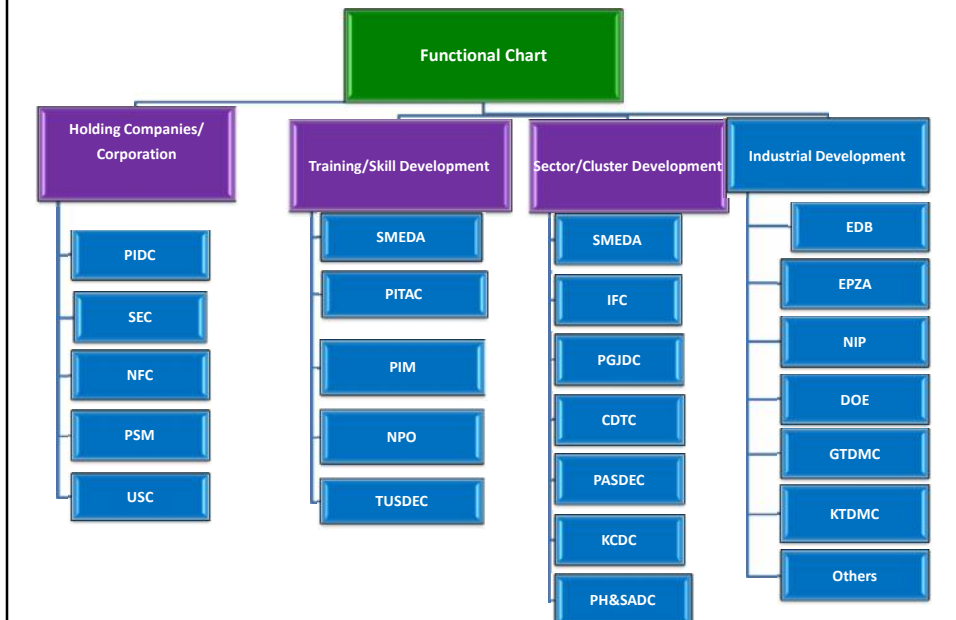


DEVELOPMENT OF PAKISTAN PRODUCTIVITY, QUALITY AND INNOVATION FRAMEWORK

MINISTRY OF INDUSTRIES & PRODUCTION
DATED 10th JANUARY, 2017

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Ministry of Industries & Production



Govt. Initiatives to Create Enabling Environment

PIDC- Primary Vehicle for facilitating industrialization by creating enabling environment

NIP- One window facility

SEZ- Incentives

EPZA- Duty free plant & machinery,
- Tax holidays

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Govt. Initiatives to Create Enabling Environment

ADP 2016-21

Greenfield Investment

- Duty free import of plant & machinery for setting up the assembly and/or manufacturing facility on a one-time basis

- 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 and LCVs

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Govt. Initiatives to Create Enabling Environment

ADP 2016-21

Brownfield Investment

-Import of non-localized parts at **10%** rate of customs duty and localized parts at **25%** duty for a period of three years

-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

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Govt. Initiatives to Create Enabling Environment

Revamping of SME Policy 2007

SME not received due priority-thus missing targets

- Across the board recognition of SMEs as a sector requiring separate policy and regulatory space

- Defining small and medium enterprises that qualify for support

- Removing unnecessary regulatory burden

- Improving support delivery mechanisms

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Pakistan's Economy

Growth Rate

- 4.7% - the highest annual growth rate since 2008 - 09

Contributions

Agriculture

- 19.8%

Industrial Sector

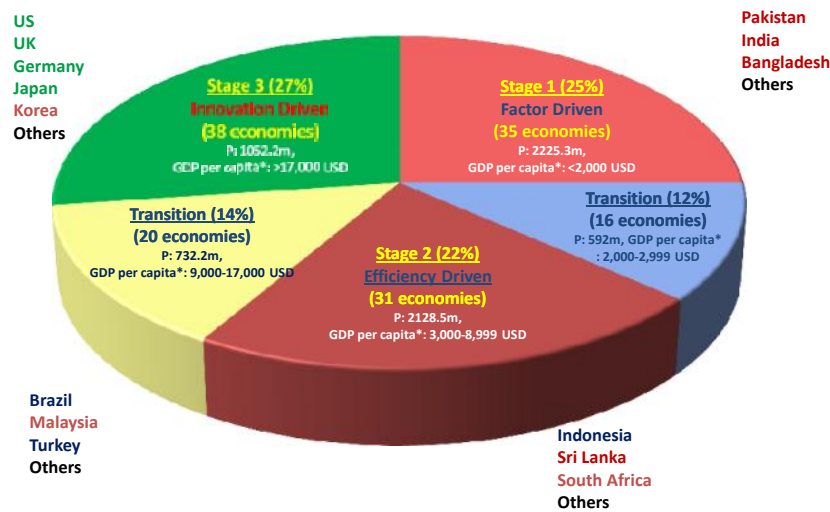
- 21.0%

Services Sector

- 59.2%

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Competitiveness Situation



* For economies with a high dependency on mineral resources, GDP per capita is not the sole criterion for the determination of the stage of development. Source: World Economic Forum, Global Competitiveness Report 2015-16.

Growth Challenges

Low level of:-

Productivity

Quality

Innovations

Inefficient Industrial Processes

Technology

R &D

Skilled Workers

Foreign Direct Investment

Infrastructure

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Productivity

Inadequate up-gradation of technology

Outdated production processes

Low level of Vocational Training

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Productivity

Non-availability of capital for expansion

Economies of Scale

High Cost of Production

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Quality

Poor quality control and standardization in
Manufacturing Sector

Sub-optimal Compliance on international
standards (quality, health, safety and
environment)

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Innovation

Negligible R & D, reliant on outdated production techniques

Factor driven economy of Pakistan
(Infrastructure, Institutions, Macroeconomic environment, Health & Education)

Inadequate culture for innovation in Pakistan at all levels

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Situation Analysis

Low Productivity – outdated technologies & processes

Strong growth in quality & productivity essential for maintaining export share in an increasingly competitive world market

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Situation Analysis

Lack of skills in the labor force greatly hampers the productivity and competitiveness of firms

The technical and vocational education and training (TVET) systems in Pakistan remain supply-driven and lacking a clear direction

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Situation Analysis

Inability to export to high-income markets due to inconsistent quality of product

Lack of standardization and quality control halted the growth potential of industry

Skills and vocational training not in sync with the demands of the industry

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Way Forward

Increased share of industry in GDP

Productivity benchmarking for the sectors

Upgrade the entire range of curricula and make it more demand driven and industry specific

Vocational Training programs for Labour force

Training on quality management systems

SME Development –Driver of growth

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Way Forward

Setting up of Venture Capital Fund for innovative products

Incentives to encourage private sector to set up quality testing and certification facilities in all sectors

Provide support to PSQCA to work with sector associations to develop a set of core quality standards

Establish CAD/CAM designing facility to develop new product designs, improve quality and bring standardization in production parts

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Thanks
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