

A futuristic manufacturing factory with a robotic arm holding a smartphone over a production line of devices. The scene is lit with vibrant green and blue lights, creating a high-tech atmosphere. In the foreground, a large, metallic robotic arm is positioned over a conveyor belt. The arm is holding a smartphone, which displays a data visualization on its screen. Below the arm, the conveyor belt is filled with various electronic devices, including smartphones and laptops, arranged in neat rows. The background shows a complex industrial environment with various machinery and components, all illuminated by the same vibrant lighting. The overall composition suggests a focus on advanced manufacturing and technology.

MOBILE PHONES, LAPTOPS AND HANDHELD DEVICES MANUFACTURING SECTOR

ENGINEERING DEVELOPMENT BOARD
GOVERNMENT OF PAKISTAN

MOBILE PHONES
LAPTOPS AND
HANDHELD DEVICES
MANUFACTURING
SECTOR

MOBILE PHONES, LAPTOPS AND HANDHELD DEVICES MANUFACTURING SECTOR



STRATEGIC OVERVIEW:

PAKISTAN AS CHINA'S REGIONAL MANUFACTURING BASE

Pakistan's Mobile and Electronic Devices Manufacturing sector is emerging as a China-linked export hub for South Asia, GCC, MENA, Africa, and Central Asia, supported by a competitive cost base, evolving industrial ecosystem, and CPEC connectivity. By 2024, the sector achieved 94.8% domestic market capture, with 31.38 million units production, 37 licensed OEMs, 40+ SMT lines, and ~40 million units capacity, providing an immediate platform for export scaling.

However, significant structural gaps persist, creating strong investor opportunities: low domestic value addition (6–10%), negligible exports (< USD 0.5 million), and high reliance on imported components, indicating substantial upside in localization, component manufacturing, and export development.

The Mobile and Electronic Devices Manufacturing Policy (MEDMP) 2026–33 drives a transition to a high-value, export-oriented ecosystem, targeting 50% localization (DVA) by 2030–33, USD 500 million exports, and development of component manufacturing, testing, certification, and R&D infrastructure. A PKR 104 billion Technology Investment Fund (TIF) ensures performance-linked, fiscally neutral incentives, delivering long-term policy stability and investor protection.

For Chinese firms, Pakistan offers a low-cost, policy-backed, strategically located manufacturing base aligned with China+1, with first-mover advantage in localization and access to underserved regional markets supporting a shift from import-dependent assembly to an export-driven electronics manufacturing hub.

WHY CHINA SHOULD INVEST IN PAKISTAN

Strategic Location Advantage

FACTOR	BENEFIT
CPEC Connectivity	Direct access to Gwadar, Karachi & Port Qasim with integrated road–rail corridors under CPEC, enabling efficient export logistics to Middle East, Africa and Central Asia.
Regional Market Access	Preferential and proximity-based access to GCC, Africa, MENA, CIS and South Asia, with strong export potential of USD 46B+ regional electronics demand.
Trade Route Efficiency	Shorter and cost-efficient trade routes to Africa & MENA compared to East Asia, reducing freight time and logistics costs for export-oriented manufacturing.
Time to Market	25–30% faster delivery to regional markets supported by geographic proximity and streamlined export facilitation under MEDMP.
Export Hub Positioning	Positioned as a China+1 export manufacturing base with policy-backed incentives, enabling supply chain diversification and reduced geopolitical/tariff risks.

Market & Scale

INDICATOR	VALUE
Population	240+ million
Mobile Subscribers	200+ million
Annual Device Demand	35–40 million units
Domestic Market Size	US\$ 2.0–2.4 Billion
Installed Production Capacity	~40 million units
Annual Smartphone Capacity	20–25 million units (within total capacity)
Assembly Share (Local Market)	94–95%
Number of OEMs	37 PTA-licensed manufacturers
SMT Lines	40+ operational lines

Pakistan provides immediate scale for Chinese OEMs seeking overseas production platforms.

Cost Competitiveness

- **Immediate Scale:** 40M+ unit capacity with 37 OEMs and established SMT ecosystem
- **Labor Advantage:** 40–60% lower cost than coastal China with skilled workforce
- **Competitive Utilities:** ~\$0.09–0.11/kWh electricity; subsidized SEZ tariffs
- **Low-Cost Infrastructure:** Affordable land in SEZs, EPZs, and industrial clusters
- **Duty-Free Machinery:** Capital equipment import facilitated under incentive regimes
- **Zero/Low Duty Inputs:** 0% duty on non-localizable inputs under EFS
- **Export Incentive:** 8% FOB Duty & Tax Neutralization under TIF
- **Tax Efficiency:** Accelerated depreciation on high-tech manufacturing equipment
- **Cost Advantage:** ~20–30% lower production cost vs GCC/ASEAN locations



CHINA–PAKISTAN ELECTRONICS COOPERATION OPPORTUNITY

Current Gap

AREA	CURRENT STATUS
Exports	Exports remain negligible (< USD 0.5 million), with limited global market integration due to absence of international certifications (CE, FCC, ISO) and weak export-oriented manufacturing ecosystem.
Domestic Value Addition (DVA)	Low at 6–10%, largely confined to assembly, packaging, and low-value processes, with high-value components (PCBA, display, battery, camera modules) fully imported.
Components Ecosystem	Highly import-dependent CKD-based manufacturing model; no domestic production of critical components such as PCBAs, semiconductors, displays, and battery cells, reflecting underdeveloped supplier ecosystem.
Testing & Certification Infrastructure	Limited domestic testing capacity; absence of internationally accredited certification labs (CE/FCC/RoHS) constraining export readiness and compliance with global standards.
R&D & Technology Capability	Weak R&D ecosystem with no indigenous design, ODM capability, or IP development, and limited industry-academia collaboration, resulting in reliance on imported designs and pre-engineered modules.

Opportunity for China

Chinese firms can dominate:

- PCBA manufacturing
- Display modules
- Battery packs
- Camera modules
- Molded parts
- EMS export platforms

This enables China to extend its supply chains while reducing geopolitical and tariff risks.

PRIORITY INVESTMENT SEGMENTS FOR CHINESE FIRMS

SEGMENT	OPPORTUNITY	TARGET MARKET
Smartphone EMS	Export manufacturing	GCC, Africa
Laptop Assembly	Import substitution	South Asia
PCBA Plants	Localization	OEM supply
Battery Modules	Import deletion	Regional
Display Assembly	Value capture	MENA
Refurb Hubs	Re-export	Africa
Testing Labs	Certification	EU/GCC

FLAGSHIP PROJECTS FOR CHINA–PAKISTAN JVS

PROJECT	LOCATION	CAPACITY	JV MODEL
Export Smartphone Hub	Karachi/Lahore	20M units	OEM JV
Laptop Plant	Punjab	500k units	Licensing/JV
PCBA Cluster	Punjab	Multi-SMT	Supplier JV
Battery Plant	Punjab	5M packs	Tech JV
Certification Lab	Islamabad	ISO/IEC	PPP
Refurb Hub	Karachi	1M units	Distribution JV

POLICY & INCENTIVES FOR CHINESE INVESTORS

Financial & Fiscal Support

INSTRUMENT	BENEFIT
TIF Pool (Proposed in New Policy)	PKR 104B incentive fund
Export Rebate (Proposed in New Policy)	8% FOB
Accelerated Depreciation (Proposed in New Policy)	SMT, AOI, Labs
SEZ Incentives	10-year tax holiday
LTFE	3–5% financing
EFS	Duty-free inputs

Localization Roadmap (Proposed Policy Backed)

PHASE	DVA TARGET	FOCUS
2026–27	10%	Assembly
2028–29	25%	Components
2030–33	50%	Deep localization

Chinese suppliers can anchor this roadmap.

Regulatory Protection

- Predictable tariff regime
- Digitized BOM verification
- PTA–Customs integration
- IP protection

EXPORT MARKET ACCESS FOR PAKISTAN-BASED PRODUCTION

Target Markets

REGION	IMPORT MARKET SIZE
GCC + Africa	US\$ 46.8B
MENA	US\$ 18B+
CIS	US\$ 7B+

Pakistan provides duty-efficient access to these markets.



WHAT PAKISTAN OFFERS TO CHINESE PARTNERS

Partnership Models

MODEL	CHINESE ROLE	PAKISTANI ROLE
OEM JV	Brand + Tech	Manufacturing
EMS Platform	Orders	Capacity
Supplier Parks	Components	Cluster mgmt
Licensing	IP	Market access
R&D Labs	Technology	Engineers
Distribution	Networks	Exports

Strategic Commitments

Pakistan commits to:

- Policy continuity till 2033
- Fast-track approvals
- One-window facilitation

FACILITATION & GOVERNMENT INTERFACE

Lead Agencies


- Ministry of Industries & Production
- Engineering Development Board (EDB)

PROPOSITION FOR CHINESE INVESTORS

Pakistan offers Chinese electronics firms a low-cost, policy-secured, and strategically located manufacturing platform with 40M unit capacity, PKR 104B incentive backing, access to a US\$ 46B+ regional market, and full integration with CPEC logistics, positioning it as China's preferred electronics export base for the Middle East, Africa, and South Asia.



**PAKISTAN-CHINA
B2B
INVESTMENT
CONFERENCE**



**SECTOR SNAPSHOT
MOBILE PHONES,
LAPTOPS AND
HANDHELD
DEVICES**

MARKET OVERVIEW & OPPORTUNITY

a. Pakistan Mobile Phone Market Size & Growth

INDICATOR	UPDATED VALUE
Total Market Size (Retail)	USD 2.0 – 2.4 Billion
5-Year CAGR (Local Production)	>200% (2019–2024) (driven by MDMP 2020-led scale-up)
Household / User Penetration (Mobile)	200M+ subscribers (~80%+ penetration)
Annual Device Demand	35–40 Million Units
Domestic Production (2024)	31.38 Million Units
Local Market Share	~94–95% (2024)

b. Category-Wise Market Breakdown

CATEGORY	MARKET SIZE (2024)	LOCAL PRODUCTION STATUS
Smartphones	~20–25 Million Units	Very High (Assembly; moving to localization)
Feature Phones	~15–18 Million Units	Very High (Assembly; price-driven segment)
Laptops / Notebooks	~USD 143.6 Million (Imports)	Emerging (Initial local assembly started Chromebook)
Tablets	~USD 8–10 Million (Imports)	Emerging (Low base; gradual localization expected)
IoT Devices (Trackers, etc.)	~USD 35 Million	Low (Regulated demand; mostly imported)
Signal Boosters	~USD 124.5 Million (Imports)	Negligible (High import dependency; strong localization opportunity)

c. Demographic Tailwinds

INDICATOR	METRIC
Population	240+ million
Median Age	21–23 years
Urbanization Rate	38–39%
Middle-Class Size	40–50 million households
Avg. Disposable Income	PKR 1.2–1.5 million/year

d. Demand Drivers

DRIVER	CURRENT STATUS
Mobile Subscriber Base	200 Million+
Smartphone Penetration	Rapidly Growing
Internet Users	~100 Million+
E-Commerce Growth Rate	Rapid (>30% YoY)
Youth Bulge	60%+ under 30

LOCAL PRODUCTION VS IMPORTS

e. Import Bill of Batteries & Storage Systems

YEAR	LOCALLY MANUFACTURED (MILLION)	COMMERCIAL IMPORTS (MILLION)	LOCAL MARKET SHARE
FY 2019	0.12	High (Bulk)	~1%
FY 2020	13.05	24.51	34.70%
FY 2021	24.66	10.26	70.60%
FY 2022	21.94	1.53	93.50%
FY 2023	21.28	1.58	93.10%
FY 2024	31.38	1.71	94.80%

f. Cost Comparison (Localization in Pakistan vs. CBU Imports)

COST COMPONENT	LOCAL MANUFACTURING	CBU IMPORTS
Freight	Low (inbound CKD)	High
Customs Duties	0% (on inputs for exporters/SEZs)	High (Cumulative)
Lead Time	Shorter (domestic market)	4–8 weeks
Working Capital Lock	Lower	Higher
Total Cost Index	20–30% Lower than GCC/ASEAN	Baseline

g. Government Policy Direction (MEDMP 2026–33)

POLICY INSTRUMENT	DESCRIPTION
Technology Innovation Fund (TIF)	PKR 56 billion incentive pool financed through ~PKR 61 billion levy mechanism; non-lapsable, self-sustaining fund supporting exports and R&D.
Export Incentive (Duty & Tax Neutralization Allowance)	Fixed 8% of FOB value for verified exports of mobile devices, parts, and components, disbursed via TIF.
Accelerated Depreciation	First-year enhanced depreciation on SMT lines, AOI/X-ray systems, battery, display and precision manufacturing equipment to reduce tax burden and improve cash flows.
Localization Mandates (Import Deletion Program)	Time-bound phased removal: Packaging (immediate), Chargers (6 months), PCBA (12 months), Battery & Plastics (24 months), Displays (18–30 months); target 50% DVA by 2030–33.
Quality & Compliance Enforcement	Mandatory international certifications (CE, FCC, RoHS, ISO), digital BoM-based monitoring system, and strengthened compliance via MED Cell (EDB).



EXPORT POTENTIAL & MARKET ACCESS

h. Preferential Trade Access (for Pakistan-Based Production)

MARKET	TRADE FRAMEWORK	CONCESSIONAL DUTY
China	Pak-China FTA	Preferential access
EU	GSP+	Duty-free for most products
GCC + Africa	Bilateral / Transit Trade	Low duties; large market (USD 46.8B imports)
Turkey	PTA / Bilateral Trade	Growing access
CIS	Transit Trade	Preferential routes

i. Regional Demand Snapshot

REGION	PRODUCT CATEGORY	DEMAND GROWTH
GCC	Smartphones, EMS	High
Africa	Low-cost Smartphones, Refurb	Very High
Central Asia	Feature Phones, Smartphones	High
South Asia	All Categories	High

COST & RESOURCE ANALYSIS

j. Raw Material Availability

INPUT	LOCAL CAPACITY	COMPLIANCE STANDARDS
Packaging Materials	High (To be localized immediately)	International quality
Chargers / Cables	Growing (6-month localization timeline)	IEC/CE standards
PCBA	Emerging (12-month timeline)	High potential
Batteries	Planned (24-month timeline)	Safety standards
Plastic Parts / Mechanics	Growing (24-month timeline)	OEM quality
Displays	Planned (30-month timeline)	High precision

k. Utility Costs

UTILITY	INDUSTRIAL TARIFF	SEZ TARIFF
Electricity	~USD 0.12–0.15/kWh (reflecting higher industrial tariffs impacting competitiveness)	Facilitated / concessional tariffs under SEZ framework (lower than national average)
Gas	~USD 6.5–9.0/MMBTU	Competitive / priority allocation for industry
Water	Moderate (location dependent)	Subsidized / infrastructure-supported in SEZs

I. Labor Cost Structure

CATEGORY	AVERAGE MONTHLY COST (USD)
Unskilled	\$150–\$200
Semi-Skilled	\$200–\$300
Skilled (SMT Operators)	\$300–\$500
Engineers / Technicians	\$500–\$1,000+



FISCAL & TARIFF INCENTIVES

m. Tax Regime Overview (for Manufacturing)

TAX TYPE	RATE (STANDARD)	INCENTIVIZED RATE (SEZ/EXPORT/MEDMP)
Corporate Income Tax	29%	0% for 5–10 years (SEZs) + accelerated depreciation on high-tech equipment
Withholding Taxes	Variable	Reduced / adjustable for exporters under export facilitation regime
Provincial Sales Tax (Services)	Variable	Exemptions / concessions for SEZs, EPZs & export-oriented units
Customs Duties (Imports)	0–20%	0% on non-localizable inputs + duty-free under EFS + CKD at 0% CD

n. Tariff Differential (Incentive Signal) – Proposed under MEDMP 2026-33

CATEGORY	INCENTIVIZED RATE (SEZ/EXPORT/MEDMP)
Raw Materials / Non-localizable Inputs	0% CD, RD (kept duty-free to support manufacturing)
CKD Kits	0% CD, RD + TIF Levy (0–6%) based on value slabs
CBU (Finished Phones)	Rs. 250/set CD + 20% FED + TIF Levy (0–6%) + ST (18–25%)
PCBA (CBU)	10% → 20% CD (phased) + Import restriction after 12 months (localization mandate)
Charger / Accessories (CBU)	10% CD + 15% FED + Import phase-out after 6 months



SEZs & FACILITATION

o. Priority SEZs for Mobile & Electronics Manufacturing

SEZ	PROVINCE	READINESS STATUS	SUITABILITY
Rashakai SEZ	KP	Operational	High (CPEC, proximity to Afghanistan/CARs)
Allama Iqbal Industrial City	Punjab	Operational	High (industrial heartland)
Port Qasim (KE Land)	Sindh	Under development	High (port access for exports)
Dhabeji SEZ	Sindh	Under development	High (CPEC, near Karachi)
Existing Clusters	Karachi, Lahore, Faisalabad	Operational	SMT lines, assembly plants

p. Approval Timelines (Illustrative)

AUTHORITY	ESTIMATED TIMELINE
SECP (Company Incorporation)	1-3 days
BOI (SEZ Approval)	1-3 months
EDB (Manufacturing License)	1-2 months
PTA (Type Approval)	2-4 Weeks
Environmental Approval	1-2 Months

INVESTMENT PROJECTS

q. Available / Proposed Projects

PROJECT	LOCATION	INVESTMENT SIZE	STRUCTURE
Export Smartphone Hub	Karachi / Lahore	\$50-100M (20M units)	OEM JV
Laptop Assembly Plant	Punjab	\$20-50M (500k units)	Licensing / JV
PCBA Manufacturing Cluster	Punjab	\$50-100M (Multi-SMT)	Supplier JV
Battery Pack Assembly	Punjab	\$30-50M (5M packs)	Technology JV
Certification Lab (ISO/IEC)	Islamabad	\$10-15M	PPP
Refurbishment Hub	Karachi	\$10M (1M units)	Distribution JV

r. Land Availability (Indicative Rates)

LOCATION	PLOT SIZE (ACRES)	LEASE/PURCHASE RATES (USD/SQ. M.)
SEZ (Developed)	1-50+	~\$50-\$100 (lease)
Non-SEZ (Industrial Area)	1-100+	~\$30-\$80 (lease/purchase)

FINANCING ECOSYSTEM

s. Financing Sources

SOURCE	INSTRUMENT	TERMS
Technology Investment Fund	R&D Allowance / Export Rebate	8% FOB (Performance-linked)
Local Banks/DFIs	Project Finance / Working Capital	KIBOR + spread
Chinese Banks (Exim, CDB)	Long-Term Debt (CPEC)	Concessional / Commercial
State Programs (SBP)	LTFF / EFS	Subsidized for exporters (3-5%)
International DFIs	Equity / Debt	Market-based + TA



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