

implemented through the courts to award speedy punishments. The government intends to announce several incentive-based policies for attracting foreign investment in oil and gas, hydro power, transportation sector and development of industrial parks. Some of the existing investment incentives and policies affecting foreign investment are:

Equity Restrictions - Pakistan's investment policy allows 100 percent equity to foreign direct investment in all private sector industries. The sale of major parastatals is restricted to 49 percent for foreign investors. The government retains a 26 percent equity and the remaining 25 percent is offered to the public through shares. For national security and religious reasons prior approval for the following industrial sectors is required:

- a) Arms and ammunition
- b) High explosives
- c) Radioactive substances
- d) Security printing, currency and mint
- e) Establishment of new units for the manufacturing of alcohol, except industrial alcohol is banned.

Remittance of Funds - All persons, including the citizens of Pakistan residing in Pakistan or outside Pakistan, foreign nationals, non-resident Pakistanis, foreign companies, resident firms and companies are permitted to open and maintain foreign currency bank accounts in Pakistan. Such accounts may be fed by cash deposit, remittances received from abroad, personal cheques, travellers cheques, demand drafts, foreign currency notes, telegraphic transfers and foreign exchange generated by encashment of foreign exchange bearer certificates. Such accounts are free from all exchange control restrictions. There is no restriction on withdrawal or remittance abroad. The Income Tax Department or any other tax authority or law enforcing agency is not allowed to enquire as to the source of fund.

Repatriation of Capital - Subject to the provisions of the Foreign Exchange Regulation Act 1947:

- a) A foreign investor in an industrial undertaking approved by the federal government may repatriate in the currency of the country from which the investment originated;
- b) Foreign private investment to the extent of original investment;
- c) Profits earned on such investment;
- d) Any additional amount resulting from the reinvested profits or appreciation of capital investment;
- e) A creditor of an industrial undertaking may repatriate foreign currency loans approved by the federal government and interest thereon in accordance with the terms and conditions of the said loan; and
- f) Provided that nothing in this section shall affect the terms of the permission to make such investment granted to a foreign investor before the commencement of this Act.