

Prime Minister's Task Force for Gems & Jewelry Sector

Presentation on the Findings of the Task Force



Presentation By:
Engr. Gul Asghar Khan
Chairman, PM Task Force for Gems and Jewelry

Key Figures of Gems & Jewelry Sector



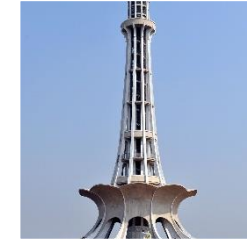
Global

- Global Market
 - \$225 Billions
- Annual Growth
 - 5.2%



India

- India Market \$75 Billions which will be \$120 Billions in 2025
- India Export \$45 Billions which will be \$80 Billions in 5 years



Pakistan

- Market Size
 - \$1.5B
- Exports in 2016
 - \$ 47M
- Exports in 2019
 - \$ 6.7M
- Global Market Share
 - 0.31%
- Share in National GDP
 - 0.07%
- Export Potential
 - \$ 5 Billions
- Employment Potential Millions

Gems and Jewelry Sector of Pakistan





Background

- His Excellency Honorable Prime Minister of Pakistan, Mr. Imran Khan was briefed on the potential of gemstones by Engr. Gul Asghar Khan
- Honorable Prime Minister constituted a task force for gems and jewelry sector on 08-09-2020

Accomplishments



Major Steps Taken



Team Formation



Development of Working Groups



24 Weekly Meetings



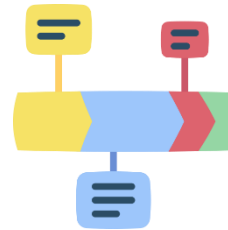
Proposal for Gems & Jewelry City



Stakeholders Engagement



Proposal for PG&JEPC



Completion of Tasks in 60 days Deadline

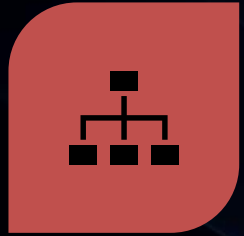


More than 960 Manhours Spent

A group of people are gathered around a large table in a meeting room. They are looking at documents and charts on the table. The room has large windows and a modern interior. The text "Summary of Task Force Findings" is overlaid on the image.

Summary of Task Force Findings

Categorization of Findings



ADMINISTRATIVE



FINANCIAL



REGULATORY



R&D



INCENTIVE
PACKAGE

Administrative Way Forward



Administrative Way Forward

1. Declaring Gems and Jewelry Sector as an industry
 2. Establishment of Gems & Jewelry Export Promotion Council
 3. Establishment of Gems and Jewelry City
 4. Provision of Valuable Goods Terminal at Islamabad Airport
 5. e-Commerce with International On-line Transaction System
 6. Courier/Logistic Services – MoU with UPS to be signed
 7. Exhibitions/Marketing Through Pakistan Embassies
-

Four “Key” Tasks

Gems and Jewelry Industry

- Declaration of Gems and Jewelry as Industry

Establishment of Council

- Establishment of Gems & Jewelry Export Promotion Council

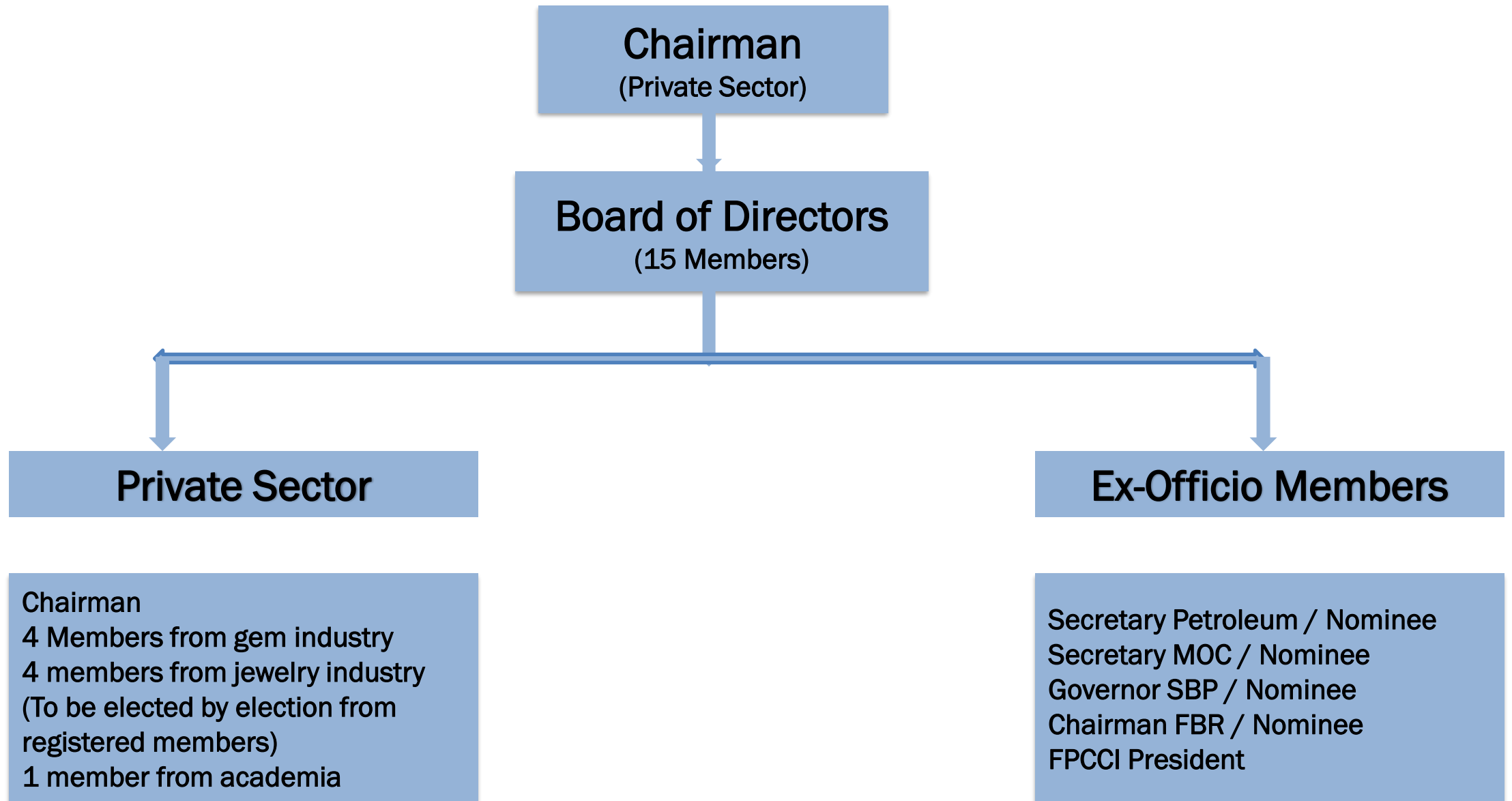
Establishment of Gems and Jewelry City

- Groundbreaking Ceremony of Gems and Jewelry City

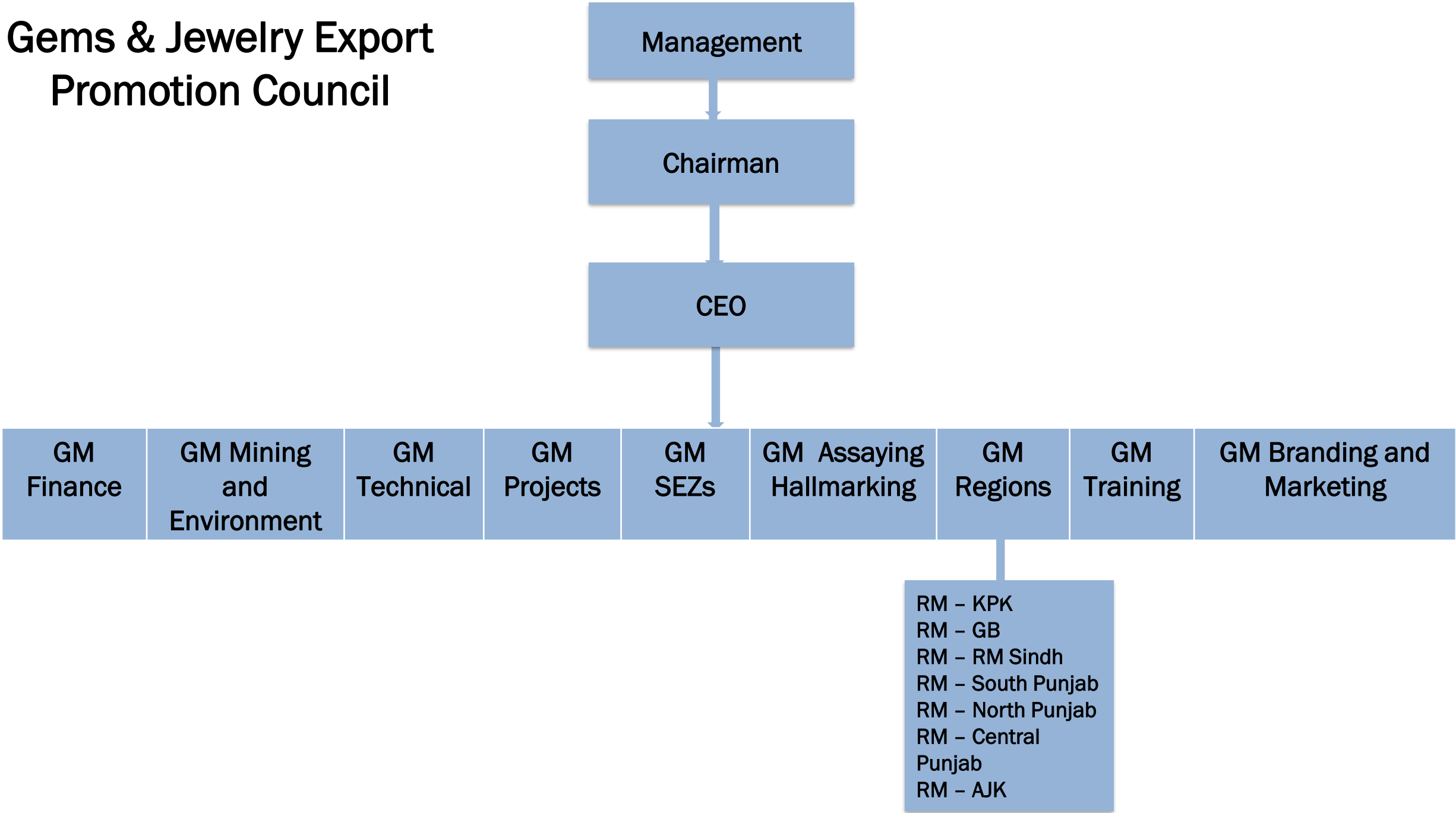
MoU with UPS

- Signing of MoU with UPS team for enhancing collaboration in promotion of gems and jewelry export

Gems & Jewelry Export Promotion Council



Gems & Jewelry Export Promotion Council



Council Financial Sustainability

- Registration Fees
- Testing Fees
- Certification Fees
- PGJDC Income
- Assaying and Hall Marking Facilities Income
- Income from Gems and Jewelry Cities
- Approx. One and Half Billion Revenue is Expected

SUMMARY OF FINANCIAL PROJECTIONS	
Total Operating Income	331,500,000
Total Operating and Administrative Expenses	286,900,000
Net Surplus / (Deficit)	44,600,000

Financial Projections of PGJEPC

Operating Income			
	No.	Rate	Amount (Rs.)
Annual Subscription			
Category - A	1,000	20,000	20,000,000
Category - B	10,000	10,000	100,000,000
Category - C	20,000	7,500	150,000,000
Certificate of Origion Fee	5,000	1,000	5,000,000
Invoice Attestation Fee	10,000	1,000	10,000,000
Visa Recommendation Fee	3,000	2,000	6,000,000
Trade Exhibition Fee	50	500,000	25,000,000
Memembrship Card Fee	31,000	500	15,500,000
			331,500,000

Financial Projections of PGJEPC

Operating Expenses

Salaries and benefits	52,800,000
Printing and Stationery	11,150,000
Postage and communication	6,000,000
Travelling and conveyance	12,000,000
Meetings and functions	10,000,000
Entertainment	2,400,000
Electricity, gas and fuel	4,800,000
Advertisement	15,000,000
Repair and maintenance	2,500,000
Insurance	1,000,000
Vehicles running and maintenance	1,800,000
Prize and awards	3,000,000
Training and education	48,000,000
Trade exhibitions	25,000,000
Research and Development	50,000,000
Workshops and seminars	18,000,000
	263,450,000

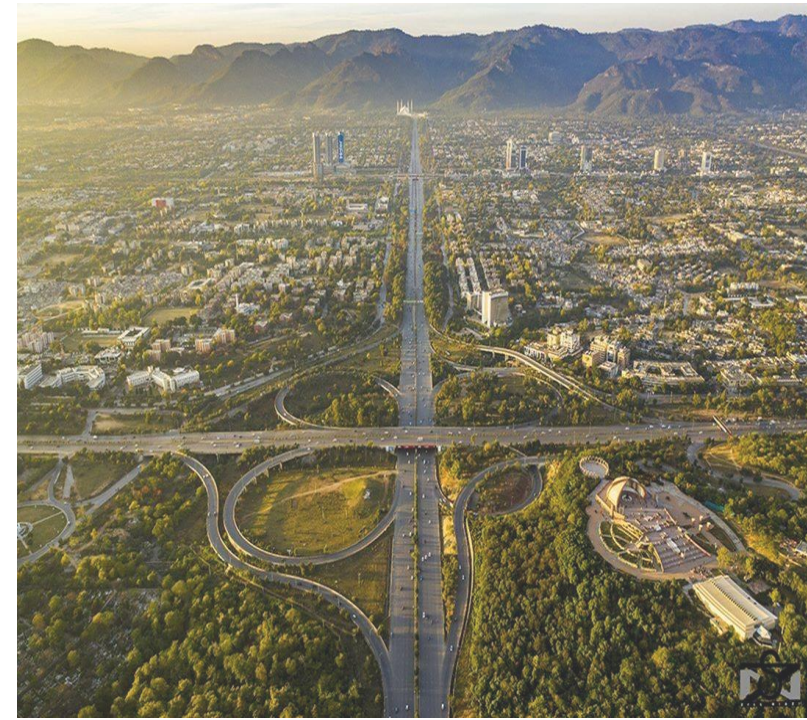
Financial Projections of PGJEPC

Administrative Expenses			
Salaries and benefits			21,000,000
Auditor's remuneration			350,000
Fee and subscription			300,000
News papers and periodicals			600,000
Legal and professional			1,200,000
			23,450,000

SUMMARY OF FINANCIAL PROJECTIONS	
Total Operating Income	331,500,000
Total Operating and Administrative Expenses	286,900,000
Net Surplus / (Deficit)	44,600,000

An aerial architectural rendering of a futuristic city. The central focus is a cluster of five large, gem-shaped buildings with white, ribbed exteriors and blue, faceted domes. These buildings are interconnected by a network of walkways and ramps. To the left, a blue river flows through a lush green landscape. In the foreground, a large, curved parking lot with white car spaces is visible. To the right, a modern building with a large, curved, metallic-looking facade and a blue interior is situated. The entire development is surrounded by green spaces, trees, and a winding road. In the background, a residential area with white houses and greenery is visible. The text "Gems & Jewelry City" is overlaid in the center of the image.

Gems & Jewelry City



ISLAMABAD is one of the most beautiful cities of the World and in the South Asian Region. The city has a wide-range of symbol of progress, innovation and architectural marvel. The greenery in the city is its main attraction. Islamabad is the fastest growing city of Pakistan in terms of population, economy and urban development.

1. A vertical Gems and Jewelry city will be established in the capital city of Islamabad to provide one window operations for gemstones and jewelry industry players to enhance the export of this industry.
2. Government will provide relevant departments offices for one window operation.
3. The city will be developed in public - private partnership and shall given status of SEZ.



Serviced Apartments

Hotel Apartments

Recreational Terrace

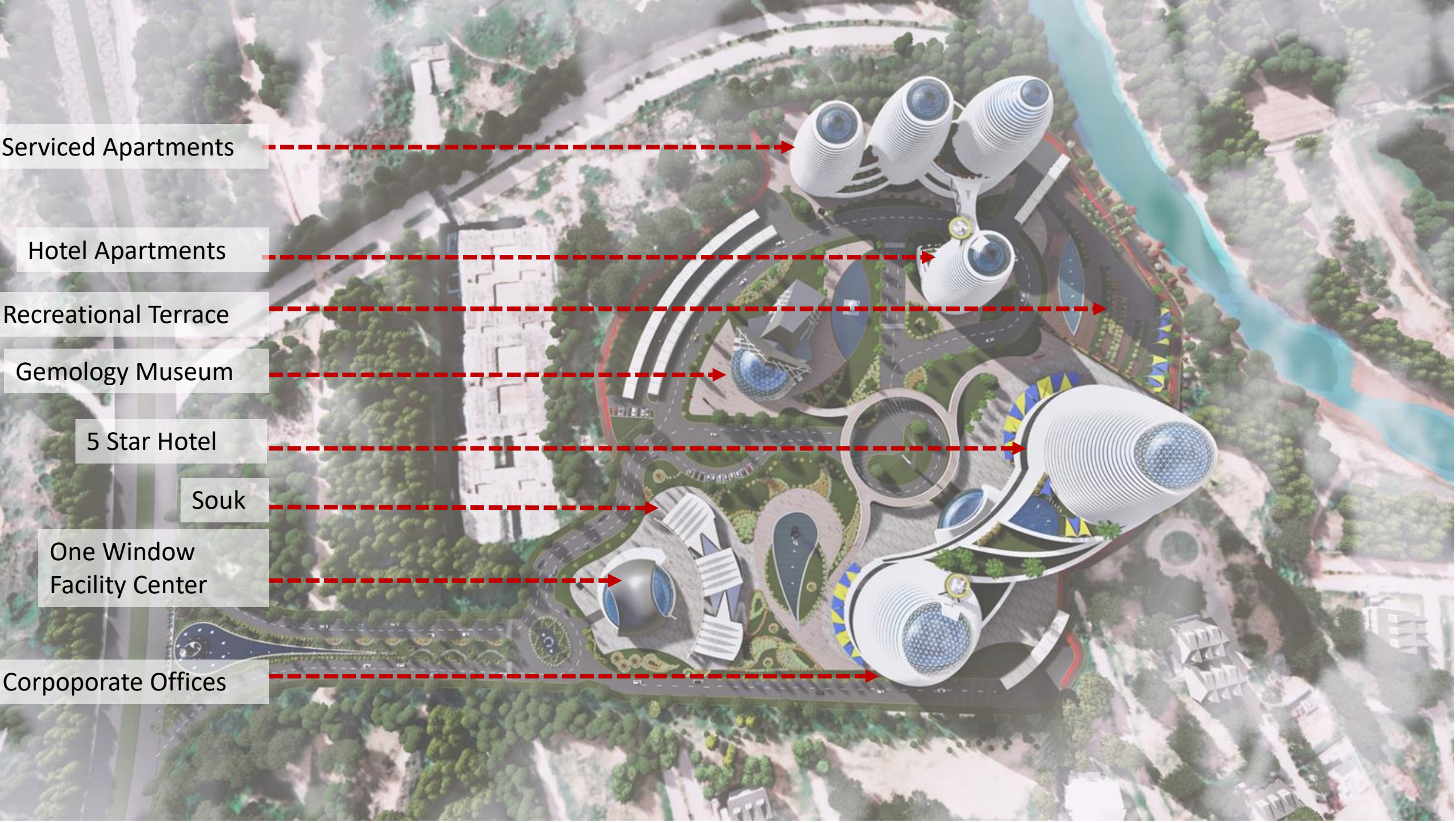
Gemology Museum

5 Star Hotel

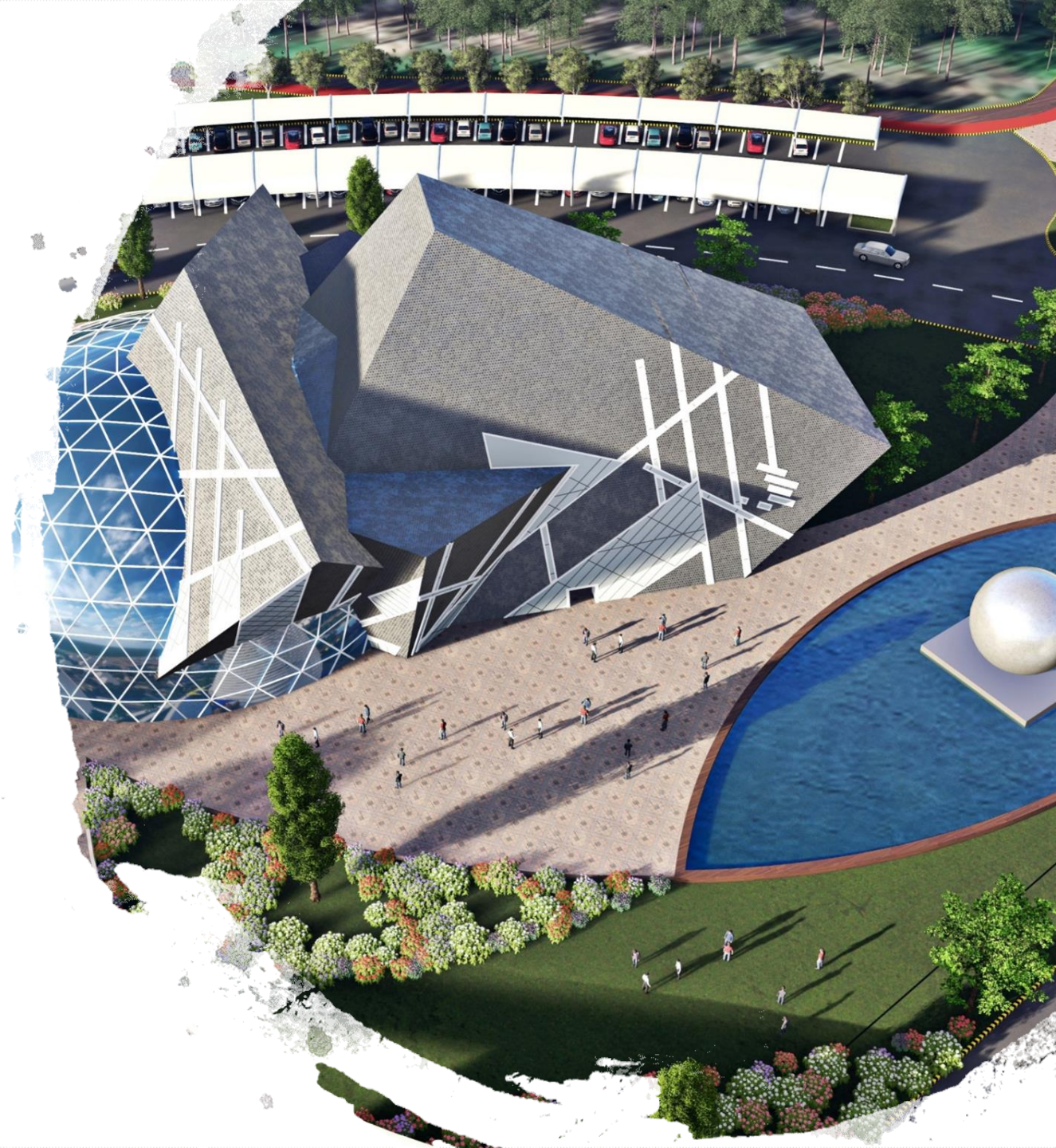
Souk

One Window
Facility Center

Corporate Offices



Exemption from all taxes on income accruable in relation to the development and operation of the 'Gems and Jewelry City' for a period of ten years, starting from the date of signing of the development agreement and exemption from withholding taxes on income for a period of ten years



Hybrid Model of Development

1. The land measuring up to 200 Kanal will be provided by CDA to Pakistan Gem & Jewelry Export Promotion Council
2. The city can be developed based on:
 - Public-Private Partnership Model
 - Private Model
 - Public-Based Model



Financial Way Forward



/ Financial Way Forwards

1. Establishment of Gold Bank and Precious Metals Bank
 - Gold monetization policy, allowing idle gold sitting in private household and lockers to be put to productive use which shall strengthen Pakistani Rupees. The scheme will allow opening up of gold dominated bank accounts and allow gold electronic traded funds.
 2. SBP Need to Develop Mine Collateralization Framework
 3. Rs.100 Billion shall be allocated through SBP to Commercial Banks for Easy Soft loans on subsidized rates 3% to overall Gems & Jewelry Industry
 4. Immunity from probe regrading source of investment with respect to amount invested as capital in Gems and Jewelry Industry up-till June 30, 2022.
 5. Exemption from all Custom Duties, Sales Tax and Income Tax on import of technology related machinery, equipment, raw material, precious metals on a list approved by Gems & Jewelry Export Promotion Council for the period of 10 years.
-

/ Financial Way Forwards

6. Income Tax (including Turnover Tax), Sales Tax (Federal and Provincial) and Custom Duty exemptions (Tax Holiday) for 10 years on exports, imports and local trade for Gems and Jewelry products, mining, exploitation, exploration, cutting and polishing, manufacturing, trading and provision of services.
 7. Exemption from withholding tax obligations on payments for goods and services for a period of 10 years by the businesses registered with Gems & Jewelry Export Promotion Council.
 8. Reduced rate of 5% tax on dividend income of the Corporate Gems and Jewelry enterprises.
-

Regulatory Way Forward



/Regulatory Way Forward

1. 'Assaying and Hallmarking' system for the precious metals and its standards under a Law to be developed under the above PGJEPC.
 2. Internationally recognized Gems and Jewelry Accredited certification lab (e.g. GIA etc.) shall established in Gem and Jewelry City.
 3. A dedicated customs desk, dedicated to the export/import of gemstones, precious metals and Jewelry industry shall be established at Islamabad Airport (later introduced at all International Airports) of Pakistan.
 4. Allow sale of Gems and Jewelry in international exhibitions.
 5. Rejections/returns of merchandise shall be allowed without any taxes.
-

/ Regulatory Way Forward

6. Amendments in Import Policy Order 2020
 - Revision of SRO 760 (I) 2013 and S.R.O 266(I)/2001
 7. ATA CARNET, TDAP Approval and Custom's Procedures
 8. Amendments in Foreign Exchange Manual to attract FDI
 9. Exporters/ Importers / manufacturers shall be allowed to maintain accounts in USD/EUR/GBP etc.
 10. Employees and workforce engaged at Gems and Jewelry industry shall be provided with “Sehat Insaf Card” and business units shall be exempted from payment of Social Security.
-

R&D Way Forward



/ R&D Way Forward

1. Common Machinery and Tool Facilitation Centers
 2. R&D Center and Research Grants
 3. National online database for gemstone deposits shall be developed in terms of quality and quantity to attract the local and foreign investors by Mineral Wing, Ministry of Energy.
-



**Way Forward for the
Prime Minister
Execution**

Work Plan Approval His Excellency Honorable Prime Minister Mr. Imran Khan

1. Establishment of Pakistan Gems & Jewelry Export Promotion Council
2. Inauguration of Gems and Jewelry City
3. TF Extension for Monitoring & Implementation of Recommendations





Thank You!
