



Maritime Potential of Pakistan's Economy

Miss Eimaan Intikhab Qureshi

Research Associate

Pakistan is a country that holds immense maritime potential, however, there remains a lack of action to harness that potential into projects. Driven by its strategic location along the Arabian Sea, a coastline of over a thousand kilometers and an Exclusive Economic Zone (EEZ) of approximately 240,000 square kilometers, the country is well-located to harness a variety of marine resources, including fisheries, aquaculture, renewable energy, and maritime transport. As of now, the maritime sector contributes only about \$450 million annually to Pakistan's economy, a stark contrast to the revenues generated by neighboring countries, highlighting a significant opportunity for growth.

The Blue Economy is the economic sector that focuses on utilizing marine resources in a sustainable manner so as not to disturb the balance of the marine environment. Pakistan, with its rich coastal areas, has immense potential to harness the marine resources such as fish, shrimp, crab, lobsters, and other seafood to garner economic growth and for food security.

Pakistan's fisheries sector is one of the main contributors to the country's economy, providing livelihoods to millions of people. Currently, it makes a small contribution to the GDP of the country; however, its exports can increase the national income. This sector contributes about 1 percent to the country's GDP and provides jobs for about 1 percent of the country's labour force. The export of fishery products has witnessed a rise of 4.04 percent in July-April FY2024. During FY2024, total fish production reached 720.9 thousand MT, comprising 410.9 thousand MT from marine fisheries and the rest from inland waters, a growth rate of 0.81% as compared to 0.60% of last year. Pakistan's major fish buyers during FY2024 included China, Thailand, Malaysia, the Middle East, Sri Lanka, and Japan¹.

¹<https://nimapak.org/wp-content/uploads/2024/08/Expansion-of-Pakistans-Blue-Economy.pdf>

Aquaculture is a rather recent activity in Pakistan and is still in its infancy; nevertheless, there is immense potential for development of the sector. Pakistan can utilize coastal areas for commercial purposes i.e. to breed fish, which can generate around \$6-8bn yearly as compared to the present numbers which is estimated at around \$450 million. Two Asian Development Bank (ADB) assisted projects have assisted in strengthening the institutional structure, with infrastructure development such as the development of hatcheries and juvenile production, model farms, transfer of technology, human resource development as well as the strengthening of extension services. With the exception of trout culture in NWFP and the northern region, virtually all aquaculture currently carried out in Pakistan is pond culture of various carp species. About 13 000 fish farms have so far been established across Pakistan. According to best estimates about 50 000 people are either directly or indirectly employed in the sector. The provinces with the greatest potential for development are Punjab, Sindh and to a lesser extent NWFP².

Pakistan's shipping industry is governed by several organizations, primarily under the Ministry of Maritime Affairs. The Pakistan National Shipping Corporation (PNSC) serves as the main national flag carrier, but it currently operates only a small percentage of the country's shipping needs, lifting about 10-11% of Pakistani cargo. The PNSC fleet consists of 12 vessels different types and sizes. Pakistan Merchant Marine Policy 2001 (MMP) was amended in 2019 to incentivise the shipping industry and will continue up to 2030. According to amendments, no federal tax (Custom duty, income tax, and sales tax) shall be levied on Pakistan resident ship owning companies during the exemption period. All Pakistan flag vessels shall be given priority berthing at all Pakistani ports. PNSC is directed to continue to pay tax of US\$ 1.00 per Gross Register Tonnage (GRT) on its shipping income annually. The new companies that accept Pakistani rupees instead of dollars for freight charges shall be incentivised for the first five years of shipping and pay a tax of US\$ 0.75 per Gross Registered Tonnage (GRT).³

Karachi Shipyard & Engineering Works (KSEW) has been the cornerstone of shipbuilding in Pakistan since its establishment in 1955. It is a state-owned entity under the Ministry of Defence Production and has constructed over 500 vessels, including naval and commercial ships. KSEW is particularly noted for its capabilities in building submarines and naval vessels, with recent projects including the construction of corvettes for the Pakistan Navy and patrol boats for customs operations. Pakistan also has a functioning Ship Recycling industry. It was the first to separate shipbuilding from shipbreaking, which made Gadani one of the world's top shipbreaking facilities. Pakistan's foreign outflow for importing ships for shipbreaking ranges from USD 395 million to USD 667 million. In Pakistan on average dismantling or breaking stood at 75 ships per year.

² https://www.fao.org/fishery/en/countrysector/naso_pakistan

³ <https://manzilpakistan.org/pdf/Ship-Breaking%20in%20Pakistan.pdf>

Pakistan, like a lot of other nations, can profit from its coastline regions. There are 1001kms of stunning lakes and sandy beaches in our nation, all of which can be used for prosperous tourism. Pakistan's maritime tourism industry also has great potential, while currently only contributing 0.4% to the total GDP, it can contribute up to 10% to the GDP in the coming years⁴. An estimated coastal tourism worldwide is more than 183 billion dollars whereas the statistics show the estimated potential of coastal tourism in Pakistan amounts around \$4-5 billion. However, Pakistan hardly generates around \$50,000 from this industry.⁵

Despite its strategic location, Pakistan has yet to fully harness its maritime potential. The blue economy presents an opportunity for sustainable growth, economic diversification, and long-term prosperity. To grow economically and in a sustainable fashion, Pakistan needs to make use of the resources it has at hand. The maritime resources will not only help in growing economically but also help with sustainable food security.

⁴ <https://pakobserver.net/cpec-coastal-tourism/>

⁵ <https://pide.org.pk/research/policy-insights-to-maritime-economy-in-pakistan/>
<https://dailytimes.com.pk/662925/pakistan-has-4-5bn-coastal-tourism-potential-experts/>