

No.2(1)TID/10-P-I

Islamabad, the 26th July, 2010

Memorandum

Subject: Declaration of Pioneer Industry in any Field in Pakistan

Enclosed please find herewith a copy of "criteria/guidelines to declare Pioneer Industry in any field in Pakistan" as approved by the ECC of the Cabinet for information, please.

Encl: As above


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Distribution:

1. Chairman, All Pakistan Bed-sheets & Upholstery Manufacturers Association
2. Chairman, Pakistan Hosiery Manufacturers & Exporters Association
3. Chairman, All Pakistan Textile Mills Association
4. Chairman, Pakistan Readymade Garments Manufacturers & Exporters Association
5. Chairman, Pakistan Denim Manufacturers & Exporters Association
6. Chairman, All Pakistan Textile Processing Mills Association
7. Chairman, Pakistan Knitwear & Sweaters Exporters Association
8. Chairman, Pakistan Cotton Fashion Apparel Manufactures & Exporters Association
9. Chairman, Towel Manufacturers Association of Pakistan
10. Chairman, Pakistan Bed-wear Exporters Association
11. Chairman, Pakistan Textile Exporters Association
12. Chairman, Pakistan Cloth Merchants' Association
13. Chairman, Pakistan Carpet Manufacturers & Exporters Association

CRITERIA FOR AN INDUSTRY TO QUALIFY FOR THE STATUS OF "PIONEER INDUSTRY"

- **TECHNOLOGY TO BE PIONEER, AND NOT THE PRODUCT:** With a view to enable the industry to be internationally competitive, to achieve the desired objective of the Government and to safeguard against possible misuse of concession the concept of "Pioneer Industry" shall not be with reference to product i.e. the status of "Pioneer Industry" may not be granted to such a unit that claims to bring a new product which was previously not being manufactured locally. Instead, the technology being used by the unit claiming the status of "Pioneer Industry" shall be pioneer i.e. first of its kind in Pakistan. This is proposed because certain products are not available in Pakistan, but technology is present. For example, Plastic Injection Molding Machines are capable of manufacturing all types of plastic products, provided the requisite "mould" is available.
- **LEVEL OF VALUE ADDITION:** In order to promote "Real time manufacturing", besides earning revenues for the exchequer and ensuring maximum employment opportunities, 20% minimum value addition benchmark may be prescribed for the industry claiming the status of "Pioneer Industry". The Technical Committee constituted for evaluation of criteria shall examine the level of value addition to be achieved by the industry claiming the status of "Pioneer Industry".
- **LEAST DEPENDENCE ON IMPORTS:** With a view to enhance the capability of local industry and to save foreign exchange of the country, the status of "Pioneer Industry" may be granted to preferably such industries that are least dependent on imports.
- **INDUSTRIAL LINKAGES:** In order to promote local industry that is outside the ambit of "Pioneer Industry", it is proposed that the status of "Pioneer Industry" may be granted to such units that have "Vertical Integration" with other local industry, i.e. either the product manufactured by them is consumable for local industry or the pioneer industry itself uses the locally manufactured inputs.

- **PIONERR INDUSTRY TO BE FOREIGN EXCHANGE NEUTRAL:**
Once the unit that is granted the status of "Pioneer Industry" starts its production and makes it capable of meeting the local demands, it shall become "Foreign Exchange Neutral" so that our foreign exchange reserve is not depleted. In this regard certain time period may also be prescribed. For instance, the "Pioneer Industry" shall become "Foreign Exchange Neutral" within five (05) years of the start of operations. Will be applicable to export led industry also.

- **PIONEER INDUSTRY TO BE CORPORATE ENTITY:** The status of "Pioneer Industry" shall be granted to corporate entities only, and not to those operating under sole proprietorship, in order to circumvent the possible misuse of facility / concession.

- **PIONEER INDUSTRY TO BE A GREEN FIELD INDUSTRY:**
The status of "Pioneer Industry" may be granted to newly set-up / established units only; and not to those units that are already existing and make addition of a new production line to their units.

- **PIONEER INDUSTRY TO BE ENVIRONMENT FRIENDLY:** The status of "Pioneer Industry" may be granted to those units only, which cause no harm to environment.

ANNEX-III

GUIDELINES / PROCEDURE TO BE FOLLOWED FOR CLAIMING STATUS OF "PIONEER INDUSTRY"

- **TECHNICAL COMMITTEE:** With a view to evaluate that the industry claiming the status of "Pioneer Industry" meets the criteria laid down in this regard, a "Technical Committee" may be constituted, to be headed by the Secretary, M/O Industries & Production and comprising experts / representatives from Science Foundation, PCSIR, HEJ, EDB, FBR, BOI and some Engineering Universities. The "Technical Committee" may co-opt / associate any expert from the concerned industry in private or public sector.

- **APPLICATIONS TO BE ROUTED THROUGH THE CONCERNED MINISTRY / DIVISION:** The units intending to claim the status of "Pioneer Industry" shall submit their applications to the concerned Ministry / Division, which will forward it to the Ministry of Industries & Production for calling the meeting of "Technical Committee" to evaluate the application vis-à-vis prescribed criteria.

- **TECHNICAL COMMITTEE TO FURNISH RECOMMENDATIONS TO THE CONCERNED MINISTRY:** The "Technical Committee", after evaluating the application vis-à-vis prescribed criteria, shall submit its recommendations to the concerned Ministry which shall forward the same to the ECC of the Cabinet for according formal approval.

- **ECC'S DECISION TO BE CONVEYED TO CONCERNED DEPARTMENTS OF FEDERAL / PROVINCIAL GOVERNMENTS:** The decision of the ECC of the Cabinet shall be conveyed by the concerned Ministry to all concerned Ministries, Divisions, Departments, etc. of the Federal / Provincial Government, for necessary action at their end. Enforcement/implementation will be the responsibility of the concerned Ministry.