

“Automotive Policy in Pakistan”

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Policy Design and Implementation (PDI)

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**ADP
2016-21**



Automotive Development Policy (ADP)
Engineering Development Board
Ministry of Industries and Production
Government of Pakistan

Outline

- **Ministry of Industries & Production(MoIP)**
- **Engineering Development Board (EDB) Role**
- **Policy Activities**
- **Approval Process for Automotive Policy 2016-21**
- **The Auto Industry Development Committee (AIDC)**
- **Automotive Policy-2016-21**
- **Automotive Sector of Pakistan & Major Players**
- **Achievements (ADP 2016-21)**
- **Implementation**
- **Physical Verification of manufacturing/industrial setups**



Ministry of Industries & Production(MoIP)

- A facilitator in creating enabling environment for industrial growth in Pakistan
- MoIP's Significant Departments are:
- **Engineering Development Board (EDB)**
- Export Processing Zone Authority (EPZA)
- National Industrial Parks Development & Management Company (NIP)
- Small & Medium Enterprises Development Authority (SMEDA)
- Pakistan Stone Development Company (PASDEC)
- Aik Hunar Aik Nagar (AHAN) – Like OVOP One Village one Product of Japan



Engineering Development Board (EDB) Role

- The primary mandate assigned to the board is policy formulation and implementation for facilitating and encouraging development & growth of the Industrial sector of the country
- Play a crucial role in designing and developing overall policy direction to the Industrial Sector through identifying core competencies, macro-economic environment, tariff and non-tariff business conditions through close interaction in-house and with different government departments and relevant stakeholders.

Engineering Development Board (EDB) Role

- Develop a long-term vision for the development of the industrial sector.
- Formulate and coordinate all government policies relating to the industrial sector.
- Promotion of export.
- Enhancement of technical training.
- Formulate policies and guidelines for utilization of technology development and funds.
- Appeal for grievances.
- Management of deletion / indigenization policy.

Stakeholders Consultation

- MoIP/EDB hold consultation sessions with industry/association.
- Proposals are invited for policies formulation and further development of the manufacturing capability and enhance export potential.
- Industry to be competitive in global market and for effective contribution in national economy.



Brief on Policy Activities

- EDB provides technical support for development the of Industrial sector and acts as lead technical department providing inputs the to following line ministries and departments for effective policies formulation/technical support including:
 - Policy Initiatives & Technical support to MoIP.
 - Ministry of Finance/FBR on various notifications, policy issues and tariff rationalization etc.
 - Ministry of Science and Technology/PSQCA for Standards and Quality, PCST on Technology foresight
 - Board of Investment (BoI) for Investment facilitation
 - Ministry of Communication on Road Safety and Motor Vehicle regulations

Policy Formulation

- MoI&P/EDB is working on policy formulation and implementation for facilitating and encouraging development & growth of the industrial sector of the country. In this regard MoIP/EDB finalized and got approved Electric Vehicle (EV) Policy-2020 for 2/3 Wheelers, Heavy Commercial Vehicles and Four Wheelers, Mobile Device Manufacturing Policy-2020 from Cabinet and is also successfully implementing previous Automotive Development Policy 2016-21.
 - Automotive Industry Development and Export Plan 2021-26
 - Electric Vehicle Policy 2020
 - Mobile Device Manufacturing Policy 2020 (Smart Phones)
 - Automotive Development Policy 2016-21

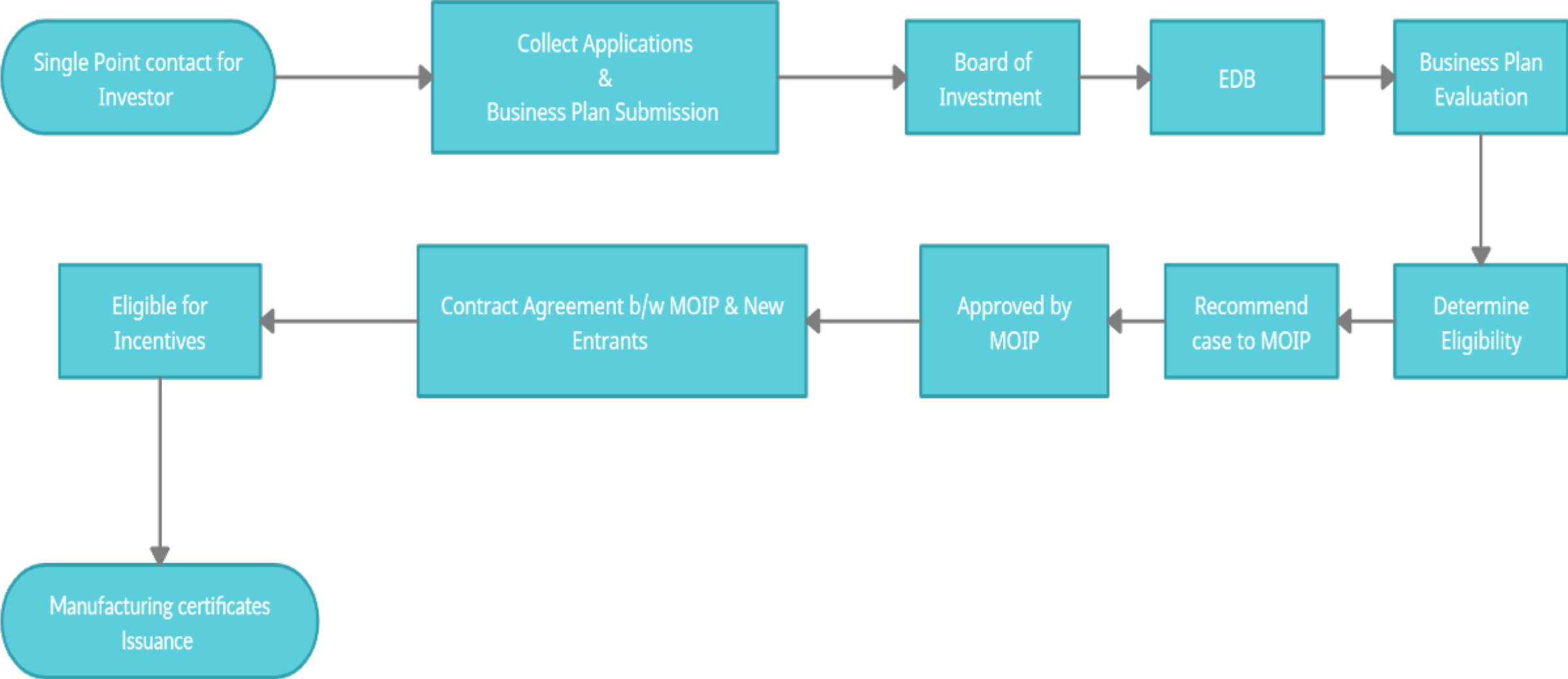
Automotive Development Policy-2016-21

- Federal Government of Pakistan has approved Automotive Development Policy (ADP) - 2016-21 through ECC of the Cabinet on March 18, 2016 which is effective from July 1, 2016 . Following are the Salient Features of ADP.
- New Investment Incentives (Greenfield, Brownfield).
- Five Year tariff plan for existing OEMs,
- To curb misuse of Import Policy (vehicles),
- Provide regulatory and enforcement mechanism for Quality Safety & Standards (WP-29, JICA's Support)
- Establishment of Pakistan Automotive Institute (PAI)
- Ensure Consumer Welfare, KIBOR+2%, immobilizer

MAIN OBJECTIVES OF ADP-2016-21

- Facilitate higher volume, more investment, enhanced completion and better quality with latest technology
- Creating a balance between Industrial Growth and Tariffs to ensure sustainability of all stakeholders
- Ensuring consumer welfare
- Providing Policy Consistency and Predictability for investors and mid-term review to cater for emerging developments

Approval Process for New Entrant Under Automotive Development Policy 2016-21



Review of Policy - The Auto Industry Development Committee (AIDC)

1. Chief Executive Officer, Engineering Development Board Chairman
2. General Manager (Policy), Engineering Development Board Secretary
3. Joint Secretary, M/o Industries & Production Member
4. Joint Secretary, M/o Science & Technology Member
5. Joint Secretary, M/o Commerce Member
6. Joint Secretary, M/o Climate Change Member
7. Representative from Planning Commission Member
8. Chief Customs (Tariff & Trade), Federal Board of Revenue Member
9. Representative from Higher Education Commission (HEC) Member
10. Director General, Pakistan Standards and Quality Control Authority (PSQCA) or his representative Member
11. Chairman, PAAPAM Member
12. Vice Chairman PAAPAM Member
13. Chairman, PAMA Member
14. A Representative of Car Assemblers (from leading assemblers) Member
15. A Representative of Car Assemblers (from new entrants) Member
16. A Representative of Japanese Two / Three-wheeler Assemblers Member
17. A Representative of Chinese Two / Three-wheeler Assemblers Member
18. A Representative of Tractor Assemblers (from leading assemblers) Member
19. A Representative from Truck/Bus Sector (from leading assemblers) Member
20. One vendor of Sheet Metal on rotation basis for two years Member
21. One vendor of Plastics and Rubber on rotation basis for two years Member
22. One vendor of Casting, Forging & Machining Member
23. One vendor of Electrical and Electronics Member
24. One Representative from private sector expert (non-industry) Member
25. One Representative from consumers association/body Member

AIDC Role

- In Pakistan, the Auto Industry Development Committee (AIDC) established with the role in inter-ministerial and public-private coordination to promote the formulation and implementation of automobile industry policies. As a forum for dialogues between the government and the industry, AIDC, with EDB as its chair, aims to promote public-private partnership in the automotive industry by establishing quality and standards, developing trade opportunities, and providing advice on investment.
- A total of 33 AIDC meetings have been held so far since 2007.

Automotive Sector of Pakistan

Source: MOIP/EDB, Pakistan

Cars	6 units	Suzuki, Honda, Toyota, Al Hajj Faw, United, Kia
Tractor	8 units	Millat Tractors, Al-Ghazi Tractors, Universal Tractors, Hero Motors, Farm-all Tech, Arzoo , PM Tractors, Orient Tractors(MTW) (3 units Operational).
Truck/Buses	7units	Hino, Ghandhara (Isuzu and Dongfeng), Master, Afzal Motors, Daewoo Pak Motors, Al-Haj FAW Motors, JW Forland.
Jeeps	3 units	Toyota Fortuner, Honda BRV, Kia
LCVs/Pickups/ Van	7 units	Suzuki, Toyota, Master Motors Limited, Al-Haj FAW Motors, M/s Regal Automobile, JW Forland, Hyundai
Two/Three Wheelers	132 units	Honda, Suzuki, Yamaha and Chinese Co.

Major Automobile Players



Automotive Industry of Pakistan Statistics

Investment during AIDP 16 ~ 21	US\$ One Billion + US\$ One Billion (New entrant)
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Direct Employment	27,720 (Indirect 2.5 Million)
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Revenue to Government	159 Billion (Car Sector)
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Sales – Cars & LCVs	444 Billion – 331,000 Units
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Vendors registered	400 – Approx
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Installed Capacity (Cars / LCV / SUV)	418,000 (AIDEP 21=26) , Further capacity enhancement is in process by existing and new plyers. Policy target by 2026 – 650,000 units
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Contribution to GDP	2.22 %
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Sales Volume (local Industry)	900 Billion exclude imported vehicles
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Total Local Purchase	320 Billion
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Source: Industry/Association

Achievements (ADP 2016-21)

- Greenfield Status granted to 18 Companies
Korean, European, Chinese & Japanese Makes**
- Manufacturing certificate issued to 6 Companies**
- Two closed units revived (Brownfield)**
- Total Investment, 1 billion USD approx.**

Issues in Policies on Automotive Industry Development

- Investment Promotion
- Developing Supporting Industries
- Developing Industrial Human Resources
- Research and Development (R&D)
- Infrastructure Development
- Safety and Environmental Standards
- Market Expansion

Policy Implementation by EDB

- ❖ Regulatory role of policies for the automobile sector and Implementation of Auto Industry Development Plan, Electric Vehicle Policy, Mobile Device Manufacturing Policy
- ❖ Assessment of automobile vendors for registration as supplier to Original Equipment Manufacturers (OEMs) and after market.
- ❖ Determination of processes wastages for purpose of monitoring allocations of materials and other inputs.
- ❖ Physical Verification of manufacturing/industrial setups for assessment of their compliance under various policies
- ❖ List of locally manufactured items.

Physical Verification of manufacturing/industrial setups

- MoIP/EDB's Technical team comprised of government officials from relevant departments/ministries/divisions conduct physical verification in respect of upcoming new vehicle models and additional components/parts allowed in CKD condition.



THANK YOU