

GOVERNMENT OF PAKISTAN
MINISTRY OF INDUSTRIES AND PRODUCTION

Islamabad, the 2nd June, 2016

NOTIFICATION

No. 2(9)/2013-LED-II. In pursuance of the Economic Coordination Committee (ECC) of the Cabinet decision in case No. ECC-33/6/2016 dated 18-03-2016, the Federal Government is pleased to notify the New Investment Policy under Automotive Development Policy (ADP) 2016-21.

2. Accordingly, the policy offers following two categories of New Investment with different incentive packages:

I. Investment Categories

- i) **Category-A: Greenfield Investment** is defined as the installation of new and independent automotive assembly and manufacturing facilities by an investor for the production of vehicles of a make not already being assembled / manufactured in Pakistan.

[Note: "Make" is defined as any vehicle of whatever variant produced by the same manufacturer]

- ii) **Category-B: Brownfield Investment** is defined as revival of an existing assembly and/or manufacturing facilities, that is non-operational or closed on or before July 01, 2013 and the make is not in production in Pakistan since that date and that the revival is undertaken either independently by original owners or new investors or under joint venture agreement with foreign principal or by foreign principal independently through purchase of plant.

II. Investment Incentives

- i) **Category-A Investor** shall be entitled to the following incentives:-
- Duty free import of plant and machinery for setting up the assembly and/or manufacturing facilities on one-time basis.
 - Import of 100 vehicles of the same variant in CBU form at 50% of the prevailing duty for test marketing after ground breaking of the project.
 - Concessional rate of customs duty @ 10% on non-localized parts and @ 25% on localized parts for a period of five years for the manufacturing of Cars & LCVs.
 - Import of all parts (both localized and non-localized) at prevailing customs duty applicable to non-localized parts for manufacturing of trucks, buses and prime-movers for a period of three years, and
 - For Motorcycle industry, existing policy as approved by the Economic Coordination Committee (ECC) of the Cabinet vide decisions in case

No.ECC-121/14/2013 dated 22nd August, 2013 and Case No.ECC-129/15/2013 dated 7th September, 2013 and notified by the Ministry of Industries and Production vide Notification No.4-1/2013/LED-II (Vol-III) dated 26th September, 2013 shall continue.

ii) **Category-B Investor** shall be entitled to:-

- a) Import non-localized parts at 10% rate of customs duty and localized parts at 25% customs duty for a period of 3 years for the manufacturing of Cars & LCVs.
- b) Import of all parts (both localized and non-localized) at prevailing customs duty applicable to non-localized parts for manufacturing of trucks, buses and prime-movers for a period of three years.

iii) **Eligibility Criteria**

- a) The Board of Investment (BoI) shall be the single point of contact for the investor with the government.
- b) Any new investor shall be required to submit a detailed business plan and relevant documents for manufacturing of vehicles to BoI.
- c) BoI shall get the business plan assessed by Engineering Development Board (EDB).
- d) EDB shall verify the investor's in-house assembly/manufacturing facilities for the manufacture of road worthy vehicles.
- e) EDB shall determine eligibility of the applicant under the defined criteria to be declared as Category A or Category B Investor.
- f) Ministry of Industries and Production on the recommendation of EDB shall approve new investor under the relevant category. Auto Industry Development Committee (AIDC) and EDB shall review results of the new investor's policy once every two years and shall recommend modifications, if any.

iv) **Withdrawal of Incentives**

- a) In case of material deviation from the approved commercial operation schedule, withdrawal of incentives shall take effect.
- b) EDB shall initiate suitable action after necessary verification that may lead to the stoppage or withdrawal of benefits allowed.
- c) Details and mechanism for this will be covered in the New Entrant Agreement to be signed between the Government and the Investor.

v) **Applicability of Fiscal Incentives**

Fiscal incentives contained in the ADP shall come into effect from July 01, 2016.

(Abdus Samad)
Deputy Chief (LED)

Copy for information to: -

- (1) The Principal Secretary to the Prime Minister, Prime Minister's Secretariat (Public), Islamabad
- (2) The Secretary, Cabinet Division, Islamabad
- (3) The Secretary, Ministry of Finance, Islamabad
- (4) The Secretary, Ministry of Commerce, Islamabad
- (5) The Secretary, Ministry of Industries & Production, Islamabad
- (6) The Chairman, Federal Board of Revenue, Islamabad
- (7) The Secretary, Ministry of Planning, Development & Reforms, Islamabad
- (8) The Secretary, Ministry of Privatization & Investment, Islamabad
- (9) The Secretary, Ministry of Climate Change, Islamabad
- (10) The Secretary, Ministry of Science & Technology, Islamabad
- (11) The Chairman, Board of Investment, Islamabad
- (12) The Governor, State Bank of Pakistan, Karachi
- (13) The CEO, Engineering Development Board, Islamabad
- (14) The Director General, Pakistan Standards and Quality Control Authority, Karachi
- (15) The Chairman, Higher Education Commission (HEC), Islamabad
- (16) All Banks / DFI's
- (17) The President, Federation of Pakistan Chamber of Commerce & Industry, Islamabad
- (18) All Chambers of Commerce and Industry
- (19) The Chairman, Pakistan Automotive Manufacturers Association (PAMA)
- (20) The Chairman, Pakistan Association of Automotive Parts & Accessories Manufacturers (PAAPAM)
- (21) Association of Pakistan Motorcycle Assemblers (APMA)