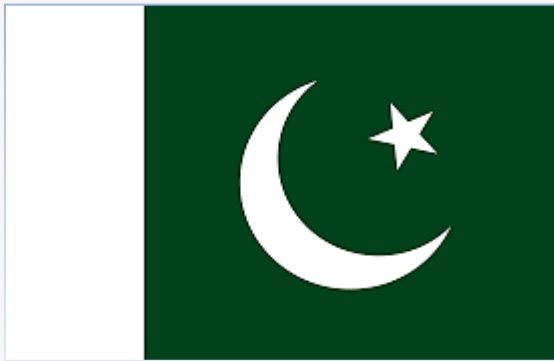


# Investment Opportunities

## Prospects for Industrial Collaboration in Engineering Industry of Pakistan



Engineering Development Board  
Ministry of Industries and Production

[www.engineeringpakistan.com](http://www.engineeringpakistan.com)



# Ministry of Industries & Production(MoIP)

- A facilitator in creating enabling environment for industrial growth
- 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)
  - Pakistan Gems and Jewellery Development Company (PGJDC)
  - Pakistan Hunting & Sporting Arms Development Company (PHSADC)

# Key Areas of Industrial Collaboration

- Automobile Industry
- Domestic Appliances
- Surgical Instruments
- Cutlery & Tableware



# Overview of Automobile Sector

**Automobile sector of Pakistan comprises of assembly / manufacturing units in production with following breakdown:**

Cars	5
Tractor	8
Truck/Buses	8
LCVs/Pickups/Van	6
Two/Three Wheelers	132
Part Manufacturers	250+

[www.pama.org.pk](http://www.pama.org.pk) & [www.paapam.com](http://www.paapam.com)

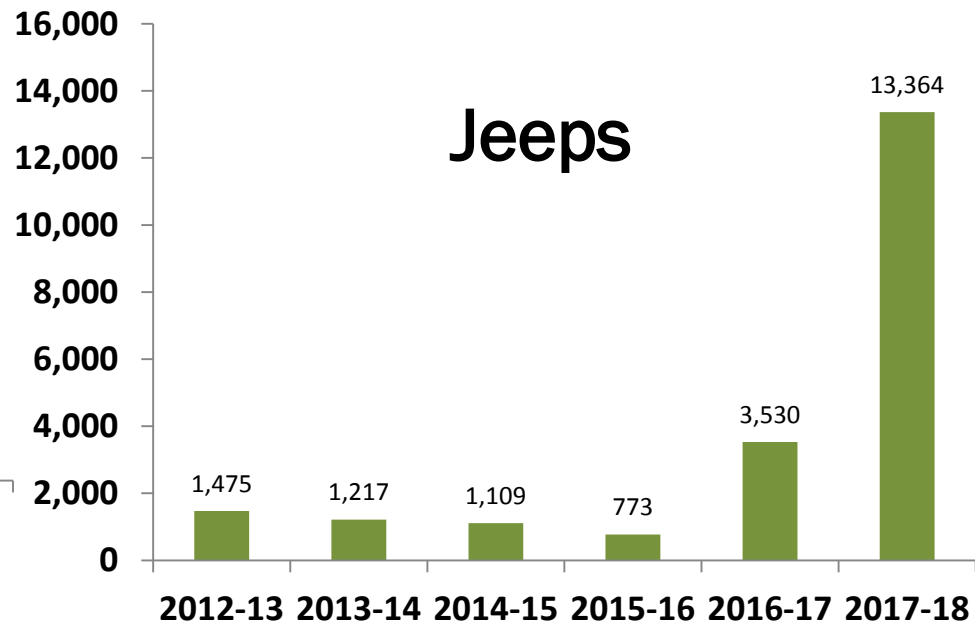
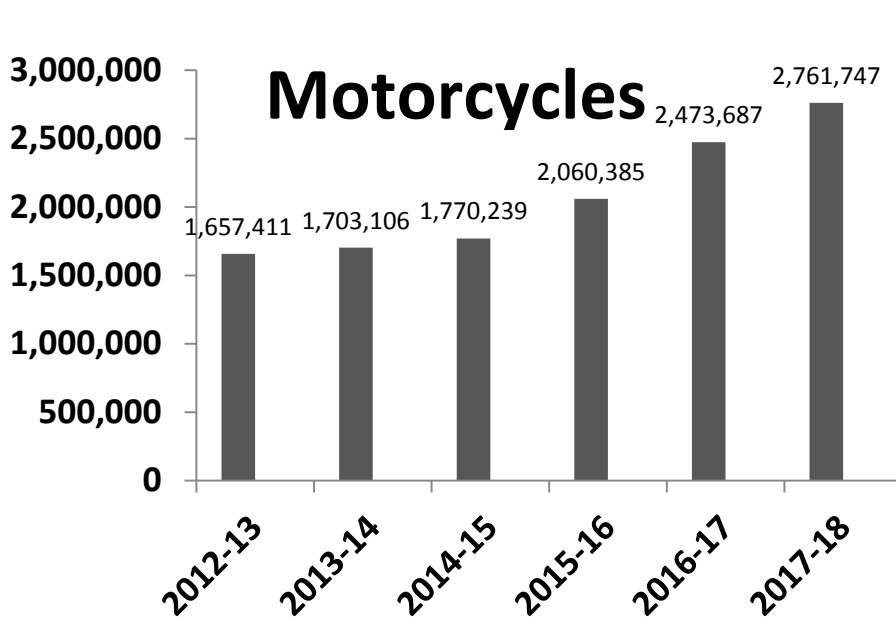
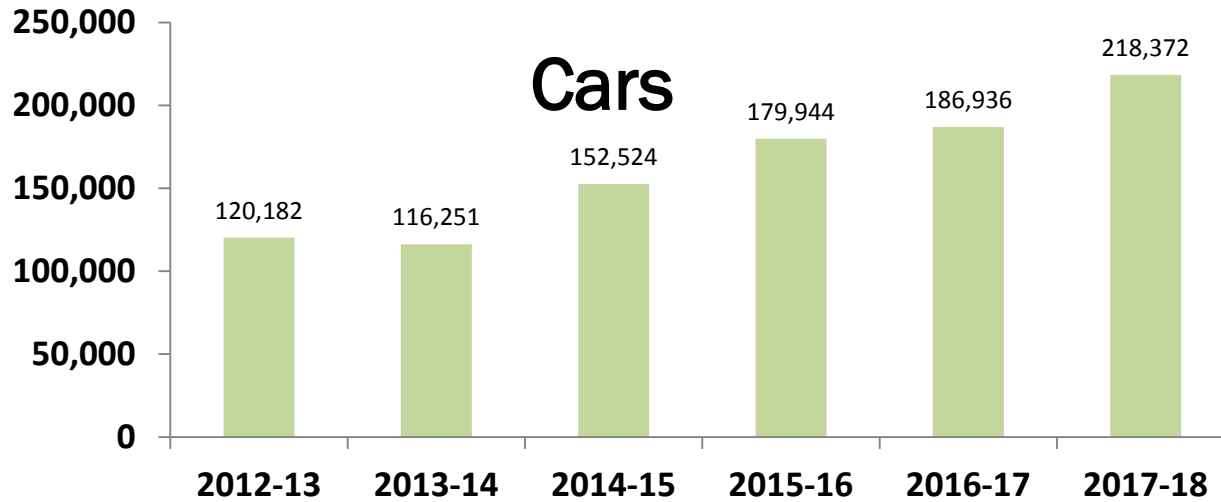
# Major Automobile Players



# Recent Performance

Products	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Cars	154,255	120,332	116,605	152,524	179,944	186,936	218,372
Jeeps	342	1,475	1,217	1,109	773	3,530	13,364
Pick-Up and LCV	21,033	15,264	18,597	30,154	38,231	27,507	32,530
Trucks/Prime Movers	2,728	2,284	3,431	4,738	6,648	9,097	9,270
Buses	693	650	789	973	1,394	1,339	1,056
Tractor	48,898	51,977	35,253	45,862	33,982	47,799	71,894
Motorcycle	1,700,292	1,657,411	1,703,106	1,770,239	2,060,385	2,473,687	2,761,747

# Growth Trajectory



# Breakup of Car Production

Manufacturers		Cars	Capacity	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Pak Suzuki Motors	Swift	150,000	5,945	5,047	3,319	4,176	4,376	4,920	
	Cultus		12,785	14,467	14,142	16,772	17,797	19,894	
	Mehran		34,278	28,485	30,381	36,869	38,311	47,199	
	Wagon-R		0	2,532	5,067	9,504	17,516	29,954	
	Bolan		13,046	13,991	23,952	30,088	19,531	21,879	
Total			66,054	64,522	76,861	97,409	97,531	123,846	
Honda Atlas	Civic & City	55,000	21,246	23,605	24,271	25,061	36,531	42,710	
Total			21,246	23,605	24,271	25,061	36,531	42,710	
Toyota Indus	Corolla	80,000	32,882	28,124	51,392	57,474	52,874	51,218	
Total			32,882	28,124	51,392	57,474	52,874	51,218	
Al Hajj Faw	V2	15,000	-	-	-	-	-	598	
United Motors	Bravo	10,000						600*	
Grand Total		310,000	120,182	116,251	152,524	179,944	186,936	218,372	



# Examples of Joint Ventures/TAA

- Aisin, Siroki & KYB with Agriauto Pakistan
- Koito, Murakami & Kanto Kasei with Auvitronics
- Denso & Furukawa AS & Yazaki with M/s Thal
- Contiental Tyre with General Tyre Pakistan
- GS Yuasa with Atlas Battery Pakistan
- FTS with Metaline Pakistan for Fuel Tanks
- Autoliv with Plastec for seatbelt manufacturing

# Automotive Development Policy (ADP 2016-21)

- To increase automotive production gradually by 2021 to:
  - Cars /Van/Jeeps: 350,000
  - Light Commercial Vehicles (LCVs): 79,000
  - Trucks: 12,000
  - Buses: 2,200
  - Tractors: 88,000
  - Motorcycles: 2.5 million
- To increase contribution to the Gross Domestic Product from 2.3 percent to 3.8 percent;
- To increase contribution to manufacturing from 22 percent to 30 percent, and
- To increase direct and indirect employment from 2.4 million presently to 4 million.

# Salient Features of ADP

- New Investment Incentives
- Five Year tariff plan for existing OEMs
- To curb misuse of Import Policy (vehicles)
- Adoption of UNECE's WP 29 Regulations
- Establishment of Pakistan Automotive Institute
- Ensure Consumer Welfare
- Truck Financing, Incentivizing Fleet Operations

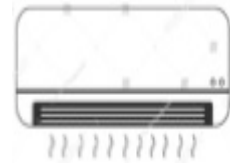
# Progress of ADP 2016-21

- Manufacturing license granted to 13 New Companies
- Two closed units revived
- Total Investment 1,167 Bn USD approx
- Volkswagen applied for new entrant status
- Three New Companies already started production
- Capacity enhancement by existing companies Indus Motor Company (Toyota), from 65,000 to 80,000 units/annum recently

# Opportunities in Automotive Sector

- Variety due to New Manufacturing Companies: Korean, French, Chinese & Japanese Makes
- Vacuum in market due to surveillance (current imports 75000 units)
- Vehicle Population 16 per 1000 persons
- Increasing income and GDP per capita
- Opportunities in part manufacturing
- Policy under review for benefits to part makers
- Approx 10 Times Large after market
- No vehicle retirement policy, older vehicle more parts required

# Domestic Appliances Landscape



Refrigerators

Deep Freezers

Air Conditioners

LED TVs

Washing Machines

**Volume (units)**

1,700,000

400,000

1,000,000

1,000,000

2,000,000

**Penetration %**

54%

10%

10%

15 %

80%

**Status**

Manufacturing

Manufacturing

CKD Assembly

SKD/ CKD Assembly

Manufacturing

**Forex Savings thru import substitution**

170 M USD

40 M USD

0 M USD

0 M USD

54 M USD

# Domestic Appliances Contd.

- Sector as potential to become driver of economic growth

Pakistan On Road of Industrialization	Today (2018)	Tomorrow (2023)
Value	USD 1.4 Bn	USD 3.5 Bn
Export Revenue	~ USD 15 Mn	USD 2.5 Bn
Import Substitution	USD 0.25 Bn	USD 1 Bn
Direct Employment	75K Skilled	250K Skilled
Indirect Employment	350K	1 Million
Vertical Industry Contribution	PKR 25Bn	PKR 60Bn
Revenue For The Government	PKR 26Bn	PKR 69Bn

# Opportunities in Domestic Appliances

- International Brands like Haier, Dawalance, Waves, PEL, GREE & local brands
- Production exhibiting rising trend due to increase in population & rising GDP per capita
- Local manufacturing incentivized and feasible
- Japanese Manufacturers Sony & Panasonic may consider Joint Venture Agreements
- Pakistan Electronics Manufacturers Association represents local appliances manufacturers



# Surgical Instruments

- Pakistan manufactures more than 1000 types of surgical instruments including
  - Dental instruments
  - Stainless steel hollow ware
  - Hospital furniture
  - Manicure instruments
  - Pedicure instruments
- Largest Exporter in instruments category
- Pakistani Instruments being re-exported
- Industry Posseses relevant certifications
- Japan can benefit by direct imports from Pakistan
- Investment in latest Technologies, use of plastics
- Details at [www.simap.org.pak](http://www.simap.org.pak)



# Cutlery & Tableware

- Handmade Daggers, swords, knives
- Tableware, utensils & kitchenware
- Pakistan is exporting cutlery across globe
- Export Enhancement of handmade antique daggers etc
- Technology uplift of tableware for exports
- Details at [www.pcsume.org](http://www.pcsume.org)



# Why Invest in Pakistan?

- Incentives in Export Processing Zones
- Special Economic Zones (Board of Investment)
- 6<sup>th</sup> Largest and Young Population
- Low Labour Cost
- Large English Speaking Community
- Connected to world through Information & Communication Technologies
- Prospects; China Pakistan Economic Corridor
- Government's resolve to reduce imports, encourage local manufacturing and enhance exports

# Export Processing Zones

- Export Processing Zones Authority under MoIP
- EPZs are Developed land on competitive rates for 30 years (as per existing policy)
- Duty-free import of machinery, equipment, materials
- Freedom from national import regulations
- Exchange control regulations of Pakistan not applicable
- Repatriation of capital and profits
- No sales tax on inputs including electricity/gas bills
- Duty-free vehicles allowed under certain conditions
- Domestic market available to the extent of 20%
- Obsolete/old machinery can be sold in domestic market of Pakistan after payment of applicable duties & taxes

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THANKS