

ENGINEERING DEVELOPMENT BOARD

25th Meeting of the Auto Industry Development Committee

Held on, 19th May, 2017

Minutes of the Meeting

25th Meeting of the Auto Industry Development Committee was held on 19th May, 2017 in the conference room of EDB under the chairmanship of Mr. Mirza Nasir Baig, Chief Executive Officer (CEO), EDB. The list of the participants is attached as *Annex-I*.

The Chair welcomed all the participants and briefed the participants about reason to hold short notice meeting. After briefing, the forum was opened for discussion. Following Agenda Items were discussed during meeting.

S.#	Agenda Item
Item No. 01	Confirmation of the Minutes of 24 th Meeting of AIDC held on April 13, 2017
Item No. 02	Determination of local manufacturing status with regard SRO 693 in the case of SUVs 1000cc to 1500cc and 1501cc to 1800cc
Additional Item (If any)	Any other agenda item with the permission of the chair.

AGENDA ITEM NO. 1

CONFIRMATION OF THE MINUTES OF 24th MEETING OF AIDC HELD ON 13th APRIL, 2017.

The Committee was informed that Minutes of 24th Meeting of AIDC have been circulated among members of AIDC. Feedback from the members is being received and the minutes shall be amended accordingly. Participants rose following reservations during the meeting:

- a) Representatives of M/s Dewan Farooq Group showed reservations regarding the decision of agenda item 04 and requested the chair to amend the same;
- b) Mr. Razi ur Rehman, Group Director, M/s Atlas Honda Ltd., emphasized that view of industry i.e. to continue existing tariff incentives for motorcycle industry, regarding New Entrant Policy for motorcycle industry should also be included in the decision;
- c) Representatives of PAAPAM emphasized that their viewpoint regarding keeping them on board for ongoing FTA's & PTA's should also be included in the minutes;

The chair informed the participants that a meeting is scheduled on 23rd May 2017 in Ministry on the request of M/s Dewan Farooq Group to discuss their issue and regarding other reservations the relevant agenda items have been amended and are as under:

➤ **AGENDA ITEM NO. 6**
DISCUSSION ON FTA'S WITH THAILAND & TURKEY AND PAKISTAN'S STANCE.

The Committee was briefed that PAAPAM delegation has visited Bangkok in March 2017 and a meeting was organized through Embassy of Pakistan in Bangkok. On Chair's request PAAPAM briefed the participants regarding outcomes of their meeting with Thai counterparts. Major points discussed were as under:

- *Thai auto parts manufacturers were invited for investment in Pakistan through joint ventures and technology transfer agreements;*
- *Potential for export of auto parts from Pakistan was also discussed.*

Members of PAAPAM appreciated the efforts of EDB regarding inputs taken from part manufacturers from time to time during finalization of FTA with Thailand and Turkey.

Decision:

The Committee acknowledged the efforts of EDB and advised to ensure active participation of PAPAAM in FTAs to safeguard interest of local industry and keeping them on board while negotiating FTA's & PTA's with different countries in future.

➤ **AGENDA ITEM NO. 10**
DISCUSSION ON MOTORCYCLE POLICY IN THE LIGHT OF ECC'S DECISION.

The Committee was informed that in the case of M/s Atlas Honda Ltd., regarding New Entrant Status for their new motorcycle the ECC of the Cabinet directed that a Committee comprising Secretary, Industries & Production (Convener), Chairman FBR and representative from Finance Division will review the New Entrant Policy for Motorcycle Industry and submit its report to the ECC. Further, few meetings of the Committee were held in Ministry of Industries and Production and in the final meeting the Committee directed EDB and FBR to decide the tariff structure to be proposed in the new policy for motorcycle industry. In this regard, it was decided that a meeting between FBR and EDB shall be scheduled to discuss the issue while stakeholders shall be contacted for inputs during AIDC.

During the deliberations Mr. Razi ur Rehman, Group Director, M/s Atlas Honda Ltd., emphasized that the existing tariff incentives of motorcycle policy should be continued.

Decision:

The Committee recommended that EDB and FBR shall decide the tariff structure in consultation with the stakeholders.

AGENDA ITEM NO. 2

DETERMINATION OF LOCAL MANUFACTURING STATUS WITH REGARD SRO 693 IN THE CASE OF SUVS 1000CC TO 1500CC AND 1501CC TO 1800CC

The Committee was informed that M/s Honda Atlas Cars (Pakistan) Limited (HACPL) applied for EDB's approval for their new vehicle Sport Utility Vehicles (SUVs, 4x2) up to 1500cc. No classification of the said SUV is available under the current Pakistan Customs Tariff (PCT) and corresponding localized parts in SRO 693(I)/2006 are also not available. However, to facilitate the firm, provisional approval was granted by the EDB on the basis of Sport Utility Vehicles (SUV 4x4, 1800cc to 3000cc) for which PCT and localized parts were available under SRO 693(I)/2006. EDB has also received applications from new investors under ADP 2016-21 for assembly of Sports Utility Vehicles mostly with engine capacities ranging 1000cc to 1500cc and 1501cc to 1800cc. Further, it was also informed that the matter of M/s HACPL regarding approval of SUV (4x2) was discussed by Inter-Departmental Technical Committee (IDTC) in its 56th meeting held on April 20, 2017, wherein FBR pointed out that list of localized parts for the new SUVs needs to be prepared for incorporation in SRO 693(I) / 2006.

Regarding localization level of their new vehicle, the representative of M/s Honda Atlas informed the house that out of 1050 total parts, 476 shall be made locally right from the beginning. He requested the Committee that for their new vehicle, existing SRO 693 for SUVs should be considered and said that there is no need to create further categorization in the SRO on the basis of engine capacity. He emphasized that the policy should be general and not company specific.

The Chairman and Vice Chairman PAAPAM appreciated the initial localization level of new vehicle of M/s HACPL. While supporting the viewpoint of M/s HACPL they also supported that existing SRO 693 for SUVs should be applied for the said vehicle.



The representative of FBR was of the view that existing SRO 693 is for 4x4 SUVs while the new vehicle's platform is of car instead of SUV. Therefore, localization level should be closer to the car. He emphasized on creation of new category of SUVs under the existing SRO 693.

The representatives of M/s IMC registered their dissent note as they were of the viewpoint that in the new vehicle of M/s HACPL, there is no separate chassis and this low cc vehicle will be in competition with the cars of medium engine capacity. They stressed that existing SRO 693 for SUVs should not be applied to the said vehicle, as it is technically in-correct and against the spirit of localization.

Members from Planning commission, United Auto Industries, MGA Industries, M/s Thal Engineering, etc. supported the viewpoint of M/s HACPL.

Decision:

The Committee recommended that existing SRO 693 for SUVs shall be applied to the new vehicle of M/s HACPL.

The meeting ended with a vote of thanks to and from the Chair.
