

Chemical Sector of Pakistan

Chemical Sector: The positive growth of Chemical sector in Pakistan is recorded at 10.01 percent during the period under review mainly arrived from Sulphuric acid which recorded growth of 25.75 percent, Paints & Varnishes(S) 21.18 percent and Caustic soda 26.85 percent. The exceptionally well performance mainly arrived due to construction activities and start of commercial operation by caustic soda producing unit. During July-April FY 2016 Chemical remained major sector for foreign investors. Chemical sector is part of Large Scale Manufacturing (LSM) in Pakistan, its weight and point contribution in LSM is reflected in Figure 1.

***Figure 1: Growth and Point Contribution of LSM**

Group	Weight	% change July-March		% Point Contribution of LSM July-March	
		2014-2015	2015-2016	2014-2015	2015-2016
Chemicals	1.717	6.67	10.01	0.11	0.17

*Pakistan Bureau of Stats

There are total of 24 Chemical companies listed in KSE which are inclusive of Agritechn-v(PRE) "A", Akzo Nobel Pak., Archroma Pak, Bawany Air Products, Berger Paints, Biafo Ind., Descon Oxychem, Engro Polymer, ICI Pakistan, Ittehad Chemical, etc.

In Pakistan, the industry has been classified into two sectors i.e. Primary Sector Chemical Industry & secondary sector chemical industry. It is the classification of primary sector Industry, based on the conversion of natural resources (ores) into primary products. In Pakistan the industries considered as primary chemical Industry for production of primary chemicals are Petroleum Refinery and petrochemical Industry involved in the production of petroleum intermediates, olefins and BTX (benzene, toluene, xylene) all of which form the basis for the development of monomers, polymers and plastic industries. Fertilizers and associated products, Mineral based industries consisting of cement, limestone, gypsum, Smelting & refining of ferrous and non-ferrous metals, Agriculture industries producing cotton, oils & fats, bio-mass and raw materials is also produced. Whereas, the principal objective of Secondary sector industries is to use Primary industries products in further manufacturing, processing, blending, fabricating plants for petrochemical intermediates, polymers, non-ferrous metals, mineral's, agricultural and miscellaneous products. These industries use medium-to high-sophisticated technology, and range from light to medium categories. The Chemical industry is classified on the basis of HS code categorized by state bank of Pakistan (SBP), which includes, organic chemical, inorganic chemicals, fertilizers, tanning or dyeing extracts, essential oils and resinoids, Soaps, Albuminoidal substances, Explosives chemicals, Photographic Chemicals and Miscellaneous chemicals classified chapter-wise ranging from HS-28, 29, 31, 32, 33, 34, 35, 36, 37 and 38. Production of major chemicals is listed in Figure2.

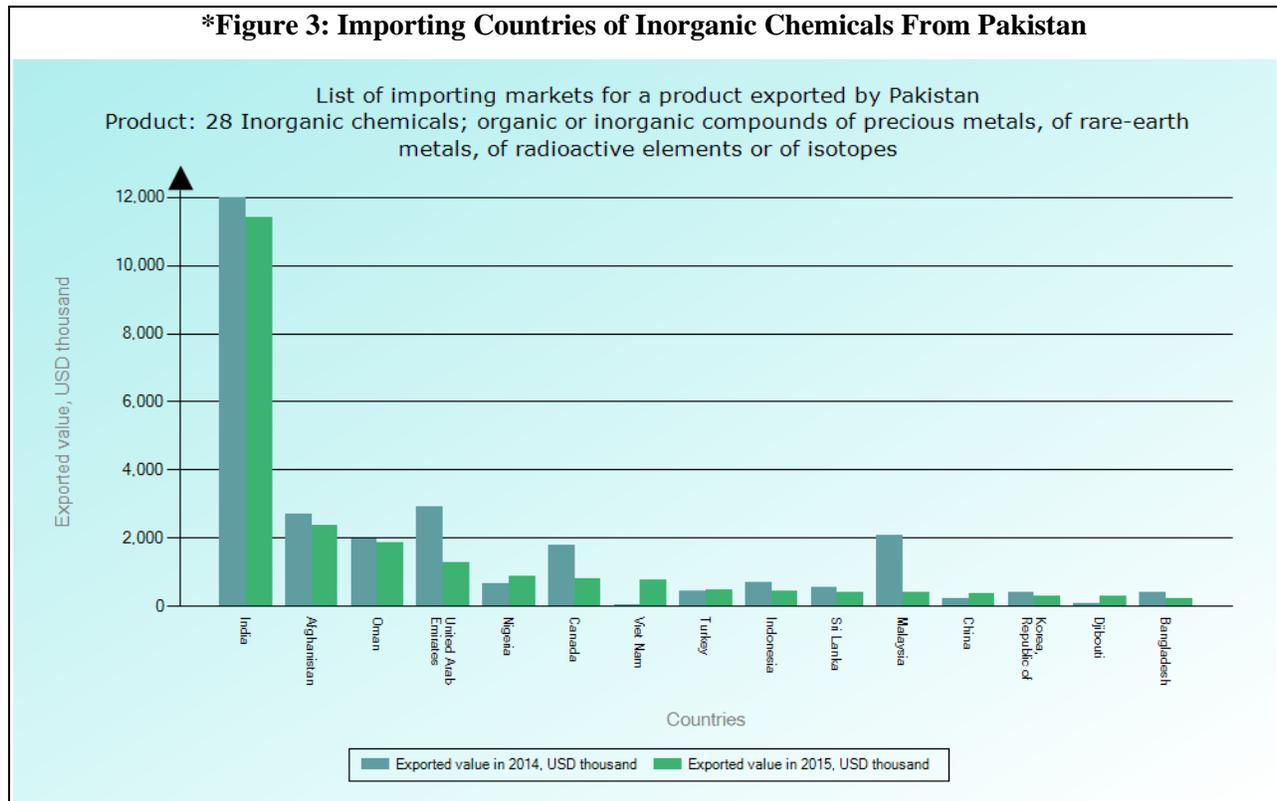
***Figure 2: Production of Selected Items**

Year	Soda Ash (000 tonnes)	Sulphuric Acid (000 tonnes)	Caustic Acid (000 tonnes)	Chlorine Gas (000 tonnes)	Paints & Varnishes (000 tonnes)	Polishes, Creams & Footwear (mln. Grams)
2014-15	325.6	50.5	127.7	13.4	33,142	675.1
2015-16	345.6	63.5	161.9	12.2	40,162	681.9

*Economic Survey of Pakistan (2015-16)

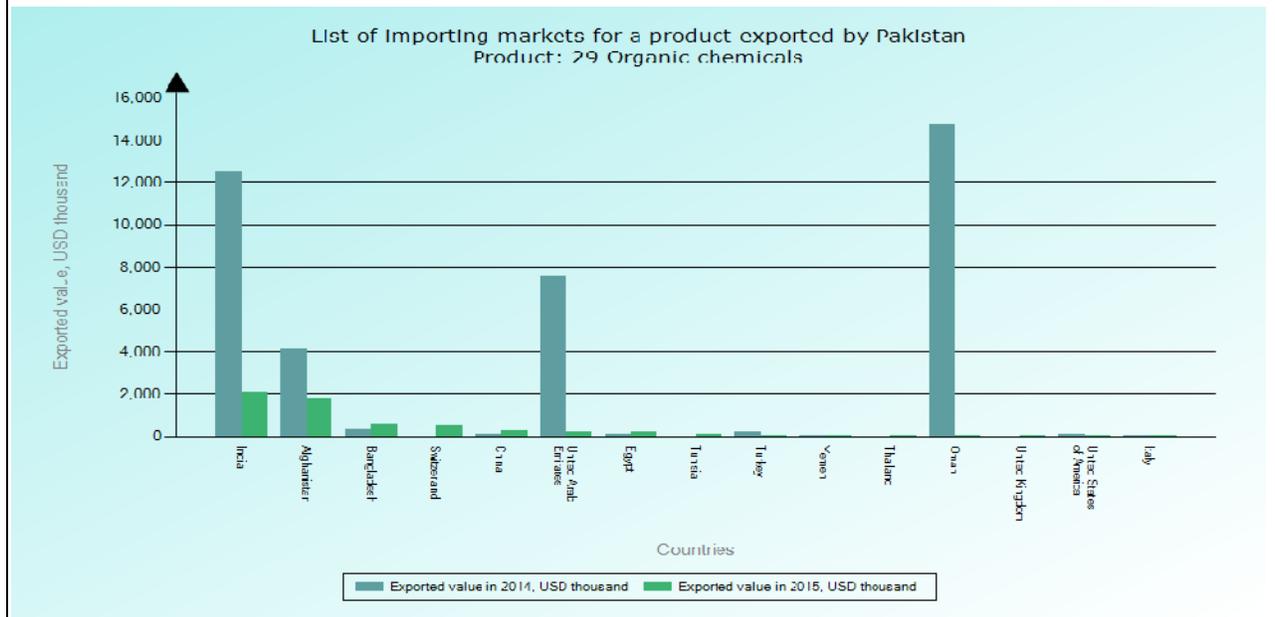
Listing of importing markets of both Inorganic & organic chemicals from Pakistan is reflected in the Figure 3 & 4, which becomes a major source of FDI.

***Figure 3: Importing Countries of Inorganic Chemicals From Pakistan**



*Trade Map

***Figure 4: Importing Countries of Organic Chemicals From Pakistan**



*Trade Map