to ‘Domestic Conditions’. As another interviewees (GO) reinforced:

“...NGO Like UN and AKDN roles are very crucial. Educational and Engineering Universities establishment and most importantly authority to local people...”

“...Exports of GB are negligible, about 0.5% of dry fruit products are exported to European markets, that is because of AKRSP role, government is planning to establish institutions for development of entrepreneurs...”

Research Question # 2:

What mix and priority of industries makes this SEZ effective?

The key relevant findings, regarding industrial mix, from the interviews are as follows as shown in frequency figure-7. It can be concluded that the interviewees have identified more service sector industries to be part of the SEZ in GB. 63% of the respondents highlighted tourism and hospitality industry to be a part of the SEZ. The main reasoning for the inclination towards service sector is the high literacy rate of GB’s workforce as compared to other regions of Pakistan. Though, minerals and dry fruits were identified but the interviewees stressed more on the tertiary sector. Also, the literature has suggested that today

SEZs are finding growth opportunities in the service sector, such as: finance, commerce, trading, business, IT and R&D services (Farole & Akinci, 2011).

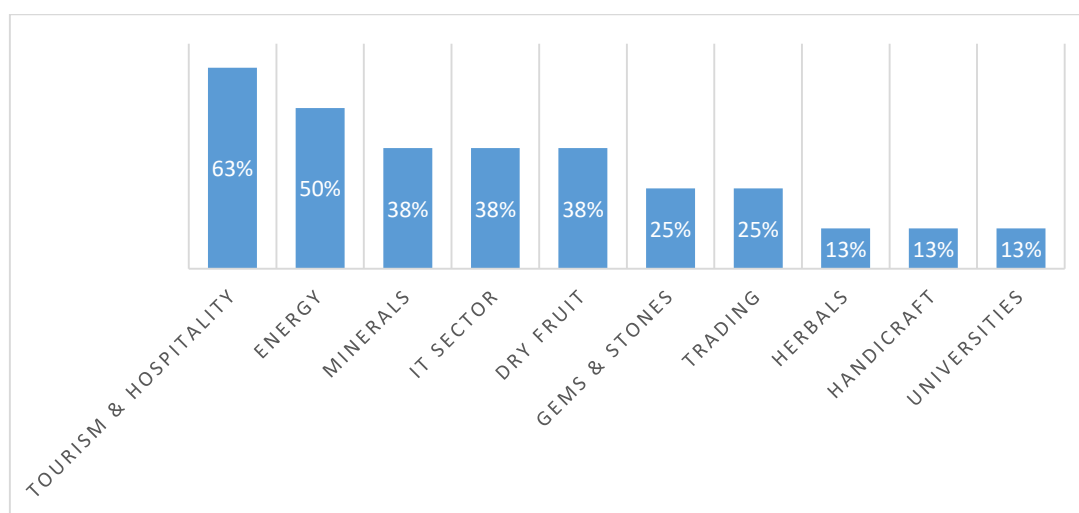


Figure-7. Frequencies of Industries

In light of the findings, a service-focused SEZ can be developed comprised of more tertiary industries, related to: tourism, hospitality, energy, IT, gems and stones, trading and training institutions. With minor focus, primary and secondary industries can be placed around minerals, dry fruits and herbals. In the evolution process, more and more focus is on the tertiary sector as compared to primary and secondary. For example, Pudong's (economic zone in Shanghai) evolution, in terms of industrial mix, is shown in figure-8.

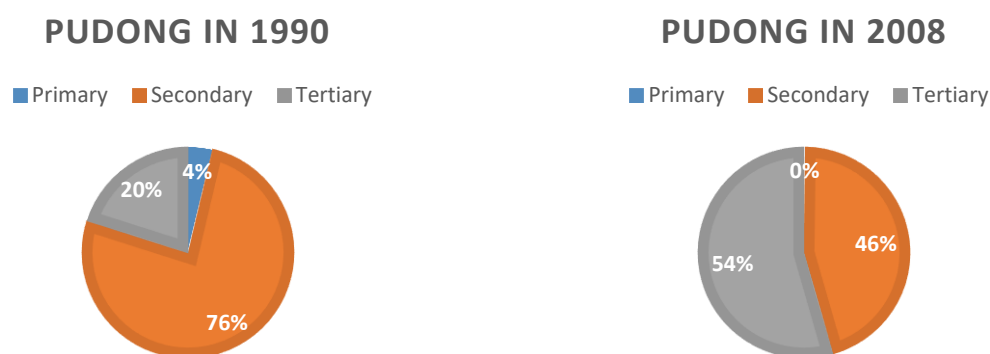


Figure-8. Evolution of Pudong's Industrial Mix (Source: Yitao and Zhiguo (2011))

The above findings are reinforced as per one interviewee (Consult):

“...According to UN survey 60000 MW potential of hydro power is existed in GB...”

Interesting comments were encountered when interviewees emphasized the strategic location of GB and its possible role as a trading hub. As some interviewees said:

“...Three nuclear states surrounds GB. It is big opportunity to create buffer zone among 4 Atomic power countries. China, India, Tajikistan, Afghanistan, Russia and Iran should do a pact to make buffer zone and business hub...”

“...GB is located in Junction of South Area and Central Asia. Can access to multiple markets...”

These views correctly show that the respondents stress on looking outside GB, i.e. how it can be benefited and be of benefit to neighboring communities. As China is heavily focusing on Xinjiang province (that borders with GB) (Reuters, 2018), there are numerous possible opportunities (Nagri, 2018). Along with mentioning the possible industries that can make the SEZ in GB effective, some interviewees showed apprehensions:

“...Industries must be developed, which should not disturb natural environment...”

Research Question # 3:

What are the pre-requisites (infrastructure & skills) for establishing this effective SEZ?

The key relevant findings, regarding the elements of infrastructure and skills, from the interviews are as follows as shown in frequency figure-9. It can be concluded that 75% of the respondents consider engineering universities and vocational technical training institutes as the most important pre-requisite infrastructure, for developing the required skills, for establishing an effective SEZ in GB.

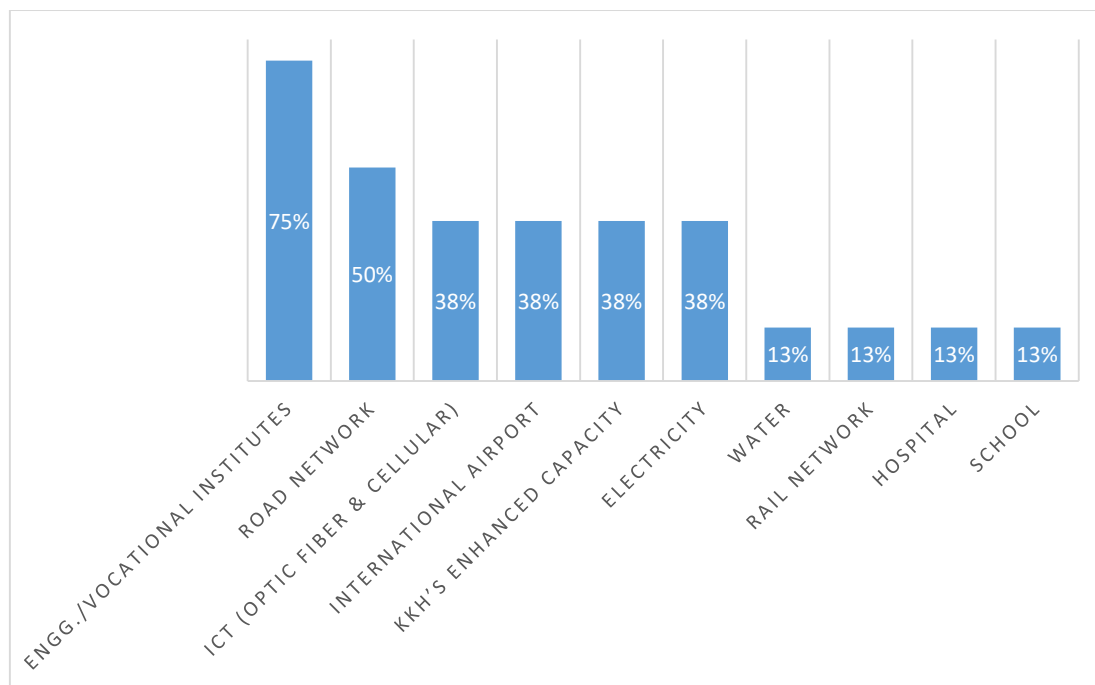


Figure-9. Frequencies of Pre-Requisites for SEZ in GB

All the respondents were positive about the high literacy and youth population. It means the building blocks are available for the SEZ in GB. As per one interviewee (GO):

“...I personally feel proud from our generation who are prepared professionally, my district Hunza is about 99% literacy rate, so we can provide all type of desirable skilled Human resource of industrial zones...”

“...Our 20% professionals are spread around the world and serving in different countries on top positions. If they get such opportunity at their doors they will come back to their motherland and serve to Pakistan through SEZ...”

However, as majority highlighted the need for teaching institutions, it means there is a lack of focused skills. Especially, if we consider the required industrial mix (see figure-7) then institutions teaching focused areas are rightly scarce, such as: hospitality, chef, guides, history-telling, IT experts, gemologist, stone design & traders etc. A respondent suggested to build acumen for safety and security of the tourists too. Another interviewee said (Consult):

“...On paper literacy rate of GB residents is high than other districts of Pakistan but we have lack of desirable skillful professionals for establishment of effective SEZ in GB, so in collaboration with Chinese Universities and Vocational institutes, joint platform shall be created to develop skills of local workforce...”

Road network came second on this list. If we consider, expansion of KKH as part of this element then ‘road network’ becomes the highest rated pre-requisite. As two interviewees observed (LR+Consult):

“...The current roadmap which China has published is astonishing because current KKH does not have capacity for CPEC logistics...”

“...It is even not constructed 7 meters which was mentioned in the initial document. While trailers are 3 meter wide so accidents rates in the region will be increased...”

As the CPEC initiatives are progressing, some of these pre-requisites (identified in figure-9) will hopefully be around soon; however, priority should be given according to the frequencies. One interviewee highlighted the effects of weather on this prospective infrastructure (Consult):

“...GB area is fragile, due to heavy rain, infrastructure is damaged, which will cause disturbance to the investors. Environmental impact analysis should be done...”



Figure-10. Current state of Moqpondass area

The author asked acquaintances to share photos (see figure-10) of the Moqponsdass area, to provide a feeling of this SEZ to the reader. The discussion above regarding infrastructure and skills is pivotal as we need to literally start from scratch.

Research Question # 4:

What is the ‘Right Strategy’ to establish this effective SEZ in GB?

The key relevant findings, regarding strategy for establishing effective SEZ in GB, from the interviews are as follows. Respondents discussed various elements of the ‘Right Strategy’ for GB. Most frequently, these elements are found in the presented sequence. Comments regarding policies, infrastructure and FDI were found to be highly recurring.

1. Constitutional status and NFC award should be given to GB.
2. Policies, Rules & Regulations and their consistency: especially around protecting the rights of natives and local workers, along with local investors.
3. Develop Public-private partnerships and MoUs: more involvement of local entrepreneurs, investors and CSOs.
4. Develop infrastructural facilities: existing resources and new ones with technology as an important element.
5. Policy for attracting FDI has to be rolled-out: developing the SEZ with the help of FDI, such as starting power generation with Chinese funding.
6. Develop access to multiple markets: this is in line with developing GB’s SEZ as a trading hub.

In light of our earlier discussion under ‘strategy’ section of literature review, the above six element are the key principles around which the right strategy can be developed for establishing the SEZ in GB. A number of discussions have already been presented under previous questions that are also relevant here in explaining each of these six principles.

CHAPTER-5: CONCLUSIONS AND RECOMMENDATIONS

For economic prosperity, countries experiment with various approaches. Among these, Special Economic Zone (SEZ) is one such approach that has brought wonders especially for the emerging economies. Similarly, Pakistan under its China-Pakistan-Economic-Corridor (CPEC) initiative has conceived a number of SEZs. One SEZ that has been defined as a priority is: Moqpondass in Gilgit-Baltistan (GB), Pakistan. This study aimed to define the factors that make the SEZ in GB effective, along with providing direction towards the right strategy for developing it. Five stakeholders were identified and subsequently interviewed to achieve these objectives. As per secondary research, factors for effective SEZs are categorized under three themes; subsequently, new factors were identified after interviews for SEZ in GB. These factors were categorized under a new theme: ‘the role of LSOs’. This study has found service-focused SEZ to be more fitting for GB. The report has further analyzed various principles, found in literature, used for developing strategies for SEZs’ establishment. The key principles around which the SEZ of GB should be established were identified: policy framework, infrastructure development, and; attracting FDI.

Policy makers, trade bodies, SEZ consultants, academia and local representatives will find the results of this report helpful in taking decisions regarding SEZs under CPEC. Further to this, the policy recommendations are now presented, which serves as the last section of this report.

Research Question # 5:

What are the Policy Guidelines to bridge the gap between available resources and the pre-requisites of establishing an effective SEZ in GB?

The key relevant findings, regarding Policy Guidelines for establishing effective SEZ in GB, from the interviews are as follows. Respondents discussed various areas where policies should be developed. These are as follows; however, classified in terms of the four selective themes of CSFs:

International Environment

1. Making GB's SEZ a magnet that attract FDI;
2. Safety and security of Tourists;

Domestic Conditions

3. Protection of native's rights and safety;
4. Protection of local workers' rights especially against wage differences;
5. Protection of local investors' rights;
6. Prioritized Infrastructure with ICT;
7. Constitutional rights of people and NFC award;
8. Labor unions and community level societies;

Role of the State

9. Environment and pollution hazards;
10. Mechanism for consistency in policies;
11. Important decisions via GBLA, even this SEZ;
12. Establishment of CPEC SEZ Committee (or Authority);
13. Basic infrastructure like roads, hospitals, schools and transport;

Involvement of LSOs

14. Encourage involvement of the community, CSOs, and private-sector in decision making and PPP;

REFERENCES

- Aggarwal, A. (2012). SEZ-led Growth in Taiwan, Korea, and India: implementing a successful strategy. *Asian Survey*, 52(5), pp.872-899.
- Akbar, M., Khan, H., Hussain, A., Hyder, S., Begum, F., Khan, M., . . . Khan, S. (2014). Present status and future trend of chilghoza forest in Goharabad, District Diamer, Gilgit-Baltistan, Pakistan. *Journal of Biodiversity and Environmental Sciences*, 5(5), 253-261.
- Ali, S. (2015). Importance and Implications of CPEC in South Asia: The Indian Factor. *Journal of Indian Studies*, 1(1), 21-36.
- BOI. Frequently Asked Questions (FAQs). Retrieved Mar, 2018, from <http://boi.gov.pk/boi/userfiles1/file/SEZ/SEZFAQ.pdf>
- Boyce, T. (2017). China-Pakistan Economic Corridor: Sandia National Laboratories (SNL-NM), Albuquerque, NM (United States).
- Dobronogov, A., & Farole, T. (2012). An economic integration zone for the East African Community: exploiting regional potential and addressing commitment challenges.
- Englander, M. (2012). The interview: Data collection in descriptive phenomenological human scientific research. *Journal of Phenomenological Psychology*, 43(1), 13-35.
- Farid, N. (2009). Towards Best Practice Guidelines for the Development of Economic Zones (pp. 1-15). Marrakech: MENA-OECD.
- Farole, T. (2010). Special Economic Zones (Performance, Policy and Practice - with focus on Sub-Saharan Africa) *International Trade Department, World Bank: World Bank*.
- Farole, T. (2011). *Special economic zones in Africa: comparing performance and learning from global experiences*: World Bank Publications.
- Farole, T., & Akinci, G. (Eds.). (2011). *Special economic zones: progress, emerging challenges, and future directions*: World Bank Publications.

- Farole, T., & Kweka, J. (2011). Institutional best practices for special economic zones: An application to Tanzania. *Africa Trade Policy Note*(25).
- GBLA (Cartographer). Map of Gilgit-Baltistan. Retrieved from <http://gbla.gov.pk/>
- Guagliano, C., & Riel, S. (2005). Do special economic areas matter in attracting FDI? Evidence from Poland, Hungary and Czech Republic. *ISLA Working Paper (Milan: Centre for Research on Latin American Studies and Transition Economies, Bocconi University)*.
- Jenkins, R., Kennedy, L., & Mukhopadhyay, P. (2014). *Power, Policy, and Protest: The Politics of India's Special Economic Zones*: Oxford University Press.
- Khan, K., & Anwar, S. (2016). Special Economic Zones (SEZs) and CPEC: Background, Challenges and Strategies. <http://www.pide.org.pk/psde/pdf/AGM32/papers/Special-Economic-Zones-SEZs.pdf>
- Lee, A. (2012). *What the US can learn from China: an open-minded guide to treating our greatest competitor as our greatest teacher*: Berrett-Koehler Publishers.
- Lin, J. Y., & Rosenblatt, D. (2012). Shifting patterns of economic growth and rethinking development. *Journal of Economic Policy Reform*, 15(3), 171-194.
- Lin, J. Y., & Xu, J. (2015). *Applying the growth identification and facilitation framework (GIFF) to the least-developed countries (LDCs): The case of Uganda*. Paper presented at the Working Paper for the UN DESA Capacity-building Workshop.
- Meena, C. M. (2017). Geo-Strategic Importance of China Pakistan Economic Corridor, Threat to India: An Analysis. *International Journal of Research and Analytical Reviews*, 4(2), 121-135.
- Nagri, J. (2018, April 1, 2018). CPEC to benefit Gilgit-Baltistan the most: Chinese Envoy, *Dawn Newspaper*.
- Nigar, N. (2017). Establishing Special Economic Zone in Gilgit-Baltistan under CPEC: Institute of Strategic Studies.

Pahariya, N. C., Biswas, A., Habbu, V., Jain, M., Jayaram, S., Pareekh, A., . . . Chatterjee, B. (2011).

An Assessment of Potential Costs and Benefits of SEZs in India. Jaipur, India: CUTS

International Retrieved from <http://www.cuts-citee.org/pdf/RREPORT07-05.pdf>.

Pakdeenurit, P., Suthikarnnarunai, N., & Rattanawong, W. (2014). Key Success Factor of Special Economic Zone for Thailand. *Lecture Notes in Engineering and Computer Science.*

Pakdeenurit, P., Suthikarnnarunai, N., & Rattanawong, W. (2014). Special Economic Zone: Facts, roles, and opportunities of investment. *Lecture Notes in Engineering and Computer Science.*

Pakdeenurit, P., Suthikarnnarunai, N., & Rattanawong, W. (2017). Location and key success factors of special economic zone in Thailand. *Marketing and Branding Research*, 4(2), 169.

Reuters. (2018, April 1, 2018). China to spend \$300m in Xinjiang to improve irrigation, *Dawn Newspaper.*

ŚCISŁO, A. (2009). A guide to special economic zones in Poland. In Paweł (Ed.).

Soundarapandian, M. (Ed.). (2012). *Development of Special Economic Zones in India* (Vol. 1). New Delhi: Concept Publishing Company.

Tang, X. (2015). How do Chinese 'special economic zones' support economic transformation in Africa. *Supporting Economic Transformation Program, ODI, UK.*

Yitao, T., & Zhiguo, L. (Eds.). (2011). *China's Economic Zones: Design, Implementation and Impact:* Paths International Ltd.

Zeng, D. Z. (2010). *Building engines for growth and competitiveness in China: Experience with special economic zones and industrial clusters:* World Bank Publications.

Zeng, D. Z. (2015). Global experiences with special economic zones: focus on China and Africa. In T. W. Bank (Ed.), (Vol. Trade and Competitiveness Global Practice, pp. 1-17).

Zeng, D. Z., & Zeng, D. Z. (2011). *How do special economic zones and industrial clusters drive China's rapid development? :* World Bank Washington, DC.

APPENDICES

APPENDIX-A: Interview Questions

- Q # 1 What is your opinion about open policy environment for the success of SEZ in GB?
- Q # 2 How governmental rules, regulations and legislations can contribute to effective SEZ in Gilgit-Baltistan?
- Q # 3 How would you explain the importance of infrastructure for the success of SEZ in GB?
- Q # 4 What is your viewpoint about the critical success factors that can help to develop effective SEZ in Gilgit-Baltistan? And why?
- Q # 5 What is your opinion about the attractiveness of foreign investment in the region due to effective SEZ in Gilgit-Baltistan? And why?
- Q # 6 In your opinion, what are the benefits of setting up SMEs, Banks, and other financial institutes in Gilgit-Baltistan as important factors to improve the effectiveness of SEZ in the region? And why?
- Q # 7 How Gilgit-Baltistan has the geographical importance for an effective SEZ?
- Q # 8 What is the importance of introducing technological advancements for an effective SEZ in Gilgit-Baltistan? And why?
- Q # 9 In your opinion, how would setting up an effective SEZ in Gilgit-Baltistan can protect the rights of local workforce in the region?
- Q # 10 What would be your opinion in regards to the availability of desirable and skillful Human Resource in Gilgit-Baltistan for setting an effective SEZ in the region?
- Q # 11 Kindly share your standpoint about the contribution of an effective SEZ in Gilgit-Baltistan for the macroeconomic indicators such as GDP, Per Capita Income, Inflation, Money Supply etc.
- Q # 12 What do you think about the importance of foreign trade and investment for an effective SEZ in Gilgit-Baltistan? And how it can contribute to its effectiveness?

Q # 13 What would be like to suggest about the contribution of state government toward setting an effective SEZ in Gilgit-Baltistan?

Q # 14 What would be like to suggest about the contribution of local government toward setting an effective SEZ in Gilgit-Baltistan?

Q # 15 What would be like to suggest about the contribution of public sector toward setting an effective SEZ in Gilgit-Baltistan?

Q # 16 What would be like to suggest about the contribution of private sector toward setting an effective SEZ in Gilgit-Baltistan?

Q # 17 How stability of Federal and Local Government contribute toward setting an effective SEZ in GB?

APPENDIX-B: Transcripts of Interviews**Interview#1 - Government Official**

Q#1 What is your opinion about open policy environment for the success of SEZ in Gilgit-Baltistan?

Ans. *We should made open policy for the investors and business community. My opinion regarding policy formation is clear. I have some reservations about certain areas e.g, environmental pollution, local people right, safety of local residents, our government is working to regulate and laws must be made to protect locals rights besides giving incentives to foreign business investors.*

Q#2 How governmental rules, regulations and legislations can contribute to effective SEZ in Gilgit-Baltistan?

Ans. *Our previous governments have not worked on regulations and policies. Now PMLN government has taken this issue very seriously and definitely this will make a strong side of rules, regulations for the effective SEZ general and GB specially. BOI of Gilgit-Baltistan is working on it, which is lead by honorable Chief Minister GB, due to his special interest in the pace of work is in very high. Our previous governments have not worked on regulations and policies. Now PMLN government has taken this issue very seriously and definitely this will make a strong side of rules, regulations for the effective SEZ general and GB specially. BOI of Gilgit-Baltistan is working on it, which is lead by honorable Chief Minister GB, due to his special interest in the pace of work is in very high.*

Q#3 How would you explain the importance of infrastructure for the success of SEZ in Gilgit-Baltistan?

Ans. *Without infrastructure, there is no special zone, to facilitate investors and business community we have to design and implement a better infrastructure for special economic zone. Now we have many issues regarding infrastructure. Our team is continuously struggling to plan better. We need qualified and experienced professionals, we welcome you , even I am inviting you to be part of our advisory team for the possible project for GB. Communication is required, IT sector will be developed using Optic fiber in GB. Now we need to work on basic infrastructure on which we are working. Honorable Nawaz sharif has special interest in GB.*

Q#4 What is your viewpoint about the critical success factors that can help to develop effective SEZ in Gilgit-Baltistan? And why?

Ans. *What I suggest about critical success factors for special economic zone is selection of its location, that must be safe from natural disaster, open and wide and well connected with other districts locally and with externally China and Central Asia Countries, for that I will recommend Sost or in between Sost and Khunjerab, Second important factor is routes by air and by road. An international airport near Khunjerab should be constructed to link with internal communities in short time. By road distance is very large. Electricity requirement that must be generated from Hydropower. Incentives and facilities to international and local investors, good laws order situation in the GB. Banks and other institutions must finance on projects. NGO Like UN and AKDN roles are very crucial. Educational and Engineering Universities establishment and most importantly authority to local people. What I suggest about critical success factors for special economic zone is selection of its location, that must be safe from natural disaster, open and wide and well connected with other districts locally and with externally China and Central Asia Countries, for that I will recommend Sost or in between Sost and Khunjerab, Second important factor is routes by air and by road. An international airport near Khunjerab should be constructed to link with internal communities in short time. By road distance is very large. Electricity requirement that must be generated from Hydropower. Incentives and facilities to international and local investors, good laws order situation in the GB. Banks and other institutions must finance on projects. Educational and Engineering Universities establishment and most importantly authority to local people.*

Q#5 What is your opinion about the attractiveness of foreign investment in the region due to effective SEZ in Gilgit-Baltistan? and why?

Ans. *Few points are highlighted like minerals and gems, tourism and mountainous zones. What I give more preference to international business investors is its existence between China, Russia, India, Afghanistan, Central Asian countries and in Pakistan. A business man can easily access to all the countries in short time and expand his business properly, because most of the world highest populations are among mentioned countries.*

Q#6 In your opinion, what are the benefits of setting up SMEs, Banks, and other financial institutes in Gilgit-Baltistan as important factors to improve the effectiveness of SEZ in the region? And why?

Ans. Off course, banks and other financial institutions role is very important because local investors needs help of these institutions to start business in new direction in the Special Economic Zones to grab a better opportunity. I have requested to CM GB and other officials to take special interest in the financial institutions to create better opportunities to locals.

Q#7 How Gilgit-Baltistan has the geographical importance for an effective SEZ?

Ans. Nice question, If you ask this question from an Indian he will surely tell you the right answer, they know our geographical importance not only by business perspective but in strategic perspective. GB is the only land region to connect Pakistan with China and Central Asia, so all the businesses can be done through this route.

Q#8 What is the importance of introducing technological advancements for an effective SEZ in Gilgit-Baltistan? And why?

Ans. I have visited many countries across globe, seen many special economic zones, all are equipped and furnished with modern scientific technology. How is it possible to be developed in the modern world without technology. I will strongly suggest and recommend to develop IT sector in GB besides others. For construction designed of roads and building modern technology should be used to prevent damages from natural disasters. In all aspects modern technology is important.

Q#9 In your opinion, how would setting up an effective SEZ in Gilgit-Baltistan can protect the rights of local workforce in the region?

Ans. Local workforce right will be protected, our government is keeping this on top priority in all steps. I will not ignore the challenges faced by local workforce for their rights. We have to be prepared to face the challenges with right strategies for development of the region. If we go abroad there we see less number of locals in industrialized cities, even in Shanghai, locals are very less but they are well paid in terms of packages.

Q#10 What would be your opinion in regards to the availability of desirable and skillful Human Resource in Gilgit-Baltistan for setting an effective SEZ in the region?

Ans. I personally feel proud from our generation who are prepared professionally, my district Hunza is about 99% literacy rate, so we can provide all type of desirable skilled Human resource of industrial zones. Our 20% professionals are spreaded around the world and serving in different countries on top positions. If they get such opportunity at their doors they will come back to their motherland and serve to Pakistan through special economic zone. I personally know more than 1000 professionals from my constituency who are working abroad and some of them have gotten citizenships

Q#11 Kindly share your standpoint about the contribution of an effective SEZ in Gilgit-Baltistan for the macroeconomic indicators such as GDP, Per Capita Income, Inflation, Money Supply etc.

Ans. It is very clear that macroeconomic factors will be improved as the effectiveness of special economic zone is increased. I must say special economic zone will be the game changer for the region in economical point of view.

Q#12 What do you think about the importance of foreign trade and investment for an effective SEZ in Gilgit-Baltistan? And how it can contribute to its effectiveness?

Ans. Exports of GB are negligible, about .5% of dry fruit products are exported to European markets, that is because of AKRSP role, government is planning to establish institutions for development of entrepreneurs. Your support will be required. Because of AKRSP role, about 0.5% of dry fruit products are exported to European markets. Exports of GB are negligible, about .5% of dry fruit products are exported to European markets, that is because of AKRSP role, government is planning to establish institutions for development of entrepreneurs. Your support will be required.

Q#13 What would be like to suggest about the contribution of state government toward setting an effective SEZ in Gilgit-Baltistan?

Ans. Through your this research I will appeal to all the stakeholders of GB to give suggestions and recommendations for the betterment of region. Our government will welcome your suggestions. Federal government will increase CPEC projects for GB. Honorable Nawaz Sharif is very sincere to GB. Despite of many internal and external challenges he is working to improve constitutional status of the GB.

Q#14 What would be like to suggest about the contribution of local government toward setting an effective SEZ in Gilgit-Baltistan?

Ans. Our government role is important, we will work to make effective committee for special economic zone, I personally went to the Islamabad to deliver message to all the stakeholders of CPEC specially in GB.

Q#15 What would be like to suggest about the contribution of public sector toward setting an effective SEZ in Gilgit-Baltistan?

Ans. *There is wide range to work public sector. They need to develop first then their role will be enhanced.*

Q#16 What would be like to suggest about the contribution of private sector toward setting an effective SEZ in Gilgit-Baltistan?

Ans. *In GB private sector can work on many areas, GB government and locals will welcome them. Our people are very positive for foreigner too.*

Q#17 How stability of Federal and Local Government contribute toward setting an effective SEZ in GB?

Ans. *I don't want to burst out about stability of governments*

Interview#2 – Local Representative

Q#1 What is your opinion about open policy environment for the success of SEZ in Gilgit-Baltistan?

Ans. *Gilgit-Baltistan should be made an open platform for all foreign investors by protecting locals rights. GBians are always welcoming to all international investors and regional investors. GB is the only area where residents are famous for hospitality. This will be helpful to make a good image at international platform. Hence we can develop economically.*

Q#2 How governmental rules, regulations and legislations can contribute to effective SEZ in Gilgit-Baltistan?

Ans. *It is very important question specially for CPEC aspects, Local people must be involved in GB legislation. I personally was candidate for GBLA, I know GBLA members personally, some of electable members are not capable to form legislation, they must give a chance and select a competent technocrat to draft and establish rules, regulations and legislation for GB particularly and Pakistan generally. The "Showsha" of CPEC will not be effective unless local people involvement in legislation by protecting locals rights. Success of CPEC Project is the success of Pakistan and GB. Currently GB is ignored by Federal Govt. When CPEC become operational completely one container will be passed after 46 mints, which will cause environmental and social issues. If pre-defined rules, regulations and planned are not prepared then only construction will not be successful.*

Q#3 How would you explain the importance of infrastructure for the success of SEZ in Gilgit-Baltistan?

Ans. *Yes, it is nice question, globally SEZs are successful because of their infrastructure. The current roadmap which China has published is astonishing because current KKH is does not have capacity for CPEC logistics. Currently there are big gaps in communication, even nomal calling is very difficult for a common people. On media (print and electronic media) there are multiple projects are started in GB but not in real. Roads are not even connecting to districts easily. GB-Skardu road is an example. Air link is negligible, there is no international airport at GB, in my point of view there is not even 10% infrastructure for the CPEC. They need to develop many more.*

Q#4 What is your viewpoint about the critical success factors that can help to develop effective SEZ in Gilgit-Baltistan? And why?

Ans. *I will start from Human resource. Our youth population is higher which can be useful. GB is full of talent here all types of professionals can be found. We have many types of raw materials, there is need to build connections with the villages and other areas to collect RMs.*

Q#5 What is your opinion about the attractiveness of foreign investment in the region due to effective SEZ in Gilgit-Baltistan? And why?

Ans. *In Gilgit-Baltistan there are many attractive factors for international investors but some of the attractive points are as Potential hydroelectric power, Raw materials of fruits and herbals. Gems and precious stones, its importance of junctions. Natural beauty and pure environment and many more. High mountains for the tourist and other trekkers.*

Q#6 In your opinion, what are the benefits of setting up SMEs, Banks, and other financial institutes in Gilgit-Baltistan as important factors to improve the effectiveness of SEZ in the region? And why? In your opinion, what are the benefits of setting up SMEs, Banks, and other financial institutes in Gilgit-Baltistan as important factors to improve the effectiveness of SEZ in the region? And why?

Ans. *Yes, banks and financial institutions will play a role like backbone to support Industrial zones.*

Q#7 How Gilgit-Baltistan has the geographical importance for an effective SEZ?

Ans. Allah Pak has blessed GB with natural beauty and unique geography, there we have multiple junctions for business purpose and strategic purpose. Its geography is very precious, World top 2 populous countries are lies on its eastern border while on its North-West Border Afghanistan territory Wakhan separate it from Tajikistan. While Iran and Pakistan KPK province on its Southern side. Special Economic Zone or industrial zone will be successful for all perspectives if only local population and their stake is understood and given their share. Otherwise challenges can be produced in future.

Q#8 What is the importance of introducing technological advancements for an effective SEZ in Gilgit-Baltistan? And why?

Ans. Without technology there is no development, Industries are run by plants and technology, In the modern age our life is incomplete with technology. For building SEZ technology is an integral part. In GB its importance increases than normal.

Q#9 In your opinion, how would setting up an effective SEZ in Gilgit-Baltistan can protect the rights of local workforce in the region?

Ans. One of the most important question of interview is protection of rights of local workforce, SEZ shall not be considered effective or successful if the local workforce is not benefitted from special economic zone. Local workforce must be utilized but giving rights to them. Currently there is great difference of wages, many cases were highlighted on social medial that local workforces ware paid very less than foreigners. Local workforce right must be protected through rules and laws that must be established by local and federal government.

Q#10 What would be your opinion in regards to the availability of desirable and skillful Human Resource in Gilgit-Baltistan for setting an effective SEZ in the region?

Ans. Karakoram International University must be made fully functional and trainings and other vocational programs must be launched. AKRSP and other ENGOS are working on it but are not enough

Q#11 Kindly share your standpoint about the contribution of an effective SEZ in Gilgit-Baltistan for the macroeconomic indicators such as GDP, Per Capita Income, Inflation, Money Supply etc.

Ans. I will not comment on this question because there is not such any significance in GB yet.

Q# 12 What do you think about the importance of foreign trade and investment for an effective SEZ in Gilgit-Baltistan? And how it can contribute to its effectiveness?

Ans. For any SEZ, foreign investment is the backbone, so for GB foreign investment is as important as for other Special economic zones around the world. I personally suggest GB government to initiate programs to attract foreign investors so that it can be fruitful, Local population can be benefitted by getting employment.

Q#13 What would be like to suggest about the contribution of state government toward setting an effective SEZ in Gilgit-Baltistan?

Ans. Despite of many claims of Mr. Ahsan Iqbal, there is not even a single energy project in GB from CPEC, I am very amazed from the planning commission and CPEC federal govt team. How they are planning. GB is key stakeholder of CPEC but is continuously ignored by federal govt. How federal govt expect from GB people to make CPEC succeed. They must learn lessons from other countries.

Q#14 What would be like to suggest about the contribution of local government toward setting an effective SEZ in Gilgit-Baltistan?

Ans. Yes it is most important question, GB govt should understand the importance, challenges and opportunities of CPEC for GB, unfortunately there are few GBLA members who hardly know the abbreviation of CPEC, so they must create a platform to prepare locals to face the upcoming challenges and grap opportunities through CPEC. Secondly GB govt involvement in federal and Pak-China conference is negligible, even in last OBOR GB representation was not considered. All the CMs of the four provinces attended but CM GB was not even invited. It is very alarming.

Q#15 What would be like to suggest about the contribution of public sector toward setting an effective SEZ in Gilgit-Baltistan?'

Ans. Public sector is most important sector to make SEZ effective in GB. I will not be able to comment more about public sector because some negative comments will make your interview controversial.

Q#16 What would be like to suggest about the contribution of private sector toward setting an effective SEZ in Gilgit-Baltistan?

Ans. *In GB private sector is negligible, very optimistic for private sector, there is a good ground where they can play. Even local residents will cooperate, but here they must be cautious about the rights of local residents doing all the projects and programs which will make them successful.*

Q#17 How stability of Federal and Local Government contribute toward setting an effective SEZ in GB?

Ans. *Yes, without willing of federal government no one can even fly (koi prinda per bhi nahi hila sakta).*

Interview#3 – Local Representative

Q#1 What is your opinion about open policy environment for the success of SEZ in Gilgit-Baltistan?

Ans. *Open or close policy is apply where there is a policy, in GB there is not policy for industrial zone, I have heard initial Industrial Zone and dry port was to build in Sost Hunza, later I through media I came to know that dry port and industrial zone shall be shifted to Diamer district and at the same time some local newspapers and some politician claimed to establish industrial zone in Matumdass (Moqpondass). First location should be finalized and then work on policies can be done. At initial phase, GB government is stucked due to unknown reasons. I think Open policy is important for any industrial zone.*

Q#2 How governmental rules, regulations and legislations can contribute to effective SEZ in Gilgit-Baltistan?

Ans. *Without rules, laws and regulations, nothing can be done. GB is lacking constitutional rights, how can Gbians expect more? I mean it is not "Jungle" so constitutional status will lead to rules, laws and regulations for not only industrial zone (SEZ) but for all other areas. Without giving constitutional rights how can we expect transparent laws or regulations for this so called zone? Anyhow, like other provinces of Pakistan, laws and rules for Zones (SEZ) should be made.*

Q#3 How would you explain the importance of infrastructure for the success of SEZ in Gilgit-Baltistan?

Ans. *I am using hard and bitter words sorry for that, "Aasman main Zone (SEZ) tov nahi banatay" so infrastructure is urgent need. It is also need to assess that GB has limited land for agriculture and other purposes. All infrastructure if roads are made valleys should not be damaged instead tunnels should be constructed and in the same pattern if building are constructed, selection of design and location should be consider and take help from reknown relevant professionals.*

Q#4 What is your viewpoint about the critical success factors that can help to develop effective SEZ in Gilgit-Baltistan? And why?

Ans. *First of all, constitutional status to the region that will build trust level to locals as well as foreign investors. Now foreign investors shall not be ready to invest in a "Sarzameen-e-Bayaayeen" GB. Then other factors for example, airports, communications and location of zone, working people from local areas etc. If external people works only in the zone (SEZ), sharing of local working people are not given then crime rate will be increased. Currently very less crime rate, even in some districts like hunza, crime rate is approx. 0%. So jobs and investment shares should be given to locals.*

Q#5 What is your opinion about the attractiveness of foreign investment in the region due to effective SEZ in Gilgit-Baltistan? And why?

Ans. *If constitutional rights are given to GB, investors will be attracted because the geography of the area is famous in the world, from its natural beauty to center locations among India, Pakistan, Afghanistan, Tajikistan, China and near to Russia. Three atomic powers, Pakistan, India, China and fourth Russia is near to GB. "Jaa ker baat Aayini Huqooq pe rukti hai". Natural resources, weather, welcoming people of GB, high literate communities in the mountaneous zones, fruits, rives potential for green energy are all attractive points for foreign investors.*

Q#6 In your opinion, what are the benefits of setting up SMEs, Banks, and other financial institutes in Gilgit-Baltistan as important factors to improve the effectiveness of SEZ in the region? And why?

Ans. *For development of zones (SEZ), banks and SMEs are foundations. Without financial institutions how can development is possible? Local and foreign investors dependent on banks etc. Multi-national banks like Standard Chartered should be established in the region. Tagday (established) banks and SMEs will lead to development of region.*

Q#7 How Gilgit-Baltistan has the geographical importance for an effective SEZ?

Ans. *GB is gateway to CPEC, its existing route from Khunjerab to KPK is approx 450 Kms and same distance is of proposed Western Route (through Chitral). Central Asian route that is proposed in CPEC projects will pass through GB. Indus river is flowing from GB that irrigate Pakistan. God has blessed GB is good geography but depends on Pakistani & Chinese government to take benefit from its geography.*

Q#8 What is the importance of introducing technological advancements for an effective SEZ in Gilgit-Baltistan? And why?

Ans. *In the modern world, technology has changed the trends and pace of development. Zones (SEZ) in GB equipped with modern technology will enhance speed of development and will attract investors. From building to communication and system development modern technology is important.*

Q#9 In your opinion, how would setting up an effective SEZ in Gilgit-Baltistan can protect the rights of local workforce in the region?

Ans. *Before setting up Zone (SEZ), rules and regulations for protection of local workforce should be done because once the works starts then it will be difficult to protect their rights. Keeping in view International Labour laws, rules must be made. Chinese are not implementing labour rights, I have seen many chinese "tarapte huwe" while maintenance work on KKH. I'm worried about local workforce rights in the region if Chinese are taking over zone (SEZ).*

Q#10 What would be your opinion in regards to the availability of desirable and skillful Human Resource in Gilgit-Baltistan for setting an effective SEZ in the region?

Ans. *In my view, desirable and skill human resource in GB is not enough for zone (SEZ) because there is negligible industry in the region. Gbians of different professions are working across globe will not return to region on low wages. To develop desirable and skillful human resource, trainings and education should be given. People of GB are hard working they will learn skills in short time. It is upto the government to provide opportunity to locals for conduction of trainings in the region.*

Q#11 Kindly share your standpoint about the contribution of an effective SEZ in Gilgit-Baltistan for the macroeconomic indicators such as GDP, Per Capita Income, Inflation, Money Supply etc.

Ans. *Literacy rate in the region is high comparatively with other region despite of lack of government educational institutions that means Gbian can contribute big share to increase macroeconomic indications if opportunities are provided. In present federal and local governments are not seen serious to get good outcome of the local residents.*

Q#12 What do you think about the importance of foreign trade and investment for an effective SEZ in Gilgit-Baltistan? And how it can contribute to its effectiveness?

Ans. *Every year I visit U.A.E for last 10 years. Everytime I observed changes and most of changes and development is because of foreign investment. Lions share in the development is due to foreign investment. GB local residents havnt capacity to invest on larger scale, only can rely on foreign investment. In China also all multinational organizations have been investing at larger scale. Here in GB, foreign investment is necessary.*

Q#13 What would be like to suggest about the contribution of state government toward setting an effective SEZ in Gilgit-Baltistan?

Ans. *State government can do whatever they want. "Naikniyati" of government is not seen yet regarding zones (SEZ). No pragmatic steps are taken yet by state government. We can see projects on electronic, print and socail media NOT on ground.*

Q#14 What would be like to suggest about the contribution of local government toward setting an effective SEZ in Gilgit-Baltistan?

Ans. *Local government can share feasibility reports and to explore opportunities with the help of local and foreign researchers at village-level that can be utilized by NGOs, foreign investors and Pakistan investors for business and development purpose.*

Q#15 What would be like to suggest about the contribution of public sector toward setting an effective SEZ in Gilgit-Baltistan?

Ans. *In China, Public Sector has worked on zones (SEZs), European countries development is seen is due to public sector role. Industrial Zones (SEZ) need diversified team, multi field support and mechanism. In GB only 3 or 4 public sector services are appreciable. One of them is Northern Areas Transport Corporation (NATCO). "Baqi ka Khuda hi Hafiz hai"*

Q#16 What would be like to suggest about the contribution of private sector toward setting an effective SEZ in Gilgit-Baltistan?

Ans. *In the West and US Public-Private partnership is strongly established for the development of country. Here Private sector role is more important.*

Q#17 How stability of Federal and Local Government contribute toward setting an effective SEZ in GB?

Ans. *Consistency of policies build trust and strengthening institutions, completion of projects in time, trust level of local and foreign investors increased.*

Interview#4 – Academic

Q#1 What is your opinion about open policy environment for the success of SEZ in Gilgit-Baltistan?

Ans. *I disagree with an open policy environment for the success of Special Economic Zones (SEZ) in GB as the only public resource in GB is "land", which is very costly as well as very limited in the context of GB. Therefore, the public land should be sold to external private entrepreneurs, rather it should be leased through the Village Organizations (VOs) or Local Social Organizations (LSOs) guaranteeing the rights of the natives as development partners.*

Q#2 How governmental rules, regulations and legislations can contribute to effective SEZ in Gilgit-Baltistan?

Ans. *I perceive that the issue of SEZ in GB should be discussed in detail in GBLA and then, a Parliamentary Committee should be constituted to suggest SEZ in GB, which should be passed as a bill after second debate or after third debate and review.*

Q#3 How would you explain the importance of infrastructure for the success of SEZ in Gilgit-Baltistan?

Ans. *As the natives are lacking the capacity (Human, Physical as well as Capital Resources) to establishing SEZ on their own, it should therefore, be implemented through concerned government department, such as Revenue department to obtain or lease piece of land along KKH, GBPWD for the construction of Road and buildings and the Water & Power Division should be coordinated for the arrangement of Electric Supply to SEZ in GB.*

Q#4 What is your viewpoint about the critical success factors that can help to develop effective SEZ in Gilgit-Baltistan? and why?

Ans. *Allocation of appropriate funds through CPEC and provision of basic infrastructural facility through concerned authority can ensure the success of such projects*

Q#5 What is your opinion about the attractiveness of foreign investment in the region due to effective SEZ in Gilgit-Baltistan? and why?

Ans. *I am positive about Hotel and Tourism Industries that can be promoted, enhanced and also ensure "Eco-friendly Tourism" in the area. However, I oppose other industries in GB as we can obtain them easily through trading with China as well as Markets in the Southern Cities of Pakistan.*

Q#6 In your opinion, what are the benefits of setting up SMEs, Banks, and other financial institutes in Gilgit-Baltistan as important factors to improve the effectiveness of SEZ in the region? And why?

Ans. *I think SMEs and other Bank's role will be more effective if the government succeeds in establishing SEZ with basic infra-structural facility mentioned above. Otherwise, without appropriate infrastructural facility, the investors will not succeed and it will have a disastrous impact on other desiring investors.*

Q#7 How Gilgit-Baltistan has the geographical importance for an effective SEZ?

Ans. The Geo-physical location of GB is not only strategically important to both Pakistan and China, but the area has great potentials in terms of Human Resources and Natural Resources for the promotion of Hotel and Tourism Industries. These areas can provide self-employment and can absorb hundreds of thousands of youth in different catering services and leisure industry.

Q#8 What is the importance of introducing technological advancements for an effective SEZ in Gilgit-Baltistan? And why?

Ans. Being almost 90 % mountainous areas, it is really difficult to provide all communication and infrastructural facility in all regions, therefore, the government can take advantage of modern technologies, such as, providing Internet services to all valley for fast information sharing and using Bulldozers and Excavators for leveling lands and other important tasks.

Q#9 In your opinion, how would setting up an effective SEZ in Gilgit-Baltistan can protect the rights of local workforce in the region?

Ans. I think, it can happen only by recognizing the rights of the natives over their agricultural, un-developed and pasture lands and any acquisition should be only through lease agreements and by selling out the land to external people.

Q#10 What would be your opinion in regards to the availability of desirable and skillful Human Resource in Gilgit-Baltistan for setting an effective SEZ in the region?

Ans. I perceive that AKRSP has an effective Youth Internship Program for the educated youngsters who are wishing to enhance their capacities through different programs. But to promote genuine skill development, either AKRSP or Pakistan's TVET programs needs to establish Vocational and Technical Centers to achieve the goals of providing opportunities to those youth who don't want or don't have the capacity to go to universities for higher education.

Q#11 Kindly share your standpoint about the contribution of an effective SEZ in Gilgit-Baltistan for the macroeconomic indicators such as GDP, Per Capita Income, Inflation, Money Supply etc.

Ans. I think studies on per capita income, Inflation and Money supply etc. are available with AKRSP. Mine would be a wild guess, I therefore, would not comment on this area.

Q#12 What do you think about the importance of foreign trade and investment for an effective SEZ in Gilgit-Baltistan? And how it can contribute to its effectiveness?

Ans. I think, partially GB is dependent on trade with southern cities of Pakistan and with bordering cities of China, such as, Tashkurgan, Kashgar and Urumchi as the main sources of trade. If Tourism, Hotel and local Handicrafts are promoted to their full potentials, they will also attract foreign investors in the area.

Q#13 What would be like to suggest about the contribution of state government toward setting an effective SEZ in Gilgit-Baltistan?

Ans. Signing MoUs on the Perceived Mega projects for the promotion of long-term bilateral friendship, economic and social development projects.

Q#14 What would be like to suggest about the contribution of local government toward setting an effective SEZ in Gilgit-Baltistan?

Ans. The first area that can and should be done is putting the right "policies" in place, and the second responsibility of the GB government or the State of Pakistan is/should be the provision of infrastructural facility.

Q#15 What would be like to suggest about the contribution of public sector toward setting an effective SEZ in Gilgit-Baltistan?

Ans. Establishing National Parks, Conservation Areas and promotion of Safety and Security of the tourists (National/International) in GB should be the responsibility of the State/Provincial government. Public awareness about respecting lives and property of people visiting the area would also be important.

Q#16 What would be like to suggest about the contribution of private sector toward setting an effective SEZ in Gilgit-Baltistan?

Ans. Private sector will gradually grab the opportunity and will play pivotal role in increasing the quality of services in terms of Hotel Management, Tourism related services, such as, transport, guides, chefs, shop-keeping etc.

Q#17 How stability of Federal and Local Government contribute toward setting an effective SEZ in GB?

Ans. *Everyone know's that GB govt is run by the instruction of a Federal Minister. So I don't want to comment more about this question.*

Interview#5 – Local Investor

Q#1 What is your opinion about open policy environment for the success of SEZ in Gilgit-Baltistan?

Ans. *Open policy environment is good for develop and educated communities to compete international challenges while it can be threat to less previledge areas people. Although GB has a good literacy rate but still we are not ready to compete international environment through open policy.*

Q#2 How governmental rules, regulations and legislations can contribute to effective SEZ in Gilgit-Baltistan?

Ans. *Government can do because they have resources and they can get help from other governemnts in developing SEZ in Gilgit-Baltistan. Rules and regulations can build trust to the international and local investors. Rules will protects rights of local workforce as well.*

Q#3 How would you explain the importance of infrastructure for the success of SEZ in Gilgit-Baltistan?

Ans. *China has attracted investors by building infrastructure. GB is mountaneous area having rivers. Bridges and roads and basic infrastructure are the most important factors to make succeed SEZ in GB. Without building infrasture I cannot expect success of SEZ in GB.*

Q#4 What is your viewpoint about the critical success factors that can help to develop effective SEZ in Gilgit-Baltistan? And why?

Ans. *In my point of view, rights to local residents and physical infrasture and power generation from local resources will be the critical success factors of SEZ in GB*

Q#5 What is your opinion about the attractiveness of foreign investment in the region due to effective SEZ in Gilgit-Baltistan? And why?

Ans. *Geographical importance. GB can be the focal point to Central Asia, China, India, Afghanistan. The mountains Karakuram ranges, Himalayas ranges and Hundukush ranges are blessed with natural resources, that can be used as potential raw materials for the industrial purposes.*

Q#6 In your opinion, what are the benefits of setting up SMEs, Banks, and other financial institutes in Gilgit-Baltistan as important factors to improve the effectiveness of SEZ in the region? And why?

Ans. *Mentioned factors, SMEs, Banks, financial institutes are most important factors for SEZ because without having above factors economic activity cannot be performed.*

Q#7 How Gilgit-Baltistan has the geographical importance for an effective SEZ?

Ans. *GB is location in the junction of Central Asia, China, Afghanistan, Kashmir and Pakistan. Pamir and Devasai are the highest lands in the world. GB can be hub to all said countries.*

Q#8 What is the importance of introducing technological advancements for an effective SEZ in Gilgit-Baltistan? And why?

Ans. *In the modern world, Technology is on top for the development in all sectors. How can we expect development excluding Technology?*

Q#9 In your opinion, how would setting up an effective SEZ in Gilgit-Baltistan can protect the rights of local workforce in the region?

Ans. GB population is approx 3 millions that is very low, comparatively other provinces of Pakistan. If rights of local workforce are not protected than the peace of the GB can be effected as a result SEZ would be effected.

Q#10 What would be your opinion in regards to the availability of desirable and skillful Human Resource in Gilgit-Baltistan for setting an effective SEZ in the region?

Ans. Currently literacy rate is good enough, but human resource and its required skilfulness for SEZ are not available because of its background, there is not engineering university in the region. Industries in the region are not developed yet. Some domestic small industries are being developed by support of NGOs but are lacking skillful resource. I would suggest to establish Engineering University in the region. Public-private partnership must be encouraged for establishing institutes to develop local manpower for SEZ.

Q#11 Kindly share your standpoint about the contribution of an effective SEZ in Gilgit-Baltistan for the macroeconomic indicators such as GDP, Per Capita Income, Inflation, Money Supply etc.

Ans. As per my knowledge GB generate income from tourism industry, rivers, natural resources, mineral, gems and stones, herbals and fruits, rivers. Addition of SEZ to GB economy will automatically enhance the GDP of country, Government must include GM in NFC awards.

Q#12 What do you think about the importance of foreign trade and investment for an effective SEZ in Gilgit-Baltistan? And how it can contribute to its effectiveness?

Ans. SEZs are dependent on FDIs, for GB SEZ China's foreign trade investment is most important. China investment in power generation in GB and to induct in national grid will overcome shortfall of power in the region. Indirectly will attract foreign investors for more investment.

Q#13 What would be like to suggest about the contribution of state government toward setting an effective SEZ in Gilgit-Baltistan?

Ans. SEZs across globe are developed by governments not by private Organizations. Successful industrial zones in China were developed by Chinese Government. In GB, State and Federal Government seriousness will highly be counted. Objective can only be cleared if policies are development and implemented from top means state government. In GB local government can get help from other provincial as well as federal government to develop SEZ.

Q#14 What would be like to suggest about the contribution of local government toward setting an effective SEZ in Gilgit-Baltistan?

Ans. Now GB government is not capable to handle industrial zone, these even have not finalized the best location for the industrial zones. I am say GB government and its officials can only share "BayaanBazi" on media. "Becharoon k hath main kuch bhi nahi hai". They are dependent on federal government. If GB govt got authority, then they must use local intellectuals for the development of SEZ, because many GB residents serving professionally across globe on higher positions. GB government should offer them to work for GB SEZ.

Q#15 What would be like to suggest about the contribution of public sector toward setting an effective SEZ in Gilgit-Baltistan?

Ans. Public sector role for development of country is kept on top for good governance in any of the region. In GB Public sector role is negligible, how I would expect on public sector for the development of SEZs. European countries development is

Q#16 What would be like to suggest about the contribution of private sector toward setting an effective SEZ in Gilgit-Baltistan?

Ans. In my view, for developing effective SEZ, private sector is as important as government sector. Progress of projects and completion in private sector is high than government. Private investment in multi type businesses from a minute product to construction of building give gelling to overall development. Local and foreign private investment specially to private high quality product and service is necessary. Government must provide opportunities to private sector with share.

Q#17 How stability of Federal and Local Government contribute toward setting an effective SEZ in GB?

Ans. This question is important for Constitutional parts of Pakistan but for GB its role is negligible because federal government effects on GB government. GB government cannot do anything by themselves. They need support and supervision from federal government. So I believe in GB local government stability is not important but federal governmental stability matters for consistency of policies.

Interview#6 – Local Investor

Q#1 What is your opinion about open policy environment for the success of SEZ in Gilgit-Baltistan?

Ans. *What I perceive about open policy environment is open or free trade policy, is it? I don't have much study about the successful special economic zones in the world, so I would express my personal views without having any reference about special economic zones. Opportunities must be provided to all investors either local or international. There will be a challenge to people of Gilgit-Baltistan for their right protection. I must say that incentives should be given to investors and favorable environment shall be provided to them.*

Q#2 How governmental rules, regulations and legislations can contribute to effective SEZ in Gilgit-Baltistan?

Ans. *I would say that GB local government is like a dummy whose actions and plans are set by someone else. Remote of the GB government is in the hands of Federal minister. Federal Government is required to establish rules and regulations for the development of region and to make strategy for the effectiveness of special economic zone. I personally think that Govt is not taking interest in the making rules, regulations and legislations for Special economic zone. Still GB government didn't form any committee on CPEC and its projects, hence seriousness of government can be understood.*

Q#3 How would you explain the importance of infrastructure for the success of SEZ in Gilgit-Baltistan?

Ans. *For all types of development, infrastructure is important. Physical infrastructure for instance road, rail, water etc and social infrastructure have also importance for the making effective Special Economic Zone in GB. There is no international airport in GB, in Hunza International airport can be constructed. Power generation is another factor and as per UN surveys 60,000 MW potential hydro power capacity exist in GB.*

Q#4 What is your viewpoint about the critical success factors that can help to develop effective SEZ in Gilgit-Baltistan? And why?

Ans. *Energy is on top, because industries and technology can only be run through energy. Road both for vehicles and rail network, international air links, natural gas pipeline, training and job opportunities for residents of GB locals. IT industry and its links. Hotel and Tourism industry. International Hotel chains establishment in the region. Sustainable security is key element in making effective special economic zones. Establishment of Engineering, medical and business management Institutions with international standard facilities. Ownership of indigenous people.*

Q#5 What is your opinion about the attractiveness of foreign investment in the region due to effective SEZ in Gilgit-Baltistan? And why?

Ans. *In GB huge list of attractive points for international investors, starting from hub to more than 5 populous countries, literate youth of region, peaceful, welcoming people in the region, fertile land for business community. Pure and natural environment in the region. Low wages workforce, fruits and other foods raw material, suitability for establishment of primary, secondary and tertiary industries in relevant fields.*

Q#6 In your opinion, what are the benefits of setting up SMEs, Banks, and other financial institutes in Gilgit-Baltistan as important factors to improve the effectiveness of SEZ in the region? And why?

Ans. *In GB, AKDN has established local societies and community culture across GB but are not sufficient due to lack of resources. The same network can be boosted using funds from CPEC to make local entrepreneurs capable to compete in the market. Banks and other financial institutions of Pakistan and China should invest in the region that will make a smooth way for the development of GB and special economic zone.*

Q#7 How Gilgit-Baltistan has the geographical importance for an effective SEZ?

Ans. *No one can deny about geographical importance of GB in the region. It is upto the local government and federal government that how geographical importance is utilized to attract international investors. The key gateway to CPEC. Although GB has been included in Kashmir issue at international level but in real people of GB doesn't want to mix them with Kashmiris. GB people got independence on 1st November and still celebrating the only territory in Pakistan which*

celebrates two independence days in a year, i-e 14th August and 1st November. Above all geographical importance of GB is very high.

Q#8 What is the importance of introducing technological advancements for an effective SEZ in Gilgit-Baltistan? And why?

Ans. Conventional approach of scientific technology is not enough in the modern world, here modern and advanced scientific technology is required to update and modernize systems and to meet with modern world requirement. For above all, power is the immense requirement for utilization of all types of technology so power must be generated through energy projects in GB.

Q#9 In your opinion, how would setting up an effective SEZ in Gilgit-Baltistan can protect the rights of local workforce in the region?

Ans. The only way to protect rights of local workforce is by establishing rules and laws about local workforce protection. That will increase ownership of SEZ in the GB, will give a effective pathway for the development in the region. So regulations must be made for the protection of local workforce.

Q#10 What would be your opinion in regards to the availability of desirable and skillful Human Resource in Gilgit-Baltistan for setting an effective SEZ in the region?

Ans. According to many surveys, GB Districts have the highest literacy rates in the Pakistan. The literate community must be transformed into fully skillful human resource through required professional skills, that would use in the Special Economic Zones. Federal govt should establish institutions in the region to enhance skills.

Q#11 Kindly share your standpoint about the contribution of an effective SEZ in Gilgit-Baltistan for the macroeconomic indicators such as GDP, Per Capita Income, Inflation, Money Supply etc.

Ans. SEZ will have directly impact on the macroeconomics of the country. Currently per capita income of the GB is less than from other provinces of Pakistan. There are many factors due to which low per capital income is such as no industries in the region, cultivating land is reducing because of constructions and fertile land is damaged by natural disaster. The most recent example is the Attabad incident, where 4 villages fertile land is submerged into lake due to upward streams. More than 4000 families internally displaced. Even more settled people become homeless. Local and Federal Government should look into such issues and alternate barren lands should be utilized.

Q#12 What do you think about the importance of foreign trade and investment for an effective SEZ in Gilgit-Baltistan? And how it can contribute to its effectiveness?

Ans. Special economic zones are totally based on foreign investment otherwise no need to make "SPECIAL ZONE" for only local investors. We must understand that local investors role is also important to make it successful. Successful economic zones in the world are because of foreign investments and the incentives given to them.

Q#13 What would be like to suggest about the contribution of state government toward setting an effective SEZ in Gilgit-Baltistan?

Ans. Government role special Federal role is crucial, without federal government effectiveness of SEZ is like a day dreaming. Constitutionally GB is not a part of Pakistan so local government of GB is totally dependent of federal government. Federal government should give constitutional rights to GB for more authoritative role of region. Legislation must be made for SEZ.

Q#14 What would be like to suggest about the contribution of local government toward setting an effective SEZ in Gilgit-Baltistan?

Ans. Local government should raise voice to federal government to get an equal share of Energy projects of CPEC for GB. Because without power SEZ projects are not possible. Other important role of local government is to provide an open platform for international investors via organizing conferences and providing grants for research on CPEC projects.

Q#15 What would be like to suggest about the contribution of public sector toward setting an effective SEZ in Gilgit-Baltistan?

Ans. Public sector can provide a wider stage to facilitate locals as well as foreigners in their respective areas. I would not comment more on the subject.

Q#16 What would be like to suggest about the contribution of private sector toward setting an effective SEZ in Gilgit-Baltistan?

Ans. For effective Special economic zones across globe, private sector has a distinct role. Same as in GB private role will be required to make an effective SEZ. In developed and developing countries pace of development is enhanced by sharing of private sector role. You can see distinct roles of Private sector across globe.

Q#17 How stability of Federal and Local Government contribute toward setting an effective SEZ in GB?

Ans. Yes it is an important question, consistency of government policies are important not only for SEZ but for all the developmental projects. Stability of federal government matters for consistency of policies.

Interview#7 – Consultant

Q#1 What is your opinion about open policy environment for the success of SEZ in Gilgit-Baltistan?

Ans. I think your question is very advance, because special economic zone for GB is not finalized by Federal Government. The proposed land for special economic zone in GB is not approved by local government. So controversies are lying during its foundations. Even GB government is not even willing to compensate land owners of proposed SEZ moqpondass. Now comes to your question that open policy is requirement for SEZ otherwise investors will not be interested in the location. Now govt should be more strategic regarding SEZ of CPEC. Policies, rules and regulations must be established before starting of the project. Even GB government is not even willing to compensate land owners of proposed SEZ Moqpondass. Now comes to your question that open policy is requirement for SEZ otherwise investors will not be interested in the location. Policies, rules and regulations must be established before starting of the project. Now govt should be more strategic regarding SEZ of CPEC. Policies, rules and regulations must be established before starting of the project.

Q#2 How governmental rules, regulations and legislations can contribute to effective SEZ in Gilgit-Baltistan?

Ans. As mentioned earlier that rules, regulations and legislations are the foundations of any system. CPEC is the biggest project of Pak-China. Proposed SEZ in GB is one of CPEC project. So its impacts on local residents will highly be noticeable. As mentioned earlier that rules, regulations and legislations are the foundations of any system CPEC is the biggest project of Pak-China. Proposed SEZ in GB is one of CPEC project. So its impacts on local residents will highly be noticeable.

Q#3 How would you explain the importance of infrastructure for the success of SEZ in Gilgit-Baltistan?

Ans. Currently international investors are attracted towards China because of its infrastructure. Basic and advance infrastructure along with better government policies leads to an effective SEZ in Gilgit-Baltistan. Currently there is not a such infrastructure in GB which is capable to attract international investors. According to UN survey 60000 MW potential of hydro power is existed in GB. According to my knowledge, Federal govt has not placed any power project for GB. 35 Billion US\$ are allocated for power projects. Currently international investors are attracted towards China because of its infrastructure. Basic and advance infrastructure along with better government policies leads to an effective SEZ in Gilgit-Baltistan. Currently there is not a such infrastructure in GB which is capable to attract international investors. international investors are attracted towards China because of its infrastructure. Basic and advance infrastructure along with better government policies leads to an effective SEZ in Gilgit-Baltistan. According to UN survey 60000 MW potential of hydro power is existed in GB. According to my knowledge, Federal govt has not placed any power project for GB. 35 Billion US\$ are allocated for power projects.

Q#4 What is your viewpoint about the critical success factors that can help to develop effective SEZ in Gilgit-Baltistan? And why?

Ans. I would enlisted as per my understanding. 1- Energy, 2-Pre-defined policy for SEZ, 3- Rules, Regulations, 4- Autonomous rights to GB like AJK, 5- Linkage with Regional and National Power Grid. 6- NFC Awards for the region. 7- Incentives for foreign and local investors 8- Development of local HR, 9- Construction of alternate road and to increase current road capacity of KKH, 10- Establishment of Educational and vocational institutions, 11-Utilization of local resources and HR, 12- Functional and active Board of Investment. I would enlisted as per my understanding. 1- Energy, 2- Pre-defined policy for SEZ, I would enlisted as per my understanding. Rules, Regulations, I would enlisted as per my understanding. - Energy, Linkage with Regional and National Power Grid. I would enlisted as per my understanding. NFC Awards for the region Gilgit-Baltistan, I would enlisted as per my understanding. Incentives for foreign and local investor, Functional BoI. I would enlisted as per my understanding. Construction of alternate road and to increase current road capacity of KKH, Establishment of Educational and vocational institutions.

Q#5 What is your opinion about the attractiveness of foreign investment in the region due to effective SEZ in Gilgit-Baltistan? And why?

Ans. *In my point of view the biggest attractiveness for foreign investment is the geography of the region, junction of south and central asia, high potential of hydropower. High literacy rate of the local residents. In my point of view the biggest attractiveness for foreign investment is the geography of the region, junction of south and central asia, high potential of hydropower, High literacy rate of the local residents.*

Q#6 In your opinion, what are the benefits of setting up SMEs, Banks, and other financial institutes in Gilgit-Baltistan as important factors to improve the effectiveness of SEZ in the region? And why?

Ans. *SMEs and Banks role will encourage and enhance local investors share, that will be positive for the effectiveness of special economic zone.*

Q#7 How Gilgit-Baltistan has the geographical importance for an effective SEZ?

Ans. *GB is gateway to CPEC, it can be hub for central Asian countries for business purposes. Strategically its importance cannot be ignored. The advance industrialized China and Oil riched Arabian countries will be on road connected through KKH 464Km from Khunjerab top to Chilas through other provinces of Pakistan, so its importance for both business and strategic perspectives is very high, hence can be effective if policies are made as per its feasibility. GB is gateway to CPEC, it can be hub for central Asian countries for business purposes. Strategically its importance cannot be ignored. The advance industrialized China and Oil riched Arabian countries will be on road connected through KKH 464Km from Khunjerab top to Chilas through other provinces of Pakistan, so its importance for both business and strategic perspectives is very high, KKH importance for both business and strategic perspectives is very high, hence can be effective if policies are made as per its feasibility.*

Q#8 What is the importance of introducing technological advancements for an effective SEZ in Gilgit-Baltistan? And why?

Ans. *Nowadays technological advancement leads to development of country. For Special Economic Zone technological importance is highly recommended. My suggestion will be investment in the information technology, recently optic fiber from china is being laid along KKH, that must be used for the development perspectives. Nowadays technological advancement leads to development of country. For Special Economic Zone technological importance is highly recommended. My suggestion will be investment in the information technology, recently optic fiber from china is being laid along KKH, that must be used for the development perspectives. KKH, that must be used for the development perspectives.*

Q#9 In your opinion, how would setting up an effective SEZ in Gilgit-Baltistan can protect the rights of local workforce in the region?

Ans. *Most important question regarding effectiveness of special economic zone in GB is to protect the rights of local population and workforce as approximately 2.5 million population will be suffered from industrialization and ecology of the area will be affected, so protection of rights of local workforces through better policies and rules and regulations shall be done to ensure its real effectiveness. Most important question regarding effectiveness of special economic zone in GB is to protect the rights of local population and workforce as approximately 2.5 million population will be suffered from industrialization and ecology of the area will be affected, so protection of rights of local workforces through better policies and rules and regulations shall be done to ensure its real effectiveness. Approximately 2.5 million population will be suffered from industrialization and ecology of the area will be affected.*

Q#10 What would be your opinion in regards to the availability of desirable and skillful Human Resource in Gilgit-Baltistan for setting an effective SEZ in the region?

Ans. *My point of view about the skillful human resource is always differ from rest of the speakers on different platforms. On paper literacy rate of GB residents is high than other districts of Pakistan but we have lack of desirable skillful professionals for establishment of effective Special economic zone in GB, so in collaboration with Chinese Universities and Vocational institutes, joint platform shall be created to develop skills of local workforce.*

Q#11 Kindly share your standpoint about the contribution of an effective SEZ in Gilgit-Baltistan for the macroeconomic indicators such as GDP, Per Capita Income, Inflation, Money Supply etc.

Ans. *Currently I will not comment on it.*

Q#12 What do you think about the importance of foreign trade and investment for an effective SEZ in Gilgit-Baltistan? And how it can contribute to its effectiveness?

Ans. It is very obvious that foreign investment is the key pillar for the effectiveness of special economic zone in GB. Government should be on front side to welcome foreign investors. It is very obvious that foreign investment is the key pillar for the effectiveness of special economic zone in GB. Export of our products will increase our GDP and developmental sign will appear. Government should be on front side to welcome foreign investors.

Q# 13 What would be like to suggest about the contribution of state government toward setting an effective SEZ in Gilgit-Baltistan?

Ans. GB constitutional status is question mark for national and international investors and sense of deprivation in the minds of local residents of GB. Govt should take this issue and grant rights to people of GB to enhance confidence and trust for both investors and residents. GB constitutional status is question mark for national and international investors and sense of deprivation in the minds of local residents of GB. Govt should take this issue and grant rights to people of GB to enhance confidence and trust for both investors and residents. Govt should take this issue and grant rights to people of GB to enhance confidence and trust for both investors and residents.

Q#14 What would be like to suggest about the contribution of local government toward setting an effective SEZ in Gilgit-Baltistan?

Ans. CM and cabinet of Gilgit-Baltistan Legislative Assembly should form a committee to utilize local and international professionals for the establishment of Special Economic Zone in GB. Compensation to the land owners of the proposed SEZ should be given and must facilitate them in right way. CM and cabinet of Gilgit-Baltistan Legislative Assembly should form a committee to utilize local and international professionals for the establishment of Special Economic Zone in GB. CM and cabinet of Gilgit-Baltistan Legislative Assembly should form a committee to utilize local and international professionals for the establishment of Special Economic Zone in GB. Compensation to the land owners of the proposed SEZ should be given and must facilitate them in right way.

Q#15 What would be like to suggest about the contribution of public sector toward setting an effective SEZ in Gilgit-Baltistan?

Ans. Public sector is an important factor, that must have strategically connection with special economic zone and must be proactively involved in the SEZ programs and projects. Public sector is an important factor, that must have strategically connection with special economic zone and must be proactively involved in the SEZ programs and projects. Public sector is an important factor, that must have strategically connection with special economic zone and must be proactively involved in the SEZ programs and projects.

Q#16 What would be like to suggest about the contribution of private sector toward setting an effective SEZ in Gilgit-Baltistan?

Ans. Private sector is important for any Special Economic Zone around the world. Proposed SEZ in GB will have same contribution of private in business perspectives. Competitions among private stakeholders improve quality of the products and services also enhance speed of development. Challenges and opportunities of the private sector can only be tackled if proper legislations done in the early stage. Private sector is important for any Special Economic Zone around the world. Proposed SEZ in GB will have same contribution of private in business perspectives. Competitions among private stakeholders improve quality of the products and services also enhance speed of development. Competitions among private stakeholders improve quality of the products and services also enhance speed of development. Challenges and opportunities of the private sector can only be tackled if proper legislations done in the early stage. Challenges and opportunities of the private sector can only be tackled if proper legislations done in the early stage.

Q# 17 How stability of Federal and Local Government contribute toward setting an effective SEZ in GB?

Ans. History of Pakistan is filled with lessons to learn; Lack of consistency of governmental policies can be seen. That draws a negative side for both local and foreign investors, also hard and fast strategies are not made by the governments due to the history tracks. Instead of putting energy on developmental projects, government always tries to save their stability. Lack of consistency of governmental policies can be seen. That draws a negative side for both local and foreign investors, also hard and fast strategies are not made by the governments due to the history tracks. History of Pakistan is filled with lessons to learn, Lack of consistency of governmental policies can be seen. That draws a negative side for both local and foreign investors.

Interview#8 – Consultant

Q#1 What is your opinion about open policy environment for the success of SEZ in Gilgit-Baltistan?

Ans. SEZ of Pakistan other provinces pattern shall be not be effective of GB because of its geographical uniqueness. SEZ in GB should be established keeping view of local raw materials, access to other areas, utilization of its geography and available HR. According to UNDP data, 65% population of GB is comprised of youth or under 40 years age, high unemployment ratio, People of GB think that SEZ will be the treatment of “Berozgari Ki Beemari”. Industries must be developed, which should not disturb natural environment. Industries must be developed, which should not disturb natural environment. GB area is fragile, due to heavy rain infrastructure is damaged, which will cause disturbance to the investors. Environmental impact analysis should be done. If required products which can be produced locally must be produced locally can be beneficial. Mainland industries are suitable to established in the area due to less human resource and current infrastructure in the GB. First Govt and other stakeholders must work to develop infrastructure then further steps can be taken.

Q#2 How governmental rules, regulations and legislations can contribute to effective SEZ in Gilgit-Baltistan?

Ans. Chinese Govt has major contribution in infrastructure building in GB through corporations like CRBC. CRBC is profit making corporation, which focus is to make money. Local investors cannot compete CRBC and other giant Chinese corporations working in GB.

Q#3 How would you explain the importance of infrastructure for the success of SEZ in Gilgit-Baltistan?

Ans. CPEC is called game changer for the region because it will improve the infrastructure in Pakistan and its territories. Road of KKH is the fundamental part of CPEC. The bottleneck of CPEC is KKH in GB. Current capacity of the KKH is very limited. It is even not constructed 7 meters which was mentioned in the initial document. While trailer are 3 meter wide so accidents rates in the region will be increased. Transport infrastructure should be developed in GB to connect all adjacent areas. Hospitals and school infrastructure are negligible in the area. Communication in the area is not developed yet. Majority of the schools in GB are located in flood prone areas. To make successful and effective, link roads, schools, hospitals and communication should be developed in GB.

Q#4 What is your viewpoint about the critical success factors that can help to develop effective SEZ in Gilgit-Baltistan? And why?

Ans. No comments

Q#5 What is your opinion about the attractiveness of foreign investment in the region due to effective SEZ in Gilgit-Baltistan? And why?

Ans. No comments

Q#6 In your opinion, what are the benefits of setting up SMEs, Banks, and other financial institutes in Gilgit-Baltistan as important factors to improve the effectiveness of SEZ in the region? And why?

Ans. Foreign companies and SMEs cannot be competed by local people because of weak financial status. Financial institutions should play their role in empowering local and small scale investors to be benefited from CPEC projects. People of GB will own the projects if are given a share to them. Economy will be transformed if people are involved in business activities.

Q#7 How Gilgit-Baltistan has the geographical importance for an effective SEZ?

Ans. Strategic location both defensive and economic and strategic. Three nuclear states surrounds GB. It is big opportunity to create buffer zone among 4 Atomic power countries. China, India, Tajikistan, Afghanistan, Russia and Iran should do a pact to make buffer zone and business hub.

Q#8 What is the importance of introducing technological advancements for an effective SEZ in Gilgit-Baltistan? And why?

Ans. No comments

Q#9 In your opinion, how would setting up an effective SEZ in Gilgit-Baltistan can protect the rights of local workforce in the region?

Ans. No comments

Q#10 What would be your opinion in regards to the availability of desirable and skillful Human Resource in Gilgit-Baltistan for setting an effective SEZ in the region?

Ans. *The only higher education institute KIU is not offering engineering and other required professional fields. There must be established institutions which offer vocational skills trainings, business management to enhance skill of local people. Few quotas of Engineering in Pakistan Engineering Universities are about 60-70 are very limited. About 10 to 15 professional engineers return to GB to pursue career some of them work with local contractors while few get job at GBPWD and others spread across Pakistan and abroad for job. Karakoram International University should be developed at international standard as name also indicates. After matriculation female education is stopped in the some districts of Diamer.*

Q#11 Kindly share your standpoint about the contribution of an effective SEZ in Gilgit-Baltistan for the macroeconomic indicators such as GDP, Per Capita Income, Inflation, Money Supply etc.

Ans. *Pakistan national GDP and GB regional GDP is difference, GB per capita income less than Pakistan because of less in hand land, less local industries. Diamer Basha dam is still a hanging ball.*

Q#12 What do you think about the importance of foreign trade and investment for an effective SEZ in Gilgit-Baltistan? And how it can contribute to its effectiveness?

Ans. *No comments.*

Q#13 What would be like to suggest about the contribution of state government toward setting an effective SEZ in Gilgit-Baltistan?

Ans. *SEZ in CPEC perspective, Govt is keeping secretly. Govt has not announced strategy about SEZ in GB. Compensation to the Local people shall be given from whom land is purchased for SEZ. Islamabad should give priority to the GB Govt to settle SEZ.*

Q#14 What would be like to suggest about the contribution of local government toward setting an effective SEZ in Gilgit-Baltistan?

Ans. *GB Government should compensate to the local residents.*

Q#15 What would be like to suggest about the contribution of public sector toward setting an effective SEZ in Gilgit-Baltistan?

Ans. *No comments.*

Q#16 What would be like to suggest about the contribution of private sector toward setting an effective SEZ in Gilgit-Baltistan?

Ans. *Legislation should be done to make environment to foreign private sector in GB. To develop infrastructure suitable for private sector.*

Q#17 How stability of Federal and Local Government contribute toward setting an effective SEZ in GB?

Ans. *GB is totally controlled by Pakistan Federal Govt. GB govt also dependent on Federal govt, All plans are setting at Federal govt so its stability is very important.*