
Pakistan Ordnance Factories to manufacture CNG cylinders

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Daily Times reported that to save USD 100 million foreign exchange annually on import of CNG cylinders in the country, Pakistan Ordnance Factories has entered into a JV with foreign company for manufacturing CNG cylinders with a project outlay of USD 17 million.

It is expected that joint venture comprising POF and a foreign company would kick start production of CNG cylinders in the country to meet the growing demand in cities as well as in rural areas.

According to an official document, Compressed Natural Gas cylinders are importable at 0% duty in the country. About 600,000 CNG cylinders involving USD 100 million are annually imported into Pakistan.

POF had sought exemption from customs duty on import of inputs used for manufacturing of CNG cylinders. Steel tube falling under PCT heading 7304:5900 importable at 15% duty was a major input for manufacturing of CNG cylinders.

Federal Board of Revenue based on recommendations of Ministry of Industries and production and Engineering Development Board had recommended the government to exempt the import of steel tube from customs duty in the budget. The government keeping in view the genuineness of the demand had exempted the steel tube from 15% customs duty in the budget 2009-10.

The government has also announced incentives for manufacturing industries of Liquefied Petroleum Gas and Compressed Natural gas dispensers and energy efficient doors and windows in the budget 2009-10. According to the official document, facility of concessionary import of inputs used by the domestic industry for manufacturing of a number of industrial and consumer goods is already in place.

(Sourced from Daily Times)

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