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PART I

Acts, Ordinances, President's Orders and Regulations

NATIONAL ASSEMBLY SECRETARIAT

Islamabad, the 13th September, 2012

No. F. 22(7)/2012-Legis.—The following Act of Majlis-e-Shoora (Parliament) received the assent of the President on the 12th August, 2012 and is hereby published for general information:

ACT No. XX OF 2012

An Act to provide for setting up and operation of special economic zones in Pakistan

WHEREAS it is necessary and expedient to promulgate a law for the creation, development and efficient operation of special economic zones through provision of a legal and regulatory frame work to encourage domestic and international investors for promotion and establishment of industrial infrastructure and for other matters connected or ancillary thereto;

It is hereby enacted as follows:—

(1203)

[2973 (2012)/Ex Gaz.]

Price : Rs. 20.50

1. **Short title, extent and commencement.**—(1) This Act may be called the Special Economic Zones Act, 2012.

(2) It extends to the whole of Pakistan.

(3) It shall come into force on such date as the Federal Government may, by notification in the official Gazette, appoint and different dates may be appointed for coming into effect of different provisions of this Act and any reference to commencement shall generally refer to the commencement of this Act but commencement of any provision that comes into force subsequent to the general commencement shall be treated from the date of coming into force of the respective provision and not the general commencement.

2. **Act to override other laws.**—The provisions of this Act shall have force notwithstanding anything to the contrary contained in any other law for the time being in force.

3. **Definitions.**—In this Act, unless there is anything repugnant in the subject or context,—

- (a) “Approvals Committee” means the committee constituted under section 7;
- (b) “arbitration” shall include arbitration under the applicable laws of Pakistan as well as arbitration under any applicable international regime, whether selected contractually through an agreement in writing or available to a party or parties as a result of an international agreement accorded or ratified;
- (c) “BOA” means the Board of Approvals constituted under section 5;
- (d) “BOI” means the Board of Investment established under the Board of Investment Ordinance, 2001 (XV of 2001);
- (e) “capital equipment” means plant, machinery or equipment, accessories, and component part of machinery and equipment identifiable for use in or with machinery required for economic activities and machinery includes machinery and equipment of any description, such as is used in industrial process, manufacture, production or processing of other goods and rendering services, except the goods that are consumed in the manufacturing, production or processing of goods or provision of services;

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- (f) "developer" means an enterprise which has entered into a development agreement with a SEZ Authority;
- (g) "development agreement" means a duly approved agreement between SEZ authorities and agreed to and endorsed by the BOA and a developer that authorises a developer to develop, establish and operate a SEZ;
- (h) "economic zone" means a geographically defined and delimited area which has been notified and approved for economic, industrial and commercial activities;
- (i) "existing zones" means the export processing zones, industrial zones and other similar entities in existence at the time of the commencement of this Act and includes but not limited to the following, namely:—
- (i) "export processing zones" means an economic zone which is established under the Export Processing Zones Authority Ordinance, 1980 (IV of 1980);
- (ii) "extra-territorial zone" means an economic zone of a type that is to be deemed to be outside the customs territory of Pakistan;
- (iii) "free trade zone" means an economic zone that shall be deemed to be outside the customs territory of Pakistan with respect to which the BOA shall approve special facilities for trade, trans-shipment and re-export operations in accordance with applicable legislation as for the time being in force in Pakistan;
- (iv) "hybrid export processing zone" means an economic zone that shall be deemed to be outside the customs territory of Pakistan in which goods are manufactured and from which services are provided, both for exportation to countries other than Pakistan as well for export into Pakistan;
- (v) "multilateral economic zone" means an economic zone in which all zone enterprises are required to be beneficially owned by national, residents or corporate entities of one or more particular countries;
- (vi) "reconstruction opportunity zone" means an economic zone from which the exports of goods and services has been recognized by any country or jurisdiction other than Pakistan as being eligible for reduced tariff duties and other benefits;

- (vii) "regional development zone" means an economic zone wherein economic activities are promoted so as to develop particular regions and industries; and
- (viii) "sector development zone" means a regional development zone in which permissible economic activity shall be limited to one or more sectors as notified by the BOA;
- (j) "misconduct" means any conduct of a member or Chairperson of the Provincial SEZ Authority that is prejudicial to the good order and management of the SEZ Authority or a SEZ and includes but not limited to the following, namely :—
- (i) a failure to disclose an interest of the member or Chairperson in a transaction related to a SEZ or an interest of the member's parent, spouse, brother, sister, child, or spouse of a parent, brother, sister or child;
 - (ii) any act or omission which is *ultra vires* of this Act;
 - (iii) any act or omission which lacks good faith; or
 - (iv) any act or omission which is inconsistent with the fiduciary duties of such member or Chairperson;
- (k) "Provincial investment promotion authority" means an investment promotion agency, by whatever name called, formed by a Province to work as focal authority to promote domestic and foreign investment in that Province such as Sindh Board of Investment established in Sindh and Punjab Board of Investment and Trade or any other similar entity;
- (l) "SEZ Authorities" mean the Provincial SEZ Authorities established under section 10;
- (m) "SEZ Committee" means the authority chartered by the BOA at each SEZ under section 23;
- (n) "special economic zone" or "(SEZ)" means a geographically defined and delimited area which has been notified and approved by the BOA. The SEZs shall be deemed to be outside the customs territory of Pakistan only for the purposes of this Act;

- (o) "zone admission criteria" means the criteria under this Act and to be applied by developers in deciding whether or not to admit an enterprise into a particular SEZ including thereof zone approval criteria that means the criteria to be applied by the SEZ Authority and the BOA in deciding whether to allow or not to allow a particular area to be developed as a SEZ;
- (p) "zone application" means an application submitted in accordance with the provisions of this Act by an SEZ Authority seeking the notification of an area as a special economic zone;
- (q) "zone development plan" means a business plan for developing a SEZ;
- (r) "zone enterprise" means an enterprise admitted into a SEZ by a developer; and
- (s) "zone regulations" mean regulations made under this Act.

4. **Establishment of special economic zones.**—The Federal Government and Provincial Governments may establish special economic zones by themselves or in collaboration with private parties under various modes of collaboration including public-private partnership or exclusively through the private parties as provided under this Act.

5. **Board of Approvals.**—(1) There shall be a Board of Approvals, hereinafter called BOA, consisting of—

- (i) the Prime Minister of Pakistan who shall be the Chairperson of the BOA;
- (ii) the Minister for Finance who shall be the Vice Chairperson of BOA;
- (iii) the Minister for Industries;
- (iv) the Minister for Production;
- (v) the Minister for Commerce;
- (vi) the Minister for States and Frontier Regions Division;
- (vii) two members of Majlis-e-Shoora (Parliament) to be nominated by the Prime Minister (one from each House);