

Chemicals & Petrochemicals

Sector Pitch

August 2025



Pakistan's recently reformed economy and vibrant and talented population have contributed to the nation's appeal as an investment destination

Pakistan Value Proposition

Reformed Economy



USD 3.3Tn¹

Expected GDP in 2050 (from USD >410Bn² today)



B-

Improved Credit Rating³ from CCC-



Top 10

In Business Entry Regulations ranking⁴



Stabilized Inflation

At lowest levels since 1968⁵



Stabilized Currency

Achieved since 2023 in coordination with IMF



5-Year Tax Holidays

and other fiscal and trade incentives in Special Economic Zones⁶



Vibrant Demographics and Talent



255 million

Large and growing population⁷



64%

Population younger than 30⁷



7th largest

Workforce globally⁸



2 million

University students enrolled every year⁹



1. Goldman Sachs; 2. National Accounts Committee; 3 Fitch Ratings; 4. World Bank's B-READY assessment; 5. US (St Louis) Federal Reserve Bank; 6. Pakistan Government; 7. United Nations; 8. CIA World Factbook; 9. Higher Education Commission

To develop critical mass, Pakistan is advancing strategic initiatives to boost private investment in critical sectors of the economy

2023 SIFC ESTABLISHMENT

SIFC has been established to act as a **single window to create a thriving business environment and develop favorable policies to increase ease of doing business**



2024 ECONOMIC AGENDA LAUNCHED

Pakistan launched Uraan Pakistan, aimed at economic development across 5 pillars:



Ongoing OPPORTUNITIES PIPELINE DEVELOPMENT

The government is working on developing a **pipeline of internationally competitive investment opportunities geared towards full operational and commercial facilitation**



Pakistan is actively seeking to partner with global stakeholders, to **leverage international expertise and investments, while safeguarding the viability and profitability of each project from an investor's standpoint**



Pakistan is strengthening the integrity of key enablers that will unlock sustained progress in multiple economic sectors

1 Consistent Policy Framework

Consistent FDI, tax, and industrial policies with long-term orientation and minimal reversal risk



2 One-Window Investor Facilitation

Seamless processing of approvals, permits, and licenses. A single, empowered agency that owns this end-to-end journey



3 Ease of Repatriation of Profits

Steadfast assurances to repatriate profits and convert currency without friction



4 Legal & Contract Enforcement

Independent, fast-track commercial courts and adherence to international arbitration standards



5 Political and Macro Stability

Strong stability in terms of macroeconomic environment (inflation, debt, currency) and cross-party consensus



6 Positive Global Perception

A globally resonant and visible narrative shift for Pakistan showcasing its viability



Pakistan is currently working on incentives geared to catalysing private sector investment across multiple sectors

The government continues to enact major steps that reinforce attractiveness and viability of the private sector

1 Ensures investment protection

Implementation of key investment regulations, such as:

- Foreign Private Investment Promotion and Protection Act
- Bilateral Investment Treaties with Friendly Countries
- Special Economic and Technology Zones (SEZs, STZs) regulation

2 Preserves security and safety

- Pre-approved site access for Special Economic Zones (SEZs)
- Specialized, highly trained security units for investor protection
- Enhanced law enforcement and monitoring at industrial zones
- Controlled, heavily surveilled, and secure project sites

3 Enables global trade access

- Export Facilitation Scheme (EFS)
- Signed major trade agreements (PTAs & FTAs)
- Connected to key global markets
- Access to South Asian Free Trade Area, and more



4 Pak-China Trade Relations

- China and Pakistan have developed key treaties and agreements, including:
 - Bilateral Investment Treaty: China–Pakistan Economic Corridor (CPEC)
 - China-Pakistan Free Trade Agreement (CPFTA)



These efforts have garnered international recognition, as Pakistan has been featured in the international media as an emergent attractive investment destination

Where Pakistan Has Been Featured

BARRON'S

Bloomberg

FitchRatings

ARAB NEWS

Key Articles

**Pakistan Isn't That Risky Anymore.
Its Economy Is a Mini-Miracle.**

**Pakistan Economy Grows Faster Than
Expected on IMF Aid Boost**














Pakistan economy moving in
'right direction' — IMF chief

PAKISTAN: Staying the Course on Implementing Structural Reforms Critical to Turn Economic Stabilization into Sustained, Inclusive Growth, says World Bank

International recognition highlights Pakistan's renewed economic attractiveness and stability

Multiple global and regional entities have announced recent FDI projects in Pakistan

Examples of Foreign Direct Investment (FDI) projects in Pakistan

FDI projects (non-exhaustive)		
<p>Hangzhou Newsea (China) USD 50-70Mn</p>  <p>– Joint venture to expand API manufacturing capacity in Pakistan</p>	<p>AD Ports (UAE) USD 220Mn</p>  <p>– 50-year concession agreement to manage, operate and develop the Karachi Gateway Terminal</p> 	<p>Al Mirqab Capital (Qatar) Power Construction Corp. (Qatar) USD 2.09Bn</p>  <p>– Construction of coal-powered power plant in Port Qasim</p>  
<p>DP World (UAE) and National Logistics Corp. (Pakistan) JV investment not public</p>  <p>– Development of 50km freight corridor from Karachi Port to Pripri</p> 	<p>Air Arabia (UAE) and Lakson Group (Pakistan) JV investment not public</p>  <p>– Joint venture with Pakistan's Lakson Group to launch low-cost airline Fly Jinnah in 2022</p> 	<p>Other Announcements and MoUs (non-exhaustive)</p>   

Moving forward, Pakistan aims to propel domestic growth across 13 investment areas

Pakistan's Focus Investment Areas



Semiconductors



Power Sector



Pharmaceutical Sector



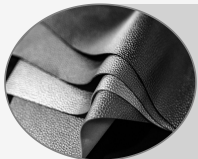
Petroleum Sector



Textiles



Aviation



Leather



Meat & Poultry



Iron, Steel & Copper



ICT, Fintech & Software



Automotive: Electric Vehicles
(EVs) and Traditional
Automobiles



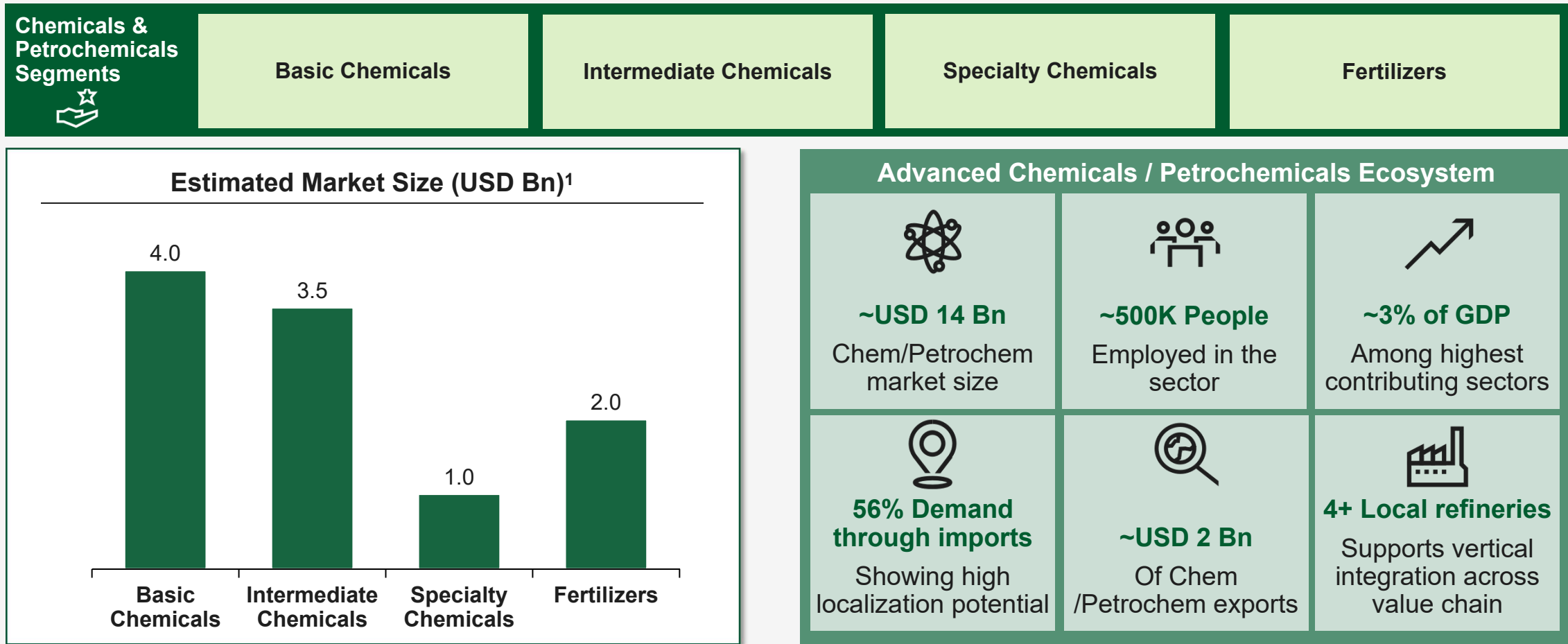
Chemicals & Petrochemicals

Focus of this Presentation



Solar Power

Pakistan's chemicals & petrochemicals industry is operating at considerable scale with high reliance on imports and significant opportunity for investments



1. Estimated market size excludes pharmaceutical APIs (covered in respective pharma sector)
 Source: MoIP, SIFC, National Fertilizer Development Center (NFDC)

Pakistan's chemicals & petrochemicals industry has a unique advantage due to its attractive demographic, robust regulatory framework, competitive costs, and strategic location



Demographic & Market Demand

- Rising urban households in the upper-middle class, creating a **strong drivers of demand for chemicals and petrochemical**
- **USD ~14B domestic market**, but **+50% import reliance**, indicating large scope for import substitution



Enabling Environment

- **Excellent incentives** for R&D, exports, and technology transfer
- **Dedicated SEZs and STZs** offer **tax breaks and infrastructure**
- **Strong base of potential required raw materials** including hydrocarbons, salts, minerals, and biomass



Cost Efficiency & Skilled Workforce

- **Competitive wages** — below regional benchmarks
- Access to **low-cost freight** to China and key markets







Strategic Location & Export Potential

- **Strong connectivity** through three ports: Karachi, Port Qasim, and Gwadar
- **Strategic proximity to GCC, China, and Africa** positions Pakistan as a regional hub
- **CPEC and Gwadar infrastructure reduce** logistics cost and enhance export efficiency

Pakistan is home to multiple local firms with an expansive reach working in the strategic chemicals & petrochemicals sector

Non-Exhaustive

Select Leading Players in Pakistan

 <p>engro corp</p>	<p>Engro Corp is an IFC-backed, USD ~300 Mn company manufacturing PVC resin and caustic soda; the company exports to Afghanistan, the Middle East, East Africa, and Sri Lanka</p>
 <p>SITARA CHEMICAL INDUSTRIES LTD</p>	<p>Sitara Chemicals Industries is a USD ~100 Mn company that manufactures caustic soda, hydrochloric acid, bleach, and sodium hypochlorite; the company exports to Africa, Middle East, and South Asia</p>
 <p>ITTEHAD CHEMICALS LIMITED</p>	<p>Ittehad Chemicals focuses on industrial chemicals (e.g., caustic soda, chlorine) and has a long standing B2B relationship with multiple companies in Pakistan, UAE, Oman, Sri Lanka, Bangladesh, and East Africa</p>
 <p>FFC</p>	<p>FFC operates Pakistan's largest fertilizer manufacturing network with revenues of USD 1.15 Bn in 2024; the company produces over 2.8 million tones of urea annually and has exported to Sri Lanka, Kenya, and the UAE during surplus years</p>

Investors in the chemicals & petrochemicals industry will be supported by a robust ecosystem that encompasses multiple existing local and multinational companies

Pakistan Chemical Manufacturing Association (PCMA)

- Advocates for policy reforms, such as the Petrochemical Policy
- Promotes chemical industrial parks, import substitution, and export growth
- Collaborates with international partners for technology transfer and joint ventures



Local and Multinational Companies

- Existing strong base of fertilizers manufacturers (high localization in nitrogenous fertilizers)
- Growing interest for local chemicals manufacturing capabilities

Key Players and Stakeholders

Ministry of Industries and Production (MoIP)


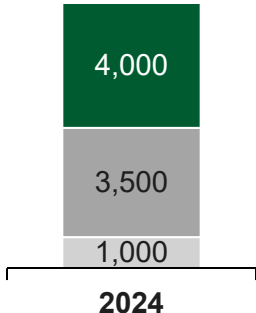

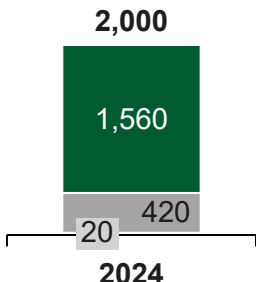
- Formulates and implements industrial policies
- Facilitates small and medium enterprises
- Manages state-owned enterprises



Special Investment Facilitation Council (SIFC)

- Facilitates and fast-tracks foreign and domestic investments
- Provides a streamlined, one-window operation for investor support and coordination across government entities

The significant scale of the chemical and petrochemical industry offers rich pickings for investors looking to scale up domestic manufacturing and reduced import dependency

Industry	Overview			Investment Potential
 <p>Chemicals</p>	<p>Segments</p> <ul style="list-style-type: none"> Basic Intermediate Specialty 	<p>Est. Market Size (\$ Mn) 8,500</p> 	<p>Current Maturity</p> <ul style="list-style-type: none"> – 50-60% import reliance in basic and intermediate chemicals – +80% import reliance in specialty chemicals 	<p>Introduce local manufacturing capabilities across all types of chemicals to meet strong demand and minimize delays caused through import dependency</p>
 <p>Fertilizers</p>	<p>Segments</p> <ul style="list-style-type: none"> Nitrogenous Phosphatic Potassic 	<p>Est. Market Size (\$ Mn) 2,000</p> 	<p>Current Maturity</p> <ul style="list-style-type: none"> – Strong capabilities in Nitrogenous segment (only ~10% imports) – ~40% import reliance in phosphatic (2nd largest segment) 	<p>Enhance capabilities of existing local phosphatic fertilizers manufacturing</p>

Source: SIFC, National Fertilizer Development Center (NFDC)

Pakistan offers an enabling environment to investors in the chemicals & petrochemicals industry

Key Enablers and Incentives

Ease of Doing Business

- Competitive market prices on majority of products related to chemical industries
- Ongoing review and simplification / deregulation across sectors
- 100% foreign equity investment permitted



Streamlined Regulations

- Fast-tracked regulatory approvals for essential chemicals and petrochemicals, streamlining market entry for high-priority chemical products



Tax & Fiscal Incentives

- Tax breaks and tax holidays
- Reduced import duties on raw materials and machinery
- Tariff differential for import-substituting industries (0-5% on non-local, up to 20% on local substitutes)



Infrastructure Incentives

- Special Economic Zones
- Guaranteed electricity stability
- Industrial infrastructure / land incentives
- *(Planned) Specialty Chemical Manufacturing Zones*



A. Pakistan has identified six opportunities in the chemicals & petrochemicals industry market readily available to investors

Investment Opportunities

- 1** Integrated petrochemical complex (Crude to Chemical - C2C) producing ethylene, propylene, PE, PP, and other base chemicals like BTX
- 2** Expansion and upgradation of the existing refinery infrastructure
- 3** JV with Chinese EPC firms and process licensors to develop integrated mining-to-chemical industrial parks for value-added production from natural endowments
- 4** Investment in water treatment chemicals for environmental sustainability
- 5** Sustainable, green manufacturing of bio-based and environmentally friendly organic chemicals
- 6** Develop specialty chemical manufacturing zones (dyes, master-batches, paints) in Punjab and Sindh
- 7** Establishment of chlor-alkali and specialty inorganic chemical zones including soda ash, PVC, caustic soda, hydrogen peroxide, and industrial gases, through JVs with Chinese technology partners

Potential Local Partners (*non-exhaustive*)



A(1/4): Brownfield Refinery Project: Expansion & upgradation of PRL will leverage its existing infrastructure to double its processing capacity to 100,000 barrels per day and deliver Euro-V compliant fuels



Offering

- **Refinery Expansion and Upgrade Project (REUP)** that will add **~16 units** to existing setup of 4 units at an estimated cost of USD 1.8 billion



Technical Specifications

- Processing capacity: **100,000 barrels per day**
- MS production: **1.5 MT per year**
- HSD production: **2 MT per year**
- Fuel production is environmentally friendly i.e., Euro V compliant



Targeted End-Users

- **Pakistan State Oil (+40% market share)**
- **Other OMCs**, including:
 - Wafi Energy Limited (Shell licensee)
 - Attock Petroleum Limited
 - Parco Gunvor

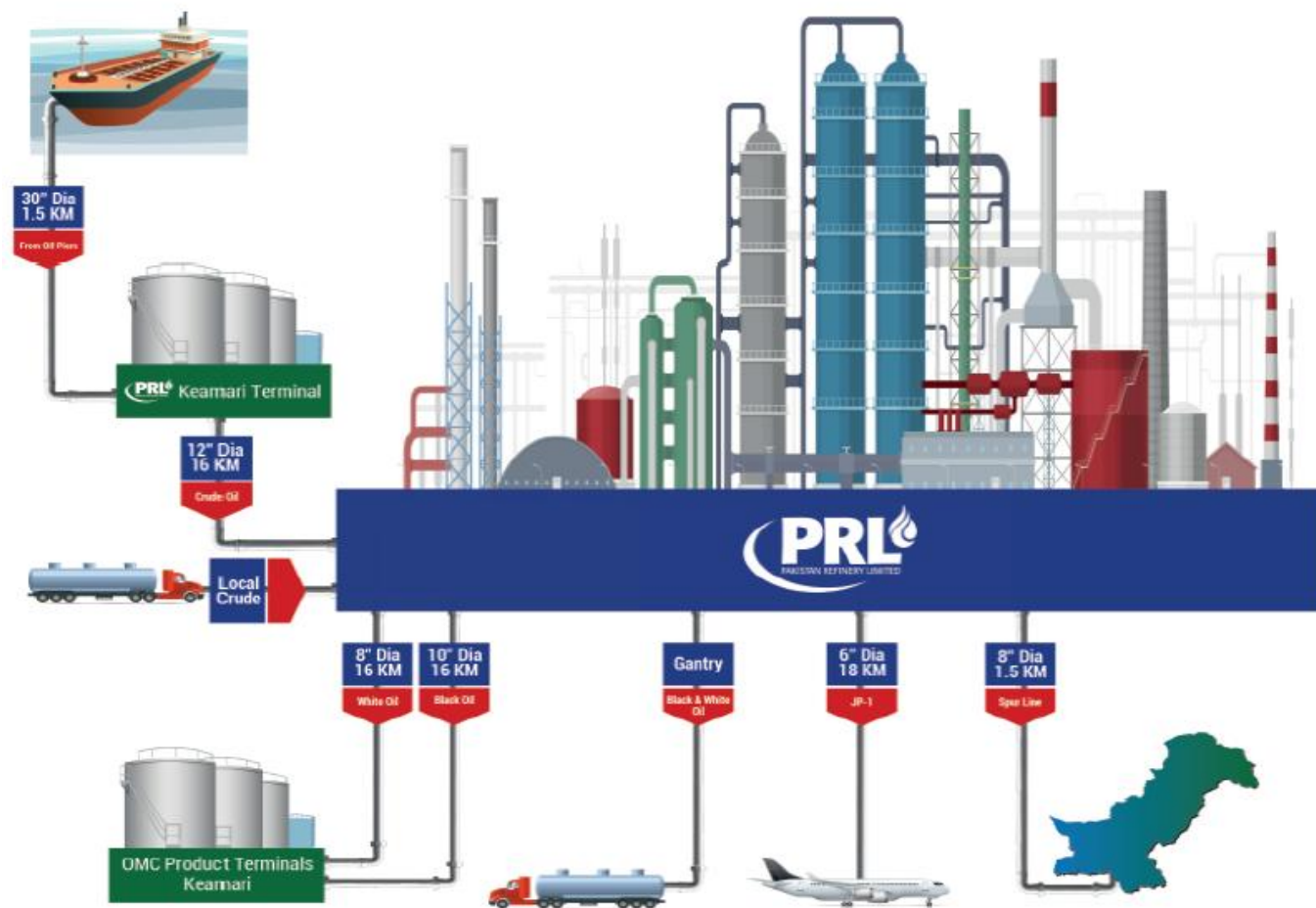


Location

- The Refinery is operating at **two locations**:
- Main processing facility located at Korangi Creek
 - Storage facility at Keamari Port supports crude berthing and linked with refinery through crude, black & white oil product

Source: PRL

Business Model



PRL: BUSINESS CASE

A(2/4). Investors can expect an IRR of 18-20% and a payback period of ~5 years

Pakistan faces a **critical motor fuel shortage**—60% of refined products are imported, costing USD 10–12B annually—while demand for gasoline and diesel is projected to reach 16.4 MTPA and 9.0 MTPA by the late 2040s.




RETURN PROFILE 	Expected IRR	18-20% <i>USD based</i>	<ul style="list-style-type: none"> – Robust IRR profile indicative of a highly attractive investment suggesting robust profitability and efficient use of capital. – Equity payback period is also an attractive ~5 years (construction) which is expected to be attractive for any equity investors
OPERATIONS 	Payback Period	c.a. 5 years	<ul style="list-style-type: none"> – Robust P&L driven by captive demand, government incentives and high utilization of the upgraded refinery
Average Revenues / Profit	GRM of USD 440Mn by 2040 PAT of USD 316M by 2040	<ul style="list-style-type: none"> – Post-upgrade, Gross Refining Margins (GRMs) are expected to be around \$13 per barrel, ensuring strong and consistent positive cash flows – Brownfield upgrade assumes capacity of 100,000 barrels 	
Gross Margins Refining (GRMs)	USD 13 per barrel	<ul style="list-style-type: none"> – Post-upgrade, Gross Refining Margins (GRMs) are expected to be around \$13 per barrel, ensuring strong and consistent positive cash flows – Brownfield upgrade assumes capacity of 100,000 barrels 	
Cost per Barrel	USD 18,000 per barrel of capacity	<ul style="list-style-type: none"> – Brownfield upgrade assumes capacity of 100,000 barrels 	
INVESTMENT 	Required Investment	USD 175 – 400 Mn	<ul style="list-style-type: none"> – Equity Investment opportunity of USD 175-400 million with support for raising debt of USD 1.2 billion

A(3/4). GREENFIELD MARKET DEMAND IS INCREASING

- 1** **Growing and persistent deficit of “white oil fuels” in domestic market**
 - Gasoline deficit expected reach 16.4 million tonnes per year (t/yr) and diesel 9.0 million t/yr by the end of the 2040s without addition of a refinery
 - Total refined product deficit is anticipated to peak at 593k barrels per day (bpd) in 2046, with the gasoline deficit peaking at 385k bpd in 2047
- 2** **Substantial petrochemical demand growth** as consumption of commodity plastics grows
 - By 2055, domestic demand for Polyethylene (PE) and Polypropylene (PP) will reach 1.5 million t/yr and 1.2 million t/yr, respectively
 - The consumption of selected secondary petrochemicals (HDPE, LLDPE, PP, and PTA) is projected to grow to over 3.7 million tons by 2055, driven by industrial and consumer needs
- 3** High potential for **export of petrochemical products**
 - High demand expected from growing petrochemical markets in South Asia and Southeast Asia, which face supply deficits
 - HDPE, LLDPE, PP, and PTA may be the most promising petrochemical products.
- 4** **Critical to set up an integrated refinery-petrochemical complex**
 - Integrated approach expected to cover the domestic fuel deficit and produce sufficient feedstock for a world-scale petrochemical plant
 - Argus recommends the petrochemical part be based on a 1 million t/yr ethylene steam cracker, converting LPG and naphtha from the refining part, and focusing on HDPE, LLDPE, PP, PX, and PTA production.

A(4/4). Investors can expect an IRR of 14.9% and a payback period of ~5.5 years

GREENFIELD REFINERY - BUSINESS CASE

RETURN PROFILE 	Expected IRR	14.9% <i>USD based</i>	<ul style="list-style-type: none"> – Post-tax IRR with 7.5% deemed duty and 20-year tax holiday – Equity payback period is also an attractive ~5.5 years
	Payback Period	c.a. 5.5 years	
OPERATIONS 	Gross Margins Refining (GRMs)	USD 15 per barrel	<ul style="list-style-type: none"> – Gross Refining Margins (GRMs) of a petrochemical refinery are significantly higher than a fuel-only refinery, which is expected to be around \$15 - \$18 per barrel, depending on the crude price
	OSBL Savings	USD 1 Bn	<ul style="list-style-type: none"> – Third-party investments in critical infrastructure (e.g., marine infrastructure, power, and water utilities)
INVESTMENT 	Required Investment	USD 10,000 Mn	<ul style="list-style-type: none"> – Investment opportunity of USD 10,000 million distributable in equity sharing

Thank You

